SENTRAL REIT

2022

ANNUAL REPORT

CONTENTS

CORPORATE OVERVIEW

02 Corporate Information
03 Salient Features of Sentral REIT
04 Trust Structure
05 Organisation Structure of the Manager
06 Profile of Directors of the Manager
09 The Management Team of the Manager

BUSINESS HIGHLIGHTS

11 Management Discussion and Analysis
- 11 Financial Highlights
- 12 Portfolio Overview
- 25 Operational Overview
- 37 Trading Performance and Investor Relations

44 Property Market Updates

GOVERNANCE & ACCOUNTABILITY

62 Corporate Governance Overview Statement
78 Audit and Risk Committee Report
82 Nomination and Remuneration Committee Report
85 Statement on Risk Management and Internal Control
89 Statement on Directors' Responsibility

SUSTAINABILITY STATEMENT

90 Sustainability Statement

FINANCIAL STATEMENTS

159 The Manager's Report
163 Statement by Manager and Statutory Declaration
164 Trustee's Report
165 Independent Auditor's Report
169 Consolidated Statement of Comprehensive Income
171 Consolidated Statement of Financial Position
173 Consolidated Statement of Changes in Net Asset Value
174 Consolidated Statement of Cash Flows
175 Notes to the Financial Statements

UNITHOLDERS' INFORMATION

229 Analysis of Unitholdings as at 2 February 2023
232 Notice of Eleventh Annual General Meeting (AGM)
235 Administrative Notes to Unitholders of Sentral REIT

Proxy Form

CORPORATE INFORMATION

MANAGER

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

REGISTERED ADDRESS OF THE MANAGER

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

Telephone No. : 603-2786 8080
Facsimile No. : 603-2780 7668

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

Level 35, Menara NU 2,
No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.

Telephone No. : 603-2786 8080
Facsimile No. : 603-2780 7988

BOARD OF DIRECTORS OF THE MANAGER

Non-Independent Non-Executive Directors
Tan Sri Saw Choo Boon (Chairman)
Ann Wan Tee
Kwan Joon Hoe

Independent Non-Executive Directors
Datuk Dr. Roslan bin A. Ghaffar
Datuk Kamalul Arifin bin Othman
Frances Po Yih Ming

SECRETARY OF THE MANAGER

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

Ho Ngan Chui
(MAICSA 7014785)
(SSM PC NO. 202008001773)

BANKERS

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

https://sentralreit.com

TRUSTEE

Maybank Trustees Berhad
8th Floor, Menara Maybank,
100, Jalan Tun Perak,
50050 Kuala Lumpur, Malaysia.

Telephone No. : 603-2078 8363
Facsimile No. : 603-2070 9387

PROPERTY MANAGER

Zaharin Nexcap Property Consultants Sdn. Bhd.
Suite 23-5, Oval Tower Damansara,
Menara Permata Damansara,
No. 685, Jalan Damansara,
60000 Kuala Lumpur.

Telephone No. : 603-7733 2122
Facsimile No. : 603-7733 2103

REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Telephone No. : 603-7890 4700
Facsimile No. : 603-7890 4670

AUDITOR

Ernst & Young PLT
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.

Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332

TAX AGENT

Ernst & Young Tax Consultants Sdn. Bhd.
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.

Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332/ 7043

INTERNAL AUDITOR

BDO Governance Advisory Sdn. Bhd.
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur, Malaysia.

Telephone No. : 603-2616 2888
Facsimile No. : 603-2616 2829

SALIENT FEATURES OF SENTRAL REIT ("SENTRAL")

Category of Fund	Real Estate Investment Trust
Type of Fund	Income and growth
Termination Date / Duration of the Fund	The earlier of: a) The occurrence of any events listed in clause 26.2 of the Restated Deed of Trust dated 2 December 2019 as supplemented by the Supplemental Deed dated 24 December 2020; or b) The expiration of a period of twenty one (21) years after the death of the last survivor of the issue now living of his majesty, the current Yang Di Pertuan Agung in Malaysia or until such further period as the law may permit
Approved Fund Size	1,100,000,000
Investment Objective	To acquire and invest in commercial properties primarily in Malaysia with a view to provide long term growth and sustainable distribution of income to unitholders and to achieve long term growth in net asset value per unit of SENTRAL
Distribution Policy	Semi-annual distribution
Manager's Fee	• Base fee: 0.4% per annum of the total asset value ("TAV") • Performance fee: 3% per annum of the net investment income • Acquisition fee: 1% of the acquisition price • Divestment fee: 0.5% of the disposal price
Trustee's Fee	0.03% per annum on the RM2.5 billion of the TAV and 0.02% per annum on the TAV in excess of RM2.5 billion
Financial Year End	31 December
Board Lot	100 units per board lot
Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Name	SENTRAL
Stock Code	5123
Date of Listing	8 January 2007

TRUST STRUCTURE

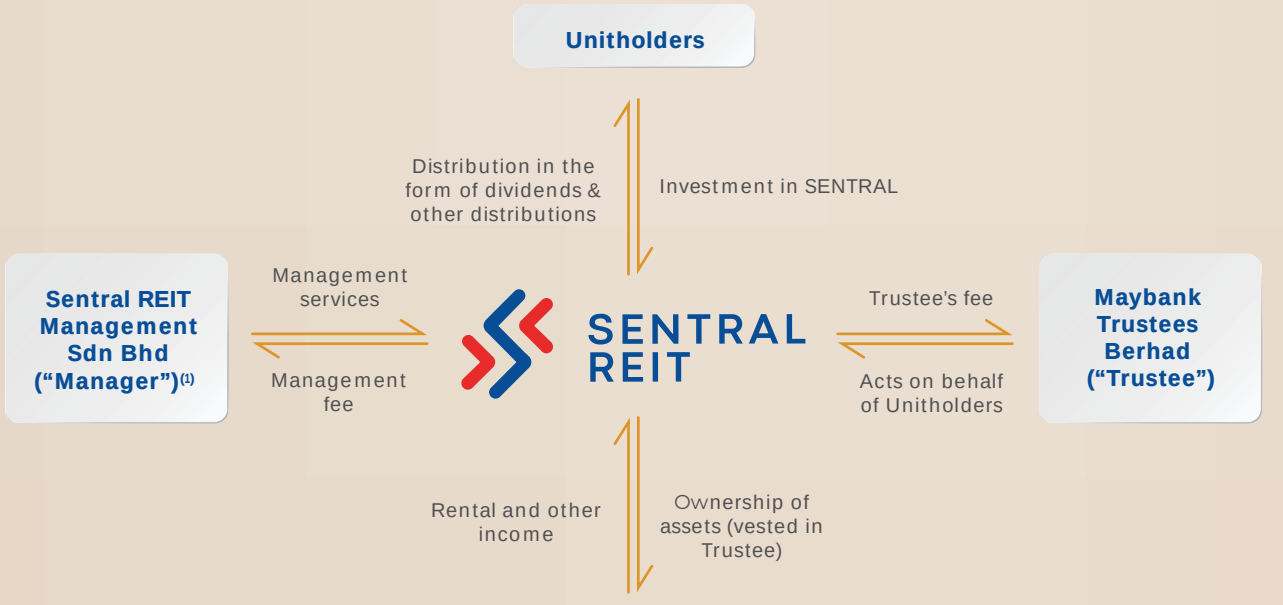
Background of SENTRAL

- Listed as Quill Capita Trust on 8 January 2007.
- Changed its name to MRCB-Quill REIT effective on 14 April 2015 following a change in sponsors.
- Changed its name to SENTRAL following a rebranding exercise on 11 January 2021.

Investment Objective

To acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value ("NAV") per unit.

SENTRAL Structure



Note:

(1) The Manager had on 6 October 2022 announced that the existing shareholders of SRM, namely Quill Resources Holding Sdn Bhd ("QRH") and Malaysian Resources Corporation Berhad ("MRCB") had on 4 October 2022 entered into a Share Sale Agreement, whereby QRH has agreed to dispose their 39% shareholding in SRM to MRCB. The disposal exercise was completed on 19 January 2023 with the new shareholding of the Manager comprising of MRCB (80%) and Global Jejaka Sdn Bhd (20%).

ORGANISATION STRUCTURE OF THE MANAGER

PROFILE OF DIRECTORS OF THE MANAGER

TAN SRI SAW CHOO BOON
Chairman and Non-Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/77/Male

ANN WAN TEE
Non-Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/52/Male

Date Appointed to the Board
22 January 2016

Board Committee Membership
Nil

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
Bachelor of Science (Chemistry), University of Malaya (1969)

Present Directorships
- Wah Seong Corporation Berhad
- Sentral REIT Management Sdn Bhd

Working Experience:
Tan Sri Saw has 40 years of continuous service with Shell, having joined the company in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad. He served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and Netherlands. In 1996, he was appointed as the Managing Director ("MD") of Shell MDS (Malaysia) Sendirian Berhad.

From 1998 until 1999, he was MD for Oil Products (Downstream) Shell Malaysia and MD of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice President (VP) of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he was appointed VP Global Marine Products. On 18 May 2006, he was appointed as Chairman of Shell Malaysia, and on 1 January 2010 as Senior Advisor, positions he held till his retirement on 30 June 2010.

Date Appointed to the Board
31 March 2015

Board Committee Membership
Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
- Bachelor of Commerce (Accounting) (Hons), University of Birmingham
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Present Directorship
- MRCB Southern Link Berhad
- MRCB Group of Companies
- Sentral REIT Management Sdn Bhd

Working Experience
Ann Wan Tee has more than 24 years' experience spanning from project advisory, privatisation, private finance initiatives, financial feasibility studies, business valuations, mergers and acquisitions as well as corporate recovery.

Wan Tee is currently the Group Chief Financial Officer of Malaysian Resources Corporation Berhad ("MRCB"). He joined MRCB in May 2013 as the Chief Strategy Officer. Prior to MRCB, Wan Tee was the Chief Financial Officer/Finance Director of Gapurna Strategic Alliance Sdn Bhd from June 2012 to May 2013. Wan Tee was in PricewaterhouseCoopers (Advisory Services) from January 2006 to May 2012, where he left as Executive Director.

PROFILE OF DIRECTORS OF THE MANAGER
(cont'd)

KWAN JOON HOE
Non-Independent
Non-Executive Director

Nationality/Age/Gender
Malaysian/41/Male

Date Appointed to the Board
31 March 2015

Board Committee Membership
Nil

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
- Bachelor of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Public Accountant, Australia

Present Directorship
- MRCB Southern Link Berhad
- MRCB Group of Companies
- Sentral REIT Management Sdn Bhd

Working Experience:
Kwan Joon Hoe is currently the Group Chief Operating Officer of MRCB.

He joined MRCB as Senior Vice President of MRCB Groups' Property Division in January 2014. Kwan Joon Hoe was appointed as the Chief Operating Officer of MRCB on 1 March 2015 and was promoted to his current position on 1 June 2017.

He joined Gapurna in 2008 as the Group's Financial Controller, spearheading the RM1 billion Lot 348 development (Menara Shell) in Kuala Lumpur Sentral CBD. He was then promoted to the position of Chief Executive Officer managing Gapurna's property development function in 2012 before joining MRCB. Prior to joining Gapurna, he served in 2 accounting firms in their respective audit and advisory functions.

DATUK DR. ROSLAN BIN A. GHAFFAR
Independent
Non-Executive Director

Nationality/Age/Gender
Malaysian/71/Male

Date Appointed to the Board
16 June 2015

Board Committee Membership
- Chairman of the Audit & Risk Committee
- Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
- Bachelor of Science degree from the Louisiana State University, Baton Rouge, USA
- Doctor of Philosophy in Agricultural Economics from University of Kentucky, Lexington, USA

Present Directorships
- Box-Pak (Malaysia) Berhad
- Mieco Chipboard Berhad
- Sentral REIT Management Sdn Bhd

Working Experience:
Datuk Dr. Roslan has over 30 years of experience in the areas of economics, finance and investment. He was the Head of Economics Department of Universiti Putra Malaysia ("UPM") from 1985 to 2001. While with UPM, he provided consultancy services to World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Datuk Dr. Roslan was appointed as Director of Investment and Economic Research Department, Employees Provident Fund ("EPF"). He was promoted to the position of Senior Director in 1996 and later, held the position of Deputy Chief Executive Officer of EPF until his retirement in 2007.

PROFILE OF DIRECTORS OF THE MANAGER
(cont'd)

DATUK KAMALUL ARIFIN BIN OTHMAN
Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/63/Male

Date Appointed to the Board
8 March 2019

Board Committee Membership
- Member of the Audit & Risk Committee
- Chairman of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
- Bachelor of Estate Management (Honours) from Universiti Teknologi MARA
- Masters degree in Business Administration from Ohio University, Athens, United States of America
- Fellow of the Royal Institution of Chartered Surveyors, United Kingdom
- Fellow of the Royal Institution of Surveyors Malaysia
- Fellow of the Malaysian Institute of Property and Facility Managers
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers
- Leadership education at the Wharton School of the University of Pennsylvania, Harvard University and the SAID Business School, University of Oxford

Present Directorships
- Perbadanan PR1MA Malaysia
- Penang Sentral Sdn Bhd
- BGMC International Limited
- Sentral REIT Management Sdn Bhd

Other Memberships/Appointments/Involvements
- Property Advisor with Perbadanan Usahawan Nasional Berhad
- Development Committee Member with Institut Jantung Negara
- Committee Member of Development, Investment and Baitulmal of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan

Working Experience:
Datuk Kamalul Arifin is a Chartered Surveyor by training with more than 35 years of experience in the real estate sector. He was the Group Managing Director/Chief Executive Officer of Pelaburan Hartanah Berhad since its inception in 2006 until 2018.

He started his career in 1985 with Rahim & Co. Chartered Surveyors Sdn Bhd before moving on to Permodalan Nasional Berhad in 1988. He then joined Arab-Malaysian Merchant Bank Berhad (now Ambank Group) in 1991 and remained with the Group for 16 years with his last position as the Chief Executive Officer of AmProperty Trust Management Berhad which managed the first listed property trust in the country.

Datuk Kamalul Arifin is the first President of the Malaysian Institute of Property and Facility Managers and was also an Adjunct Professor with the Faculty of Built Environment, University of Malaya. He has participated in many conferences as Speaker and Moderator and has written various articles related to the property industry for professional journals and publications.

FRANCES PO YIH MING
Independent Non-Executive Director

Nationality/Age/Gender
Malaysian/64/Female

Date Appointed to the Board
17 July 2020

Board Committee Membership
- Member of the Audit & Risk Committee
- Member of the Nomination & Remuneration Committee

No. of Board Meetings Attended in 2022
4/4

Academic/Professional Qualification/Professional Membership
- Bachelor of Accounting (Honours) from University Malaya
- Chartered Accountant of the Malaysian Institute of Accountants
- Fellow of the Chartered Tax Institute of Malaysia.

Present Directorships
- Frontier Digital Ventures Limited
- Sentral REIT Management Sdn Bhd

Working Experience:
Frances Po spent more than 36 years specialising in tax and she was a tax partner of PricewaterhouseCoopers ("PwC") Malaysia until her retirement in July 2019.

During the course of her career in PwC, Frances Po held various leadership roles including Business unit leader for International Tax Services/Mergers & Acquisition Tax ("ITS/M&A Tax") from 2012-2019 and Tax business unit leader for Energy, Utilities, Multimedia & Infocommunication ("EUMI") from 2005-2012. She held the role of Tax people partner for several years. She was an active speaker at both external and internal conferences. She presented/chaired at the annual PwC seminar for a decade. She initiated and organised the annual PwC Asia Pacific ITS/M&A training and networking event since 2012.

ADDITIONAL INFORMATION:
1. Save as disclosed, none of the Directors have any family relationship with any Directors and/or major shareholders of the Manager and/or major unitholders of SENTRAL.
2. None of the Directors have any conflict of interest with the Manager and/or SENTRAL.
3. None of the Directors have
   a. Been convicted of any offence (other than traffic offences) within the past five (5) years; and
   b. Been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year.

THE MANAGEMENT TEAM OF THE MANAGER

From left to right :

Alex Low Kam Seng	*Manager, Asset Management*
Phuah Ngah Yuin	*Senior Executive, Finance*
Jean Wong Wen Looi	*Senior Manager, Legal*
Derek Teh Wan Wei	*Chief Executive Officer*
Joyce Loh Mun Ching	*Chief Investment Officer*
Chan Fong Hin	*General Manager, Asset Management*
Shirley Tam Soot Lee	*General Manager, Finance*
Christie Pun Nyuk Len	*Senior Manager, Lease Administration*
Alice Yap Soh Ping	*Manager, Lease Administration*

THE MANAGEMENT TEAM OF THE MANAGER

(cont'd)

DEREK TEH WAN WEI
Chief Executive Officer

Nationality/Age/Gender
Malaysian/44/Male

Date of appointment as Chief Executive Officer:
1 April 2022

Academic/Professional Qualification(s)/ Professional Membership(s):
Master of Business Systems from Monash University

Double Bachelor's Degrees in Property & Construction (Building) and Planning & Design from the University of Melbourne.

Present Directorship(s):
Kinabalu Capital Sdn Bhd
Trusmadi Capital Sdn Bhd
Murud Capital Sdn Bhd
Samwise Capital Sdn Bhd

Working Experience:
Derek has over 20 years of experience in the property industry. Prior to SRM, Derek was the Vice President, Properties at MRCB, where he provided leadership, management and overseeing the business operations of development for various commercial, residential, mixed development projects. He also worked at CIMB-Mapletree Management Sdn Bhd and led the investment, fund management, development management and asset management functions for a portfolio of real estate assets, where he left as Chief Investment Officer.

Other than as disclosed, he does not have any family relationship with any director and/or major unitholder of SENTRAL. He does not have personal interest in any business arrangements involving SENTRAL and has not been convicted of any offences within the past 5 years.

He does not hold any units in SENTRAL.

JOYCE LOH MUN CHING
Chief Investment Officer

Nationality/Age/Gender
Malaysian/44/Female

Date of appointment as Chief Investment Officer:
1 January 2023

Academic/Professional Qualification(s)/ Professional Membership(s):
Bachelor of Commerce Degree from University of Melbourne Australia

Present Directorship(s):
Nil

Working Experience:
Joyce has been with SRM spanning over 12 years overseeing the investment and investor relations functions as core responsibilities, while also contributing to the leasing, financing/treasury and asset management functions.

Her past working experiences include corporate finance and advisory where she started her career in BDO Capital Consultants Sdn Bhd and Covenant Equity Consulting Sdn Bhd as a corporate consultant involved in corporate advisory and recovery projects for various industry sectors. She was also an investor relations personnel with a public listed company in the insurance industry prior to moving into the real estate industry.

Other than as disclosed, she does not have any family relationship with any director and/or major unitholder of SENTRAL. She does not have personal interest in any business arrangements involving SENTRAL and has not been convicted of any offences within the past 5 years.

She does not hold any units in SENTRAL.

MANAGEMENT DISCUSSION AND ANALYSIS
- FINANCIAL HIGHLIGHTS

Fund Performance	2022	2021	2020	2019	2018
Total Asset Value (RM)	2,146,717,146	2,180,376,227	2,227,662,488	2,213,704,358	2,271,385,292
Net Asset Value ("NAV") (RM)					
- Before income distribution	1,291,041,895	1,317,865,770	1,323,501,754	1,323,489,418	1,372,289,531
- After income distribution	1,254,386,916	1,275,208,806	1,284,381,674	1,287,370,331	1,331,025,885
Units in circulation	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000
NAV per unit (RM)	1.2046	1.2296	1.2349	1.2348	1.2804
Highest NAV per unit (RM)	1.2312	1.2458	1.2445	1.2801	1.3018
Lowest NAV per unit (RM)	1.1960	1.2053	1.2072	1.2348	1.2612
Highest traded price per unit (RM)	1.02	0.95	1.00	1.12	1.25
Lowest traded price per unit (RM)	0.85	0.86	0.51	0.99	1.00
Distribution Per Unit ("DPU") (sen)	6.82	7.41	7.08	6.80	8.08
- Interim	3.40	3.43	3.43	3.43	4.23
- Final	3.42	3.98	3.65	3.37	3.85
Dates of Distribution					
- Interim	30/9/2022	20-Sep-21	30-Sep-20	23-Sep-19	19-Sep-18
- Final	28/2/2023	28-Feb-22	26-Feb-21	28-Feb-20	28-Feb-19
Effect of Income Distribution on NAV per unit					
- Before Distribution (RM)	1.2046	1.2296	1.2349	1.2348	1.2804
- After Distribution (RM)	1.1704	1.1898	1.1984	1.2011	1.2419
Closing price on the last trading day	0.895	0.905	0.875	1.00	1.06
Distribution yield (per annum) [(a)]	7.62%	8.19%	8.09%	6.80%	7.62%
MER [(b)]	1.09%	1.10%	1.09%	1.06%	1.09%
Average Total Returns					
- for 1 year [((c)(i))]	5.96%	6.84%	6.55%	5.83%	6.85%
- 3 financial years [((c)(ii))]	19.34%	19.22%	19.23%	19.83%	18.80%
- 5 financial years [((c)(iii))]	32.03%	33.21%	31.18%	31.82%	34.28%
Annual Total Returns [(d)] (RM)	73,625,238	84,485,957	80,954,941	72,107,547	84,653,758
Proposed final income distribution	36,654,979	42,656,964	39,120,080	36,119,087	41,263,646

(a) Based on the closing price on the last trading day of the respective financial years.

(b) Management Expense Ratio (MER) is computed based on total fees including Manager's fee, Trustee's fee, valuation fees and administration expenses charged to SENTRAL divided by the average net asset value during the year.

Since the average net asset value of the Trust is calculated on a monthly basis, the MER of SENTRAL may not be comparable to the MER of other real estate investment trust/unit trusts which may use a different basis of calculation. The computation of MER has been verified by the auditors.

(c) (i) Average Total Returns for 1 year is computed based on the Annual Total Returns for financial year ended 2022 divided by the weighted average unitholders capital for the financial year ended 2022.

(ii) Average Total Returns for 3 financial years is computed based on the Annual Total Returns for last 3 financial years/periods divided by the weighted average unitholders capital for the last 3 financial years/periods.

(iii) Average Total Returns for 5 financial years is computed based on the Annual Total Returns for last 5 financial years/periods divided by the weighted average unitholders capital for the last 5 financial years/periods.

(d) Annual Total Returns is defined as the Net Realised Income for the respective financial years.

***Warning statement** - The past performance is not necessarily indicative of future performances and that unit prices and investment returns may fluctuate.*

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW

As at 31 December 2022, SENTRAL's investment comprised nine (9) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur and one (1) in Penang. The details of SENTRAL's properties are as follows.

QUILL BUILDING 1 – DHL 1

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 20 years
- Description : 4-storey office building together with a sub-basement and a basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 92,284 square feet ("sq. ft.")
- Existing Use : Commercial Building
- Parking Space : 315 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM52,100,000
- Market Value as at 31 December 2022 : RM135,000,000*
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
  - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
  - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM728,452

Note:

* *On 14 August 2008, the respective pieces of land on which Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial Public Offering of SENTRAL (then known as Quill Capita Trust). As such, the valuations of Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been carried out based on the amalgamated properties. The total valuation of the 2 properties amounted to RM135,000,000.*

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

QUILL BUILDING 4 – DHL 2

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, Lot PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 16 years
- Description : 4-storey office building together with a sub-basement and 2 levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 99,183 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 309 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM57,000,000
- Market Value as at 31 December 2022 : RM135,000,000*
- Name of Valuer: CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
  - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
  - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM614,111

Note:

* *On 14 August 2008, the respective pieces of land on which Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial Public Offering of SENTRAL (then known as Quill Capita Trust). As such, the valuations of Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been carried out based on the amalgamated properties. The total valuation of the 2 properties amounted to RM135,000,000.*

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

QUILL BUILDING 2

- Address / Location : 3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 30755, Lot PT 43966, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 19 years
- Description : 4-storey office building together with a sub-basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Nil
- Net Lettable Area : 184,453 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 442 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM107,500,000
- Market Value as at 31 December 2022 : RM108,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2022: Vacant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,598,606

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

QUILL BUILDING 3 – BMW

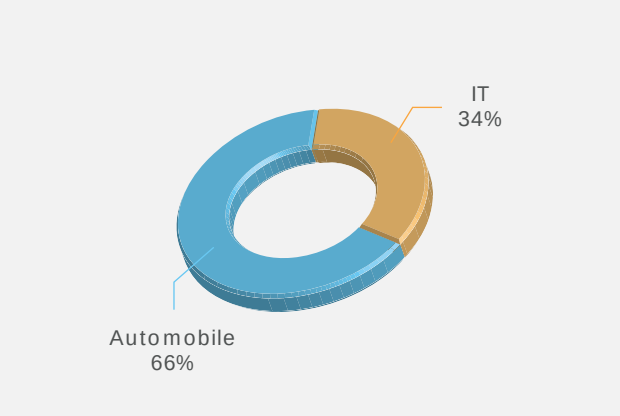
- Address / Location : 3501, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : GRN 169506, Lot 33084, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 18 years
- Description : 4-storey office building together with a level of sub-basement and a level of basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 117,198 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 347 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM59,400,000
- Market Value as at 31 December 2022 : RM71,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2022 : 68%
- Major Tenants and Tenancy Details:

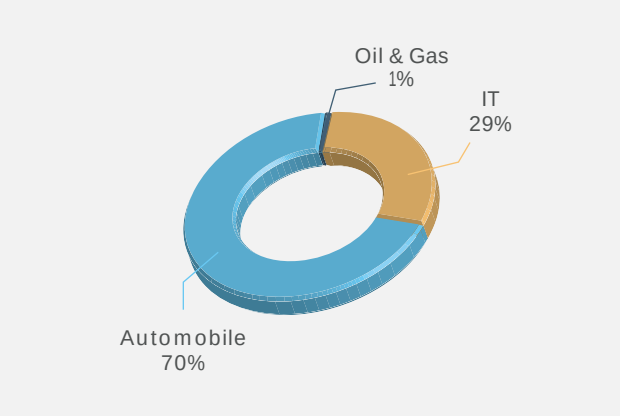
Tenant	BMW Asia Technology Centre Sdn. Bhd.
Tenancy Period	10 years from 7 July 2015
Tenant	BMW Malaysia Sdn. Bhd.
Tenancy Period	10 years from 7 July 2015
Tenant	Huawei Technologies (Malaysia) Sdn. Bhd.
Tenancy Period	3+3+3 years from 1 February 2018
Tenant	BMW Credit (Malaysia) Sdn. Bhd.
Tenancy Period	8.8+3+3 years from 1 October 2016

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

QUILL BUILDING 3 – BMW (CONT'D)

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





- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,291,881

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

- Address / Location : 241, Jalan Tun Razak, 50400 Kuala Lumpur
- Title : Geran 43313, Lot No. 1262 Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age : Office Building, 29 years
- Description : 12-storey office building with a mezzanine floor and three split-levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent (pending completion of discharge)
- Net Lettable Area : 233,021 sq. ft.
- Existing Use : Office Building
- Parking Space : 310 lots
- Date of Acquisition : 3 September 2007
- Acquisition Price : RM125,000,000
- Market Value as at 31 December 2022 : RM153,700,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2022 : Vacant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,423,314

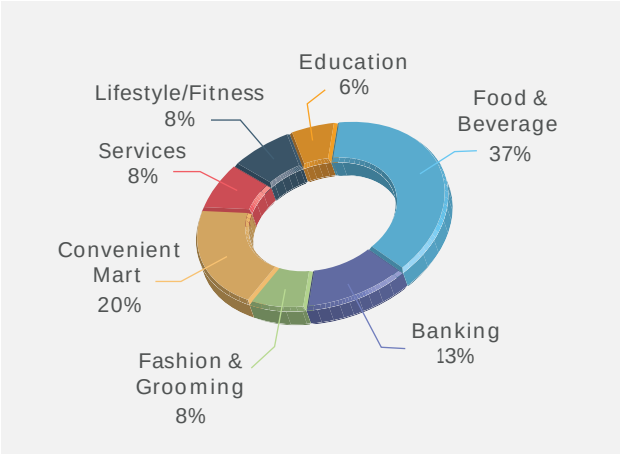
MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

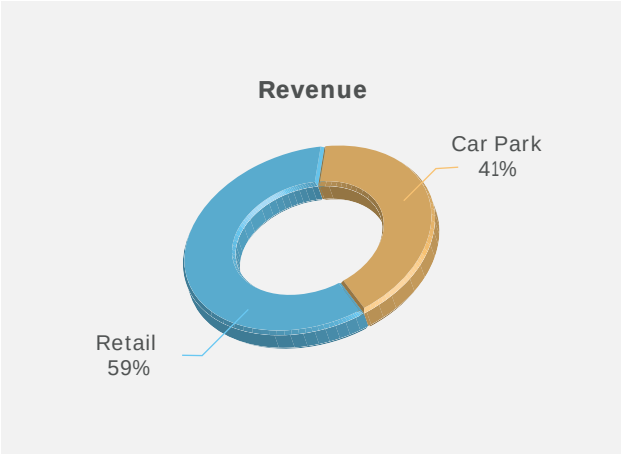
PART OF PLAZA MONT' KIARA

- Address / Location : Plaza Mont' Kiara, No. 2, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur
- Title : Parent Lot No. 56054, Mukim Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age : Commercial lots and car parks, 20 years
- Description : An integrated stratified retail/ office commercial units located in Plaza Mont' Kiara within the ground floors of Blocks A & B and Blocks C & D, and at the basement and ground floor of Block E. The car park lots are located in Blocks A, B, C, D and E.
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent (pending completion of discharge)
- Net Lettable Area : 73,408 sq. ft. (excluding 1,506 car park lots)
- Existing Use : Retail and car park
- Parking Space : 1,506 lots
- Date of Acquisition : 3 September 2007
- Acquisition Price : RM90,000,000
- Market Value as at 31 December 2022 : RM113,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2022 : 94%
- Tenants : Multi-tenanted retail tenants from various sectors, including banking, food & beverages, beauty & fashion, childcare, fitness and convenient marts
- Tenancy Period : ranging between 1 to 3 years period

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

- Trade Sector Analysis:
  - By Percentage of Occupied Net Lettable Area (excluding car parks)
  - By Percentage of Revenue (car park vs retail tenancy)





- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,799,245

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

LOTUSS BUILDING, PENANG

- Address / Location : 1, Lebuh Tengku Kudin 1, 11700 Penang
- Title : Geran 77969, Lot No. 778, Section 4, Town of Jelutong, North East District, Penang
- Property Type and Age : Commercial Building, 18 years
- Description : 3-storey purpose built hypermarket
- Tenure : Term in perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 275,020 sq. ft.
- Existing Use : Commercial building
- Parking Space : 1,050 lots
- Date of Acquisition : 7 November 2008
- Acquisition Price : RM132,000,000
- Market Value as at 31 December 2022 : RM140,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2022 : 100%
- Tenant : Lotuss Stores (Malaysia) Sdn. Bhd.
- Tenancy Period : 29 October 2004 to 31 August 2032
- Trade Sector Analysis:
  - By Percentage of Occupied Net Lettable Area – 100% Retail Tenant
  - By Percentage of Gross Rental – 100% Retail Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM620,462

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

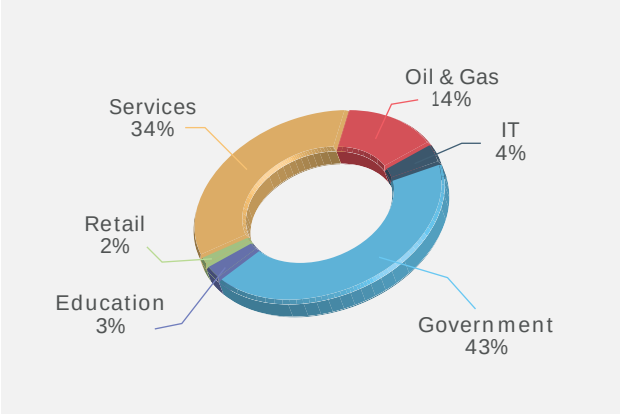
PLATINUM SENTRAL

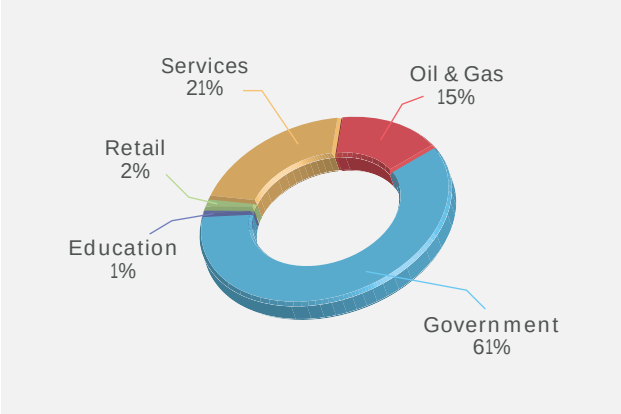
- Address / Location: Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur
- Title : GRN 46222, Lot 73 Section 70, Within Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur
- Property Type and Age: Commercial Building, 11 years
- Description: 5 blocks of 4 to 7 storey commercial building comprising office-cum-retail space, a multi-purpose hall and 2 levels of car park
- Tenure: Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area: 483,038 sq. ft.
- Existing Use : Commercial building
- Parking Space : 635 lots
- Acquisition Price: RM740,000,000
- Date of Acquisition: 30 March 2015
- Market Value as at 31 December 2022: RM670,000,000
- Name of Valuer : Knight Frank Malaysia Sdn Bhd
- Occupancy as at 31 December 2022: 96%
- Major Tenants and Tenancy Details:

Tenant	Small and Medium Enterprise Corporation Malaysia
Tenancy Period	15+3 years from 1 July 2011
Tenant	SBM Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 28 October 2011
Tenant	Platinum KLS Centre (MYS) Sdn Bhd
Tenancy Period	9+3 years from 18 July 2019 3.5+3+3 years from 27 Aug 2019 2+2.2+1+3 years from 18 Sept 2020 and 1.76+1+1 year from 17 Feb 2023
Tenant	Johnson Matthey Services Sdn Bhd
Tenancy Period	3+3+3 years from 20 Feb 2023
Remaining Tenants	Multi-tenanted office-cum retail tenants from various sectors including education, food & beverages, clinic, fitness and convenient stores
Tenancy Period	Ranging from 1 year

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

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





- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM10,232,773

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

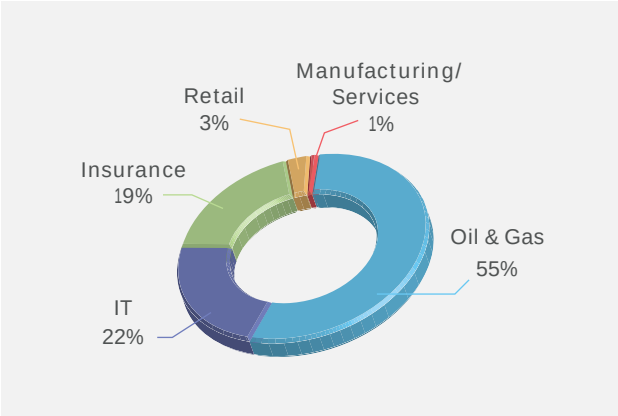
- Address / Location : 211, Jalan Tun Sambanthan, 50470 Kuala Lumpur
- Title : Parent Lot No. 348, Section 72, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur
- Property Type and Age : Commercial Building, 9 years
- Description : 33-storey stratified office building erected on a 5 storey podium and a 4 storey basement car park
- Tenure : Term in perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 557,458 sq. ft.
- Existing Use : Commercial building
- Parking Space : 925 lots
- Date of Acquisition : 22 December 2016
- Acquisition Price : RM640,000,000
- Market Value as at 31 December 2022 : RM670,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2022: 99%

MANAGEMENT DISCUSSION AND ANALYSIS
- PORTFOLIO OVERVIEW
(cont'd)

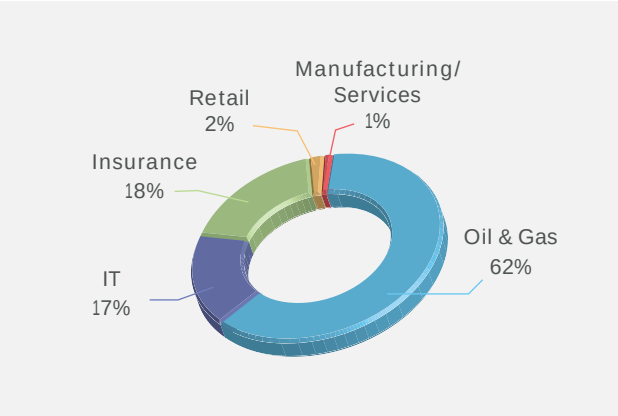
- Major Tenants and Tenancy Details:

Tenant	Shell Malaysia Trading Sdn. Bhd.
Tenancy Period	15+5 years from 1 November 2013
Tenant	AmGeneral Insurance Berhad
Tenancy Period	3+3+1+1.5 years from 1 August 2015
Tenant	Google Services Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 1 June 2019 3+3+3+3+3 years from 1 April 2020 3+3+3+3+3 from 1 Jul 2022 and 3+3+3+3+3 from 1 Oct 2022
Tenant	Microsoft (Malaysia) Sdn Bhd
Tenancy Period	6+3 years from 15 July 2018
Tenant	ReMark Malaysia Pte Ltd
Tenancy Period	3+1+1+1 years from 1 October 2018
Tenant	Coca-Cola Far East Limited
Tenancy Period	3+3+3 years from 7 June 2014
Remaining Tenants	Retail tenants from various sectors including banking, food & beverages, clinic, childcare centre and convenient stores
Tenancy Period	3 years

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



  - By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM14,952,073

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW

OVERVIEW – 2022 OPERATING ENVIRONMENT

2022 was the year where most nations around the world reopened boarders, adapted to the new normal, and moved on with their economy recovery plans, post two years of COVID-19 pandemic lockdowns. Notwithstanding, the global economy is still faced with on-going challenges from the conflicts in Eastern Europe, rising commodity prices, inflation and potential global recession. On this premise, the International Monetary Fund estimates global growth at 3.4% in 2022 but projected it to fall to 2.9% in 2023.

(Source: International Monetary Fund – World Economic Outlook Update (Jan 2023))

Malaysia experienced steady economic recovery with a rebound in its gross domestic product ("GDP") with a growth of 3.1% in 2021, compared to a contraction in the previous year. This recovery momentum continued through into 2022 with growth recorded in every quarter during the year. The Government's efforts to spur economic recovery, post COVID-19 via providing conducive business environment, facilitating trade and investment, improving labour market conditions, safeguarding households' livelihood and inculcating sustainability principles throughout the whole spectrum of the economy has been positive. Moving on from this momentum, Malaysia's GDP expanded 7.0% in the fourth quarter, while recording overall 8.7% growth in 2022.

(Source: BNM)

The Malaysian domestic financial market was volatile in 2022. The Kuala Lumpur Composite Index ("KLCI") began the year on a bearish note below 1,550 points. and registered a further decline towards the end the year at 1,495.49. The performance of the Malaysian equity market was affected by cautious sentiment weighed in by anxiety over tighter monetary conditions following persistent high inflation, slowing global growth momentum and heightened geopolitical risk.

The performance of Kuala Lumpur Real Estate Index ("KLREI") on Bursa Malaysia Securities Berhad in 2022 was also down despite outperforming the KLCI. While there were encouraging earnings recovery for Malaysian-REIT ("M-REIT") sector, which was mainly driven by retail and industrial assets, rising interest rates continued to be a drag on M-REITs' unit price performance. Notwithstanding, the M-REIT sector gained positive momentum in 2022 with several M-REITs announcing their respective investment activities, particularly on acquisition of industrial properties. The sector also welcomed a new player with the listing of a new industrial REIT in September 2022, thereby concluding a total number of 19 listed M-REITs to-date.

In the anticipation of steady economic recovery following improvements in domestic growth, Bank Negara Malaysia ("BNM") had eased its monetary accommodation with the emphasis that the pace of interest rate normalisation would be implemented in a measured and gradual manner to ensure that the market could adjust accordingly. The Overnight Policy Rate ("OPR") was increased in May, July, September and November 2022 respectively, by a total of 100 basis points (bps) from its historical low of 1.75% held since 7 July 2020, to 2.75%. The rise in Interest rates albeit at relative low levels versus historical, is expected to compress earnings of most sectors as a result of higher finance cost, including the property and REIT sectors.

(Source : BNM)

The Malaysian Government Securities ("MGS") and corporate bond yields generally trended upwards and the higher yield environment was due to upward adjustment of the OPR and external monetary movements. The increase in Malaysian bond yields resulting in the narrowing of the yield spread between M-REIT sector and Malaysian bonds, may render M-REIT as a less appealing for yield play. Notwithstanding, the sector still demonstrated resilience following the resumption of economic activities. It continues to be an attractive sector and a stable defensive investment option amidst the current inflationary environment. Despite the rising interest rate environment, the current environment remains favourable to M-REIT as the sector is still recording an average yield of 4% - 6% at present, albeit lagging behind its historical yields. Equity Investors are likely to seize on opportunities by looking out for stocks with positive economic prospects, but we believe that exposure to defensive and high-dividend yield names would still be the preferred strategy in these volatile times.

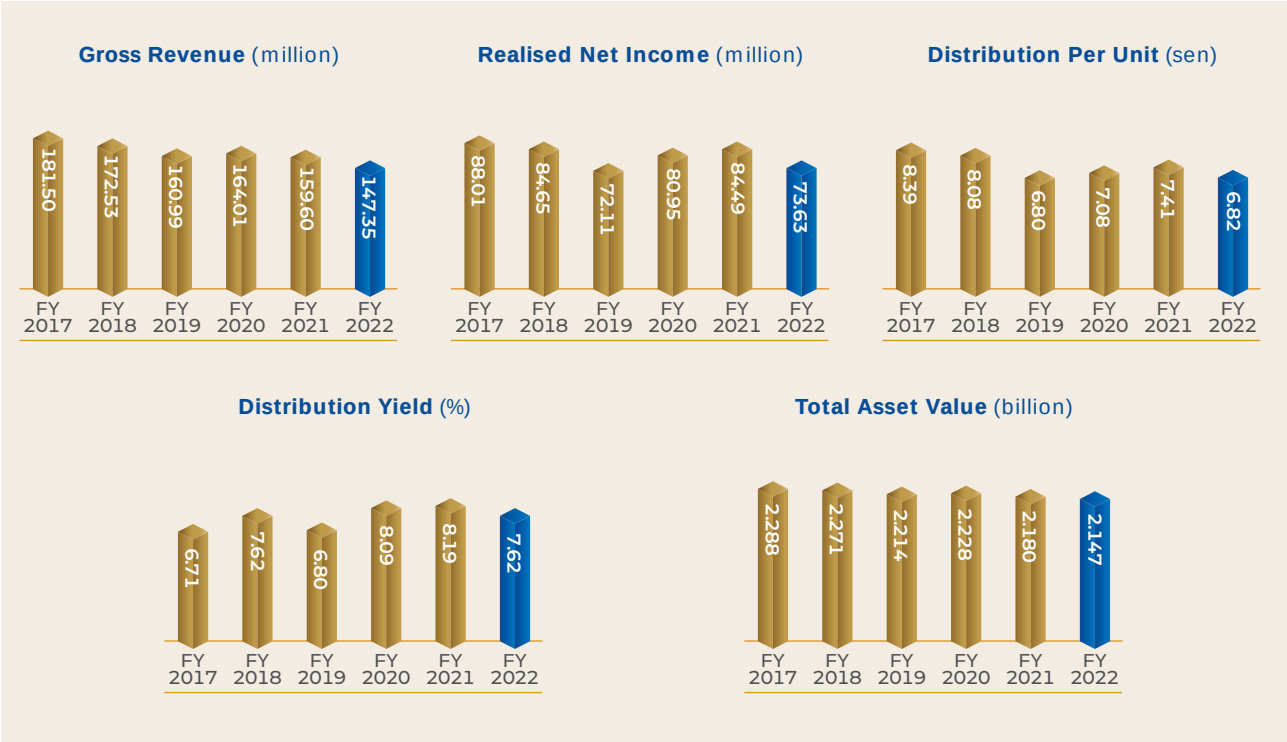
MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

The resumption of economic activities since October 2021 has augured well for the M-REIT sector. The full reopening of the economy has since normalised people movement to pre-pandemic levels with retail M-REITs experiencing recovery in retail traffic footfall and sales. The subsequent reopening of the country's borders to international arrivals in April 2022 saw a rebound in air traffic and has augured well for the hospitality M-REIT. The improvement in business sentiment and resumption of work in offices has been a positive note for the office segment despite the sector still grappling with oversupply concerns, due to lack of economic catalyst to boost office space demand and tenants downsizing to adopt hybrid work mode. More M-REIT players have moved into the industrial spaces with several announcing their respective acquisitions of industrial properties to grow their portfolio. This segment remains strong, reaping from the growth in e-commerce as and manufacturing sectors.

The Klang Valley office market remained challenging in 2022. As at 3Q 2022, Klang Valley was estimated to have an existing stock of 113.1 million sq. ft. The volume of future office supply in Klang Valley is estimated at 5.5 million sq. ft. with concentration of supply in Kuala Lumpur scheduled for completion by 2023. Notwithstanding the additional supply to the market, Klang Valley overall occupancy rate inched up to 73.9% in 2022 compared to the previous year of 73.4%. Meanwhile, occupancy rates in Cyberjaya declined 1.2% to 72.2% from the previous year's rate of 73.4%. In the near term, the rental rates and occupancy levels of office buildings are expected to experience downward pressures due to the supply-demand gap and heighten competition in the tenant-led office market with existing and newly completed buildings competing for the same pool of tenants. Embracing technology and new normal operating models will continue to be leading trends of office market occupiers. The incoming supply coupled with the "flight to quality" will incentivise landlord to shift its focus to asset management and enhancement initiatives by refurbishing/revamping their office buildings to meet current demands. In addition, landlords will continue to focus on tenant retention by offering various incentives to remain competitive in this tenant-led market.

(Source: Property Market Overview 2022 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)

FINANCIAL PERFORMANCE



MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

For financial year ended 31 December 2022 ("FY2022"), SENTRAL recorded a gross revenue of RM147.35 million, representing a decrease of 7.3% as compared to RM159.60 million recorded in the preceding financial year ended 31 December 2021 ("FY2021"). Correspondingly, it recorded a net property income of RM114.70 million for FY2022, representing a decrease of 6.5% as compared to RM122.65 million recorded in the preceding financial year. The lower net property income recorded in FY2022 was mainly due to lower revenue contribution from Quill Building 2 and Wisma Technip due to the departure of the anchor tenants for the said buildings.

SENTRAL recorded a total realised income and distributable income of RM73.63 million for FY2022, a decrease of 12.9% from the total realised income and distributable income of RM84.49 million for FY2021. The decrease is mainly due to the lower net property income recorded and the one-off gain the from the divestment of Quill Building 5 in FY2021. Correspondingly, the Realized Earnings Per Unit ("EPU") and distributable income per unit for FY2022 was 6.87 sen, which is approximately 12.9% lower compared to the EPU and distributable income per unit of 7.88 sen recorded in FY2021.

Taking into consideration the on-going uncertainties and challenging operating landscape, SENTRAL's financial performance in FY2022 was satisfactory with its financial performance meeting market consensus. The financial results in FY2022 were anchored by the stable performance of its properties in KL Sentral and the ability of the Manager to manage operational cost and cash flows effectively during the year. The Manager was focused in deploying its on-going asset management and leasing strategies centred on tenant retention as well as prudent cost management to achieve sustainable occupancy and income contribution in FY2022. Through these efforts, SENTRAL recorded a stable weighted average lease expiry profile ("WALE") and average occupancy rate of 3.19 years and 77% respectively, as at 31 December 2022.

Distribution to Unitholders

In line with the Restated Trust Deed dated 2 December 2019 and Supplemental Trust Deed dated 24 December 2020, SENTRAL has maintained its policy of distributing at least 90% of its distributable income at least semi-annually.

On 19 January 2023, the Board had declared a final Distribution Per Unit ("DPU") of 3.42 sen for the period from 1 July 2022 to 31 December 2022 which was paid out to unitholders of SENTRAL on Tuesday, 28 February 2023. This final DPU of 3.42 sen, together with the interim distribution of 3.40 sen per unit for the period from 1 January 2022 to 30 June 2022, which was paid on 30 September 2022, amounted to a FY2022 DPU of 6.82 sen. The Trustee and the Board of the Manager did not recommend any further distribution for FY2022.

On a year-on-year comparison, the FY2022 DPU of 6.82 sen is 8.0% lower than the FY2021 DPU of 7.41 sen which as inclusive of the one-off gains from the divestment of Quill Building 5. This translates to a distribution yield of 7.62% based on the closing price of RM0.895 per unit as at 31 December 2022.

BUSINESS PERFORMANCE

(A) Portfolio Highlights

As at 31 December 2022, SENTRAL's portfolio investment comprised nine (9) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Penang and it continued to receive steady income from these portfolio of assets in FY2022. For further details of each property, kindly refer to SENTRAL's Portfolio Overview on pages 12 to 24.

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Revaluation of Properties as at 31 December 2022

Summarised below is the latest valuation of SENTRAL's portfolio of properties as at 31 December 2022:

Name of Properties	Valuation as at 31 Dec 2022 (RM'000)	Valuation as at 31 Dec 2021 (RM'000)	% of Investment (%)
Quill Building 1-DHL 1 and Quill Building 4-DHL 2	135,000	135,000	6.6
Quill Building 2	108,000	119,000	5.2
Quill Building 3-BMW	71,000	74,000	3.4
Wisma Technip FMC	153,700	170,000	7.5
Part of Plaza Mont' Kiara	113,000	115,000	5.5
Lotuss Building Penang	140,000	140,000	6.8
Platinum Sentral	670,000	670,000	32.5
Menara Shell	670,000	658,000	32.5
Total Investment Properties	**2,060,700**	**2,081,000**	**100.0**

The annual valuation of SENTRAL's portfolio of properties was conducted at the close of FY2022. SENTRAL's total portfolio registered a portfolio value of RM2.0607 billion for FY2022 compared to the Net Book Value as at 31 December 2022* of RM2.084 billion, translating to a revaluation loss of RM23.908 million. The portfolio revaluation loss was mainly due to the devaluation of several properties in the portfolio.

The fair valuation loss on investment properties recognized in the Consolidated Statement of Comprehensive Income amounts to RM22.326 million. The reconciliation between the decrease in investment properties and fair value loss is as follows:

	RM'000
Decrease in investment properties as per 31 December 2022 valuation	(23,908)
Add: Lease income recognised in prior years	1,582
Fair value loss of investment properties (Unrealised)	**(22,326)**

Upon incorporating the fair value loss of investment properties, the total net asset value ("NAV") and NAV per unit (after income distribution) are RM1.254 billion and RM1.1704 per unit, respectively (FY 2021 total NAV and NAV per unit (after income distribution) is RM1.318 billion and RM1.1898 per unit respectively).

* *The Net Book Value as at 31 December 2022 (prior to the revaluation) for the properties comprise of the brought forward net book value as at 31 December 2021 together with asset enhancement related costs incurred during the year.*

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Property Portfolio Summary Information

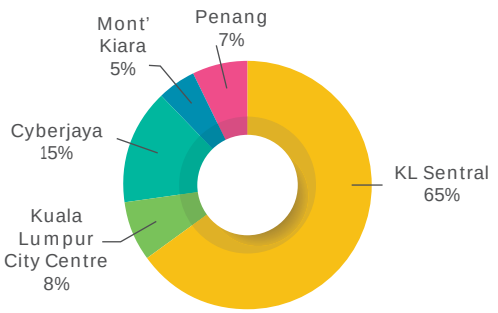
Portfolio details	FY 2022	FY 2021
No of Assets – Commercial Real Estates[1]	9	9
Valuation of Investment Properties (RM'000)	2,060,700[3]	2,081,000[2]
Net Lettable Area ("NLA") (sq. ft.)	2,114,938	2,114,938
Portfolio Occupancy rate (%)	77	90.0
Weighted Average Lease Expiry (years)	3.19	3.78
Renewal Rate (%)	41.0	66.0

Notes:

1) SENTRAL's composition of investment portfolio consist of only real estate assets.
2) After taking into account the accrued rental income of RM15.11 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.07 billion.
3) After taking into account the accrued rental income of RM13.53 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.05 billion.

Geographical Diversification (by Valuation)

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

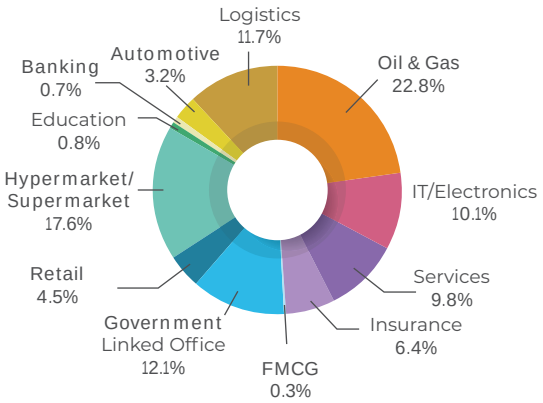


Klang Valley	78%
Cyberjaya	15%
Penang	7%

Note:

(1) Based on valuation dated 31 December 2022

A Well Balance Tenancy Mix (By Net Lettable Area)



MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

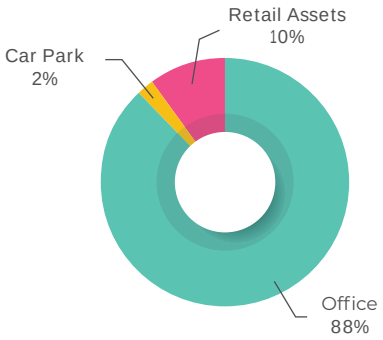
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Property Portfolio Summary Information (cont'd)

Segmental Contributions (By Valuation)



Notes:

(1) Office comprises Quill Buildings, Platinum Sentral, Menara Shell and Wisma Technip
(2) Retail Assets refers to retail portion of Plaza Mont' Kiara & Lotuss Building Penang
(3) Car Park refers to car parking bays in Plaza Mont' Kiara
(4) Based on valuation dated 31 December 2022

(B) Review of Operation Activities

The Klang Valley office market operating environment was challenging despite the reopening of all economic sectors during the year. While leasing activities have picked up momentum in 2022 in comparison to the previous year, the office segment continued to be pressured by the change in working arrangements and the oversupply conditions in selected areas in Klang Valley.

The COVID-19 pandemic has altered the way businesses operate. Post pandemic, many corporates are revisiting their office space requirements with the increased requirements for physical distancing in the workplace and hybrid/remote working. Many businesses have revamped their operations model whereby some office operations were split into multiple sites (i.e. decentralisation) or embarked on modification of workspaces and collaborative areas to meet the new normal office requirements. In addition, with the influx of newly completed office buildings, we are seeing a flight to quality trend by corporates embarking on these operational changes. Specifically, corporate tenants are seeking new office spaces that can provide workspace flexibility, enhanced facilities, and information & technology ("IT") infrastructure to ensure the continuity and sustainability of their business operations.

While there is an increasing trend of corporations in Malaysia practicing remote/flexible work arrangements, we believe that this new normal will not eliminate the importance of office space. Many companies will still want to retain a physical presence in key locations within the city centre or in key business districts. In terms of sectors, major office occupiers in Klang Valley such as the oil & gas and financial services sectors which traditionally bolstered the demand for the Klang Valley office space, continue to be cautious in its rental commitments amid weaker corporate earnings and subdued business sentiment. Demand from the services sector, serviced offices, shared service operations, business process outsourcing sector ("BPO"), IT and technology-based sectors continued to be prevalent and encouraging.

In response to mitigating the challenges of the Klang Valley office market, we have during the year continued with our leasing strategy to focus on improving SENTRAL's tenant retention rate, maintaining a stable weighted average lease expiry ("WALE") and stabilizing of its portfolio's occupancy rate.

SENTRAL had approximately 511,000 sq. ft. or 29% of its total committed NLA due for renewal in 2022. Our leasing and asset management strategy throughout the year has confirmed a take-up rate of approximately 212,000 sq. ft. of NLA or approximately 41% of the total leases due in 2022. The lower renewal rate recorded in 2022 was mainly due to the non-renewal of leases by two anchor tenants in Quill Building 2 and Wisma Technip, respectively. This non-renewal resulted in a drop in SENTRAL's portfolio occupancy rate to 73% in 2Q2022, its lowest since SENTRAL's listing on Bursa Securities. Notwithstanding, we are pleased to highlight that approximately 121,000 sq. ft. of vacant spaces were successfully leased in 2022 as a result of SRM's active leasing strategies to fill the vacant office spaces in KL Sentral and retail spaces in Plaza Mont' Kiara. Correspondingly, SENTRAL recorded an improved average occupancy rate of 77% as of 31 December 2022 and is above the Klang Valley office market average occupancy rate of 73.9% in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

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

SENTRAL initiated its tenant assistance programme in 2020 to cater to the needs of its tenants, mainly the SME retail tenants who were financially affected by the pandemic. The objective of these assistance is to elevate tenants' cash flow burdens due to the inability to operate during the pandemic and to ensure the sustainability of their operations in the longer run. The ability of SENTRAL's tenants to ride out this pandemic was essential to the sustainability of SENTRAL's occupancy rate and income. In consideration of the general improvement in economic activities during the year, rental assistance was not provided to tenants in FY2022.

Moving forward, we expect competition in the Klang Valley office market to remain intense in a midst of a prolonged oversupply condition. Competition from newer buildings offering competitive rental rates will continue to be the key leasing risk for SENTRAL. To mitigate this, strong tenant management and tenant retention will continue to be SENTRAL's key focus in 2023. For the marketing of existing vacant spaces, we will leverage on new and existing networks to market the available office spaces in SENTRAL's portfolio with the focus on bringing in new tenants from the IT, oil & gas, e-commerce, serviced office and shared services sectors. SENTRAL will also evaluate the possibility of repurposing some of its existing buildings to cater for non-office usages, where possible. With the positive leasing outcomes achieved in 2022 in filling up the vacant spaces in selected properties in KL Sentral, we intend to continue to pursue our on-going marketing programmes with the aim of improving the portfolio occupancy rate in 2023.

Tenants' requirement for high-grade buildings with up to-date specifications are key considerations when planning for SENTRAL's yearly asset enhancement plans. We believe that consistent quality and service of our portfolio of properties are crucial for our properties to remain competitive and relevant. On a yearly basis, we will embark on refurbishments and asset enhancement works mainly aimed at promoting a conducive work environment for tenants. This will also include providing a safer and sustainable environment which can also assist the tenants to achieve their health, safety and environment and sustainability goals.

Safety was as one of the key focus in our 2022 asset enhancement initiatives. Various safety features have been included in SENTRAL's buildings such as the enhancement of the perimeter fencing at Quill Building 1 and Quill Building 4. Improvement works planned for Platinum Sentral have commenced in December 2022. Under this initiative, the building's safety feature is prioritized with the upgrade of the outdoor courtyard wood deck areas which could be a potential safety hazard for tenants with the wear and tear. In addition, enhancement of the lighting system to provide better visibility at dark secluded areas at Levels 2 and 3 of Platinum Sentral will also be part of the safety enhancement to the building. The upgrading of Menara Shell's common area facilities such as toilets and lobby were successfully completed towards the end of the year.

(C) Investment and Asset Management Strategies

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

SENTRAL's investments are subject to the investment limits imposed under the Listed REIT Guidelines and Bursa Securities Main Market Listing Requirements ("Listing Requirements"). SENTRAL shall continue to comply with these guidelines and other requirements imposed by the relevant authorities from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Investment and Asset Management Strategies (cont'd)

We remain focused in achieving SENTRAL's key investment objectives while seeking additional income growth and enhancement of SENTRAL's property portfolio over time through the following strategies:

1. Acquisition growth and portfolio management strategy

   The Manager seeks to selectively acquire additional properties that meet the investment criteria to enhance yields and return while improving portfolio diversification. The acquisition strategy takes into consideration rental yield, occupancy and tenant characteristics, location, value-adding opportunities, and building and facilities specifications.

   SENTRAL intends to hold the properties on a long-term basis. However, at the appropriate time, the Manager will recommend an adjustment of the property portfolio mix through acquisition or sale of one or more of the authorised investments or commercial properties with the objective of maximising total returns to unitholders. The proceeds from such sales would be either deployed to purchase other attractive authorised investments or, in the absence of appropriate investments, distributed to unitholders or to par down borrowings.

2. Active asset management strategy

   To increase the property yield of existing commercial space and correspondingly maximising returns from the existing commercial space, the following strategies have been implemented:

   - Maximization of tenant retention through proactive tenant management and efficient property related services;
   - Diversification of tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles;
   - Implementation of proactive marketing plans;
   - Continued minimization of property expenses without compromising the quality and services; and
   - Asset enhancement by constantly improving and maintaining the quality and physical condition of the properties.

There were no changes in the strategies adopted during the financial year compared to the strategies employed in the preceding years and are consistent with those stated in the prospectus dated 11 December 2006. As the above strategies remain relevant to SENTRAL under the current operating environment and market condition, the Manager will continue to adopt them in the coming year.

Investment/Divestment activities in 2022

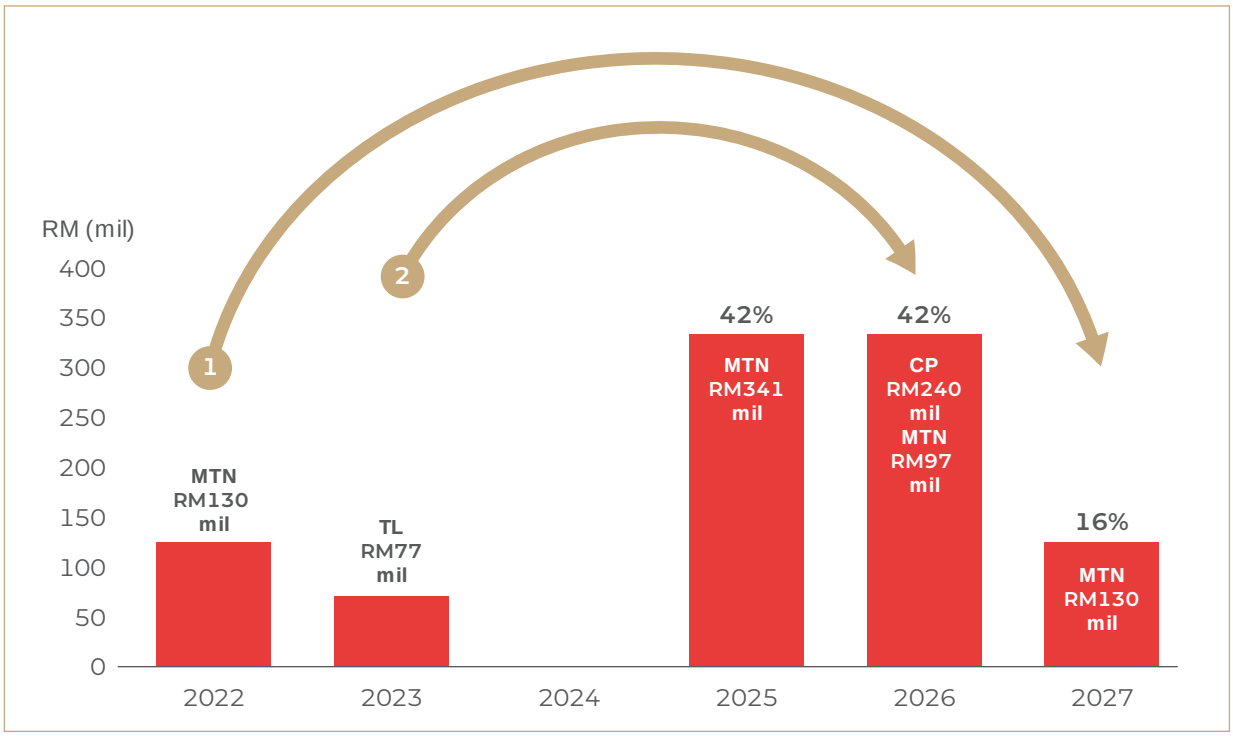
There were no acquisitions and/or disposals in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(D) Capital Management

SENTRAL continues to stay disciplined and prudent in its capital management. SENTRAL's debt maturity profile remains well-distributed with the successful refinancing of RM207 million debt refinancing in March 2022. The completion of the above refinancing exercises extended SENTRAL's debt average term to maturity and addressed all of SENTRAL's refinancing needs until 2025, as depicted below:



Notes:

1) MTN – Medium Term Notes.
2) CP – Commercial Papers.
3) TL – Term Loan.

Summarised below is SENTRAL's financial indicators which have remained stable in FY 2022:

Details	FY 2022	FY 2021
Total Debt (RM' million)	804.49	805.65
Average Cost of Debt (% p.a.)	3.62	3.55
Average Debt to Maturity (years)	3.30	3.16
Gearing Ratio (%)	37.48	36.95
Interest Coverage (%)	3.56	3.90
Fixed and Float Rate Composition (%)	34% Fixed/ 66% Float	44% Fixed/ 56% Float

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(E) Risk Management

Risk management is an integral part of SENTRAL's business as it ultimately supports the business in meeting its business objectives and strategies, and consequently creating and preserving value for its unitholders. Explained below are the key risk affecting SENTRAL's operations and control measures adopted to mitigate such risks.

Business Risk

Strong competition, poor economic and market conditions and over supply of commercial space are some of the key factors that could result in lessees/key tenants not renewing their leases or reduced rental rates and adversely affect the leasing performance of SENTRAL's properties. To deal with such challenges, mitigating actions taken are:

- Establishing a diversified tenant base across its portfolio with a good mix of high-quality multinational and large local conglomerate tenants from various sectors/industries;
- Active engagement of key strategic tenants to understand and meet their needs;
- Asset enhancement and maintenance initiatives to maintain the quality of SENTRAL's properties to be the preferred choice for tenants; and
- Lease negotiation well ahead of lease expiry and locking tenants in for longer lease term.

Credit Risk

Credit risk is the potential earnings volatility caused by tenants' inability and/or unwillingness to fulfil their contractual lease obligations, as and when they fall due. There is a stringent collection policy in place to ensure that credit risk is minimised. In addition to the requirement for upfront payment of security deposit of an amount typically equivalent to three months' rent, the Manager also establishes vigilant monitoring and debt collection procedures. Specifically, we have an ageing analysis in place to monitor the credit quality of the receivables. More stringent monitoring of receivable with significant balances past due more than 30 days will be conducted as they are deemed to have higher credit risk.

To mitigate the credit/default risk which can lead to premature/early lease terminations by tenants effected by COVID-19, supporting SENTRAL tenants, especially the small and medium-sized enterprise tenants through these COVID-19 challenges remain our priority. Through our tenant assistance programme, we will provide assistance on a case-to-case basis and where necessary to the affected tenants. In consideration of the general improvement in economic activities, no rental assistance was provided in FY2022.

Liquidity Risk

Liquidity risk exposure arises principally from SENTRAL's various payables, loans and borrowings.

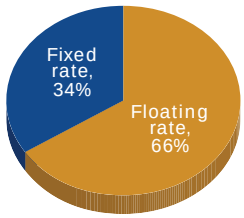
SENTRAL maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to finance the operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows.

Amidst the COVID-19 pandemic, SENTRAL continues to prioritise managing cash flow and exercising financial discipline. Based on SENTRAL's current performance, it has continued to distribute semi-annually.

Interest Rate Risk

To mitigate interest rate fluctuations and to provide certainty of income contribution to SENTRAL, it is our interest rate risk policy to maintain majority fixed rate borrowings for all its existing debts.

However, in 2022 and subsequent to the refinancing of the RM130 million borrowings under Kinabalu Capital Sdn Bhd and the early refinancing of RM77 million term loan under Trusmadi Capital Sdn Bhd, a sizeable portion of SENTRALs borrowings remained on floating interest rate.



MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(E) Risk Management (cont'd)

Interest Rate Risk (cont'd)

Regular reviews will be carried out on the optimal mix of fixed and floating rate borrowings. If required, the Manager will enter into hedging transactions using interest rate swaps to convert the floating rate borrowing to fixed rate borrowings to mitigate exposure to a rising interest rate environment.

It is anticipated that BNM will continue with the tightening of its monetary policy through gradual increase in the OPR. However, it is expected that Malaysia's monetary policy will continue to remain supportive of economic recovery throughout 2023 and any change in monetary policy will be guided how the overall domestic inflation and domestic growth performs.

Compliance Risk

SENTRAL is required to comply with the relevant legislations and regulations that include the Capital Markets and Services Act 2007, the Listing Requirements, Listed REIT Guidelines and the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of SENTRAL and its Unitholders. As a listed REIT, non-compliance of the above will impact not only SENTRAL's financial performance but will have deep repercussion on its reputation.

As part of the requirements set out in the Listed REIT Guidelines, SENTRAL has appointed a Compliance Officer who is required to proactively identify applicable laws and regulatory obligations, and any updates or changes therein and ensure that SENTRAL's day-to-day operations comply with these requirements. The Manager has in place a monitoring framework that tracks SENTRAL's compliance of these applicable legislations and regulations on an on-going basis. The Compliance Officer also periodically monitors the operations of SENTRAL to ensure that there are no breaches to the covenants of the Trust Deed and any other contracts/agreements entered into by SENTRAL with third parties. The Compliance Officer provides a compliance update to the Audit & Risk Committee on a quarterly basis.

Further details of our governance and internal control framework and can be found in the Corporate Governance Overview Statement and Statement of Risk Management and Internal Control sections of this Annual Report.

OUTLOOK AND PROSPECTS

In 2023, the Malaysian economy is expected to grow moderately between 4.0% – 5.0%. This is backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of rising cost of living and mitigate the downside risks stemming from prolonged geopolitical uncertainties and tightening global financial conditions.

Almost all economic sectors are projected to expand on the supply side, led by the services and manufacturing sectors. The real estate and business services subsector registered a 15.4% increase in the first half of 2022 attributable to improved leasing and renting of properties as well as higher demand for professional services. The sector is expected to continue its growth momentum by 21.2% in the second half 2022 due to improvements in business and trade activities.

(Source: Ministry of Financial Budget 2023 - Economic Outlook 2023)

The Kuala Lumpur office market down cycle is expected to persist in 2023 as future supply of office space in Klang Valley continue to come on steam. We expect to see these pressures on the Klang Valley office market be alleviated with the eventual improvement in the economy and the gradual improvement in consumer and business sentiments in 2023. Leasing enquiries remain healthy for office developments within the fringes of Central Kuala Lumpur such as KL Sentral, Mid Valley and Bangsar South which are still the preferred choices by office occupiers. These localities are strategic, have high concentration of office developments, and are supported by amenities, good public transportation and accessibility. Demand from the services sector, serviced offices, shared service operations, BPO sector, IT and technology-based sectors will continue to be prevalent, as compared to the banking and oil & gas sectors which have traditionally bolstered the demand for the Klang Valley office space.

MANAGEMENT DISCUSSION AND ANALYSIS
- OPERATIONAL OVERVIEW
(cont'd)

OUTLOOK AND PROSPECTS (cont'd)

With the influx of new buildings with newer specifications, it is vital that landlords focus on asset management and enhancement initiatives that emphasises in adapting existing office buildings to meet the new normal requirements and specification required by tenants. Such initiatives together with leasing strategies that are centred on tenant retention will be essential for landlords to retain existing tenant, improve their market competitiveness and to attract new occupiers. Additionally, as we move into an endemic environment, health and safety will continue to be in the forefront for tenants' requirement. Landlords will have proactively to ensure that their buildings continue to be fitted with the necessary facilities, as well as health and safety features to mitigate the risk of widespread infections.

The challenging sector outlook is likely to exert pressure on SENTRAL's operation in the coming year. Notwithstanding, we believe that SENTRAL's operation will be able to sustain these challenges as we will continue to intensify our efforts to manage SENTRAL's operations efficiently underpinned by our proactive approach towards asset, portfolio and cost management. The focus will be on tenant retention and cost efficiency measures, while continuing to pursue growth by actively exploring acquisition opportunities based on a prudent acquisition strategy.

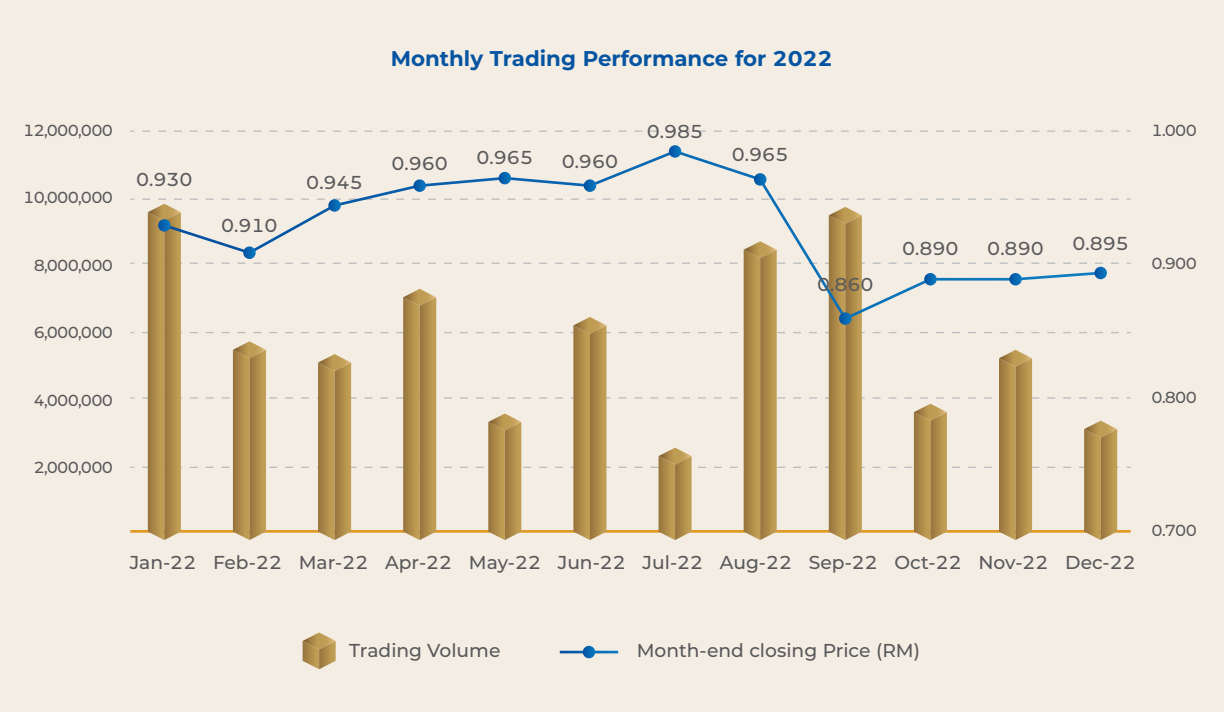
In terms of new investments, we will continue to expand SENTRAL's asset portfolio and increase market presence in line with its investment objective to acquire and invest in accretive commercial properties primarily in Malaysia. We are adopting a prudent acquisition strategy and focus will be on good quality commercial/office properties with strong recurring rental income and potential for revenue and capital growth. Prudent identification of right acquisition targets that meet our investment criteria will be essential to drive sustained growth going forward. All acquisition opportunities will be evaluated against stringent investment criteria, such as the following:

- Rental yield;
- Occupancy and tenancy characteristics;
- Location;
- Value-adding opportunities/potential asset enhancements; and
- Building and facilities specifications.

MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS

(A) Trading Performance

Unit Price Performance
SENTRAL's Monthly Trading Performance for 2022

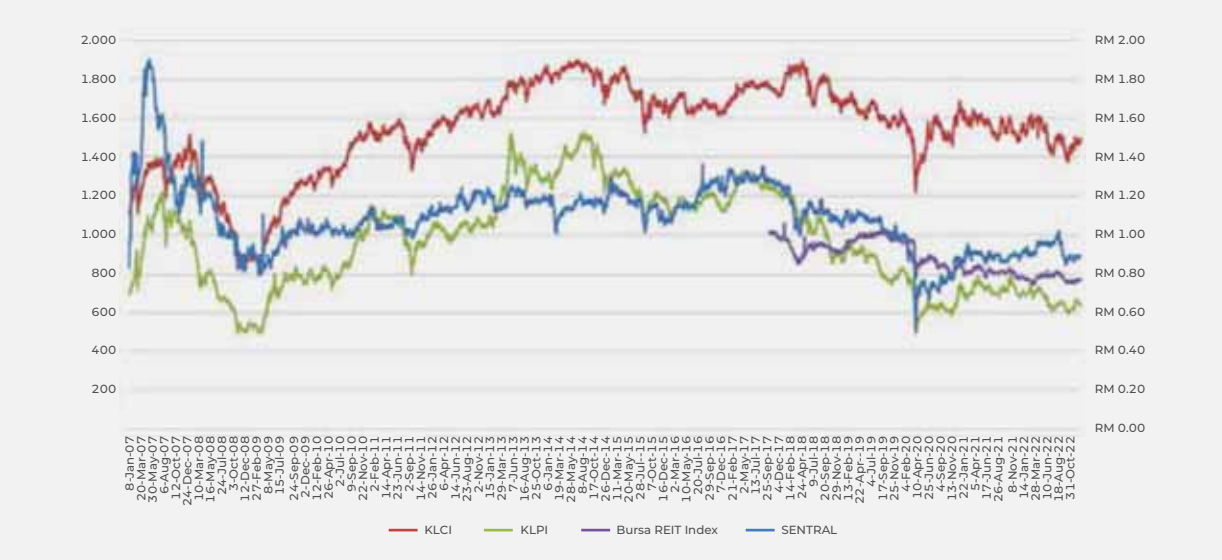


	Trading Volume	Month-end closing Price (RM)
Jan-22	9,664,900	0.930
Feb-22	5,537,200	0.910
Mar-22	5,129,900	0.945
Apr-22	7,057,600	0.960
May-22	3,237,100	0.965
Jun-22	6,199,900	0.960
Jul-22	2,291,900	0.985
Aug-22	8,468,900	0.965
Sep-22	9,522,900	0.860
Oct-22	3,566,600	0.890
Nov-22	5,244,400	0.890
Dec-22	3,141,500	0.895

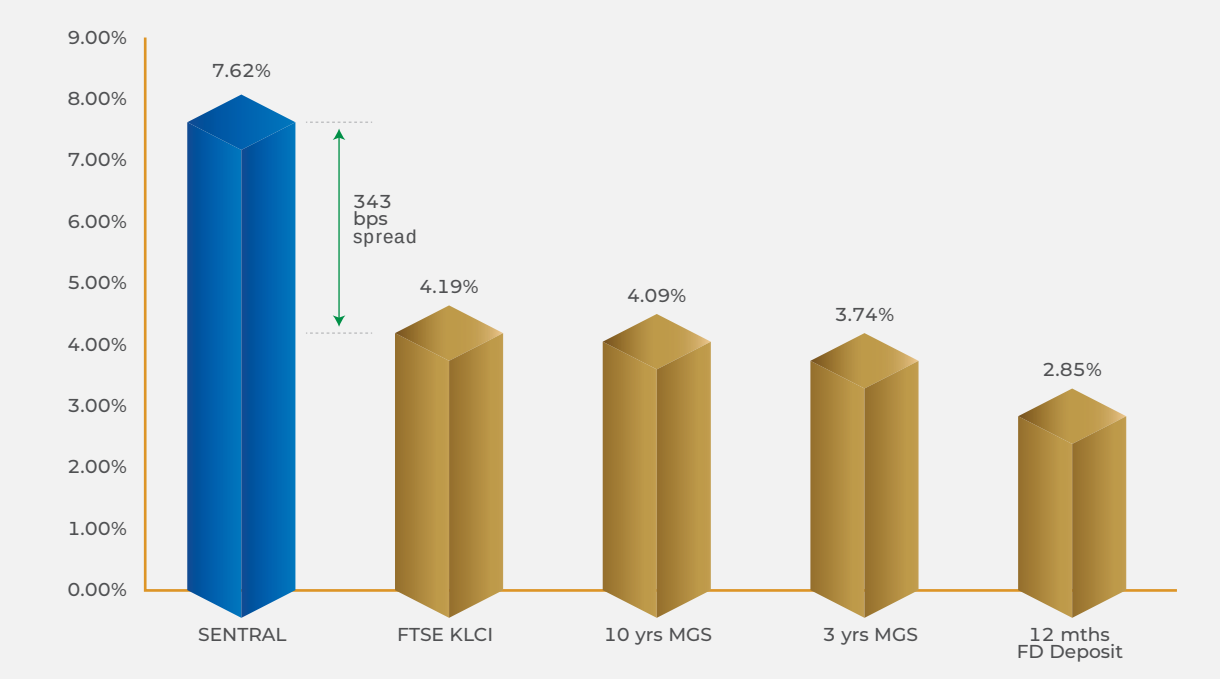
MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(A) Trading Performance (cont'd)

SENTRAL's Unit Price versus Performance Benchmarks
- 8 January 2007 (from Listing Date) to 31 December 2022



Comparative Yields



Source:

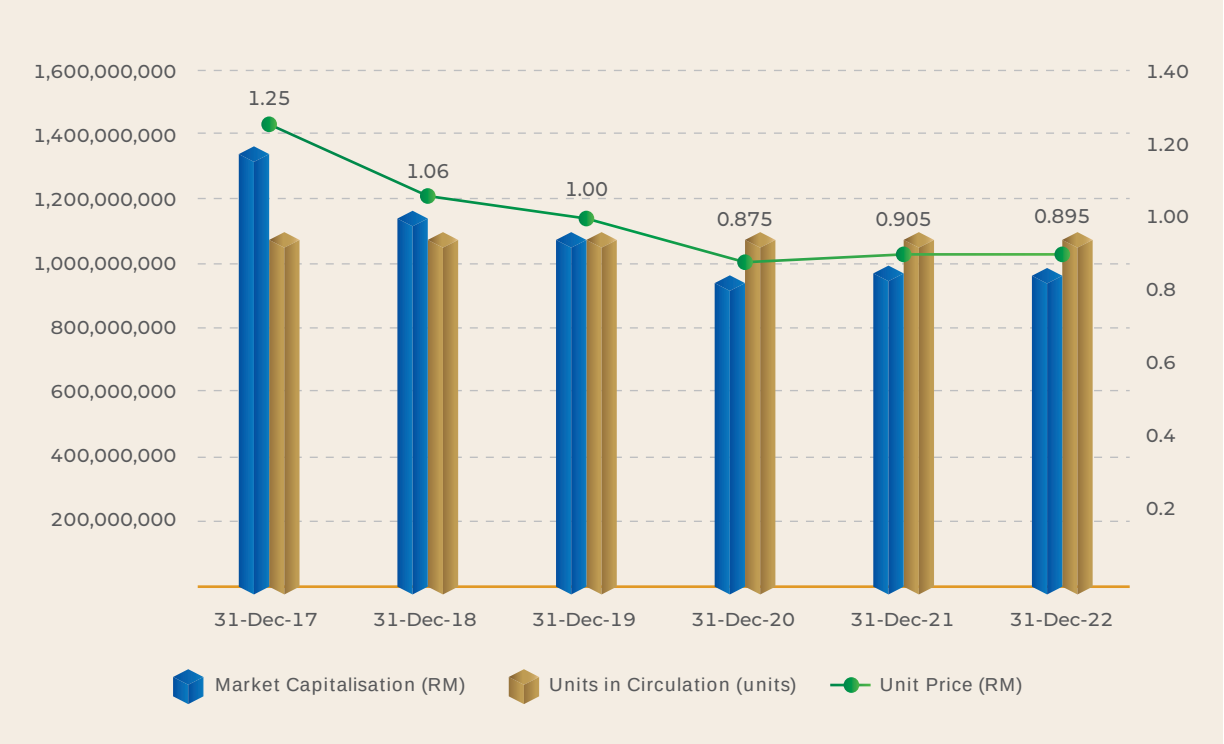
1) *Rates for 5-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 30 December 2022.*
2) *12 months FD rate is from Maybank.*
3) *Dividend Yield of FTSE Bursa Malaysia KLCI as at 30 December 2022 is from Bloomberg.*

MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(A) Trading Performance (cont'd)

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

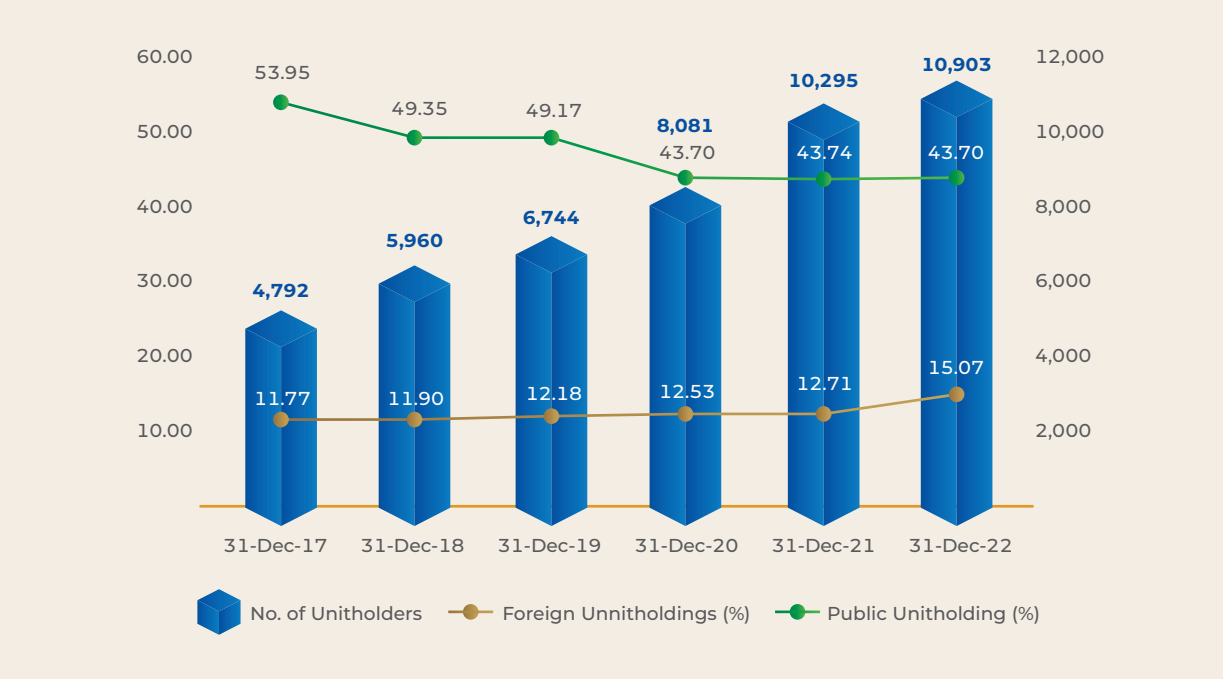
Market Capitalisation, Unit Price and Units in Circulation



MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(A) Trading Performance (cont'd)

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



(B) Investor Relations ("IR") Initiatives

We are committed to ensuring effective communication and proactive stakeholders' engagement. It is crucial that we strengthen our communication with stakeholders especially in challenging times to allow stakeholders to make informed decisions.

We continuously enhance our communication channels to cater to the growing needs of the stakeholders through the following communication channels:

Communication Channel	Medium of Communication	Stakeholders
Analyst and investor briefings/ one-on-one meetings	▪ Quarterly financial earnings releases ▪ Corporate exercise announcements	▪ Institutional investors ▪ Analysts
Property Tours	▪ Group tour ▪ One-on-one tour	▪ Institutional investors ▪ Analysts
Conferences	▪ Investors conferences ▪ Industry conferences ▪ Non-deal roadshows	▪ Institutional investors ▪ Analysts
Corporate website and investor relation portal	▪ https://sentralreit.com ▪ Corporate announcements ▪ IR enquiry contact	▪ Institutional investors ▪ Retail investors ▪ Analysts ▪ Media

MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(B) Investor Relations Initiatives ("IR") (cont'd)

Communication Channel	Medium of Communication	Stakeholders
Research coverage	▪ 7 research coverage reports	▪ Institutional investors ▪ Retail investors ▪ Analysts ▪ Media
Media engagement	▪ Media briefings ▪ Media releases	▪ Media ▪ Public
Annual General Meetings	▪ Reporting of financial performance	▪ All unitholders ▪ Public
Publications	▪ Annual reports ▪ Company Presentations	▪ All unitholders ▪ Analysts ▪ Media ▪ Public

Unitholders' Meetings

Tenth Annual Unitholders' Meeting

In the midst of the on-going COVID-19 pandemic, SENTRAL's 10th Annual General Meeting ("10th AGM") was held on 6 April 2022 and conducted entirely via remote participation and electronic voting. The online 10th AGM was conducted in accordance with the practices that have already been adopted by other internationally developed capital markets.

During the 10th AGM, unitholders' approval was sought for the proposed authorisation and issuance of new units ("Proposed Unitholders' Mandate") pursuant to Clause 6.59(1A) of the Listing Requirements, as well as to brief Unitholders about SENTRAL's financial results for FY2021. We are pleased to report that the resolution for the Proposed Unitholders' Mandate was duly passed.

Our stakeholders value timely and transparent disclosure of information and announcements as well as the accessibility to the Board and key management. Accordingly, the AGM will serve as a good platform for the Board and key management to share the highlights of the Trust's financial results for the fiscal year. In turn, unitholders can ask questions, clarify facts and provide feedback to the management about the SENTRAL's financial health, business performance, outlook and strategies.

We will continue to proactively engage with SENTRAL's unitholders regularly to ensure proper dissemination of information and consistency in messages for better understanding of the business and operating environment.

MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(B) Investor Relations Initiatives ("IR") (cont'd)

Research Coverage in 2022

In 2022, SENTRAL was covered by 7 research houses. Below is a summary of the reports published for SENTRAL's 4Q 2022 results:

Coverage	Rating	Target Price (RM per unit)
RHB Research Institute	Neutral	0.92
Hong Leong Investment Bank Research	Hold	0.87
Maybank IB Research	Hold	0.91
CGS CIMB Research	Hold	0.89
UOB Kay Hian Research	Hold	0.95
Kenanga Research	Underperform	0.79
KAF Research	Hold	0.93

(C) Corporate Social Responsibility ("CSR")

SENTRAL's CSR initiatives are carried out by SRM as the REIT Manager. Our efforts in 2022 have remained focused on supporting the welfare of needy children while also extending our support to the B40 and underprivileged communities for their basic needs.

Specifically, SRM's community sponsorship in 2022 were focus on the following two themes:

1. Supporting and Facilitating Children Learning

Sponsor-A-Child for Education for Rural Indigenous Children in Sabah through Good Shepherd Services ("GSS") Education Fund

GSS is a non-profit organization that has extensive grassroots services in East Malaysia, both residential and outreach services for women and children experiencing domestic violence/ abuse, children and youth who have limited access to educational opportunities and community social services. RM72,000 cash donation to GSS's Education Fund was to provide the 51 students located in the districts of Telupid, Kota Marudu, Keningau, Ranau and Tawau in Sabah with an annual financial aid that will enable them to support their education expenses such as hostel fees, transportation and academic.

Education Fund to Yayasan Ozanam for 5 students from Ozanam homes

Yayasan Ozanam is a registered non-profit, voluntary welfare organization incorporated in 1998 by the National Society of St Vincent de Paul to care for and shelter the neglected, exploited, abused, abandoned, and orphaned children of Malaysia. The organization operates Ozanam homes and service centres to provide homes, education, protection, and care for over 400 children who are sent from different agencies such as the social welfare department, social welfare of hospitals, other NGOs and individuals (single parents). RM23,000 cash donation to Yayasan Ozanam Education Fund was to provide financial aid to 5 students under Ozanam homes undertaking degree and diploma courses from local universities to cover the costs of tuition fees, transportation, and other academic expenses.

MANAGEMENT DISCUSSION AND ANALYSIS
- TRADING PERFORMANCE AND INVESTOR RELATIONS
(cont'd)

(C) Corporate Social Responsibility ("CSR") (cont'd)

2. Supporting the Livelihoods of Under Privileged Communities

GSS's Menstrual Hygiene Management ("MHM") Advocacy Program for Girls

The MHM program is at pilot project launched in November 2022. Its objective is to raise awareness and enhance the female students' knowledge and understanding on menstrual health to 1,000 secondary school girls in the interior division of Sabah. SRM donation of RM36,000 will be used to kick-off MHM's inaugural project to hold capacity building workshops and provide 1,000 eco-friendly, high quality personal sanitary hygiene kit to 200 secondary school girls from 5 secondary schools located in the rural districts of Keningau and Nabawan in the interior division of Sabah.

The organization also undertakes small scale community based micro-enterprise projects with the objective of providing disadvantaged women with skills for better job opportunities. In line with this objective, the high quality personal sanitary hygiene kit will be sourced and made through GSS's sustainable community-based livelihood project for neighbouring villages located near the district of Nabawan namely Kampung Batu Lunguyang, Kampung Alab Lanas and Kampung Pinipi. It is expected that the project will generate a reliable source of income for 12 indigenous women from these villages throughout the year to produce eco-friendly, high quality, reusable sanitary pads.

PROPERTY MARKET UPDATES

PROPERTY MARKET OVERVIEW 2022 PREPARED BY KNIGHT FRANK MALAYSIA SDN BHD FOR SENTRAL

MARKET INDICATIONS

Malaysia's transition to the endemic phase since 1 April 2022 has been positive for the economy and the real estate market.

The country's full year GDP forecast for 2022 has been revised upwards from earlier estimates of 5.3% - 6.3% to 6.5% - 7.0% in October. This follows strong economic expansions of 14.2% in 3Q2022 and 8.9% in 2Q2022 (1Q2022: 5.0%), supported by robust domestic demand amid improving labour market conditions following reopening of all economic sectors as well as on-going policy support.

Headline inflation increased to 4.5% in 3Q2022 (2Q2022: 2.8%), mainly driven by continued improvement in demand amid the high-cost environment. Bank Negara Malaysia (BNM) has projected that headline inflation will average at circa 3.3% in 2022 due to the dissipating base effect from electricity tariff rebates that was implemented in 3Q2021 under the PEMULIH Electricity Discount scheme.

Malaysia's unemployment rate continues to decline to below 4.0%, recording at 3.7% in 3Q2022 as labour demand continuously expands to accommodate the capacity for business operations as more economic activities resume. For the full year of 2022, the unemployment rate is forecast to range from 3.8% to 4.0%.

On the lending front, due to the positive growth prospect of the Malaysian economy, BNM raised the overnight policy rate (OPR) by 25-basis points to 2.75% on 3 November 2022. This rate hike, the fourth in the year, will likely influence purchasing decisions due to higher borrowing costs.

The Business Conditions Index (BCI) improved by 3.6 points to record at 99.8 points as of 3Q2022 (2Q2022: 96.2 points), supported by robust demand for export of goods and services coupled with higher capital expenditure. Most industries anticipate a rebound and this signals a positive business outlook.

The recently concluded general election (GE15), which resulted in the formation of a unity government, is expected to steer the country towards better political stability and this augurs well to cement Malaysia's position as an attractive investment destination. Looking ahead, with better economic prospects, the country's property market is expected to be sustained.

MALAYSIA: RETAIL PERFORMANCE

The country's retail sales growth trended down from 5.5% in 2012 to 3.4% in 2014 and recorded its lowest growth rate of 1.4% in 2015. The upward adjustments in fuel prices and electricity tariffs as well as the implementation of the goods and services tax (GST) on 1 April 2015 had collectively led to higher costs of living and this had adversely impacted Malaysia's retail industry. Retail sales growth continued to remain lacklustre, expanding only 1.7% in 2016 and 2.0% in 2017.

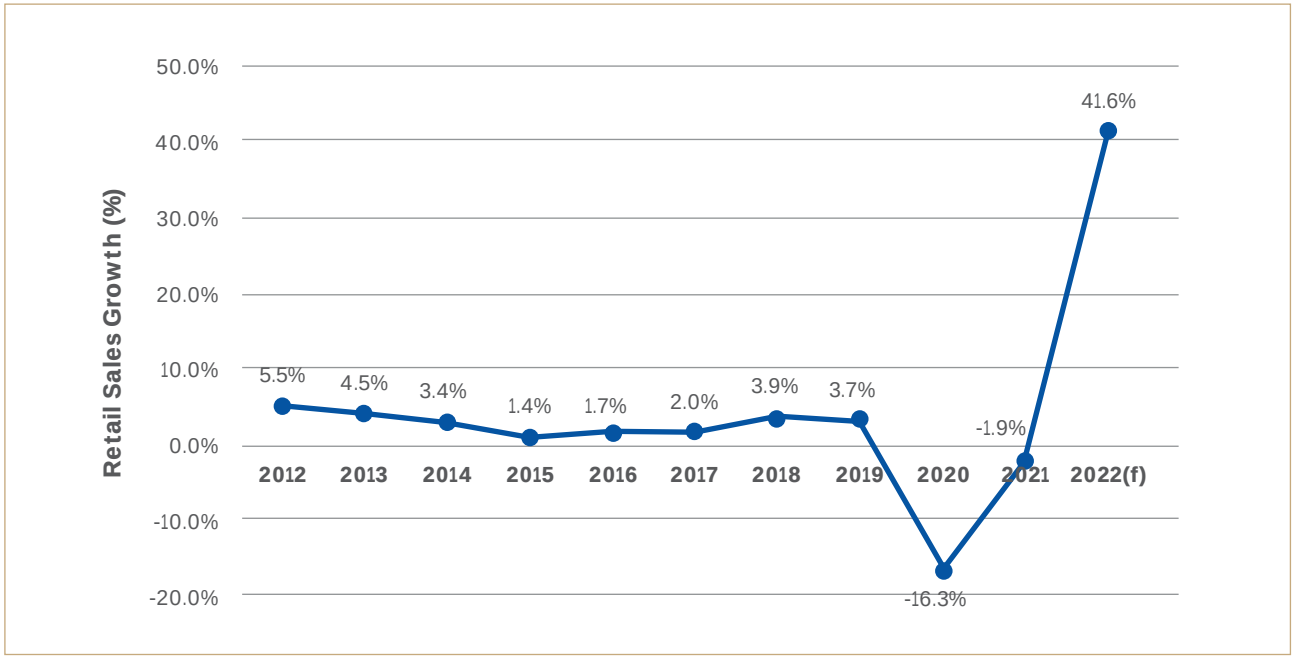
Despite the three-month tax holiday following the Government's decision to zerorise the GST in June 2018 ahead of the implementation of the Sales and Services Tax (SST) on 1 September 2018, the retail industry continued to remain sluggish. Retail sales grew 3.9% in 2018 and moderated to 3.7% in 2019.

PROPERTY MARKET UPDATES
(cont'd)

MALAYSIA: RETAIL PERFORMANCE (cont'd)

The onset of the COVID-19 pandemic in early 2020, which led to the enforcement of Movement Control Order (MCO) and the subsequent phases of conditional and recovery MCO (CMCO and RMCO), severely disrupted the retail industry. The country's retail sales registered a deep contraction of -16.3% in 2020, its worst performance since the Asian Financial Crisis (1998: -20.0%).

Malaysia: Retail Sales Growth, 2012 to 2022(f)



Sources: Malaysia Retailers Association (MRA) / Knight Frank Research
Note: (f) = Forecast

Despite the re-imposition of various phases of lockdown in 2021, there was improvement in Malaysia's retail industry, it posted a smaller annual contraction of 1.9% for 2021. The reopening of the country's international borders and revival of the economy following Malaysia's transition to the endemic phase on 1 April 2022 brings relief to the heavily impacted retail sector. For the entire year of 2022, the forecast of the country's retail sales growth has been revised upwards to 41.6% (previously 31.7%), following robust growth of 18.3%, 62.5% and 96.0% in 1Q2022, 2Q2022 and 3Q2022 respectively.

The MIER Consumer Sentiments Index (CSI) surpassed the 100-point optimism threshold to register at 108.9 points in 1Q2022. This was driven by the improvement in household income and labour market. In 2Q2022, however, the CSI plummets 23 points q-o-q to register at 86.0 points below the optimism threshold mainly due to the inflationary pressure which led to cautious spending. During 3Q2022, the CSI rose to 98.4 points as consumers make more spending plans.

PROPERTY MARKET UPDATES
(cont'd)

OFFICE MARKET OVERVIEW

1.0 GREATER KUALA LUMPUR/KLANG VALLEY

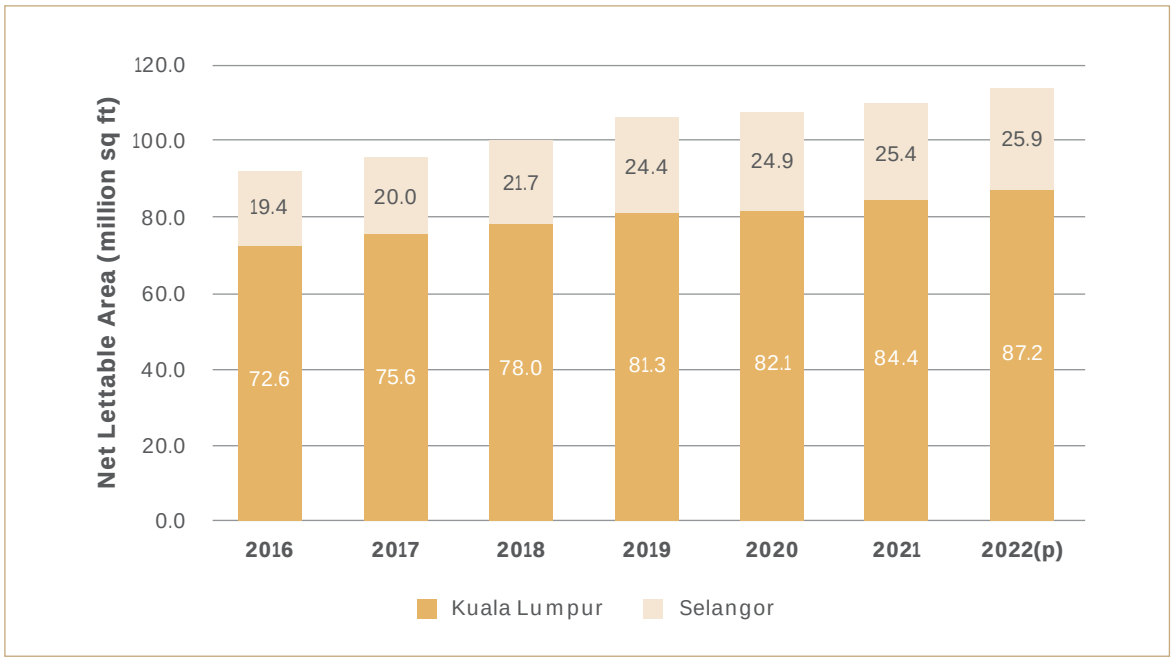
1.1 Supply: Existing and Future

The existing supply of purpose-built office space in Greater Kuala Lumpur/Klang Valley, has been increasing at a steady pace over the years.

As of 2022, the cumulative existing supply stands at circa 113.1 million sq ft. This follows the completions of Affin Tower, The Stride Strata Office and UOB Tower 2 in 1Q2022 and The MET Corporate Towers, Pavilion Embassy Corporate Tower and Pavilion Embassy Corporate Suites in 4Q2022. Collectively, these completions increased Kuala Lumpur's cumulative office stock by circa 2.8 million sq ft.

As for Selangor, there were two new completions in 2022, namely Block G and HCK Tower of Empire City with circa 140,000 sq ft and 396,000 sq ft NLA respectively.

Greater KL/Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2016 to 2022(p)



Source: Knight Frank Research
Note: (p) = Preliminary data
(1) Kuala Lumpur is made up of KL City and KL Fringe.

By the end of 2023, circa 5.5 million sq ft of supply pipeline is scheduled for completion. The bulk of incoming office supply at circa 4.5 million sq ft (83.1%) will be from Kuala Lumpur with the balance space of circa 0.9 million sq ft (16.9%) from Selangor.

Seven of the nine office buildings due for completion are located in Kuala Lumpur and the remaining two are in Selangor. The upcoming office buildings in the capital city include Felcra Tower, V2 Corporate Office Tower, PNB 1194, Merdeka 118 Tower and The Exchange TRX while in KL Fringe, they are Aspire Tower and Pavilion Damansara Heights Corporate Towers (Phase 1). The two upcoming buildings in Selangor are Office Towers @ Atwater and Tower 5 of PJ Sentral Garden City.

PROPERTY MARKET UPDATES
(cont'd)

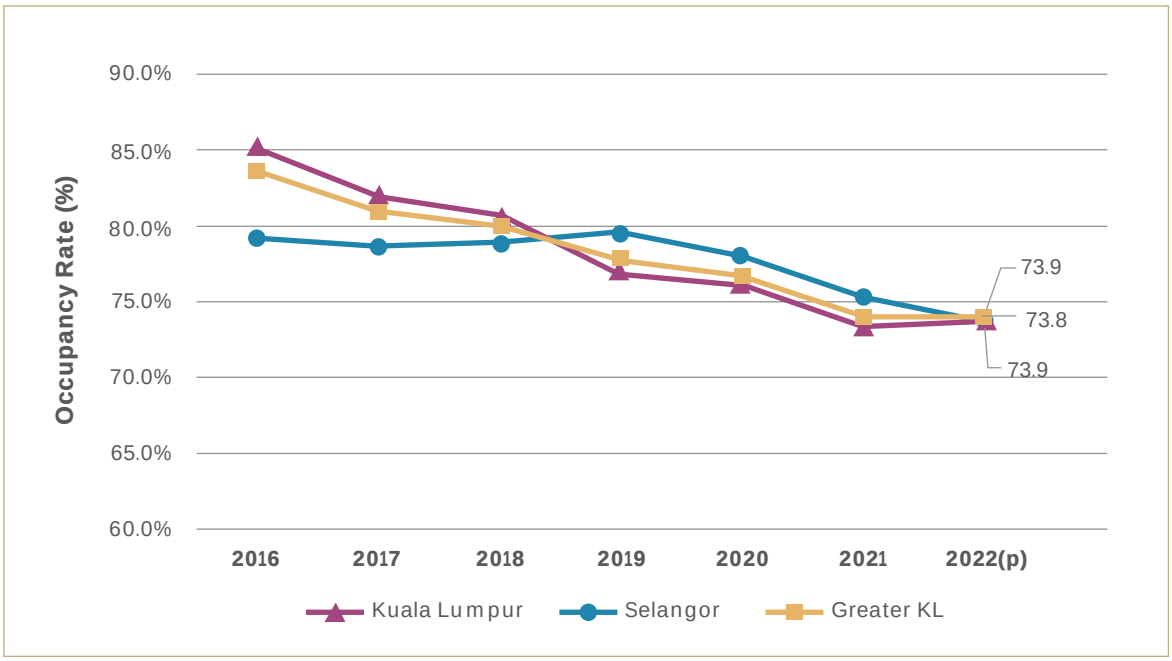
OFFICE MARKET OVERVIEW (cont'd)

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

1.2 Occupancy Rates

The overall occupancy rate of office space in Kuala Lumpur improved slightly to 73.9% in 2022 (2021: 73.4%). In contrast, the occupational demand in Selangor posted a drop to record at 73.6% in 2022 (2021: 75.2%), this may be partially due to the downsizing of office space as more businesses implement the hybrid work model post-pandemic coupled with tenants exploring prestigious office address in the city centre.

Greater KL/Klang Valley: Occupancy Trend for Purpose-Built Office Space, 2016 to 2022(p)



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

As of 2022, the overall occupancy rates for the sub-markets of Petaling Jaya, Subang Jaya and Cyberjaya declined by 2.7%, 1.8% and 1.2% to record at 71.3%, 77.2% and 72.2% respectively (2021: Petaling Jaya – 74.1%, Subang Jaya – 79.0% and Cyberjaya – 73.4%) while for Shah Alam, it increased by 4.2% to record at 85.7% (2020: 81.5%).

1.3 Rental Rates

The average rental rate of office space in Kuala Lumpur declined to RM6.15 per sq ft per month in 2022 (2021: RM6.20 per sq ft per month). Moving forward, the scheduled completions of more office buildings in the next one to two years will further widen the supply – demand gap. With existing and newly completed buildings competing for the same pool of tenants, this will heighten competition in the tenant-led office market.

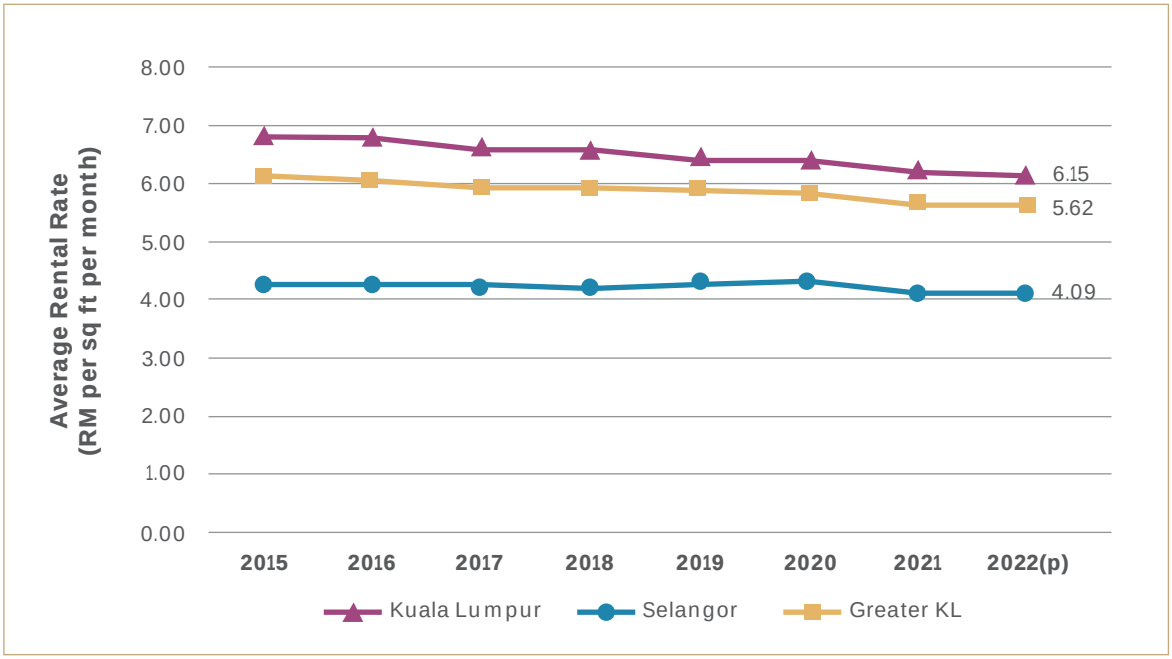
PROPERTY MARKET UPDATES
(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.3 Rental Rates (cont'd)

Greater KL/Klang Valley: Average Rental Rates, 2016 to 2022(p)



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

Similarly, the average office rent in Selangor was under pressure and was quoted at RM4.09 per sq ft per month in 2022(p) (2021: RM4.11 per sq ft per month). In the sub-markets of Petaling Jaya, Subang Jaya, Shah Alam and Cyberjaya, the average monthly rentals were in the region of RM4.39 per sq ft; RM4.11 per sq ft; RM3.41 per sq ft and RM3.72 per sq ft respectively.

1.4 Capital Values

In 2021, notable office transactions in KL City include Menara Tan & Tan, G Tower, Hampshire Place office, Menara Jcorp and Wisma KFC with total value of circa RM1.4 billion. As for KL Fringe, notable office transactions include seven office buildings in Mid Valley City, Plaza VADS and Balai Berita with total value of circa RM2.3 billion. In Selangor, only one notable office transaction was recorded, namely VSQ Tower (Block 1) at a consideration of RM147.0 million.

Meanwhile, in 2022, two office buildings were transacted in KL City, namely Bangunan KWSP and Faber Imperial Court at a total value of circa RM307.0 million. In KL Fringe, only one notable transaction was recorded - Wisma TM at a consideration value of RM35.3 million. As for Selangor, there were three notable office transactions during the review period, namely Block N @ Jaya One, Quill 9 and Menara Amfirst, with total value of circa RM281.9 million.

PROPERTY MARKET UPDATES
(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Greater KL/Klang Valley: Notable Office Transactions, 2021 & 2022

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM/sq ft)
2021						
April 2021	Menara Tan & Tan [1]	Jalan Tun Razak	Freehold	339,385	239,100,000	705
April 2021	G Tower [1]	Jalan Tun Razak	Freehold	749,357	739,800,000	987
April 2021	Hampshire Place Office [1]	Jalan Mayang Sari	Freehold	239,253	180,600,000	755
April 2021	Menara IGB & IGB Annexe [1]	Mid Valley City	Leasehold	261,993	188,900,000	721
April 2021	Centrepoint South [1]	Mid Valley City	Leasehold	231,979	190,500,000	821
April 2021	Centrepoint North [1]	Mid Valley City	Leasehold	232,051	196,500,000	847
April 2021	Boulevard Properties (Block Nos. 25 & 27) [1]	Mid Valley City	Leasehold	54,180	78,000,000	1,440
April 2021	Gardens South Tower [1]	Mid Valley City	Leasehold	421,295	391,500,000	929
April 2021	Gardens North Tower [1]	Mid Valley City	Leasehold	425,634	382,100,000	898
April 2021	Menara Southpoint [1]	Mid Valley City	Leasehold	564,016	573,500,000	1,017
August 2021	Menara Jcorp	Jalan Tun Razak	Freehold	171,611	100,000,000	583
August 2021	VSQ Tower (Block 1)	PJS 52, Petaling Jaya	Leasehold	163,500	147,000,000	899
September 2021	Plaza VADS	Taman Tun Dr Ismail	Freehold	248,536	137,300,000	552
September 2021	Balai Berita [2]	Bangsar	Freehold	327,310	156,397,500	478
December 2021	Wisma KFC [3]	Jalan Sultan Ismail	Freehold	175,292	190,000,000	1,084

PROPERTY MARKET UPDATES
(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Greater KL/Klang Valley: Notable Office Transactions, 2021 & 2022

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM/sq ft)
2022						
January 2022	Bangunan KWSP [4]	Changkat Raja Chulan	Freehold	108,000	62,000,000	574
February 2022	Faber Imperial Court [5]	Jalan Sultan Ismail	Freehold	Office: 138,000 Hotel: 398 rooms Car park: 578 bays	245,000,000	N/A
April 2022	Block N, Jaya One [6]	Seksyen 13, Petaling Jaya	N/A	28,600	19,880,000	695
April 2022	Quill 9 [7]	Seksyen 19, Petaling Jaya	Leasehold	280,000	200,000,000	714
July 2022	Menara Amfirst	Seksyen 19, Petaling Jaya	Freehold	155,747	62,000,000	398
September 2022	Wisma TM [8]	Taman Desa	Freehold	85,751	35,288,000	412

Source: Knight Frank Research

Notes:

(1) On 9 April 2021, MTrustee signed 10 sale and purchase agreements (SPAs) worth RM3.16 billion with IGB to purchase Menara Tan & Tan, G Tower, Hampshire Place Office, Menara IGB and IGB Annexe, Centrepoint South, Centrepoint North, Boulevard Properties, Gardens South Tower, Gardens North Tower and Menara Southpoint.

(2) Balai Berita: Media Prima Bhd, on 3 September 2021, entered into a conditional sale and purchase agreement with PNB Development Sdn Bhd for the proposed acquisition of two (2) pieces of freehold land and the buildings erected thereon, for a total purchase consideration of RM156,397,500 to be satisfied entirely by cash. The total land size and total net lettable area of the buildings erected thereon are approximately 151,814 sq ft and 327,310 sq ft respectively.

(3) Wisma KFC: The 22-storey office building was sold by Singapore-based property developer and manager, Royal Group to HAP Seng Consolidated Bhd. The office building, having 268 units of car park bays, has a gross floor area and estimated net lettable area of 342,145 sq ft and 175,292 sq ft respectively.

(4) Bangunan KWSP: AIMS Data Centre Sdn Bhd, a wholly-owned subsidiary of TIME, had on 11 January 2022 entered into a conditional sale and purchase agreement (SPA) with Lembaga Kumpulan Wang Simpanan Pekerja (KWSP), for the proposed acquisition of a 13-storey purpose-built office building together with 95 car park bays known as Bangunan KWSP Changkat Raja Chulan for a total cash consideration of RM62 million.

(5) Faber Imperial Court: The transaction includes the sales of Faber Imperial Court, a 33-storey office building with circa 138,000 sq ft of office space; Sheraton Imperial Kuala Lumpur, a 5-star hotel with 398 rooms and 578 car parking bays.

(6) Block N, Jaya One: Luxchem Trading Sdn. Bhd, a wholly-owned subsidiary of Luxchem Corp Bhd, had on 20 April 2022 entered into the Sale and Purchase Agreement (SPA) with Worldwide Emergency Assistance (Malaysia) Sdn Bhd to purchase the whole and entire building identified as Block N, Jaya One for a consideration of RM19.88 million.

(7) Quill 9: Neo Platinium Berhad had on 22 April 2022 entered into a Sale and Purchase Agreement (SPA) with Quill Interior Holdings Sdn Bhd to purchase Quill 9 for a consideration of RM200 million.

(8) Wisma TM: Wisma TM is sold by Menara ABS Bhd to JAG Land Sdn Bhd for a consideration of RM35,288,000. Wisma TM at Taman Desa is a 12½-storey office building on land measuring around 45,531 sq ft.

PROPERTY MARKET UPDATES
(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

2.0 OFFICE MARKET OUTLOOK

Under Budget 2022, which was unveiled on 29 October 2021, the government tabled various subsidies and incentives to support the business industry. The highlights include the extension of tax relief for building/commercial unit owners who provide rental discounts of at least 30% to businesses until 31 December 2022; maximum subsidy of RM300,000 for improving workplace seating or air circulation until 31 December 2022; and tax relief of RM50,000 for companies registered under the Safe@Work that provide safe accommodation for staff.

In addition, buildings embracing green technology that are certified by the Malaysian Green Technology Corporation ("MGTC") are qualified for tax incentives which also support the agenda of Sustainable Development Goals (SDGs) 2030. The existing tax incentives will be extended to include Rainwater Collection and Utilisation System project.

On 1 April 2022, the country reopened its borders to allow quarantine-free travel and tourism as the nation transitions to the endemic phase of COVID-19. This allows the entire spectrum of economic activities to rejuvenate in its entirety.

As for the office market, with workers gradually going back to office, landlords are placing health and safety as an important agenda by enhancing the effort by framing and launching initiatives for the tenants. Such initiatives include improving the indoor environment quality (IEQ) by modernizing the facilities with UV system and incorporating technologies to promote "touchless" access are seen in the market.

The unprecedented crisis has also compelled many organisations to rethink their standard operating mode while embracing technology such as cloud-based IT solutions and communication channels in their business operations. Moving forward, Business Continuity Plan measures such as working from home, split-team arrangement and de-densification requirements may be the new normal for some while physical distancing measures may lead to a reversal of open office trend.

As for the traditional office space, the high incoming supply coupled with "flight to quality" continue to put downward pressure on both occupancy and rental levels in KL City. Additionally, as companies downsize and relocate during the pandemic, plenty of fit-out units were left behind in the market. Landlords, therefore, are ready to negotiate for more competitive rents, thus, resulting in declining rental trend in KL City. On the other hand, KL Fringe managed to stabilise its occupancy as landlords are forthcoming to negotiate rentals to retain tenants. Overall, the Kuala Lumpur office market is seen sustaining the pandemic with landlords continuing to offer incentives such as rent-free period, refurbishment cost amortization, flexible tenancy terms and space usage to remain competitive in the market.

Amid challenges in the office market, selected REITs or landlords of well-located buildings which are dated and older are shifting their focus on asset management and enhancement initiatives by refurbishing/revamping their office buildings. They are also motivated to offer attractive leasing packages that are centred on tenant retention to improve their market competitiveness and attract new occupiers.

In the short to mid-term, the rental and occupancy levels in KL City are expected to experience further pressure as the gap between supply and demand continues to widen amid high pipeline of office supply heading into 2023. As for KL Fringe, the occupancy is expected to stabilise for remaining year 2022/2023, taking time to recover from the COVID-19 impact.

The Selangor office market is expected to remain relatively resilient in the medium to longer term supported by a wider pool of tenants/occupiers, attractive rental and leasing packages as well as improved rail network that continue to drive demand for office space in these decentralised locations.

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW

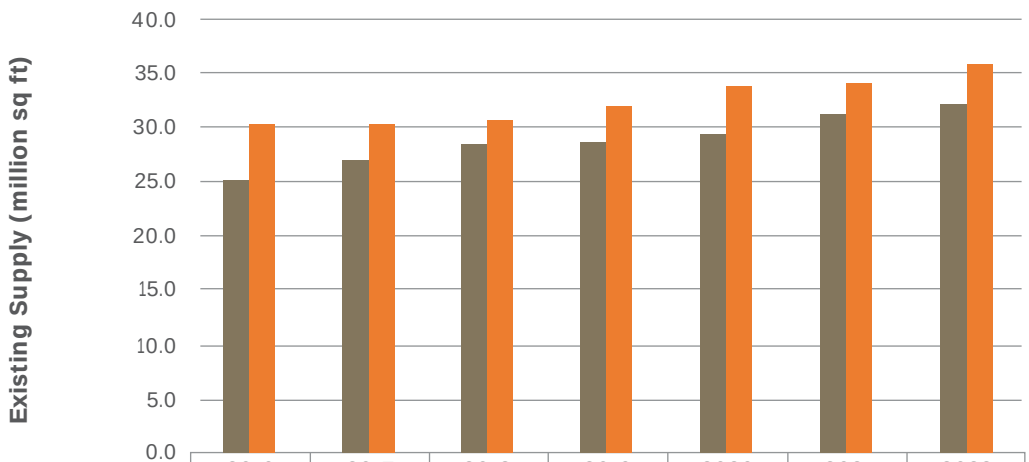
3.0 GREATER KUALA LUMPUR/KLANG VALLEY

3.1 Supply

The existing cumulative supply of retail space in Kuala Lumpur currently stands at circa 31.98 million sq ft, following the recent addition of Datum Jelatek Mall (NLA: 360,000 sq ft). The bulk of retail supply comes from KL Fringe with about 18.37 million sq ft (57.5%) while KL City accounts for the remaining 13.61 million sq ft (42.5%) of space.

Meanwhile, the cumulative supply of retail space in Selangor stood at circa 35.75 million sq ft. This follows the recent completions of IOI City Mall Phase 2 (NLA: 1.0 million sq ft), Ecohill Walk Mall (NLA: 170,000 sq ft) and Megahrise Mall (NLA: 142,000 sq ft).

Greater KL/Klang Valley: Cumulative Supply of Retail Space, 2016 to 2022



	2016	2017	2018	2019	2020	2021	2022
Kuala Lumpur	25.08	26.80	28.40	28.53	29.15	30.99	31.98
Selangor	30.16	30.32	30.57	31.95	33.66	34.11	35.75

Sources: Knight Frank Research
Note: Putrajaya supply is included in Selangor

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.1 Supply (cont'd)

Looking ahead, six more retail developments with total NLA of circa 4.16 million sq ft are anticipated to enter the Kuala Lumpur retail market by end of 2023.

Greater KL/Klang Valley: Retail Centres/Retail Components Scheduled for Completion/Opening, 2023

Name of Development	Location	Locality/ State	Expected Completion/ Opening	Estimated Net Lettable Area (sq ft)
KSL Esplanade Mall	Klang	Selangor	2023	650,000
8 Conlay Retail Mall	KLCC	Kuala Lumpur		120,000
Pavilion Damansara Heights	Damansara Heights			1,170,000
The Exchange TRX	Tun Razak Exchange			1,300,000
118 Mall	Jalan Hang Jebat/ Jalan Stadium			850,000
Retail component at Lot 91 @ KLCC	KLCC			73,000
			Total	**4,163,000**

Source: Knight Frank Research

3.2 Occupancy

From 2016 to 2019, the average occupancy rate of shopping centres in Kuala Lumpur had been hovering between 82.8% and 86.8%. The average occupancy rate declined to 82.0% in 2020 and further declined to 79.8% in 2021 due to the prolonged COVID-19 pandemic and the various phases of Movement Control Order (MCO). In 2022, with the endemic phase in place and the resumption of economic activities and reopening of international borders, the average occupancy rate of malls in Kuala Lumpur picked up to 81.8% as of 3Q2022.

Similar to the trend in Kuala Lumpur, the average occupancy rate of shopping centres in Selangor had been hovering between 82.1% and 85.5% (2016 to 2019), before declining to 80.1% in 2020. The average occupancy rate picked up in 2021 to register at 80.8% before dipping to 77.9% 3Q2022, mainly due to more new completions as construction activities were back on track. New retail spaces also require time to secure tenants.

It is noteworthy to mention that 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.

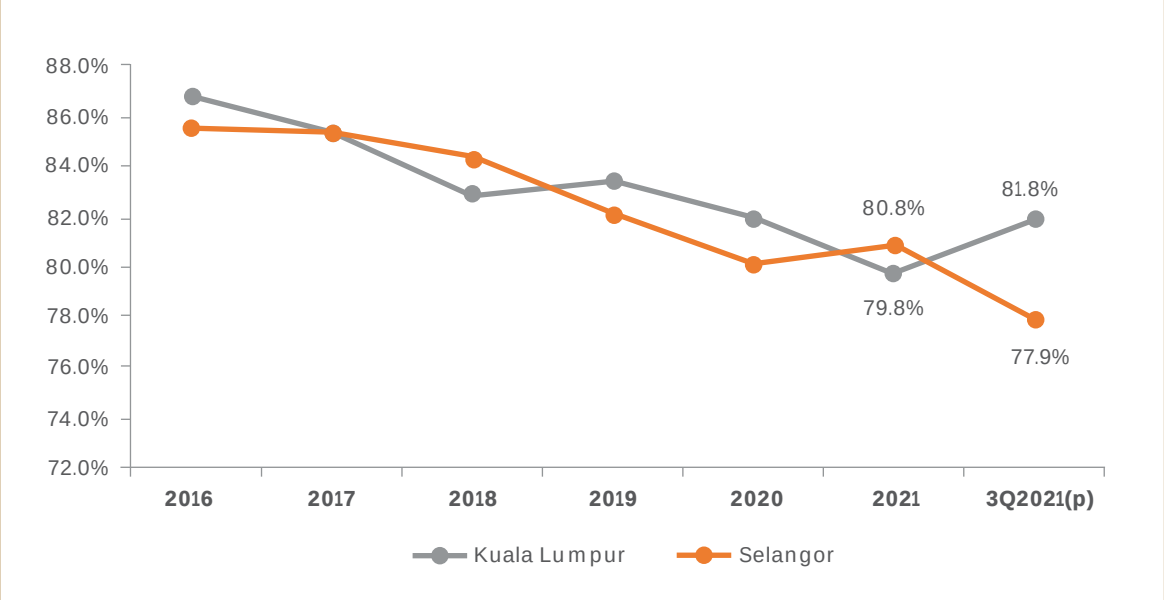
PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.2 Occupancy (cont'd)

Greater KL/Klang Valley: Average Occupancy Rates of Shopping Centres, 2016 to 3Q2022(p)



Source: NAPIC
Note: (p) = Preliminary data

3.3 Rental Rates

Kuala Lumpur's premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM36.50 per sq ft to RM213.80 per sq ft per month. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM15.00 per sq ft and RM80.00 per sq ft per month.

As for Selangor, rentals at prime location such as 1 Utama Shopping Centre ranged from RM7.00 per sq ft to RM50.00 per sq ft while malls located far from city centre/in the suburbs such as IOI City Mall Putrajaya and The Mines recorded rental rates ranging from RM2.70 per sq ft to RM44.00 per sq ft per month.

The rental rates for retail space within shopping centres vary depending on location/positioning of retail lots, size of occupied space, floor level, unit orientation and other value factors.

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.3 Rental Rates (cont'd)

Greater KL/Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2021 to 1H2022

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft/month)	
				2021	1H2022
KL Sentral, Kuala Lumpur					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 – 4,047	46.00 – 213.80	45.80 – 207.30
		Ground	301 – 2,928	41.60 – 152.40	44.10 – 151.00
		1	215 – 904	96.60 – 113.80	95.40 – 113.10
		2	323 – 1,819	36.50 – 100.50	36.50 – 100.50
		3	205 – 1,679	49.20 – 100.90	44.00 – 100.20
		4	570 – 2,368	45.40 – 62.80	37.80 – 61.10
Mid Valley City, Kuala Lumpur					
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 – 1,851	25.00 – 35.70	25.00 – 35.70
		Ground	560 – 958	45.00 – 80.00	45.00 – 80.00
		1	398 – 883	33.40 – 38.00	33.40 – 38.00
		2	431 – 700	23.40 – 25.00	23.40 – 25.00
		3	420 – 969	15.00 – 21.00	15.00 – 21.00
The Gardens Mall	Mid Valley City	Lower Ground	517 – 926	27.00 – 40.00	27.00 – 40.00
		Ground	1,001 – 1,819	31.50 – 38.20	31.50 – 37.50
		1	1,485 – 1,862	23.50 – 30.00	23.50 – 30.00
		2	1,098 – 1,658	18.50 – 21.00	18.50 – 21.50
		3	2,077 – 2,777	17.00 – 18.00	17.00 – 18.00
Selangor					
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 – 1,981	12.00 – 50.00	12.00 – 41.00
		Ground	1,345 – 2,669	14.00 – 34.00	12.50 – 34.00
		1	560 – 1,378	13.00 – 37.00	12.50 – 38.00
		2	463 – 1,830	7.00 – 31.00	7.00 – 31.00
The Mines	Seri Kembangan	1 (Fashion)	172 – 1,647	10.40– 20.70	10.00– 20.70
		1 (Food)	560 – 1,604	7.50 – 17.80	7.20 – 17.80
		2 (Fashion)	667 – 2,099	8.30 – 17.90	8.30 – 17.90
		2 (Others)	667 – 2,099	13.50 – 16.00	13.50 – 16.00
		3 (Fashion)	786 – 1,776	5.40 – 8.40	5.40 – 8.40
		3 (Food)	474 – 3,907	5.90 – 14.80	5.90 – 14.80
		3 (Others)	775	23.90	23.90
		4(Telco)	527 – 1,991	9.00 – 19.00	9.00 – 19.00
IOI City Mall	Putrajaya	LG (East Wing)	366 – 1,313	17.00 – 37.00	17.00 – 37.00
		LG (Centre Court)	344 – 3,143	25.00 – 44.00	25.00 – 44.00
		LG (West Wing)	226 – 3,380	14.30 – 36.20	14.30 – 36.20
		G (East Entrance)	861 – 16,318	4.12 – 26.00	4.12 – 26.00
		G (Centre Court)	646 – 2,809	9.00 – 33.00	9.00 – 33.00
		G (West Wing)	484 – 2,400	16.00 – 27.00	16.00 – 27.00
		L1 (East Wing)	614 – 7,298	2.70 – 20.00	2.70 – 20.00
		L1 (Centre Court)	549 – 10,129	2.80 – 43.00	2.80 – 43.00
		L1 (West Wing)	452 – 3,832	5.00 – 16.00	5.00 – 16.00
		L2 (East Wing)	538 – 5,866	2.80 – 23.20	2.80 – 23.20
		L2 (Centre Court)	484 – 2,885	9.50 – 32.20	9.50 – 32.20
		L2 (West Wing)	484 – 2,099	8.00 – 22.20	8.00 – 22.20

Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values

Notable transactions of shopping centres in Klang Valley since 2015 include the following:

Greater KL/Klang Valley: Notable Transactions of Shopping Centres, 2015 to 1H2022

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
Selangor						
2021	Empire City Mall [1]	Damansara Perdana	1,748,848	1,000,000,000	572	Rubberex Corporation (M) Berhad
2018	SStwo Mall [2]	Petaling Jaya	460,000	180,000,000	391	DK Group of Companies
2017	AEON Mahkota Cheras	Cheras	308,000	88,000,000	286	Foremost Wealth Management Sdn Bhd
2017	Empire Shopping Gallery [3]	SS16/1, Subang Jaya	350,000	570,000,000	1,629	Pelaburan Hartanah Bhd (PHB)
2015	da:mén USJ Shopping Mall [4]	USJ 1, Subang Jaya	420,920	486,844,000	1,157	Pavilion REIT
2015	Tropicana City Mall [5]	SS20, Petaling Jaya	448,248	540,000,000	N/A	CapitaMalls Malaysia Trust
2015	Subang Avenue	SS16, Subang Jaya	213,354	139,500,000	654	Sime UEP Properties Bhd and Subang Mall Property
Kuala Lumpur						
2022	Pavilion Bukit Jalil [6]	Bukit Jalil	1,800,000	2,200,000,000	1,222	Pavilion REIT
2022	163 Retail Park [7]	Mont Kiara	226,800	270,500,000	1,193	ALX Asset
2020	Setapak Central [8]	Danau Kota, Setapak	512,806	318,000,000	620	Frasers Property Gold Pte. Ltd.
2019	Pavilion Bukit Jalil [9]	Bukit Jalil	1,839,914	1,480,000,000	804	Regal Path Sdn Bhd
2017	Elite Pavilion Mall [10]	Bukit Bintang	241,929	580,000,000	2,397	Pavilion REIT
2015	Intermark Mall	Jalan Tun Razak	225,014	160,000,000	711	Pavilion REIT
2015	Sooka Sentral	KL Sentral	97,210	90,800,000	934	Cardiac Vascular Sentral Kuala Lumpur

Source: Knight Frank Research

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values (cont'd)

Notes:

(1) Rubberrex Corporation has entered into a conditional subscription agreement with Alliance Premier, Exsim and JT Momentum for the subscription of 200,000 new ordinary shares or 20% equity interest in Alliance Empire, owner of Empire City Mall, to be fully satisfied with RM180 million in cash.

(2) The Puchong-based DK Group of Companies has completed the deal at the end of July. The deal is done between AsiaMalls Sdn Bhd and DK Group of Companies. The mall which was shut down five years ago is set to reopen as a healthcare centre with Life Care Diagnostics Medical Centre as its new tenant.

(3) Empire Shopping Gallery: Mammoth Empire Holding Sdn Bhd has been granted a call option to buy back the shopping mall on the fifth anniversary of the sale. It also has the right of first refusal to buy the mall should PHB decide to dispose of it within the five years.

(4) da:mén USJ Shopping Mall is part of an integrated commercial development comprising the shopping mall, 41 units of contemporary shops and offices, as well as 480 units of apartments housed in two tower blocks with six levels of podium car parks. The total consideration was revised to RM486,844,000 from the initial total consideration of RM488,000,000 due to the reduction of car parking bays.

(5) The total purchase consideration of RM540 million include the purchase of both Tropicana City Mall with Tropicana City Office Tower. The apportionment of value is not available.

(6) On 22 November 2022, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement to acquire Pavilion Bukit Jalil Mall (NLA of 1.8 million sq ft and 4,800 car park bays) from Malton's subsidiary, Regal Path Sdn Bhd, for RM2.2 billion.

(7) On 17 November 2022, YNH Property Bhd announced that it is selling163 Retail Park shopping centre to ALX Asset Bhd for RM270.5 million, and the disposal is expected to be completed by 1H2023.

(8) Frasers Property Gold Pts Ltd., a wholly-owned subsidiary of Frasers Property Limited purchased 131,443,060 shares representing the entire issued and paid-up share capital of Mallco Pte. Ltd, which indirectly holds Setapak Central. The agreed property value for Setapak Central at RM318.0 million was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations.

(9) The development of Pavilion Bukit Jalil Mall is still on-going as of 30 June 2021 with expected completion by 2H2021. Payment of consideration is to be paid according to the stages stipulated in the schedule of payment appended in the announcement. The mall is scheduled to open on 3 December 2021.

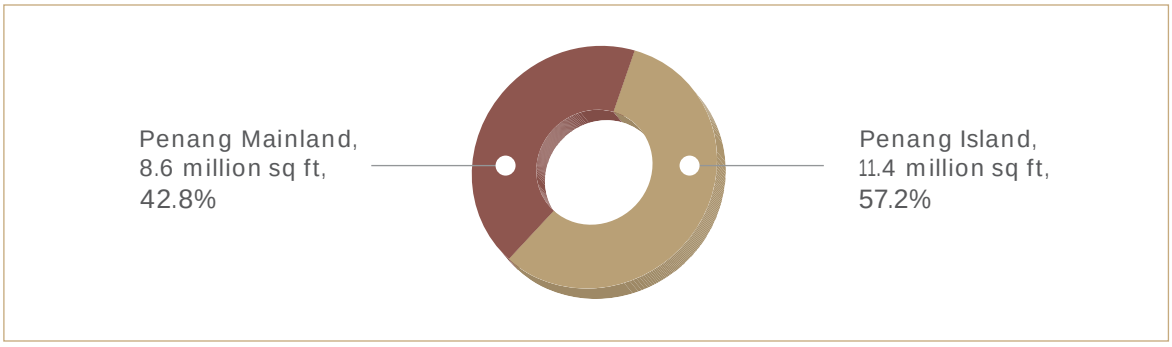
(10) Elite Pavilion Mall – The consideration includes the strategic linkages, tenancies, 50 car park bays, utilities and other ancillary components for seamless connectivity with Pavilion KL Mall.

4.0 PENANG

4.1 Supply

The cumulative supply of retail space in Penang was recorded at 20.0 million sq ft as of 3Q2022 (source: NAPIC). Penang Island accounted for 57.2% share (11.4 million sq ft) of the total supply while the remaining 42.8% share (8.6 million sq ft) comes from Penang Mainland.

Penang: Existing Supply of Shopping Centres, Arcades and Hypermarkets, 3Q2022[p]



Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES
(cont'd)

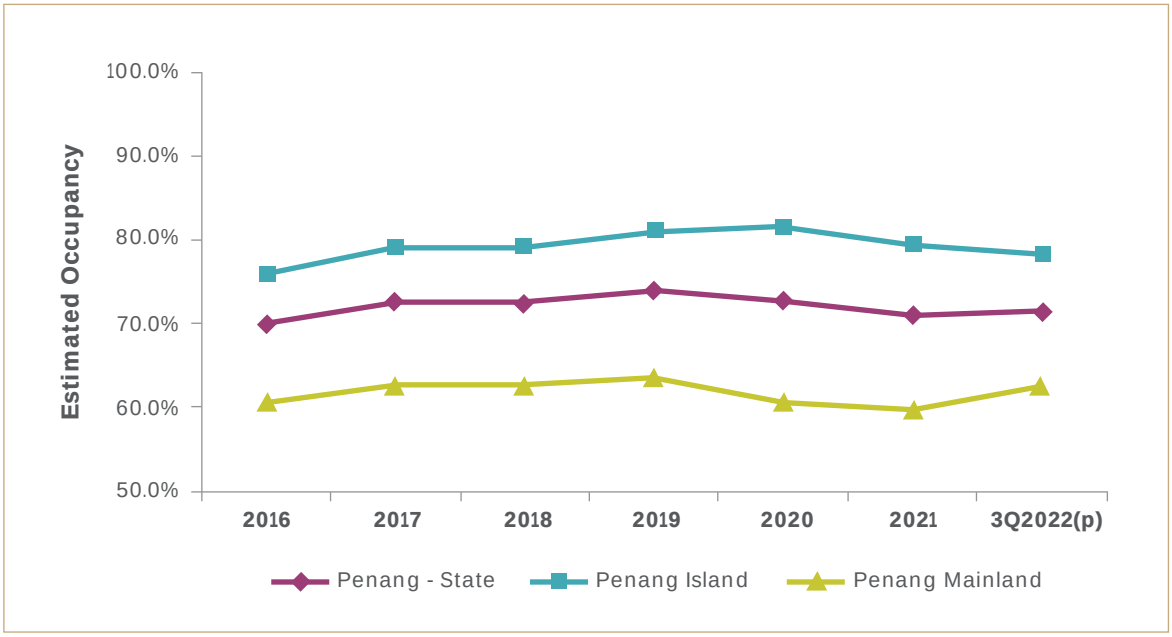
RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.2 Occupancy

The average occupancy rate of retail space (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable since 2016 and it peaked at 73.8% in 2019.

Penang: Average Occupancy Rate of Shopping Centres, Arcades & Hypermarkets, 2016 to 3Q2022(p)



Sources: NAPIC/Knight Frank Research
Note: (p) = Preliminary data

In 2021, the overall average occupancy rate dipped to 70.9% amid the unprecedented pandemic. Higher vacancies in the localities of Kepala Batas, Tasek Gelugor and Perai, led to an overall decline in the occupancy of Penang Mainland, dropping to 59.7% (2020: 60.6%), while in Penang Island, the occupancy rate also dipped to 79.4% (2020: 81.3%).

In 3Q2022, following reopening of the country's international borders and resumption of all economic and social activities coupled with rising footfall, the average occupancy rate of malls in Penang improved to 71.5%.

4.3 Rental Rates

In 1H2022, the rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island remained stable.

The rental rates range from as low as RM2.30 per sq ft to as high as RM52.50 per sq ft per month, depending on factors such as location and building condition of the mall, floor level and size of retail lots amongst others.

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.3 Rental Rates (cont'd)

Penang - Rental Rates of Selected Shopping Centres, 2H2021 to 1H2022

Shopping Centre	Floor	Built-up Area (sq ft)	Range of Rental Rates (RM per sq ft/month)	
			2H2021	1H2022
Gurney Plaza	Basement (Main Area)	140 – 1,109	22.40 – 40.70	22.40 – 40.70
	Basement (Secondary Area)	409 – 958	10.00 – 16.00	10.00 – 16.00
	Ground (Main Area)	129 – 1,798	30.60 – 52.50	30.60 – 52.50
	Ground (Secondary Area)	527 – 1,959	12.20 – 27.70	12.20 – 27.70
	First Floor (Main Area)	140 – 1,389	29.50 – 50.00	29.50 – 50.00
	First Floor (Secondary Area)	1,227 – 4,510	6.00 – 22.50	6.00 – 22.50
	Second Floor (Main Area)	140 – 2,605	10.00 – 48.50	10.00 – 48.50
	Second Floor (Secondary Area)	495 – 1,658	6.50 – 20.70	6.50 – 20.70
	Third floor (Main Area)	140 – 2,971	9.50 – 37.10	9.50 – 37.10
	Third floor (Secondary Area)	431 – 3,929	4.00 – 16.80	4.00 – 16.80
	Fourth Floor (Main Area)	140 – 2,874	10.00 – 22.80	10.00 – 22.80
	Fourth Floor (Secondary Area)	312 – 4,865	4.20 – 11.20	4.20 – 11.20
Gurney Paragon	Lower Ground Floor	312 – 2,260	4.80 – 12.90	4.80 – 14.90
	First Floor	484 – 1,916	16.60 – 23.90	16.60 – 23.90
	Second Floor	484 – 2,131	12.80 – 20.90	12.80 – 20.90
	Third Floor	291 – 1,335	4.80 – 14.70	4.80 – 14.70
	Fourth Floor	323 – 646	8.40 – 17.40	8.40 – 17.40
	Fifth Floor	452 – 1,884	6.30 – 15.40	6.30 – 15.40
	Sixth Floor	291 – 9,375	7.80 – 14.40	7.80 – 14.40
1st Avenue	Lower Ground Floor	355 – 2,045	2.70 – 7.20	2.70 – 7.20
	Ground Floor	484 – 1,518	10.50 – 36.80	10.50 – 36.80
	First Floor	581 – 1,281	5.30 – 6.80	5.30 – 6.80
	Second Floor	388 – 1,873	6.50 – 11.50	6.50 – 11.50
	Third Floor	1,367 – 5,565	2.30 – 7.90	2.30 – 7.90
	Fourth Floor	6,211 – 9,106	4.30 – 5.00	4.30 – 5.00

Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.4 Capital Values

Notable transactions of shopping centres in Penang include the following:

Penang: Notable Transactions of Shopping Centres, 2019 to 2022

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM/sq ft)	Purchaser
2022	Queensbay Mall [1]	Bayan Lepas	883,111	990,500,000	1,122	MTrustee Bhd
2019	Island Plaza [2]	Georgetown	326,800	N/A	N/A	Reportedly to be a Hong Kong businessman
2019	1st Avenue Mall [3]	Georgetown	407,076	153,000,000	376	I Homes Properties Sdn Bhd

Sources: RCA/JPPH/Knight Frank Research

Notes:

(1) Queensbay Mall: MTrustee Berhad, on behalf of CLMT, had on 9 November 2022 entered into the following in respect of the Proposed Acquisition: (i) a conditional sale and purchase agreement with Special Coral Sdn Bhd to acquire 433 strata titles within Queensbay Mall for a purchase consideration of RM984.48 million; and (ii) a conditional share purchase agreement with Retail Galaxy Pte Ltd to acquire all the issued and paid-up share capital of Scenic Growth Sdn Bhd, Luxury Ace Sdn Bhd, Success Idea Sdn Bhd and Milky Way Properties Berhad, which collectively hold 5 strata titles within Queensbay Mall for a total purchase consideration of RM3.45 million. As of October 2022, the occupancy rate of the freehold mall is 95%.

(2) Island Plaza: Prior to this transaction, in April 2019, it was sold to Frasers Property JV Frasers Centrepoint Trust by Pramerica REI for an undisclosed amount. Previously in 2007, it was sold to Pramerica REI by Belleview Group Dev for a consideration of RM120 million or circa RM367 per sq ft.

(3) 1st Avenue Mall: Prior to this transaction, in April 2019, it was sold to Frasers Property JV Frasers Centrepoint Trust by Pramerica REI for an undisclosed amount.

(4) N/A = Not Available

5.0 RETAIL MARKET OUTLOOK

The newfound optimism for Klang Valley's retail market, following the country's transition to the endemic phase on 1 April 2022, has materialised following the impressive retail sales growth of 96.0% in 3Q2022. For the full year of 2022, the country's retail sales growth has been revised upwards to 41.6% from the earlier projection of 31.7%.

With the resumption of economic activities, there is an expectation for better employment opportunities, and subsequently improvement in consumers' disposable income. The MIER Consumer Sentiments Index (CSI) posted quarterly improvement to record at 98.4 points in 3Q2022 (2Q2022: 86.0 points), marginally below the 100-point optimism threshold.

Shopping malls have seen encouraging recovery in footfall and retail sales since the relaxation of movement restrictions. Moving forward, despite the increasing supply of retail space, rental reversion is expected to trend upwards.

PROPERTY MARKET UPDATES
(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

5.0 RETAIL MARKET OUTLOOK (cont'd)

In Budget 2022, the government allocated RM33 million towards the "buy local" campaigns and RM250 million to continue with the Shop Malaysia Online and Go eCommerce Onboarding campaigns to further support the recovery of the local retail industry. In addition, the RM8.2 billion Bantuan Keluarga Malaysia cash assistance and fourth withdrawal of the Employees Provident Fund (EPF) had provided an additional boost to consumers' purchasing power.

Moving forward, under Budget 2023 which was tabled in October 2022 (to be re-tabled early 2023), the government has allocated RM59 million to boost digitalization and eCommerce activities under MATRADE, MARA and MDEC. The government has allocated another RM10 million for the Buy Malaysia Made Goods campaign to encourage the purchase of locally-produced goods.

The accelerated e-commerce growth during the pandemic is here to stay. Driven by changing consumer behaviour, mall operators/landlords and retailers continue to enhance their omnichannel strategies to provide consumers with a seamless shopping experience, in which physical and digital platforms co-exist and complement one another.

Mall operators/landlords and retailers have also embarked on asset enhancement initiatives besides promoting experiential retail, thematic stores, and promotional events to differentiate the shopping experience from online retail and lure consumers to physical stores. Safety, health and wellbeing are expected to remain at the forefront despite the relaxing of COVID-19 measures to cater to the more conscious, safety-focused consumers.

Digital payment services/e-wallet, which has gained traction amid the pandemic, is projected to gather further momentum. This follows the allocation of RM300 million under ePemula programme where two million Malaysian youths received RM150 e-wallet credit in April 2022.

Meanwhile, global geopolitical tensions, climate-change related disasters, supply chain disruptions and rising inflationary pressure continue to pose unrelenting challenges to the retail sector, clouding consumer sentiments and weigh on their purchasing power. Nonetheless, with the country's newly formed government pledging to prioritise the issue of rising cost of living, and backed by steady domestic demand, the local retail sector is expected to remain favourable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of Sentral REIT Management Sdn Bhd ("SRM" or the "Manager") as the manager of Sentral REIT ("SENTRAL" or the "REIT") presents this Corporate Governance Overview Statement, outlining the corporate governance approach, focus areas and priorities for the financial year ended 31 December 2022.

The Manager is cognisant on the importance of having well-balanced, purposeful and comparable corporate governance disclosures which empower stakeholders to appreciate the strategic course that SENTRAL is charting towards and how the intended outcomes of good corporate governance will be attained.

The Board endeavours to provide stakeholders with an informational and comprehensive disclosure of how corporate governance better practices are infused into the fabric of the SENTRAL's overall decision-making process.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on the updated prescribed format so as to provide a detailed account on the application of SENTRAL's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance ("MCCG") during the financial year ended 31 December 2022. The Corporate Governance Report is made available on SENTRAL's corporate website, https://sentralreit.com/ as well as via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Securities ("Listing Requirements") and are narrated with reference to the guidance provided in Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

The disclosure of the Corporate Governance Report by SENTRAL is a discretionary step taken in the spirit of epitomising paragraphs 13.34 and 13.35 of the Guidelines on Listed Real Estate Investment Trusts ("Listed REIT Guidelines") issued by the Securities Commission Malaysia ("Securities Commission") that call for the adoption of a higher standard of corporate governance practices.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in this Annual Report (e.g. Statement on Risk Management and Internal Control, ARC Report as well as the Sustainability Statement) as the application of certain corporate governance enumerations may be better expounded upon in the respective statements or reports.

CORPORATE GOVERNANCE APPROACH

SRM is aware that purposeful design and focused implementation of SENTRAL's corporate governance framework is of paramount importance in ensuring successful execution of strategies and business plans, informed monitoring of performance and prudent risk management. In particular, the Board and Management of SRM are aware of their responsibility to act in good faith, with due care and diligence, and in the best interests of its Unitholders by exemplifying the principles of accountability, objectivity and transparency.

SENTRAL's approach to corporate governance is premised on:

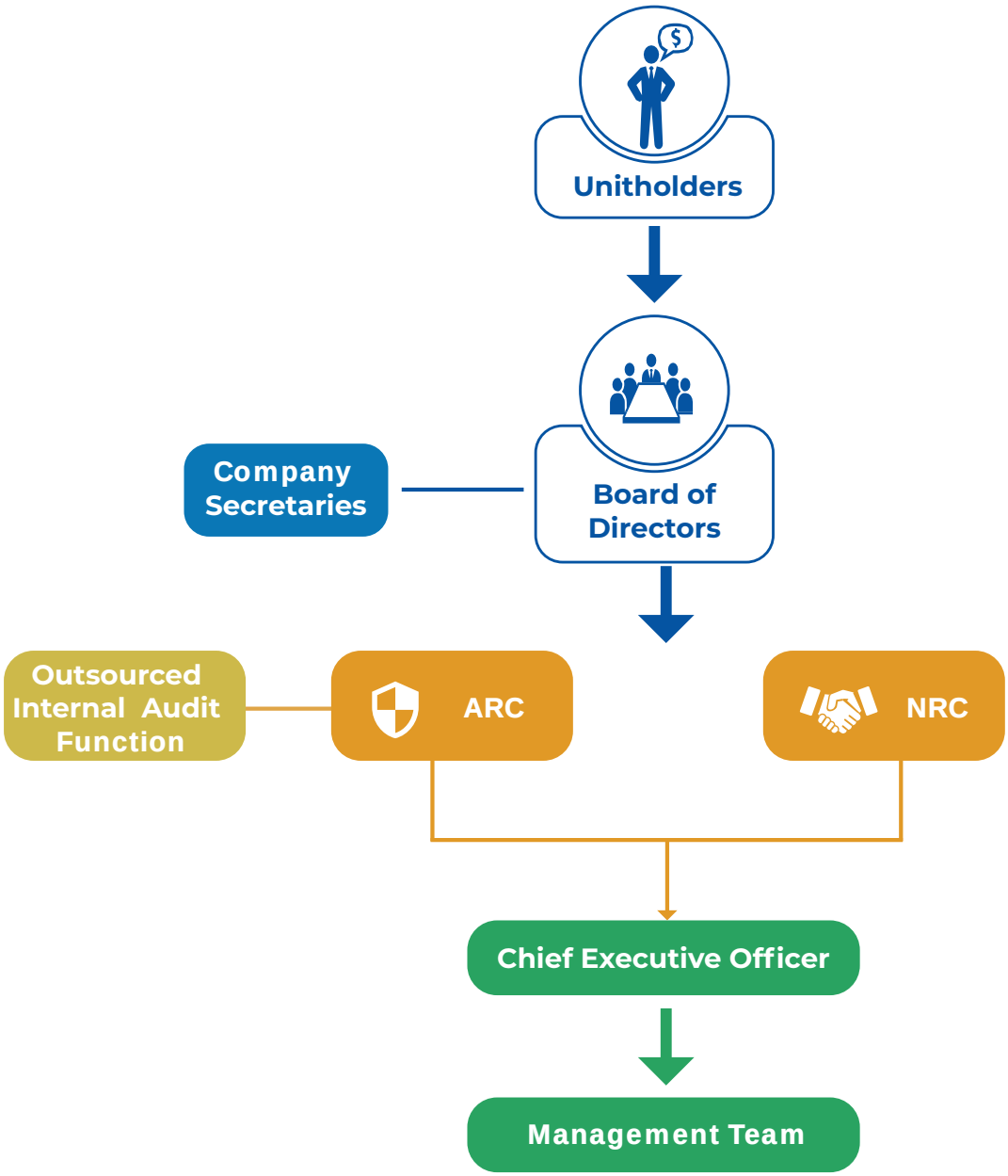
- driving sustainable value for Unitholders over the long-term through the alignment of the interests of SENTRAL's Unitholders with that of the Board and Management of SRM;
- promoting the long-term growth and profitability of SENTRAL whilst prudently managing risks; and
- meeting stakeholder expectations of sound corporate governance as part of SRM's broader responsibility to Unitholders, tenants, creditors and the community in which it operates.

The Manager's governance architecture is one of a robust yet flexible nature, designed to underpin the day-to day activities of SENTRAL with sound processes and procedures. Given its fundamental role in promoting a healthy corporate culture, the Board exercises sustained oversight on the predominant corporate governance policies and procedures to ensure they replicate the ever-changing expectations of stakeholders, market trends and globally recognised better practices, whilst remaining applicable to the unique needs of SENTRAL's businesses and core values.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

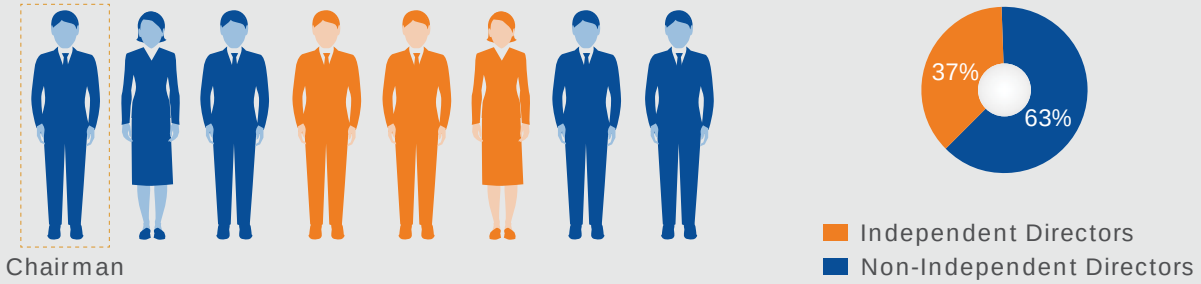
In order to discharge its oversight and governance roles and responsibilities, the Board has established two (2) Board Committees, namely, the Audit & Risk Committee ("ARC") and the Nomination & Remuneration Committee ("NRC"). The Board retains collective oversight over the Board Committees and is regularly apprised on the proceedings of these Committees through the respective Board Committee Chairmen. Any recommendations would be subsequently escalated to the Board for the requisite approval. In order to avert any potential self-review threat, the Board Chairman does not occupy membership in any of the Board Committees. The governance architecture in place is illustrated below:



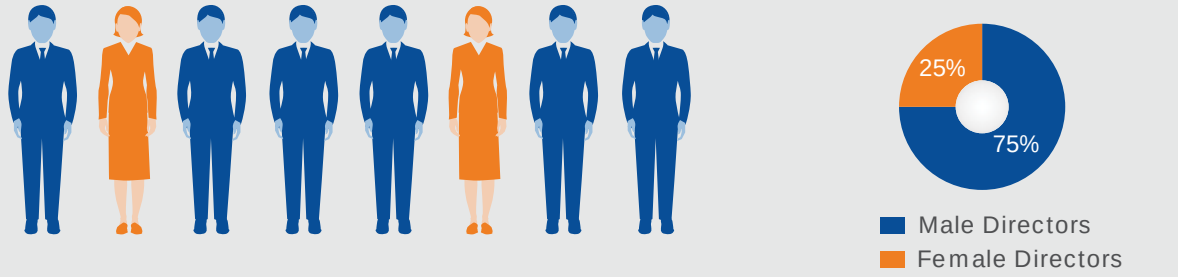
CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

(OUR GOVERNANCE AT A GLANCE)

BOARD INDEPENDENCE

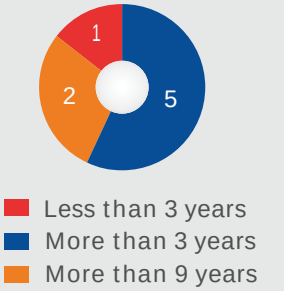


DIVERSITY OF GENDER



DIVERSITY OF AGE

DIVERSITY OF TENURE



Note: Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of SRM on even date.

The Board is of the view that the current configuration epitomises an appropriate fit with the present scope and scale of SENTRAL's business operations. The wealth of experience and diverse set of skills enable the Directors to provide valuable perspectives in order to exercise robust oversight of SENTRAL's strategic objectives. The Board is composed of members with diverse experience and multi-disciplinary expertise from the domains of property development and real estate, accounting and finance, business management, science, entrepreneurship and property management which in turn allows for a diverse and multi-faceted approach to Board-level deliberations and ultimate decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

A non-exhaustive illustration of some of the Directors' skill sets is outlined below:

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Manager has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2022, save for the following:

- Practice 5.2 (At least half the Board to comprise a majority of Independent Directors);
- Practice 5.9 (Board to comprise 30% women Directors);
- Practice 5.10 (Disclosure of company policy on gender diversity in Annual Report);
- Practice 8.2 (Disclosure of top five Senior Management personnel's remuneration on a named basis and in bands of RM50,000); and
- Practice 9.2 (A Policy that requires former partners of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee).

In addition to the standard Practices encapsulated within the MCCG and as a higher order practice, the Manager has adopted the following Step-Up Practices:

- Step Up Practice 5.4 (Nine-year tenure limit for Independent Directors); and
- Step Up Practice 9.4 (ARC should comprise solely of Independent Directors).

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

The explanations provided on the said departures are supplemented with a description on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices, measures that SENTRAL has taken or intends to take to adopt the departed practices as well as the timeframe for adoption of the departed Practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

These measures and timeframes represent the Manager's unwavering commitment to adopt higher order practices, given that it is not mandatory for companies that fall outside of the MCCG's definition of a Large Company to do so.

Additional details on SRM's application of each individual Practice of the MCCG are available within the Corporate Governance Report which is published on SENTRAL's corporate website as well as via an announcement on the website of Bursa Securities.

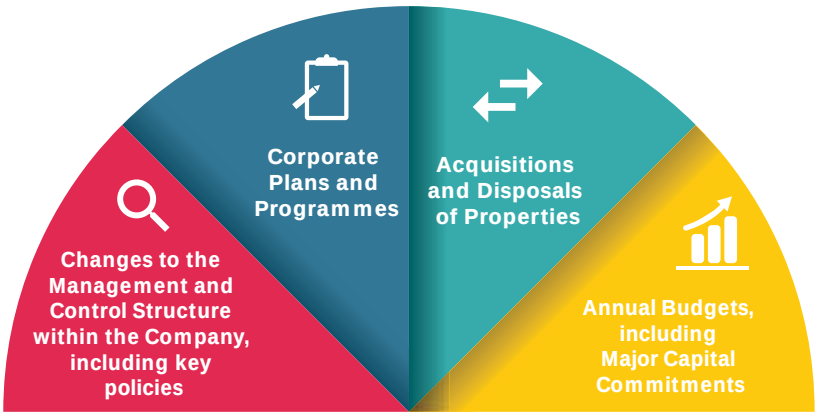
A summary of SENTRAL's corporate governance practices with reference to the MCCG is outlined below and in the ensuing pages of this Corporate Governance Overview Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board is collectively accountable for setting the strategic course and overseeing the subsequent execution of these strategies. The Board is accountable to the Unitholders and various other stakeholder groups in ensuring that it provides effective oversight over Management conduct, ensures prudent risk management and robust internal control systems are in place as well as incorporating regular reviews over SENTRAL's systems to ensure their adequacy, veracity and efficacy.

The Board is guided by the Board Charter which sets out the purpose, composition, and principal responsibilities of the Board as well as acts as the source literature for Board members in the discharge of their fiduciary duties. The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Board and Management and includes "Reserved Matters" for the Board as illustrated below:



The Board Charter and the Terms of Reference of the respective Board Committees are periodically reviewed and revised to integrate the variations to the Companies Act 2016, Listing Requirements, Listed REIT Guidelines as well as the MCCG to ensure acquiescence to mandatory requirements and better practices. The Board Charter is made available on SENTRAL's website at https://sentralreit.com/.

The Board and Board Committees are supported by two qualified and experienced joint Company Secretaries, who provide the Board with periodic updates on the latest regulatory developments. The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA") with the officers being Mohamed Noor Rahim Bin Yahaya (MAICSA 0866820/SSM PC No. 202008002339) and Ho Ngan Chui (MAICSA 7014785/SSM PC No. 202008001773) respectively. The Company Secretaries also advise and support the Board in upholding high standards of corporate governance and facilitate the flow of information from Management to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

As counsels to the Board, the Company Secretaries possess the knowledge and experience to carry out their duties which have evolved from merely advising on administrative matters to one of diverse nature as illustrated by the "FAME" moniker below:

The roles, responsibilities and authorities of the Board, Board Committees, individual Directors and Company Secretaries are clearly outlined in the Board Charter, which serves as an authoritative governance document and induction literature. As mentioned, the Board Charter is made available on SENTRAL's website and is reviewed periodically to ensure it reflects the ever-changing environment in which the Manager operates so as to remain contemporaneous.

In relation to Board meetings, the Board and its Committees have met with sufficient regularity to deliberate on matters under their purview. Directors have devoted sufficient time to prepare, attend and actively participate during the Board and Board Committee meetings. Led by the Chairman, Directors are frequently called upon to express their views and play a part in making the Board meetings a participatory environment. During the year, the Board has met on a frequency of four (4) times to hold discussions on key matters pertaining to SRM and SENTRAL.

The attendance of individual Directors for the meetings of the Board and Board Committees are illustrated below:

Director	Board	ARC	NRC
Non-Independent Non-Executive Directors			
Tan Sri Chaw Choo Boon	4/4	-	-
Dato' Dr Low Moi Ing, J.P. [1]	4/4	-	-
Dato' Michael Ong Leng Chun [1]	4/4	-	-
Ann Wan Tee [2]	4/4	-	1/1
Kwan Joon Hoe	4/4	-	-
Datuk Dr Roslan bin A. Ghaffar	4/4	4/4	3/3
Datuk Kamalul Arifin bin Othman	4/4	4/4	3/3
Frances Po Yih Ming	4/4	4/4	3/3
Legend:			

Board/Board Committee Chairman **Member**

Note:

[1] *Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023.*
[2] *Ann Wan Tee was appointed as a member of the NRC on 12 May 2022.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

The Board is assisted by the ARC and the NRC which are entrusted with specific responsibilities in order to provide critical support in discharging its oversight function. The Board Committees are granted the authority to function in accordance with their respective Terms of Reference to ensure that enhanced objectivity and independence within Board Committee deliberations. The ultimate responsibility for the final decision on all matters deliberated at Board Committees are vested with the Board. Memberships of the established Committees and their respective Terms of Reference are refreshed periodically.

The primary responsibility of an Independent Non-Executive Director is to act as a safeguard to the interests of minority Unitholders and other stakeholders. As such, the Independent Non-Executive Directors play a cardinal role in ensuring transparency and preserving accountability. This is further fortified by the placement of Independent Non-Executive Directors as Chairmen of the two respective Board Committees as well as majority independent committee members which serves to infuse greater impartiality in the Board's decision-making process. The presence of Non-Independent Non-Executive Directors on the other hand also play a crucial role in their responsibilities for strategy and business performance. Their views are balanced by their duty to act in the best interest of SRM while being entrusted to relay the viewpoints of their nominators.

In line with good corporate governance practices, there is a clear distinction between the role of the Chairman and the CEO. The Chairman oversees the conduct, governance and effectiveness of the Board while the CEO is tasked with managing SENTRAL's business operations and implementing policies, strategies and decisions adopted by the Board. This provides for a balance of power and authority, increased accountability and greater capacity of the Board for objective decision-making.

The Board acknowledges its role in "leading from the front" and laying the groundwork in embedding an ethical culture across the Manager's operations. Premised on this, the Board formalised and implemented a Code of Business Ethics ("The Code"), which is regularly reviewed and monitored to foster an ethical culture within all facets of the operations. The Code serves as a guide and reference to Directors and employees to live up to high ethical business standards. It provides guidance on the conduct of business and their duties, in a manner that is efficient, effective and fair.

An illustration covering selected salient areas captured within the Code is shown below:

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution. The Board appreciates the fact that SENTRAL's internal and external stakeholders should be well informed on the Manager's sustainability strategies, priorities, targets as well as overall performance and accordingly, the Sustainability Statement provides a detailed articulation on this front. The Board also keeps itself apprised with contemporaneous sustainability developments through capacity building efforts and the proactivity as well as responsibility of the Board on this front are evaluated through periodic Board Effectiveness Evaluation exercise. As for Senior Management personnel, a weighted proportion of their key performance indicators are pegged to sustainability considerations with a nexus to executive compensation packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Board Composition

The Board endeavours to ensure that its configuration appropriately reflects the requisite boardroom "ingredients" with respect to skill sets, experience and diversity.

In 2022, the Board comprises three (3) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors. The Board is cognisant that this practice falls short of Practice 5.2 of the MCCG which stipulates that at least half the Board should comprise Independent Directors[1]. Currently, the Board comprises exclusively of Non-Executive Directors. Non-Executive Directors are external to the day-to-day operational duties of the Manager, making them disposed to an archetype that is inherently detached from Management. By virtue of having all Non-Executive Directors on the Board, a facilitative environment is created for policy making at the Board-level as well as ensuring effective oversight of Management.

To add a layer of further reinforcement, the clear demarcation of responsibilities between the Board and Management also allows key operational and investment decisions by Management to be challenged and questioned by the Board in a rigorous manner. The Board believes that the current configuration allows for adequate checks and balances, safeguarding against disruptive power plays and divisive factionalism within the boardroom.

Appointments to the Board are made via a formal, rigorous and transparent process and taking into account the objective criteria set by the Board which are evaluated by the NRC such as leadership experience, skill sets, knowledge, diversity of background, integrity, professionalism and time commitment. In the context of Independent Non-Executive Directors, the NRC assesses the candidate's ability to bring the element of detached objectivity and impartial judgment to boardroom deliberations. The NRC also conducts review of the Board size and composition to identity any gaps in its configuration.

The Board is of the view that its composition represents a good fit with the present scope and scale of the Manager's business operations. The wealth of experience and diverse set of skills enable the Directors to provide valuable perspectives in order to exercise robust oversight of the Manager's strategic objectives.

The Board also acknowledges that a cognitively diverse board is better placed to avert 'group think', 'blind spots' and insularity, particularly in the context of the dynamic REIT sector in which SRM and SENTRAL operates in. The Board is cognisant of the clear and compelling need for members who appreciate disruptions to business, understand the challenges and oversee what changes are needed to ensure sustainability.

Within the domain of gender, the Board presently has 25%[2] female representation on the Board. The Board is aware that this is marginally lower than the 30% yardstick as propounded in the MCCG. In addition, the Securities Commission had on 31 December 2021, issued the new Guidelines on Corporate Governance for Capital Market Intermediaries applicable to all capital market entities. These Guidelines imposed a requirement on the Manager to ensure that its Board composition will comprise 30% women before 1 July 2022. However, the proportion trails only slightly behind the average benchmark reported by the top 100 companies[3] whereby women hold approximately 25.5% of the board positions. The Board is committed to not only bridging this shortfall but will endeavour to join the 37% of top 100 companies which have met the 30% target as stipulated in the MCCG as a higher order corporate governance aspiration. To this end, the Board through the NRC shall remain steadfast in continuously identifying and assessing suitably qualified female candidates for nomination.

Notes:

1 *Subsequent to Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resignation as Directors of SRM on 19 January 2023, SENTRAL will meet the requirements of Practice 5.2 of the MCCG.*
2 *Subsequent to Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resignation as Directors of SRM on 19 January 2023, SENTRAL will have 17% of female representation on the Board.*
3 *Companies or issuers on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Board Evaluation

On a periodic basis, the Board, Board Committees and individual Directors including Independent Directors are subjected to a formal and comprehensive assessment of their performance and effectiveness. The assessment is administered using instruments that deploy both qualitative and quantitative criteria, based on a self and peer rating assessment model. During the next financial year, the Manager will conduct the exercise under the oversight of the NRC.

Directors' Training and Continuing Education Programmes

During the year under review, Directors have fully optimised the opportunities to burnish their expertise and enhance their knowledge. The Directors of SRM have participated in the following professional development programmes

Attended by	Date	Organiser	Particulars of training programmes attended
Tan Sri Chaw Choo Boon	2 & 9 March 2022	Bursa Malaysia	Bursa Malaysia: TCDF Climate Disclosure Training
	8 June 2022	Securities Industry Development Corporation ("SIDC")	Driving Responsible and Sustainable Value Creation Through Governance
	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	9 August 2022	Bursa Malaysia	Bursa Malaysia: Advocacy Sessions for Directors & Senior Management of Main Market Listed Issuers
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
Dato' Dr Low Moi Ing, J.P.	7 December 2022	KSI Strategic Institute for Asia Pacific	The 2022 Global Chinese Economic and Technology Summit
Dato' Michael Ong Leng Chun	30 June 2022	Malaysian Institute of Architects	KLAF 2022 – Datum Plus
Ann Wan Tee	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	5 August 2022	MRCB / ERM	Capacity Building Briefing on Task Force on Climate-Related Financial Disclosures (TCDF)
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Kwan Joon Hoe	22 & 23 June 2022	SIDC	SIDC's Sustainable and Responsible Investment (SRI) Virtual Conference 2022
	5 August 2022	MRCB / ERM	Capacity Building Briefing on Task Force on Climate-Related Financial Disclosures (TCDF)
	19 October 2022	SIDC	Business Foresight Forum 2022 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Datuk Dr Roslan bin A. Ghaffar	07 April 2022	MIECO Chipboard Berhad	Securities Commission Malaysia's Audit Oversight Board (AOB)
	5 August 2022	MIECO Chipboard Berhad	Key Criteria to Dispose of Stocks in Our Portfolio
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Datuk Kamalul Arifin bin Othman	7 April 2022	Securities Commission Malaysia	Audit Oversight Board's Conversation with Audit Committees
	13 September 2022	Bursa Malaysia	Advocacy Session for Directors and Senior Management of main Market Listed Issuers
	21 November 2022	Sentral REIT / Messrs Amrit & Company	Corporate Liability for Commercial Organisation under Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Frances Po Yih Ming	20 January 2022	Malaysia Australia Business Council	Post Pandemic Realities for SMEs - Way Forward
	24 February 2022	Institute of Corporate Directors Malaysia (ICDM)	Audit Committee Dialogue & Networking – Session #1
	2 March 2022	30% Club Malaysia	DEI Conversation #1: Elevating Investability
	2 & 9 March 2022	Bursa Malaysia	TCFD Sessions 101 & 102
	30 March - 20 April 2022	Climate Governance Malaysia	Climate Governance Malaysia webinar series - How to start your sustainability journey
	15 April 2022	ICDM	Nomination & Remuneration Committee (NRC) Dialogue & Networking
	25 April 2022	LeadWomen	Promoting Merit through quota on Boards
	26 April 2022	EY - Parthenon	Board Series: Changing the game with digital ecosystem
	19 May 2022	QED Changemaker	The Innovation Economy
	8 - 9 June 2022	Malaysian Institute of Accountants (MIA)	MIA International Accountants Conference 2022 - Charting ESG, Leading Sustainability
	11 August 2022	ICDM	PowerTalk ESG Series - Characteristics of ESG & Sustainability Leadership
	16 August 2022	Bursa Malaysia	Advocacy Session for Directors and Senior Management of Main Market Listed Issuers
	6 September 2022	ICLIF	Corporate Governance & Remuneration Practices for The ESG World

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Frances Po Yih Ming	12 Oct 2022	Climate Governance Institute	CGI Global Summit 2022 - Ambition to action
	18 October 2022	Malaysian REIT Managers Association	MRMA Conference: M-REITs & The Road Ahead
	8 December 2022	ICDM & FIDE Forum	Board Risk Committee Dialogue & Networking

Remuneration

The NRC assists the Board in developing an appropriate remuneration framework for Non-Executive Directors. The remuneration framework is kept robust and competitive, designed to attract and retain the best of talents and is aligned to the long-term strategies and risk appetite of SENTRAL.

As an incremental measure and as a commitment to better corporate governance practices, the Board had, in year 2021, engaged KPMG Management & Risk Consulting Sdn Bhd to conduct a remuneration benchmarking exercise for its Non-Executive Directors and facilitated the formulation of SRM's Remuneration Policy and Procedures for Non-Executive Directors. The Remuneration Policy and Procedures for Non-Executive Directors was adopted on 10 November 2022.

The remuneration of Non-Executive Directors is set to be commensurate with their responsibilities, time commitment, experience, expertise and the complexity of SRM's activities and business and is in line with market norms. Non-Executive Directors are remunerated via fees and meeting allowances and such allowances are paid by SRM, not SENTRAL.

As for Senior Management, the components of remuneration packages have been structured to link rewards to individual and corporate performance including sustainability considerations.

The detailed disclosure of the remuneration of individual Directors are disclosed in the Manager's Corporate Governance Report under Practice 8.1.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Committee

On 5 August 2021, the Audit Committee was renamed Audit & Risk Committee ("ARC"), with the responsibility of the Committee being extended to include overseeing the risk management function.

ARC was established to assist in safeguarding the integrity over SENTRAL's financial reporting, internal and external audit and risk management as well as internal control processes as part of the Board's commitment to provide stakeholders with a clear, balanced and comprehensive assessment of SENTRAL's financial performance.

The ARC has a Terms of Reference, which sets out its key roles and responsibilities. The Terms of Reference was updated to incorporate the expanded role of the Committee and is disclosed in SENTRAL's website. The expanded role of the Committee includes reviewing the effectiveness of the risk management framework adopted and the risk management processes employed and providing assurance to the Board on the adequacy and effectiveness of the risk management framework.

Recognising that independence is the cornerstone of a well-performing audit committee, the Board has decided to adopt the higher order practice of having an ARC that comprises solely of Independent Directors, chaired by Datuk Dr Roslan bin A. Ghaffar. The vast experience of the members in the areas of accounting, finance and auditing allows the ARC to collectively possess the requisite financial literacy and business acumen which are prerequisites for sound understanding of the financial matters of SENTRAL.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

The ARC has unrestricted access to both the outsourced internal and external auditor, who in turn reports directly to the ARC. The ARC has established prescribed and transparent arrangements to maintain an appropriate relationship with the external auditor. During the year under review, the external auditor has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance with the terms of relevant professional and regulatory requirements.

The ARC Report, which provides detailed articulation on the composition of the ARC, its responsibilities and main activities during the year, is outlined on pages 78 to 81 of the Annual Report.

Risk Management and Internal Audit

In an increasingly complex and ever-evolving marketplace, it has become imperative to have a robust yet dynamic risk management and internal control framework to stay ahead of disruptive forces that are inherent in the core businesses of SENTRAL. The Board as aided by the ARC performs periodic review and closely monitors the resilience of the risk management and internal control framework to ensure its adequacy and effectiveness.

The risk management framework put in place covers the structures, policies, processes and resources to identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risks. Risk management has been part of SRM's day-to-day operations and is embedded in its operational functions. The barometer for risk management is the risk register, which was formulated by the management team to capture and periodically monitor key risk areas. The risk register is updated by the management with the items being prioritised in terms of risk severity vis-à-vis the likelihood of that risk materialising and is reviewed by the ARC on a quarterly basis for reporting to the Board.

During the year, the Manager had engaged an external third party, BDO Governance Advisory Sdn Bhd to carry out its internal audit function. The services of BDO Governance Advisory Sdn Bhd were enlisted with a view of assessing the adequacy and effectiveness of internal controls and risk management processes. The internal audit function reports directly and functionally to the ARC. The internal audit function has direct access to the Board through the Chairman of the ARC.

The Statement of Risk Management and Internal Control which provides details of the internal review, is outlined on pages 85 to 88 of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Manager is committed in keeping all its stakeholders abreast in a timely manner of all material business matters that impact the Manager and SENTRAL. To this end, the Board ensures that mandatory disclosures are made through announcements to Bursa Securities as well as on SENTRAL's corporate website. The website is intuitively set up to ensure that pertinent information such as recent announcements, quarterly financial results as well as copies of recent notices and minutes of general meetings are easily accessible to all stakeholders.

This Annual Report is made publicly available on the corporate website and contains extensive details about SENTRAL's business activities and performance on both financial and non-financial fronts during the financial year. Whilst SENTRAL endeavours to be as transparent as possible to its stakeholders, SENTRAL is simultaneously mindful of the need to balance out legal and regulatory requirements governing the release of potentially material and price-sensitive information to the market.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

The Board is cognisant that a proactive approach towards stakeholder engagement will enhance the ability of stakeholders to make informed investment decisions that are based not only on SENTRAL's retrospective performance but also on its business proposition and outlook. In light of the global pandemic and non-feasibility of holding physical meetings with its stakeholders, the Manager has continuously reached out to analysts by scheduling virtual meetings with analysts and investors to keep them apprised of SENTRAL's performance. SENTRAL welcomes stakeholder views and as such, may be contacted via the following avenues:

Mail
Level 35, Menara NU2,
No. 203, Jalan Tun
Sambanthan,
Kuala Lumpur Sentral
50470 Kuala Lumpur,
Malaysia

Telephone
(603) 2786 8080
(603) 2780 7988

Email
General Enquiries:
enquiries@sentralreit.com

Investor Relations Enquiries:
joyce.loh@sentralreit.com

Conduct of General Meeting

The Annual General Meeting ("AGM") serves as the principal platform for the Board and Senior Management of SRM to present SENTRAL's financial highlights, investment portfolio updates, operational performance, market outlook and strategic trajectory. Unitholders are encouraged to actively participate during AGMs by raising questions and providing feedback to the Board and Senior Management.

On 6 April 2022, SENTRAL conducted its tenth (10th) AGM in a virtual manner through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. The Chairman, CEO, Company Secretary, external auditors and independent scrutineers were present at the broadcast venue while all other Directors attended the AGM via video conferencing.

The notice for the AGM was provided 37 days in advance on the premise of empowering Unitholders with sufficient preparation time to make informed voting decision at the AGM. Unitholders were able to log on and participate remotely as well as pose queries online via the technology platform provided by the poll administrators, Boardroom Share Registrars Sdn Bhd. All resolutions tabled during the AGM are voted by poll and the results were validated by Boardroom Corporate Services Sdn Bhd, an independent scrutineer.

Feedback gathered during the AGM were evaluated and considered for further action by the Board and Senior Management. Minutes of the AGM were made available on the corporate website of SENTRAL within 30 business days from the date of the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Focus Areas During the Year (2022)

In 2022, the corporate governance focus areas of the Manager constituted the following:

Internal Control and Risk Management Framework

The Board, with the support of the ARC, have continued to undertake rigorous deliberations on internal control and risk management with coverage on more nuanced risks such as business, reputational, corruption and compliance risks. For the financial year under review, the Board and Management of SRM undertook a laser-focused review of its portfolio of properties in view of the challenging office market environment. The review highlighted the need for a recalibration of SENTRAL's portfolio through acquisition or sale of one or more of the authorised investments or commercial properties with the objective of maximising total returns to unitholders. Additionally, the review also encompassed SRM's asset enhancement initiatives ("AEI") as a two-pronged exercise, whereby safety risks was also a priority as part of SRM's planned AEI. The AEI completed during the financial year not only provided SENTRAL properties with aesthetical face-lifts but also enhanced its safety aspects, thus dovetailing with its sustainability agenda.

Talent Management

The Board has also focused on establishing a clear and an orderly talent management plan for Directors and Senior Management (including CEO) so as to maintain progressive refreshing of talent and leadership. The established talent management plan for Directors and Senior Management was carefully designed by considering different time horizons: i) contingency planning for sudden and "hit-by-the-bus" departures ii) medium-term planning for orderly talent management (i.e. retirement) iii) long-term planning for future strategic priorities of SENTRAL.

Compliance

Pursuant to Paragraph 15.01A of the amended Listing Requirements which come into effect on 1 July 2022, a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries.

SRM has adopted the Fit and Proper Policy for its Directors and Senior Management and copy of the Policy was published on https://sentralreit.com.

In addition, pursuant to the requirements under SRM's Fit and Proper Policy, an annual fit and proper assessment was conducted on the Directors and Senior Management (including CEO) for the year 2022. The 2022 fit and proper assessment results have been presented to the Board on 19 January 2023 for notification.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

Corporate Governance Priorities (2023 and beyond)

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

Boardroom Composition

According to the 2022 ASEAN Board Trends report published by the Institute of Corporate Directors Malaysia (ICDM), one of the top five trends to impact boardrooms going forward into 2022 is board refreshment. In fact, 51% of respondents said that refreshing board composition is the most effective measure in improving board effectiveness. Meanwhile 41% of respondents said that having greater diversity on the Board is the most effective measure.

Along the same lines, the report also highlighted that the top aspects to improve board composition include the appointment of new independent directors (65%).

To this end, the Board is cognisant of the multifarious benefits that may benefit SENTRAL as a whole should there be a focused and strategic approach to altering Board-level composition. Specifically, the Board has in place a three-pronged focus within the realms of Board-level independence, gender diversity and casting a wider net when sourcing candidates.

With respect to Board-level independence, the Board recognises that having at least half Independent Directors on the Board, as stipulated in the MCCG, would imbue objectivity and independence into Board-level deliberations whist simultaneously laying the foundation for more effective management oversight mechanisms. To this end, the Board through the NRC will continue to dedicate effort in scouring the market for suitably qualified candidates who abide by the required tenets and have a simultaneous appreciation for the nuances of SENTRAL's operating environment.

With respect to Board-level gender diversity, the Board recognises that there is an evidence-based business case for introducing diversity in gender to the boardroom which ultimately may benefit the Manager's efforts in achieving its strategic objectives. Dato' Dr. Low Moi Ing, J.P. and Dato' Michael Ong Leng Chun resigned as Directors of SRM on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of SRM. With the departure of Dato' Dr. Low Moi Ing, J.P., SRM remains with only one (1) female director sitting in the Board. In this regard, the Board through the NRC will continuously undertake the necessary measures to achieve the stipulated 30% female director target as put forth in the Clause 5.06 of the Guidelines on Corporate Governance for Capital Market Intermediaries issued on 31 December 2021. Notwithstanding this, the Board is steadfast in its view that overriding priority will always be given to enhancing the overall strength of the Board and sourcing the best candidates for the Manager as a whole.

With respect to casting a wider net for sourcing candidates, the Board is aware that this may have the intended impact of identifying the most suitable candidates to steer SENTRAL forward.

To this end, the NRC shall, where necessary, continue to enlist external search firms, head hunters, consultants, directors' registries and industry associations to maximise the chances of a successful search for candidates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Environmental, Social & Governance Considerations

As highlighted in the 2022 ASEAN Board Trends report published by the ICDM, Boards across the region are placing increased emphasis on internalisation of Environmental, Social and Governance ("ESG) principles within their organisations.

The Board is fully committed to embedding ESG-related considerations into the fabric of SENTRAL's operational landscape pursuant to this regional and global trend.

The Board has placed a long-term goal of adopting integrated reporting to allow for more informed assessments by stakeholders on SENTRAL's value accretion course. To this end, the Board will endeavour to take necessary incremental steps to adopt integrated reporting.

AUDIT & RISK COMMITTEE REPORT

On 5 August 2021, the Audit Committee was renamed as Audit & Risk Committee ("ARC") to reflect its roles and responsibilities in overseeing the risk management governance of Sentral REIT ("SENTRAL").

The ARC is led by Datuk Dr Roslan A Ghaffar, an Independent Non-Executive Director, who is not the Chairman of the Board. Currently, the ARC comprises three (3) members all of whom are Independent Non-Executive Directors in line with Practice 9.4 (Step Up) of Malaysian Code of Corporate Governance ("MCCG"), which recommends that ARC should comprise solely of Independent Directors.

ARC play an active role in assisting the Board in discharging its governance responsibilities and the Board is of the view that the ARC members have the relevant expertise to discharge the functions of an ARC.

The ARC assist the Board to fulfill its oversight responsibilities over the activities of the Company. The key duties and responsibilities of the ARC as specified in its Terms of Reference are as follows:

- To consider the appointment of the external auditor, the audit fee and the reason given for their resignation or dismissal;
- To review the audit plans and scope of audit examination of the external auditors;
- To review with external auditors with regards to problems and reservations arising from their interim and final audits;
- To review the quarterly and year-end financial statements, focusing particularly on:
  - Any changes in accounting policies and practices
  - Significant and unusual events
  - Significant adjustments and issues arising from the audit
  - The going concern assumption
  - Compliance with the applicable approved accounting standards and other legal requirements
- To review the external auditor's management letter and management's response;
- To do the following, in relation to the internal audit function:
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work
  - Review the internal audit programme, control and processes, internal audit reports or investigation undertaken and whether appropriate action is taken to rectify any control weaknesses reported by the internal audit function
- To promptly report to Bursa Securities, where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- To review procedures established to address allegations raised by whistleblowers, to ensure independent investigations is conducted and follow-up action is taken;
- To review any related party transaction and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises questions of management integrity;
- To assess the risks and control environment, to determine whether management has implemented policies ensuring the risks are identified and evaluated and those internal controls in place and effective to address the risks;
- To consider the report, major findings and management's response of any internal investigations carried out by the internal auditors; and
- To undertake such other responsibilities as may be agreed by the ARC and the Board.

The Terms of Reference of the ARC is available at the website https://sentralreit.com of SENTRAL.

The ARC is authorised to investigate any matters within its terms of reference. It is entitled to full access to and co-operation of the management and the internal auditor and enjoys full discretion to invite any Director or executive officer of the Manager to attend its meetings. The internal auditor and external auditor have unrestricted access to the ARC. The ARC has full access to reasonable resources to enable it to discharge its functions properly.

AUDIT & RISK COMMITTEE REPORT
(cont'd)

The ARC also meets SENTRAL's external auditor and internal auditor, without the presence of management at least once annually. Sentral's external auditor carries out, in the course of its annual audit, a review on the effectiveness of the Manager's material internal controls over the financial reporting, including financial and risk management to the extent of the scope of audit as set out in its audit plan. Sentral's internal auditor provides an assessment on the adequacy and integrity of the system of internal control. Any non-compliances and internal control weaknesses noted during the audit and auditor's recommendations to address such non-compliances and weaknesses are reported to the ARC. Management follows up and implements Sentral's external and internal auditor's recommendation.

The ARC keeps abreast with the developments in relation to regulatory requirement by attending the training organised by Bursa Securities, Securities Commission Malaysia, Malaysian Institute of Accountants and any other professional bodies from time to time to better understand their roles on corporate governance, risk management and internal controls.

In its review of the audited financial statements for the financial year ended 31 December 2022, and based on its discussions with the management and where required, in consultation with the external auditors, the ARC is of the view that the financial statements are fairly presented, and conform to generally accepted accounting principles in all material aspects.

For all non-audit services provided by the external auditors, if any, the ARC conducts a review to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The ARC also review arrangements by which employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2022, a total of four (4) ARC meetings were held and the attendance of the members at the ARC meetings was as follows:

ARC Member	Designation	Attendance
Datuk Dr Roslan Bin A Ghaffar	Chairman	4/4
Datuk Kamalul Arifin Bin Othman	Member	4/4
Frances Po Yih Ming	Member	4/4

HOW THE ARC SPENT ITS TIME IN 2022

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

Financial results

i) Reviewed the quarterly and annual audited financial results of Sentral, and accompanying announcements and made the relevant recommendations to the Board for consideration, and focused particularly on matters related to changes in major accounting policies, significant and unusual events, compliance with accounting standards and disclosure requirements.

AUDIT & RISK COMMITTEE REPORT
(cont'd)

HOW THE ARC SPENT ITS TIME IN 2022 (cont'd)

Internal Audit

i) Reviewed and approved the Annual Internal Audit Plan and resource requirements proposed by BDO Governance Advisory Sdn Bhd ("BDO Governance");
ii) Reviewed the findings of internal audit reports on Sentral presented by the BDO Governance;
iii) Reviewed the effectiveness and adequacy of management's corrective actions in response to the internal audit reviews conducted;
iv) Reviewed the findings of follow-up audits to determine the status of implementation of management's corrective actions; and
v) Reviewed the ARC Report and its recommendation to the Board for inclusion in the Annual Report.

External Audit

i) Reviewed and approved the external auditor's Audit Plan, approach and scope of review prior to commencement of their annual audit;
ii) Deliberated on matters arising from the audit of Sentral in a meeting with the external auditor without the presence of any executive officer of Sentral;
iii) Deliberated on the external auditor's reports on audit and accounting issues that arose from its audits;
iv) Deliberated on updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
v) Assessed the performance of the external auditor, including their independence.

Risk Management

i) Reviewed the effectiveness of the risk management framework adopted and the risk management processes employed and provided assurance to the Board on the adequacy and effectiveness of the risk management framework.
ii) Reviewed and deliberated the Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control, and recommended to the Board for inclusion in the Annual Report.

Related Party Transactions

i) Reviewed the fairness, transparency of related party transactions with appropriate disclosures made as required under SC REIT Guidelines, the Trust Deed and the Listing Requirements, and ascertain that the transactions are conducted at arm's length, on normal commercial terms and in the best interests of the Unitholders of Sentral prior to submission for the Board's consideration and, where appropriate, unitholders' approval

INTERNAL AUDIT FUNCTION

During the year under review, the internal audit function was outsourced and carried out by an independent consultancy firm, BDO Governance in order to assist the ARC in discharging its duties and responsibilities. The internal audit activities were carried out in accordance with the internal audit plan which comprise the following:

- Reviewed internal controls systems and ascertain the extent of compliance with the established policies, procedures and statutory requirements; and

- Identified areas to improve operation controls and processes.

The findings by BDO Governance were presented to the ARC with subsequent follow up reports to ensure that appropriate actions are being taken to improve the current internal control systems.

AUDIT & RISK COMMITTEE REPORT
(cont'd)

RELATIONSHIP WITH THE EXTERNAL AUDITOR AND INTERNAL AUDITOR

The Board, via the ARC, maintains a formal and transparent relationship with the external auditor as well as the internal auditor. The ARC has direct and unrestricted access to both the external and internal auditors.

The ARC also meets the external auditor and internal auditor, without the presence of management at least once annually. The ARC had, during the year, held two meetings with the external auditor without the presence of Management, to discuss issues, problems and reservations (if any) that the external auditor wished to highlight to the ARC. A private session was also held between the ARC and the internal auditor for the same purpose.

Both the external and internal auditors had been extended good cooperation from the management and they were able to access information to carry out their functions effectively.

NOMINATION & REMUNERATION COMMITTEE REPORT

The Nomination & Remuneration Committee (NRC) was established in August 2016. The NRC is led by Datuk Kamalul Arifin bin Othman, an Independent Non-Executive Director, who is not the Chairman of the Board. Currently, the NRC comprises of four (4) members all of whom are Non-Executive Directors with a majority of Independent Non-Executive Directors.

The NRC assists the Board in reviewing the size and balance of the Board for appropriate mix of skills, experience and knowledge of directors, succession planning, human capital development and the remuneration framework for the directors and senior management.

The NRC assist the Board to fulfil its oversight responsibilities over the activities of SRM. The key duties and responsibilities of the NRC are specified in its Terms of Reference, as follows:

- to identify, assess and recommend to the Board for its approval, suitably qualified candidates for the Board, the committees of the Board, taking into consideration the character, experience, integrity, competence and time commitment;
- to identify and recommend to the Board for its approval, candidates for appointment as the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO");
- to review and recommend to the Board for its approval, the extension of contracts of the CEO and CFO;
- to recommend to the Board, candidates for re-election and/or reappointment of directors by shareholders at annual general meeting under the annual re-election provisions or retirement pursuant to the relevant laws having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience based on the annual Board assessment;
- to assess the independence of independent directors and recommend to the Board the retention of independent directors who have served for a cumulative period of nine (9) years, if deemed appropriate. Consideration should be made as to whether an independent director can continue to bring independent and objective judgement to Board deliberations;
- to assist the Board in implementing annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual including CEO and to maintain proper documentation of such assessment;
- to formulate or review the remuneration policies and remuneration for the members of the Board, Board Committees, CEO and CFO, and recommend to the Board for approval;
- to review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:

  (a) merit increment
  (b) merit bonus
  (c) acquisition/divestment incentives
  (d) special corporate exercise incentives

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to have full authority to commission any report or survey which it deems necessary to help it fulfil its obligations; and
- to perform any other function as defined by the Board.

The Terms of Reference of the NRC is available on SENTRAL's website at https://sentralreit.com.

NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2022, a total of three (3) NRC meetings were held and the attendance of the members at the NRC meetings was as follows:

ARC Member	Designation	Attendance
Datuk Kamalul Arifin Bin Othman	Chairman	3/3
Datuk Dr Roslan Bin A Ghaffar	Member	3/3
Frances Po Yih Ming	Member	3/3
Ann Wan Tee [1]	Member	1/1

Note:

[1] Ann Wan Tee was appointed as a member of the NRC on 12 May 2022.

Meetings of the NRC are also attended by the CEO. Other members of the Management are invited to the NRC meetings when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

HOW THE NRC SPENT ITS TIME IN 2022

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

1. Nomination Function
   - Recommending the re-election of Directors of SRM retiring at the 2022 Annual General Meeting.
   - Recommending the appointment of Derek Teh Wan Wei as the CEO of SRM
   - Recommending the appointment of Joyce Loh Mun Ching as the Chief Investment Officer of SRM
   - Recommending the adoption of the Fit and Proper Policy for Non-Executive Directors and Senior Management
   - Deliberating the Organisation Chart of SRM for 2023
   - Recommending the results of Fit and Proper Assessment on Directors and Senior Management for notification by the Board

2. Remuneration Function
   - Reviewing the Remuneration and Benefits for the Non-Executive Directors
   - Recommending the adoption of the Remuneration Policy for Non-Executive Directors
   - Deliberating the staff cost for SRM's Budget 2023
   - Deliberating the allocation of 2021 performance bonus, ex-gratia payment and 2022 salary increment
   - Deliberating 2022 Key Performance Indicator targets for the CEO of SRM
   - Deliberating the CEO's employment terms and approved bonus and increment for 2019 to 2021

NOMINATION & REMUNERATION COMMITTEE REPORT
(cont'd)

NOMINATION AND RECRUITMENT PROCESS

One of the NRC's key roles is to drive the recruitment process for new Directors and Senior Management. In considering candidates as potential Directors and/or Senior Management, the NRC will make reference to the Fit and Proper Policy which takes into account inter-alia the following criteria:

- Skills, knowledge, expertise and experience
- Time commitment, character, professionalism and integrity
- Perceived ability to work cohesively with other members of the Board
- Specialist knowledge or technical skills in line with the SRM's strategy
- Diversity in age, gender and experience/background

The Fit and Proper Policy is available on SENTRAL's website at https://sentralreit.com.

The appointment process of new Directors and Senior Management is set out in the diagram below:-

During the year under review, the Company sees several changes to SRM's organisation structure. Derek Teh Wan Wei was appointed as the CEO of SRM on 1 April 2022 and followed by the appointment of Joyce Loh Mun Ching as the Chief Investment Officer of SRM on 1 January 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Sentral REIT Management Sdn Bhd ("the Manager"), as the manager of Sentral REIT ("SENTRAL"), has adopted the relevant corporate governance disclosure under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). In addition, the Board also observes the provisions of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia ("Securities Commission"). Further information on SENTRAL's corporate governance framework is also set out on pages 62 to 77. These efforts are all part of the Board's recognition that a strong corporate governance framework is important. The Board also recognises that an effective corporate governance culture is critical to the Manager's performance and consequently to the success of SENTRAL. The Board is committed to maintain a sound system of risk management and internal control with a view to safeguard the interest of the Unitholders, its investment and SENTRAL's assets and to provide the following statement, which outline the nature and scope of internal control of the Manager during the financial year ended 31 December 2022.

BOARD RESPONSIBILITY

In discharging the Board's principal responsibilities, the Board assumes the responsibility for the Manager's system of risk management and internal control. The Board is responsible for the adequacy and integrity of the system of risk management and internal control. It is an essential part of the Board's responsibilities to identify principal risks and ensuring that there are appropriate systems and policies in place to manage these risks; and reviewing the adequacy and integrity of these internal control system and policies. However, the Board acknowledged that this system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the business strategies and objectives of SENTRAL. It therefore can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

The Board assesses principal risks when making property investment decisions by SENTRAL in order to mitigate any potential loss of value of Unitholders' investment in SENTRAL. The Board also considers the changes during the period under review, in particular the business and economic environment and the property industry risk to ensure that there are policies and processes appropriate to manage any potential risk when making property investment decisions and to consider SENTRAL's ability to respond to such changes.

The Board defines the processes to be adopted for its review of the adequacy and integrity of internal control. This includes both the scope and frequency of the reports it receives and reviews during the year and for such reports to be accompanied and supported with sound and appropriately assessed documents. The Board's assessment of the adequacy and integrity of SENTRAL's system of risk management and internal control includes identifying any significant failings or weaknesses in risk management and internal control and whether necessary actions are being taken promptly to remedy any such significant failings or weakness.

Our Chief Executive Officer has also provided the Board an assurance that SENTRAL's risk management and internal control system is operating adequately and effectively, in all material aspect, based on the risk management and internal control system of SENTRAL.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The corporate governance framework established within the structure of SENTRAL includes the adoption of an Internal Audit function where BDO Governance Advisory Sdn Bhd ("BDO Governance") was appointed by the Manager to carry out an independent internal audit on the operations of SENTRAL. BDO Governance confirms its internal audit methodology adopts the International Professional Practices Framework (IPPF) and is in compliance with the Institute of Internal Auditors Malaysia (IIAM) international auditing standards. In addition, this Statement on Risk Management and Internal Control is also a voluntary disclosure on the part of the Board in subscribing to a good corporate governance disclosure. The key processes that have been established in reviewing the adequacy and integrity of the on-going system of risk management and internal control include the following:

(a) The Manager has in place an independent internal audit function which is outsourced to BDO Governance who reports directly to the Audit and Risk Committee ("ARC") on its findings. The principle role of the internal audit function is to conduct regular reviews on the system of internal control of SENTRAL, and report on the effectiveness and efficiency of its operations, highlighting to the ARC significant findings in respect of non-compliances, if any;

The internal audit review undertaken by BDO Governance for the financial year 2022 and the findings arising from the review reported to the ARC include the following:

(i) internal control review ("ICR") on tenancy management to collection of rentals; and

(ii) review of related party transactions for the financial year 2022 for compliance with established internal policies and procedures and applicable provisions of the Listing Requirements and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission ("SC REIT Guidelines") relating to related party transactions

and when required, undertake investigations as directed by the ARC. All findings and conclusion, including the recommended action plans, arising from the ICR, which was executed based on a risk-based approach, for financial year 2022 were tabled to the ARC. The reviews were conducted based on an internal audit plan developed together by the management and BDO Governance based on an entity risk assessment thereafter presented to ARC for approval.

The cost incurred for the internal audit function in respect of the financial year 2022 is RM43,000 (excluding services tax and disbursements) and is borne by the Manager.

The Board is satisfied that the current system of internal control for the Manager is adequate based on the reports from BDO Governance;

(b) The ARC reviews, monitors and evaluates the effectiveness and adequacy of SENTRAL's internal control, financial and risk management issues raised by the external and internal auditors, regulatory authorities and management. The reviews include reviewing written reports from the internal and external auditors, to ensure that where deficiencies in internal control have been identified, appropriate and prompt remedial action is taken by the management. The ARC also convenes meetings with external auditors, internal auditors, or both excluding the attendance of the other directors and management/employees of the Manager (where necessary). The ARC also reviews the adequacy of the scope, functions and competency of the internal audit function. The ARC also reviews and evaluates the procedures established to ensure compliance with applicable legislations, the SC REIT Guidelines and the Listing Requirements. At the same time, BDO Governance conducts a follow-up review on the agreed remedial actions with the management. This is to ascertain if management has resolved the concerns on key risks and weaknesses identified during the ICR on a timely basis. The status of remedial actions are reported to the ARC on an annual basis;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (cont'd)

(c) At the beginning of every financial year, the Board reviews and approves the yearly budget and yearly asset enhancement works prepared by the management. The yearly budget which amongst others will entail revenue to be generated by SENTRAL and operating expenses, trust expenses and capital expenditure to be incurred by SENTRAL. The management prepares management report on a quarterly basis to update and explain any major variation to the Board on SENTRAL's financial results against the yearly budget approved by the Board at the beginning of the financial year, the status of major asset enhancement works carried out on the properties that has been approved by the Board, the status of expiry/renewal of tenancies/leases and other operational matters;

(d) A risk management framework that provides a structure and framework under an Operation Manual in managing and accessing risk which includes amongst others, policies and procedures for the acquisition of property, financial and operational reporting, continuing listing and compliance obligations. The Operation Manual is subject to periodic review and provides a structured context for the Manager and personnel to undertake a review of the past performance and to profile the current and future risks facing their area of responsibility;

(e) There is a set of risk management and internal control system which sets out the approval/authority limits imposed on directors and management for operating and capital expenditure, investments and divestments, bank borrowings, lease renewals and other operational matters. A set of authorized signatories were also established for cheque signatories' arrangements. The Board approves transactions exceeding certain threshold limits. Appropriate delegation of authority is also provided at management level to facilitate operational efficiency. Further, the Board and its committees operate within a clearly defined terms of reference with delegation of responsibilities clearly set out;

(f) Internal control procedures to ensure that related party transactions are undertaken in compliance with the SC REIT Guidelines, the Listing Requirements and the Trust Deed; and are carried out on arm's length basis and on normal commercial terms, which are in the best interests of the Unitholders of SENTRAL. The Manager incorporates into its annual internal audit plan, a review of all related party transactions. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with;

(g) In order to deal with any potential conflict of interest situations that may arise, the Manager's policy is that any such related party transaction, dealing, investment and appointment carried out for and on behalf of SENTRAL are to be executed on terms that are best available to SENTRAL and which are no less favourable to SENTRAL than on arm's length transactions between independent parties;

(h) Whistle-blowing Policy and Anti-Bribery and Corruption Policy to provide employees of the Manager with well-defined procedures and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to SENTRAL and the Manager, and for independent investigation of any reports by employees and appropriate follow up action. The Whistle-blowing Policy is established to promote fraud awareness and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible be protected from reprisal; the Anti-Bribery and Corruption Policy is aimed at providing guidance to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business;

(i) Scheduled regular meetings of the Board and ARC with representation from the management provide the key to systematic monitoring of SENTRAL's activities and for identifying, evaluating and managing the significant risks faced by SENTRAL. The Chief Executive Officer is entrusted to manage the daily operations of the Manager and SENTRAL and holds the responsibility of leading the respective heads of departments towards achieving the identified objectives; and

(j) In order to maintain quality and efficiency, the Manager's personnel across all functions are given the opportunity to attend relevant trainings. A systematic staff performance appraisal mechanism has also been adopted to ensure adequate and sufficient rewards are awarded to well-deserving personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the annual report for financial year 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSIONS

The Board is of the view that the risk management and internal control system in place for the financial year ended 31 December 2022 under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the interest of the Unitholders, its investment and SENTRAL's assets.

STATEMENT ON DIRECTORS' RESPONSIBILITY

for preparing the Annual Audited Financial Statements

In accordance with Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Directors") of Sentral REIT Management Sdn Bhd, is responsible to ensure that the financial statements for the financial year ended 31 December 2022 have been prepared and drawn out in accordance with the applicable Financial Reporting Standards in Malaysia, applicable provisions of the Restated Deed of Trust Constituting Sentral REIT ("SENTRAL") dated 02 December 2019, as amended by Supplemental Deed dated 24 December 2020 and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

SUSTAINABILITY STATEMENT

91 Introduction of Sustainability to SENTRAL and Message from the CEO
93 About SENTRAL
94 Sustainability Highlights
95 United Nations Sustainable Development Goals (UN SDG) Scorecard
96 About this Statement
96 • Reporting Framework
96 • Independent Assurance
96 Sustainability Governance
96 • Governance Structure
99 • Business Ethics
101 • Regulatory Compliance
102 Stakeholder Engagement
102 • Stakeholder Engagement Table
106 Materiality Assessment
106 • Materiality Assessment
107 • Materiality Matrix
109 Alignment to UN SDG
110 SENTRAL's Value Creation Model
Economic
112 Sustainable Business Growth and Financial Performance
114 Data Privacy
115 Supply Chain Management
Environmental
118 Energy and Carbon Footprint
120 Water Management
122 Waste Management
Social
124 Health and Safety
128 Quality of Assets and Services
133 Employee Management
140 Community Partnership and Activities
143 Sustainability Key Performance Indicators
151 Bursa Sustainability Reporting Guide 3rd Edition Content Index
153 GRI Content Index

SUSTAINABILITY STATEMENT
(cont'd)

INTRODUCTION OF SUSTAINABILITY TO SENTRAL REIT ("SENTRAL") AND MESSAGE FROM THE CEO
[GRI 2-22]

At SENTRAL, we believe that economic, environmental and social ("EES") performance is an integral part of our long-term business strategy and success. As a REIT, we are committed to operating our portfolio of properties in a sustainable manner while focusing on financial performance to ensure business resilience. We believe that this not only benefits the environment and the communities in which we operate, but it also helps to improve our financial performance in the long run.

In our FY2022 sustainability statement, we continue to provide information on our sustainability performance, which includes our ongoing sustainability initiatives, as well as how we will continue to progress towards our sustainability aspirations.

We hope that our report will continue to provide our stakeholders with valuable insights into our sustainability performance and help to build trust and transparency in our operations. We also believe that this report will be a valuable resource for our employees, business partners, vendors, and suppliers as it will provide them with information about our continued sustainability efforts and how they can contribute to these efforts through working with us.

CEO's Message

"

We are pleased to publish SENTRAL's sixth Sustainability Report. This report encapsulates our policies, practices, objectives of all sustainability matters and corresponding sustainability performance for the period from 1 January 2022 to 31 December 2022.

The Board maintains overall responsibility on SENTRAL's sustainability strategy and achievement of its long-term performance. The Board approves the selection of environmental, social and governance ("ESG") matters based on the Sustainability Working Group's recommendation of their significance to the business and its stakeholders. During the year, SENTRAL's material sustainability matters were reassessed and redefined. One new material sustainability matter was added (to the existing eleven matters) to reflect matters of growing sustainability concerns from our stakeholders, as well as to be in line with Bursa Securities' Common Sustainability Matters for REITs introduced on 26 September 2022.

From its emergence in 2020, the COVID-19 pandemic has changed the way businesses operate and how individuals live, work and play. Moving from this global crisis, SENTRAL's strategic priorities will be to continue our focus on building resilience in our operations, financials and ESG matters. We will achieve this through:

1. Capitalising on opportunities through prudent investment deals and opportunistic divestments to ensure a healthy portfolio mix of commercial properties;
2. Collaborating with our tenants to deliver sustainable AEIs to meet their requirements and needs as well as to ensure existing buildings meet quality standards, while maintaining capital discipline;
3. Ensuring an optimal and efficient capital structure, closely monitoring interest rate movements and prudent management of cash flows to ensure that SENTRAL has sufficient headroom for operational and expansion activities;
4. Environmental sustainability encompassing all physical assets by working towards achieving Green Building Standards and/or accreditation. We will also consider periodic assessments of environmental indicators such as energy, water and waste to improve our environment management approach. We will also continuously monitor and evaluate climate change related risks at strategic business and operational level; and
5. Governance by ensuring commitment to our ESG matters internally and across our value chain.

SUSTAINABILITY STATEMENT
(cont'd)

Despite the lingering effects of the pandemic, we are pleased that SENTRAL has continued to achieve stable financial and operational performance in 2022. With the continued support of our staff and various stakeholders, we are pleased to highlight the key sustainability initiatives implemented during this financial year, as follows:

1. Rolled out the Fit and Proper Policy for the appointment and re-election of board of directors and senior management effective 1 July 2022. This policy sets out the Manager's approach in assessing the fitness and propriety of individuals who hold key positions, or who are to be appointed or elected and re-elected to the Board and Senior Management of the Manager.
2. Establishment of a transparent and robust remuneration framework for Non-Executive Directors ("NED") which includes documenting a Remuneration Policy. The Remuneration Policy will act as a guiding document for the NRC and Board to administer the remuneration of the NED, taking into account the demands, complexities and performance of the organisation as well as skills, experience, time commitment required and responsibilities reposed on the NED.
3. Exceeded our target of 2% reduction in energy consumption by achieving a 5% reduction from FY2021.
4. As part of our continued effort to improve SENTRAL's Quality of Assets and Services, a cloud-based facility management and tenant complaints platform was successfully launched and had gone-live on October 2022. This platform will facilitate a robust and proactive workflow order for tenant complaints for all buildings within SENTRAL's portfolio.
5. We believe in doing our part for the community – be it in good or challenging times. As a responsible corporate citizen, we are committed to taking care and giving back to the community in which we operate in. We have implemented community projects which focus on improving the lives of children and women from underprivileged background. Further details can be found within the Community Partnership and Activities section of this report.

The increasing effects of climate change has propelled the need for listed corporations to start embracing and embedding climate change management within its operations. We have seen this ripple effect where capital market stakeholders are also demanding for transparent climate related disclosure. In line with the Bursa Securities' enhanced sustainability disclosure requirements, SENTRAL plans to make its inaugural disclosure of the Task Force on Climate-related Financial Disclosures ("TCFD") which includes disclosure of a basic plan to transition towards a low carbon economy in a dedicated section of the sustainability statement prior to the stipulated deadline i.e. FY2025. We believe that this is a step in the right direction, and this is expected to help us better identify and manage climate-related risks and opportunities.

Sustainability is an ongoing and long-term journey. Moving forward, we will continue to learn from the best sustainability practices to improve our sustainability performance and sharing our achievement in subsequent reporting. We hope that our commitment can contribute meaningfully towards the betterment of our community socially, economically, and environmentally.

SUSTAINABILITY STATEMENT
(cont'd)

ABOUT SENTRAL
[GRI 2-1, 2-28]

SENTRAL is a Real Estate Investment Trust ("REIT") incorporated in Malaysia and listed on the main board of Bursa Malaysia Securities Berhad ("Bursa Securities") in 2007. SENTRAL is managed by Sentral REIT Management Sdn Bhd ("we", "SRM" or the "Manager"), which has two shareholders, namely, Malaysian Resources Corporation Bhd ("MRCB") and Global Jejaka Sdn Bhd ("GJSB"). SENTRAL's investment objective is to acquire and invest in commercial properties primarily in Malaysia with a view to generate long-term growth and sustainable distribution of income to our unitholders.

As of 31 December 2022, SENTRAL owns 9 commercial properties in Malaysia with a combined value of RM2.0607 billion. The locations of SENTRAL's commercial properties are illustrated in Figure [1].

SENTRAL is also a longstanding member of the Malaysian REIT Managers Association ("MRMA").

For more information on SENTRAL's structure, please refer to page 4 of this Annual Report.

For more information on SENTRAL's properties, please refer to pages 12 to 24 of this Annual Report.

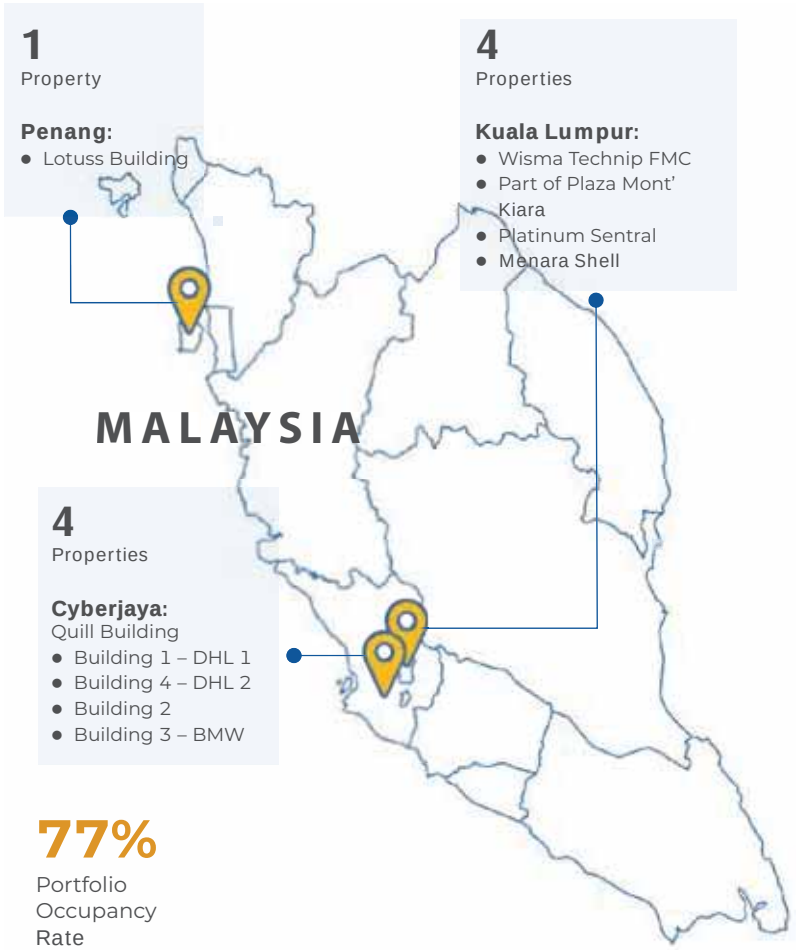


Figure 1: Location of commercial properties

SUSTAINABILITY STATEMENT
(cont'd)

SUSTAINABILITY HIGHLIGHTS

ECONOMIC

RM148.9 million
Gross Revenue

6.82 sen
Distribution per unit

RM1.1704
Net Asset Value per unit

RM2.0607 billion
Property value

ENVIRONMENTAL

4.9%
Reduction in GHG emissions

4.9%
Reduction in energy consumption

GOVERNANCE AND REGULATORY COMPLIANCE

Zero fines pertaining non-compliance

SOCIAL

Zero
Breach in customer data or privacy

RM3.5 million
Invested in Asset Enhancement Initiatives ("AEI")

RM131K
Invested to the community

34.7
Average training hours

95%
Local procurement

SUSTAINABILITY STATEMENT
(cont'd)

UN SDG SCORECARD

To keep track of our commitments against the UN SDGs, we incorporated UN SDG scorecard to keep track on how our initiatives are performing and contributing towards the UN SDGs. Our SDG scorecard presents our FY2022 progress towards the aligned SDGs where we can contribute most to.

SUSTAINABILITY STATEMENT
(cont'd)

ABOUT THIS STATEMENT
[GRI 2-2, 2-3, 2-5]

Our sixth Sustainability Statement ("Statement") for 1 January 2022 to 31 December 2022 ("FY2022") serves to communicate our sustainability initiatives and performance for the financial year. This Statement covers all SENTRAL's operations in Malaysia for which we have direct managerial control. This excludes Lotus Building Penang which is fully self-managed by the tenant. Information reported about employees are referred to as the employees of the Manager.

In 2022, to ensure our sustainability commitments continue to be relevant to stakeholders' concerns, we embarked on a refreshed materiality assessment exercise where we considered our impacts on ESG topics that are most material to our business and stakeholders, aligning in accordance with the updated GRI Standards 2021. We will continue to work toward our refreshed commitments in the key areas of sustainability to guide our decisions and actions in the next few years.

For each material matter, we have included an overview of our approach and initiatives over the reporting period, including our performance against defined targets and Key Performance Indicators ("KPI"). This is to provide our stakeholders with insight on how we are managing our most material impacts and to demonstrate our commitment to further drive progress across economic, environmental, and social areas. By focusing on managing the potential impacts of these material matters, we further strengthen the integration of sustainability into our business activities to ensure future resilience.

Reporting Framework
Our Statement has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards 2021, Bursa Malaysia's Sustainability Reporting Guide (3rd edition) and Listing Requirements and the UN SDGs.

Independent Assurance
We have not sought any external assurance for this reporting period. We recognise the importance of independent verification, and we intend to seek independent assurance on selected key sustainability indicators moving forward.

We value and welcome any feedback on our Sustainability Statement to continuously improve our reporting and sustainability practices. Please contact:

Ms. Joyce Loh
Chief Investment Officer
Phone : +603 2859 7175
Email : joyce.loh@sentralreit.com

SUSTAINABILITY GOVERNANCE
[GRI 2-9, 2-13, 2-14, 2-17]

Governance Structure

Our commitment to sustainability is supported by our robust corporate governance structure, which is essential for achieving long-term success. Our strong corporate governance structure helps to ensure our business practices are aligned with the best interests of our unitholders. We ensure that our procedures and processes are aligned to the Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission Malaysia ("SC") through our corporate governance framework illustrated in Figure 2, supported by comprehensive guidelines, policies, procedures, effective training and communications.

SUSTAINABILITY STATEMENT
(cont'd)

Strengthening SENTRAL's Corporate Governance

Beginning FY2021, SENTRAL's Board of Directors mandated the Audit and Risk Committee ("ARC") to incorporate risk assessment and management as a quarterly committee agenda. The quarterly risk assessment paper includes but is not limited to:

- Top 10 risk in terms of likelihood and gross risk
- Mitigation steps to minimise the risk
- Ranking or status of the risk i.e., under control, medium/can be improved or weak control

The ARC purview now includes deliberation on risk matrices and recommendations for risk mitigation controls to be implemented by SENTRAL. Here, changes to the controls will be cascaded down to respective departments for further action. Mitigation controls recommendation and implementation updates will be reported to the committee in subsequent meetings.

The ARC chairman will also provide the Board quarterly risk assessment updates, including recommendations and findings. The Committee was formally renamed to the ARC as of May 2021.

Kindly visit our website at https://sentralreit.com for our complete Corporate Governance Report and Corporate Governance Overview Statement on pages 62 to 77 of the Annual Report.

The Board considers the economic, environment and property industry risk, reviews and approves all investment decision.

The ARC manages risk, including assessment and recommending mitigation controls for management, in addition to addressing and acting on comments by the auditors of SENTRAL. The Committee reports to the Board.

The management regularly reviews operations of the Manager and SENTRAL to ensure appropriate controls are in place to manage risks. Such risks and controls are further monitored by the ARC and Board.

To mitigate the potential loss of value of unitholder's investments in SENTRAL all transactions are rigorously analysed prior to execution i.e., in understanding the risks involved and for relevant controls and measures to be implemented within the guidelines and parameters set by the Board.

Where significant risks are identified for a particular property investment, independent and specialised consultants are engaged to conduct comprehensive due diligence exercise.

It is a pre-requisite for all major investment proposals to include a detailed-risk assessment, and where appropriate, sensitivity analysis and management's proposed risk mitigation or control strategies.

Figure 2: Corporate Governance Framework

The Board is SENTRAL's highest decision-making body and is primarily responsible and accountable for incorporating sustainability into daily business operations to secure long-term growth. This includes monitoring of EES risks and opportunities. Through trainings and seminars, the Board is able to be kept abreast of the latest development in the field of sustainability.

During the quarterly Board meetings, the management will update the Board on the Operations of the REIT on the organisation's impact. This covers all aspect of the business from leasing, asset enhancement initiatives, financing, risks, stakeholder engagement and management.

SUSTAINABILITY STATEMENT
(cont'd)

The Board delegates the responsibility of managing the organisation's impacts on sustainability to SRM's CEO and the CEO in turn delegates the work based on function. The CEO is responsible for implementing the sustainability agenda, formulating a sustainability strategy and updating the Board on the status of SENTRAL's sustainability initiatives.

The Sustainability Working Committee ("SWC") oversees and monitors the implementation of SENTRAL's sustainability initiatives, sets management goals and updates on SENTRAL's sustainability performance to the CEO. Executives from various departments assist the SWC, which allows for improved administration of sustainability efforts. SWC will prepare a report on the management of impacts on economy, environment and people on an annual basis for CEO's review, and subsequently submit the report to the Board. Figure 3 illustrates the roles and duties of our sustainable governance in detail.

Sustainability Governance Structure

Figure 3: Sustainability Governance Structure

SUSTAINABILITY STATEMENT
(cont'd)

Business Ethics
[GRI 2-10, 2-16, 2-23, 2-25, 2-26, 3-3, 205-2, 205-3, Bursa C1]

SENTRAL is guided by our core organisational values in Figure 4 and is committed to conducting business responsibly and in a transparent manner. These values shape our various policies and practices to uphold the highest standard of business ethics and work conduct. Our employees are obligated to carry out their duties in accordance with these values, as well as to treat society with dignity and respect.

Our Anti-Bribery and Corruption Policy ("ABC Policy"), adopted on 1 June 2020 with reference to the Guidelines on Adequate Procedures ("GAP") issued by the Prime Minister's Department, underlines our commitment on anti-bribery and -corruption. Quarterly email reminders are sent to employees and property managers to ensure continuous compliance awareness. Property service providers are also required to sign declarations affirming that they have read and comprehended policy terms and will adhere to the policy's requirements and provisions.

Figure 4: Organisational Values

This is reinforced by SENTRAL's Whistleblower Policy, which safeguards against breach of ethical business conduct. Employees, customers, and vendors can anonymously report violations of the ABC Policy and raise concerns without fear of retaliation by emailing whistleblowing@sentralreit.com. All concerns can be submitted in writing directly to the SRM CEO and Chairman.

For more information on our internal controls and processes relating to ethical business behaviour, kindly view our Corporate Governance Overview Statement on pages 62 to 77 and our Corporate Governance Report FY2022 as well as policies on our website [https://sentralreit.com/investor-relations/corporate-governance/].

Code of Business Ethics	Anti-Bribery and Corruption Policy	Whistleblowing Policy
The code establishes clear guidelines for how we work and reinforces the notion that how we deliver is equally as important as what we deliver. It outlines regulatory and procedural compliance, conflict of interests, confidentiality and liability of employee, amongst others. All our employees and Directors are bound by the code which forms part of the employee's Terms and Conditions of Service. This includes Policy of Giving and Receiving Gifts that states that our employees or any external party are prohibited from directly or indirectly receiving or providing gifts, kickbacks or gratuities in any form that may compromises their judgement, except for consumable gifts.	Pursuant to our zero-tolerance against bribery and corruption, this policy directs all employees and business associates including external suppliers (sub-contractors, consultants, advisors, agents etc.), who conduct business on behalf of SENTRAL on methods to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of the business. We also included standard anti-bribery and corruption clauses in the new tenancies, lease agreements, license agreements and service agreements with our tenants and suppliers to reinforce high ethical behaviour across our supply chain. Our ABC policy is available on our website.	Our Whistleblowing Policy offers a secure and responsible channel for all employees and external parties to report unethical conduct within SENTRAL's operations.

SUSTAINABILITY STATEMENT
(cont'd)

Fit and Proper Policy	Remuneration Policy for Non-Executive Directors
Our Fit and Proper Policy for the Board of Directors and Senior Management was newly implemented on 1 July 2022. The policy serves as the Board's approach to assess the fitness and propriety of individuals who hold, or who are to be appointed/ elected to the Board and Senior Management rank. The policy aims to establish baseline factors for fit and proper assessment criteria, outlining governance responsibilities, and setting the conditions to be observed in the assessment and appointment of the individuals to the Board and Senior Management.	SENTRAL has established a transparent and robust remuneration framework for Non-Executive Directors ("NED") which includes a Remuneration Policy that has been adopted since 10 November 2022. The Remuneration Policy acts as a guiding document for NRC and Board to administer the remuneration of NEDs by taking into account the organisation's demands, complexities and performance as well as the NEDs' skills, experience, time commitment required and responsibilities of the NEDs.

Table 1: Policies Relating to Governance at SENTRAL

We take a proactive approach in managing corruption related risks. We periodically assess any exposure to bribery or corruption risks that may affect our business in the event of a change in law or business practise. Since FY2021, we have assessed 100% of our operations that are under our management for corruption related risk. When necessary, we will review and revise our anti-bribery and anti-corruption objectives and conduct routine evaluations of the effectiveness of our controls in achieving these goals. Compliance audits are conducted to ensure that the ABC Policy is complied.

On-going yearly due diligence assessments are conducted with property business partners with whom SENTRAL has a business relationship. Before being included into SRM's panellists, all property business associates are subjected to a due diligence assessment that includes document verification and interviews. When any individuals or organisations bound by our policies fail to comply with our standards, we take corrective actions where necessary, which may include dismissal or contract termination.

We established an email reporting channel [whistleblowing@sentralreit.com] so that our employees, customers and vendors can anonymously report any information regarding violations of the ABC Policy and raise concerns in good faith and in confidence, without fear of reprisals as we handle all concerns confidentially. All concerns can also be raised in writing directly to CEO and Chairman of SRM. In FY2022, we did not receive any concerns reported via these channels.

Our employees are required to receive annual training to strengthen their anti-bribery and corruption awareness. In FY2022, 100% of our Board and employees received anti-corruption training. Since FY2018, we have ensured that all our employees have received these trainings, and we are committed to continuing these annual trainings. We are proud to disclose that no bribery or corruption incidents were encountered or reported through whistleblowing channels in FY2022, and we are determined to maintain such performance in the future.

For more insights on SENTRAL's risk assessment practices, kindly refer to our Statement on Risk Management and Internal Control on pages 85 to 88 and Corporate Governance Overview Statement on pages 62 to 77 of this report. These sections reference SENTRAL's Corporate Governance Report FY2022.

SUSTAINABILITY STATEMENT
(cont'd)

Regulatory Compliance
[GRI 2-23, 2-27, 3-3]

SENTRAL is committed to conducting business responsibly by adhering to local laws and regulations, including those pertaining to environmental and internationally recognised human rights. We constantly monitor and assess the changes in the regulatory landscape to fulfil compliance and secure our license to operate. SENTRAL remains proactive in preventing breaches from occurring in the first place.

Our Corporate Secretariat, Legal and Finance departments collaborate to assess the effectiveness of internal controls, reinforce and continuously enhance SENTRAL's compliance. In maintaining our commitment towards compliance, we also appointed external consultants as internal auditor to review our internal processes. Our internal compliance officer oversees and ensures that our business operations adhere to local laws and regulations including SC's Licensing Handbook and Listed REIT Guidelines, Listing Requirements and the Inland Revenue Board of Malaysia's General Tax Compliance, among others.

Compliance trainings and workshops for employees play an important role in creating a culture of compliance within the company and support the prevention of compliance infractions. Our employees are given the option to attended trainings organised by Bursa Securities, SC, Malaysian Institute of Accountants and esteemed law firms to remain current with any regulatory changes.

At SENTRAL, we also believe that companies have a responsibility to respect human rights. We take a comprehensive approach to integrate our human rights principles and practices throughout our supply chain. Our business partners, vendors, and suppliers are also encouraged to adopt similar commitment to human rights. As part of our efforts, we have included the principles of anti-modern slavery in all our service agreements since 2019 in which both SENTRAL and service providers shall comply with local laws and regulations. In fourth quarter of 2021, we expanded our commitment to include this clause in all our new tenancy agreements.

The table below outlines the relevant laws and regulations we adhere to, but are not limited to the following:

Malaysian Anti-Corruption Commission (MACC) Act 2009 *Introduction of corporate liability for corruption offences that is applicable to Malaysian commercial organisations. Anti-Bribery and Corporation Policy in place since 1 June 2020 in line with the amendments to the MACC Amendment Act 2018.*
MACC (Amendment) Act 2018 *Refers to amendments under Section 17A of the MACC Act 2009, where commercial organisations are liable and can be punished if their employees are involved in corruption*
Malaysian Employment Act 1955 *Prohibits exploitative labour practices*
Malaysian Employment (Amendment) Act 2022 *Refers to a series of amendments in the Employment Act 1955*
Income Tax Act 1967 and Public Rulings *Imposition of income tax that includes collection and recovery of tax, tax refund, offences and penalties, and exemptions, remissions and other relief*
Children and Young Persons (Employment) Act 1966 *Prohibits the employment of children under the age of 14*
Occupational Safety and Health Act 1994 *Protects the safety, health and welfare of persons at work*
Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 *Prohibit in child labour, slavery, servitude and forced or compulsory labour and human trafficking*
Personal Data Protection Act 2010 *Regulates the processing of personal data in regard to commercial transactions*

SUSTAINABILITY STATEMENT
(cont'd)

Environmental Quality Act 1974
Relates to the prevention, abatement, control of pollution and enhancement of the environment

Construction Industrial Development Board Act 1994
Minimum requirements for engaging contractors and sub-contractors on construction works contracts

Electricity Supply Act 1990 (PW4)
Relates to the control of any electrical installation and equipment with respect to matters relating to the safety of persons and efficient use of electricity

Drinking Water Quality Standards 1985
Refers to the standards for drinking water quality

We are delighted to report that there were zero incidences of non-compliance with applicable laws and regulations in FY2022, and we intend to maintain compliance moving forward. Kindly refer to pages 62 to 77 of our Annual Report for more information of our Corporate Governance and compliance matters.

STAKEHOLDER ENGAGEMENT
[GRI 2-12, 2-29, 2-30]

Stakeholder expectations are constantly evolving in response to shifting trends and consumer behaviours. We believe regular proactive and meaningful stakeholder engagements allows us to obtain insights that helps to drive our business priorities and deliver long-term value to all our stakeholders. We are committed to continuously improve initiatives and services to better serve all our stakeholder groups.

Our key stakeholders are internal and external individuals, groups and organisations who have influence or are influenced by SENTRAL's decisions, policies and goals. A summary of our stakeholder engagement outcome in FY2022 is illustrated in Table 2:

Stakeholder Engagement Table

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Employees	• To provide fair and equal opportunities • To provide employee development and career progression • To ensure the overall welfare of the employees are addressed	■ Employee survey ■ Annual employee appraisals ■ One-on-one meetings ■ Team meetings	• Career progression • Employee welfare and benefits • Profitability and financial health of SENTRAL • Job security	• Transparent, open and consistent approach to appraisals • Transparent communication on business performance and job security • Training and team building • Flexible work arrangement such as staggered working hours as part of Health & Safety measure • Open door policy to express concerns	• Sustainable Business Growth and Financial Performance • Employee Management • Health and Safety

SUSTAINABILITY STATEMENT
(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Tenants & Business Partners	• To engage existing customers to ensure tenant satisfaction and high retention rate • To forge new relationships with potential tenants	■ Direct feedback from tenants at all stages of the tenancy ■ Regular meetings and discussions	• Health, safety and well-being • Quick response by management to feedbacks • Data privacy • Quality of assets and services	• Scheduled maintenance for each property • Established building procedures and measures including health and safety due to COVID-19 • Timely response to tenant's queries	• Sustainable Business Growth and Financial Performance • Health and Safety • Quality of Assets and Services • Data privacy
Shareholders & Unitholders	• To proactively provide up to date disclosures and information to allow unitholders to make informed decisions on their investments	■ Annual general meeting ("AGM") ■ Annual reports ■ SENTRAL's website ■ Announcements on Bursa Securities ■ Interactions with Investor Relations ("IR") personnel	• Profitability and financial health of SENTRAL • SENTRAL's ESG initiatives • Timely and transparent disclosure of information and announcements • Annual distribution payouts	• Sound investment and capital management strategy • Robust corporate governance procedures • Update on business strategies and direction	• Sustainable Business Growth and Financial Performance
Vendors	• To have fair, proper and transparent dealings with vendors	■ One-on-one meetings	• Fair and transparent selection of vendors • Timely payment to vendors • Potential business opportunities for vendors • Competitive rates	• Professional approach in reviewing proposals from vendors • Communication of ABC Policy • Adhere to strict payment cycles and procedures	• Quality of Assets and Services • Anti-corruption • Supply chain management
Government, Regulators and Local Authorities	• To seek clarification on the guidelines under their purview • To ensure compliance and proper administration of the legislations and local authorities' regulations effecting the operations of the REIT	■ Consultation meetings together with consultants, advisors and industry associations ■ Seminars and workshops	• Compliance to legislations and guidelines affecting the REIT industry • Refining and updating legislations through consultations with industry players	• Appointed professional consultants and advisors during consultations sessions • Adherence and report on compliance • Monitored compliance through internal assessment	• Regulatory Compliance • Employee Management • Health and Safety

SUSTAINABILITY STATEMENT
(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Analysts and Media	• To proactively provide information to allow analysts to disseminate accurate information to the investment community	■ One-on-one meetings ■ Analyst briefing ■ Investor conferences	• Profitability and financial health of SENTRAL • SENTRAL's business direction and strategy • Timely and transparent disclosure of information and announcements	• Improved responsiveness towards feedback and queries • Timely update on SENTRAL's business activities and/ or related matters through a dedicated IR personnel	• Sustainable Business Growth and Financial Performance • Regulatory Compliance
Investors/ Investment Community	• To engage existing and potential investors to provide information which allows these investors to make sound investment decisions concerning SENTRAL	■ One-on-one meetings ■ Investor conferences ■ Annual reports ■ SENTRAL's website	• Profitability and financial health of SENTRAL • Timely and transparent disclosure of information and announcements • Accessibility to management or IR team	• Improved responsiveness towards feedback and queries through a dedicated IR personnel	• Sustainable Business Growth and Financial Performance
Industry Associations	• To be a contributing member to the industry sectors' professional objectives	■ Consultation and feedback sessions	• Fair representation of industry's needs through consultation and lobbying with government authorities like SC and Bursa Securities	• Active membership involvement and contribution	• Regulatory Compliance

SUSTAINABILITY STATEMENT
(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Local Community	• To give back to the community in which we operate, specifically to improve the welfare of needy children • To contribute funds to meet the immediate needs of at least one children's NGO • Raise staff awareness of SENTRAL's community engagements by involving all staff in community events	■ Partnerships and collaborations with local communities through CSR programmes	• To provide sustained support after the completion of each CSR project • Financial assistance to NGOs	• Monetary contribution to the underserved community	• Community Partnership and Activities

Table 2: Stakeholder Engagement Table

Legend: Engagement frequency ■ *Annually* ■ *Quarterly* ■ *As and when required*

SUSTAINABILITY STATEMENT
(cont'd)

MATERIALITY ASSESSMENT
[GRI 2-12, 2-14, 3-1, 3-2]

Materiality Assessment

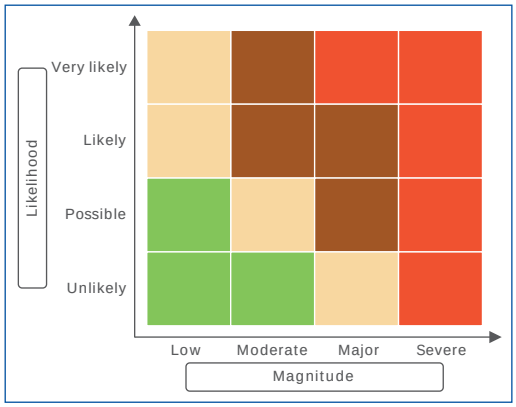
We recognise that materiality assessments are vital to gain a deeper understanding on the key sustainability challenges and risks that impact SENTRAL's overall direction and sustainable growth strategy.

We have continuously monitored the relevance of our EES risks and trends affecting the REIT industry including new emerging trends, evolving customer demands and other challenges shaping our operating landscape. Guided by updated Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and Global Reporting Initiative (GRI) Standards 2021 updates, we conducted a refreshed materiality assessment workshop in FY2022 based on impact assessment, as well as stakeholders' perspectives and business environment. The outcome of our materiality assessment was reviewed and validated with our CEO and Board. We undertake the following process in our materiality assessment as below (Figure 5):

Identification
A survey was conducted with internal stakeholders to identify the relevant material matters for FY2022. Both internal and external factors were considered to ensure the material matters are still relevant to SENTRAL. This includes peer benchmarking, domestic and global business environment, sustainability and REIT industry trends, EES risk and opportunities in the REIT industry, stakeholder engagement outcomes, and media reviews. The identified material matters from the materiality survey were further consolidated and validated by internal stakeholders during the materiality workshop before the prioritisation process. Our methodology is guided by Bursa Securities' Sustainability Reporting Guidelines (3rd edition), considering common material matters and sector-specific materials recommended by Bursa Securities.

Prioritisation and impact assessment
The identified material matters were prioritised through a materiality workshop, which comprised Senior Management and Head of Departments, representing diverse functions of SENTRAL. The material matters were prioritised via voting during the workshop, by taking the following into consideration:

- both our internal and external stakeholders' perspective based on their level of influence and dependence on SENTRAL
- the magnitude and likelihood of SENTRAL's impact on the economy, environment, and people, guided by SENTRAL's risk assessment parameters
- the impact on SENTRAL's business operations



We developed SENTRAL's updated FY2022 materiality matrix based on the outcomes of the processes of identification and prioritisation.

Validation
The materiality matrix was validated by the CEO and approved by the Board.

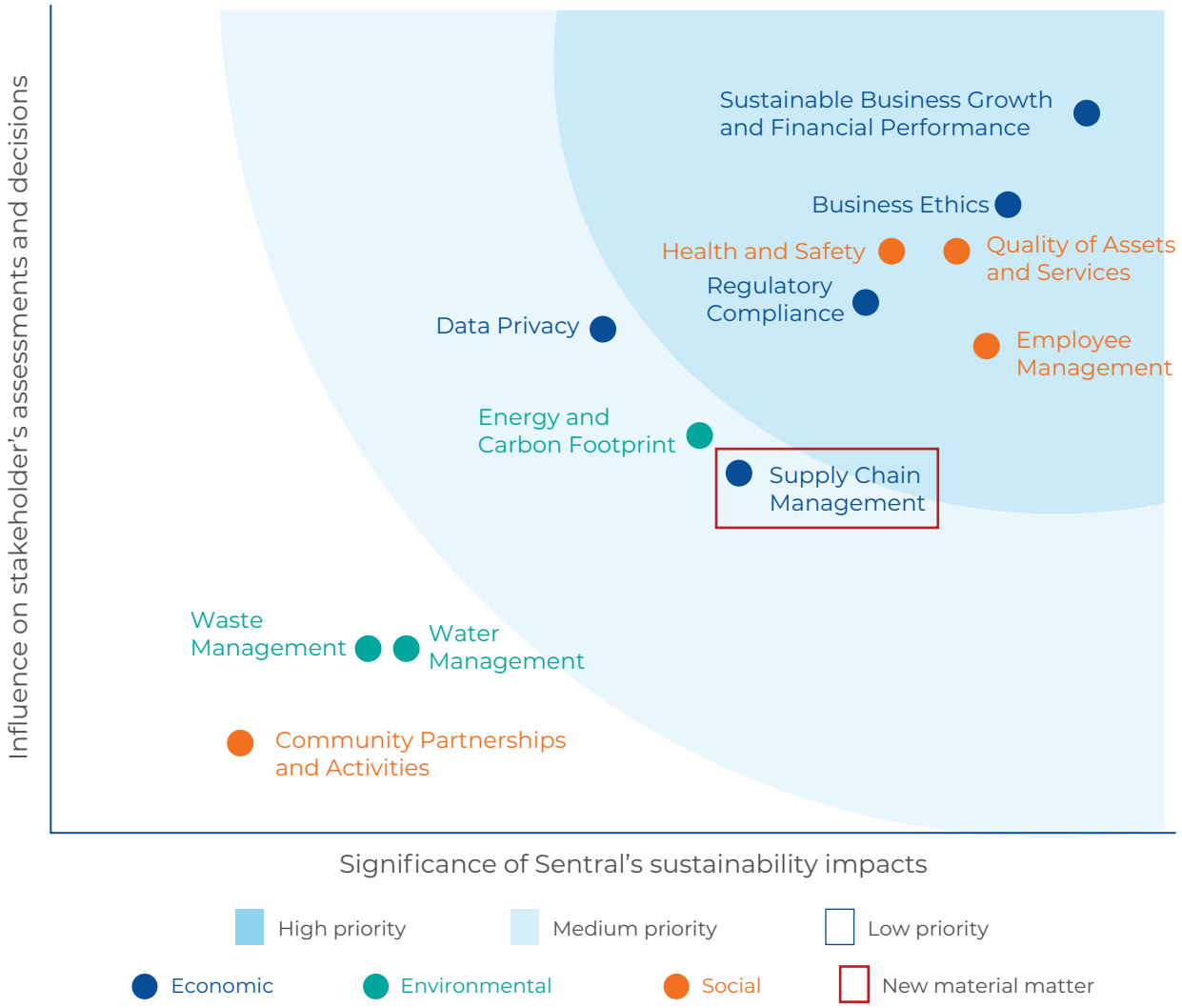
Figure 5: Materiality Assessment Process

SUSTAINABILITY STATEMENT
(cont'd)

Materiality Matrix

Based on the result of our refreshed materiality assessment review, twelve material matters were identified for FY2022 which formed the focus of our Sustainability Statement.

Supply Chain Management was identified as a new material matter as SENTRAL recognises that our impacts extend beyond our company and encompass our entire supply chain. We are committed to ensuring that SENTRAL utilises high-quality suppliers to mitigate supply chain impacts, thereby ensuring business resilience and reputation.



SUSTAINABILITY STATEMENT
(cont'd)

	Material Matter	Definition
1	Sustainable Business Growth and Financial Performance	Organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels
2	Business Ethics	Ethical and transparent business conduct and governance through robust frameworks as well as best practices. Continued practice of transparency, integrity and compliance to relevant laws and regulations such as those on corruption **Also known as anti-corruption. This was reclassified to include a broader definition of ethical business practices which encompasses anti-corruption, anti-bribery, Code of Business Ethics, whistleblowing and due diligence assessment*
3	Quality of Assets and Services	Attention to quality of SENTRAL's assets and services through innovative ideas, implementation of technology including digitalisation and management of supply chain which translate to tenant's satisfaction
4	Employee Management	Involves all employee management aspects including fostering an engaged and vibrant workforce, retaining and attracting employees by providing remuneration, growth and training opportunities without any discrimination
5	Health and Safety	Efforts to address and prevent health and safety risks for all employees, tenants and visitors to SENTRAL's properties
6	Regulatory Compliance	Compliance to building, REITs and other regulatory requirements, such as environment, financial, human rights and labour practices, health and safety, listing rules, authority guidelines, public announcements, etc.
7	Data Privacy	Protection of all data, information and intellectual property against cyber security breaches including safeguarding the privacy of tenant, organisational and visitor's information
8	Supply Chain Management	Management of supply chain and procurement practices which considers the supply chain's social and environmental impacts, including local sourcing to support local economy
9	Energy and Carbon Footprint	Minimise operational energy and carbon emissions and provide cost savings to SENTRAL and its tenants. This is through energy efficiency measures and use of renewables such as solar energy
10	Water Management	Consumption and efficiency of water usage for general purposes
11	Waste Management	Management or minimisation of waste generated in SENTRAL's and tenant's activities. For example, providing adequate facilities to tenants for proper storage of waste (e.g. general, hazardous, etc.) for further disposal and encourage reducing, recycling and reuse of waste
12	Community Partnership and Activities	Financial or non-financial contributions to the communities in which SENTRAL operate and select partners with shared business' values for joint activities

Table 3: SENTRAL's Materiality Matters and Their Definitions

SUSTAINABILITY STATEMENT
(cont'd)

ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

We aim to continuously making valuable contributions to meeting the national and global sustainability agenda through our business. Contributing to the UN SDGs is also beneficial for the good of society, the environment and sustainable economic growth.

Our sustainability initiatives and material matters contribute to the same five (5) UN SGDs where we believe we have the most impact in empowering business and societies, connecting to stakeholders, as well as combating climate change.

United Nations SDGs	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
SENTRAL's FY2022 Material Matters	• Energy and Carbon Footprint	• Sustainable Business Growth and Financial Performance • Supply Chain Management • Health and Safety • Quality of Assets and Services • Employee Management • Energy and Carbon Footprint	• Sustainable Business Growth and Financial Performance	• Energy and Carbon Footprint	• Business Ethics • Regulatory Compliance • Employee Management • Data Privacy

Legend: • Economic • Environmental • Social

SUSTAINABILITY STATEMENT
(cont'd)

SENTRAL'S VALUE CREATION MODEL

In 2021, SENTRAL developed our value creation model in line with our core values and strategic initiatives. Our value creation model was designed with reference to the International Integrated Reporting Council (IIRC)'s <IR> framework with the purpose of depicting the value creation process. Value creation is not limited to financial benefits for the company but economic, environment and social value for all of our stakeholders and society.

Capital	Input	Business Activities
Financial capital	• Market Capitalisation: RM959.2 million • Total Borrowing: RM804.5 million • Investment Properties: RM2.0607 billion • Equity: RM1.3 billion • Average Cost of Debt (%): 3.62% p.a.	**Leasing Strategy** Proactive leasing strategies to ensure stabilisation of portfolio occupancy and income **Capital Management Strategy** Ongoing cost management to ensure optimisation of SENTRAL'S overall weighted average cost of debt **Asset Management Strategy** Emphasis on quality of SENTRAL's products and services through embracing innovation and supply chain management which directly affect tenant's satisfaction **Acquisition Growth and Portfolio Management Strategy** Adjustment of the portfolio mix through acquisition or divestment with the objective of maximising total returns to unitholders
Manufactured capital	• Diverse portfolio of high-quality assets: - 7 Commercial Buildings - 1 Office Building - 1 Commercial Lot including Car Parks • Total Asset Value: RM2.15 billion • Management services • RM3.556 million spent on management services/ building enhancement	
Intellectual capital	• Management skills and expertise • Cyber solutions for data protection • Robust governance structures • Rights and licenses for business operations	
Human capital	• Total number of employees/workers: 20 employees/ 27workers • SENTRAL's culture and value • Approximately RM22K invested in learning and development, and employee engagements activities	
Social and relationship capital	• Strong relationships with key stakeholders • 108 vendors engaged • Proactive engagements with stakeholders	
Natural capital	• Resource consumption: - Energy consumption - Water management - Waste management • Green-certified buildings: - Menara Shell is Leadership in Energy and Environmental Design (LEED) Platinum-certified - Platinum Sentral was Building and Construction Authority (BCA) Green Mark Platinum-certified	

SUSTAINABILITY STATEMENT
(cont'd)

Output	Outcome	Contribution to SDG
• Gross Revenue: RM150 million • Realised Net Income: RM73.6 million	**Unitholders and Investment Community** • Distribution Per Unit: 6.82 sen • Economic Value Distributed: RM125.3 million **Tenants** • Enhanced tenants' experience	
• 77% Tenant Occupancy Rate • Tenant Retention Rate: 41% of Committed Net Lettable Area • Approximately 121,000 sq. ft. of vacant spaces were successfully leased in 2022, resulted in an improvement in occupancy rate for KL Sentral buildings • 2 buildings with green ratings / green features	**Employees** • Zero complaints received from employees • Comprehensive health and safety measures to safeguard employee's safety and wellbeing **Local Community** • 3 outreach activities aimed to support children from rural /marginalised family/communities with non-profit organisations • Positive impact to 1,056 beneficiaries • Improved engagement and positive relationship with stakeholders	
• Fully comply with regulatory requirements • Awards and Recognition • Zero substantiated complaints concerning cybersecurity breaches and losses of customer data	**Vendors** • Promoting the development of the local ecosystem	
• Average training hours: 34.7 hours/employee • Diverse, skilled and engaged workforce • 5 company-wide engagement activities held in 2022	**Environment** • Energy and emissions reduction by 4.9% **Industry Associations, Governments, Regulators and Local Authorities** • Compliance with relevant laws and regulations	
• Local suppliers and contractors: 95% of total suppliers • 95% of budget spent on local suppliers • Percentage of service providers underwent performance appraisal: 100% of suppliers • 100% of suppliers achieved higher than minimum score rating of 60% • Delivered social benefits through CSR activities • Monetary contributions to communities: RM131,000		
• Total energy consumption: 19.9 mil kWh • Total energy intensity: 113 kWh/sqm • Total carbon emissions: 11,632 tC02 • Total carbon intensity: 0.07 tonnes/sqm • Total water consumption: 160,556 m^3 • Total water use intensity: 0.92 m^3/sqm		

SUSTAINABILITY STATEMENT
(cont'd)

ECONOMIC

SUSTAINABLE BUSINESS GROWTH AND FINANCIAL PERFORMANCE
[GRI 3-3, 201-1]

Since the beginning of economic recovery in 2021 from the impacts of COVID-19 on businesses and economies, Malaysia's economy has shown a trend of economic recovery growth in 2022, supported by less stringent pandemic management strategies and policies. Along with the gradual economical growth, SENTRAL is focused on maintaining business resilience and strengthening stakeholder values.

We will continue to strive for long term sustainable income distribution, financial growth and value creation for our stakeholders through responsible business practices and strategies guided by our key strategic initiatives.

Our leasing and asset management strategies remains focused on tenant retention and maintaining a stable occupancy rate across our portfolio. SENTRAL remains proactive in improving the quality of our assets in order to maintain tenant satisfaction and to ensure our buildings remain competitive in the market. As part of our cost management initiatives, SENTRAL's capital management strategy focuses on balancing optimal gearing through active interest rate management, as well as managing cash flow efficiently and exercising financial discipline. To ensure SENTRAL's long-term growth, we will continue to look for yield-accretive acquisition opportunities as we concurrently review our portfolio mix to maximise unitholders' returns.

SENTRAL's Four Key Strategic Initiatives

Leasing Strategy	Capital Management Strategy	Asset Management Strategy	Acquisition Growth and Portfolio Management Strategy
Proactive leasing strategies to ensure stabilisation of portfolio occupancy and income	Ongoing cost management to ensure optimisation of SENTRAL'S overall weighted average cost of debt	Emphasis on quality of SENTRAL's products and services through embracing innovation and supply chain management which directly affect tenant's satisfaction	Adjustment of the portfolio mix through acquisition or divestment with the objective of maximising total returns to unitholders

Figure 6: SENTRAL's Four Key Strategic Initiatives

SUSTAINABILITY STATEMENT
(cont'd)

SENTRAL maintained its financial health and contributed a realised revenue of RM150.9 million in FY2022. We attained a Distribution Per Unit of 6.82 sen this fiscal year which was largely due to value created by our business operations. Table 4 depicts the breakdown of direct economic value generated and distributed by SENTRAL.

Kindly refer to our Management Discussion and Analysis section from pages 25 to 36 for further information on our economic performance.

In RM	FY2022	FY2021	FY2020	FY2019	FY2018
Value Generated					
Revenue, finance income, gain on divestment of investment property	150,906,023	166,461,106	167,980,858	164,687,987	179,041,503
Less: Property operating expenses	(24,275,211)	(28,523,531)	(29,456,543)	(30,769,769)	(31,594,183)
Less: Other operating expenses	(1,332,106)	(1,219,240)	(919,578)	(922,599)	(948,463)
Total Value Generated	**125,298,706**	**136,718,336**	**137,604,737**	**132,955,619**	**146,498,857**
Reconciliation:					
Total realised income net of taxation	73,625,238	84,485,957	80,954,941	72,107,547	84,653,758
Add:					
Finance costs	30,425,280	30,520,952	34,750,696	38,976,163	39,774,798
Manager's fees	12,220,533	12,616,534	12,796,372	12,760,955	13,253,725
Trustee's fees	649,354	664,577	665,681	676,287	685,921
Quit rent and assessment	8,378,301	8,430,316	8,437,047	8,474,667	8,130,655
Total Value Generated	**125,298,706**	**136,718,336**	**137,604,737**	**132,995,619**	**146,498,857**
Payments to the Manager and Trustee					
Manager's fees	12,220,533	12,616,534	12,796,372	12,760,955	13,253,725
Trustees fees	649,354	664,577	665,681	676,287	685,921
Payments to government					
Quit rent and assessment	8,378,301	8,430,316	8,437,047	8,474,667	8,130,655
Payments to providers of capital					
Income distribution	73,095,601	79,419,121	75,882,237	72,881,244	86,600,067
Finance costs	30,425,280	30,520,952	34,750,696	38,976,163	39,774,798
Economic value retained	529,637	5,066,836	5,072,704	(773,697)	(1,946,309)
Total Value Distributed	**125,298,706**	**136,718,336**	**137,604,737**	**132,995,619**	**146,498,857**

Table 4: Direct Economic Value Generated and Distributed

SUSTAINABILITY STATEMENT
(cont'd)

DATA PRIVACY
[GRI 3-3, 418-1, Bursa C8]

The current technological landscape has driven businesses to shift their business operations to various online platforms for a more efficient, effective workplace and collaboration. We recognised that the risks of cybersecurity threats are increasing as more business pivot to digital platforms to capitalise on the advantages of the digitalised landscape. As businesses become more reliant on online platforms, we anticipate an increase in the demand for reasonable data and information privacy.

We recognise our duties and are committed to managing data information privacy and safeguarding the privacy of our stakeholders and their personal data to maintain their trust, confidence and satisfaction. SENTRAL's cybersecurity partly falls under the purview of the MRCB IT helpdesk. Here, cybersecurity matters are reported for furthering monitoring suspicious activity, followed by any required steps to manage issues.

Our Privacy Policy informs and assures that confidential data is handled in a compliant, ethical manner and follows industry standards.

To remain current with emerging cybersecurity threats, we continually expand our Information Technology ("IT") controls including maintaining and improving our existing cybersecurity measures in place. Our Information Security Policy, part of our ICT System Manual, guides these controls and procedures which safeguards our information assets, mitigate the effects of improper control, instruct third parties on information security, informs our employees on security risks and arms them with tools to approach these risks.

All SENTRAL's employees, temporary workers, practical trainees and third parties who are engaged to work with or have access to SENTRAL's data are legally bound by this policy.

Table below depicts our data privacy initiatives for FY2022:

Ongoing initiatives	
Data Privacy Regulatory Compliance	• Our employees are subject to the Personal Data Protection Act 2010 ("PDPA") where they are required to sign a declaration to acknowledge to treat the personal and confidential information of others in a responsible manner at all times • Third parties are required to read, understand and acknowledge a Non-Disclosure Agreement ("NDA") where there is sensitive information required from the other party • A standard personal data clause has been included in all of our tenancy and service agreements • Consent must be obtained prior to personal data collection and processing
Data Protection Awareness	• Regular email reminders and monthly editorial messages are disseminated by our IT helpdesk to alert our employees on spam or phishing emails, potential cyber-attack and updates of passwords for all systems • Conducted online security awareness training for all employees. In FY2022, we have introduced mandatory self-paced e-learning Security Awareness Training ("SAT") Series for all employees • Perform regular system backups • Short video clips are played periodically at TVs located at the lift lobbies to remind all employees not to leave their laptops or computers unattended to avoid access by unauthorised personnel • MRCB's IT department will also quarantine suspicious email before releasing to staff

SUSTAINABILITY STATEMENT
(cont'd)

Ongoing initiatives	
Data Security Controls	• Keep abreast with the Antivirus software • Set up user access rights for system usage and firewall by IT department • Perform cybersecurity and IT risk and control assessments to allow identification and timely response to information security threats, such as quarantining suspicious emails before releasing to staff
Physical Data Management	• All of our physical data are stored on premises and in our data warehouse centre • We have shifted to more an operationally comprehensive cloud-based digital data filing since beginning of FY2021 • We have implemented the use of Yardi, a cloud-based accounting, finance and leasing system, which facilitates the uploading of soft copies of all documents, tenancies and agreements, acting as another source of backup of our physical data • In FY2022, we implemented Yardi System for facility management, integrating both system facility management and accounting system. Beyond data security, this consolidation of data management is targeted at improving tenant satisfaction

To date, there were no substantiated complaints of cybersecurity breaches or customer data thefts. Moving forward, we strive to maintain this outcome by enforcing rigorous compliance and continue to enhance our cybersecurity capabilities.

SUPPLY CHAIN MANAGEMENT
[GRI 2-6, 204, 204-1, 308, 308-1, 308-2, 414, 414-1, 414-2; Bursa C7, S6]

Supply chain management is essential for SENTRAL to efficiently manage our properties, contributing to the reduction of operational costs, minimisation of delay, and quality delivery. At SENTRAL, we strive to manage our impacts across our value chain of asset management, a significant portion of which is comprised of our various suppliers and contractors.

Figure 7: SENTRAL's Value Chain

SUSTAINABILITY STATEMENT
(cont'd)

Our suppliers are chosen not only for the quality and competitiveness of their services, but also for their adherence to social, ethical, and environmental principles and regulations. Our suppliers and contractors will only be appointed upon meeting a set of criteria guided by our Service Provider Pre-Qualification Policy and Services Contractor Evaluation Policy, indicated in Figure 8: Standard Performance Appraisal. The assessment criteria include financial capacity, technical experience and timely delivery, among others, as well as the level of bribery risks that a potential partner may pose to SENTRAL, in relation to the MACC Act 2009.

Our property managers are responsible for selecting, appointing, and managing our suppliers, contractors and service providers. To ensure that we are in compliance with regulations and standards, we continue to conduct our annual online briefing session for all property managers on Pre-Qualification and Due Diligence Assessment on our Property Business Associates, also known as our suppliers and contractors in FY2022. These policies apply to all our properties except for Lotus's Penang as it is fully managed by the tenant.

Service Provider Pre-Qualification Policy

Pre-qualification and due diligence assessments are mandatory for all service providers to ensure the appointed service providers conduct their business in accordance with applicable laws and regulations and possess the competencies and to carry out the appointed task. The assessment criteria include:

- Relevant experience or track record in the intended work or project
- Financial stability and professional reputation
- Compliance with laws relevant to ethical behaviors (e.g., bribery and fraud)
- Knowledge and skills of personnel appointed to the project
- Experience and knowledge of the relevant authorities' regulations, policies and procedures
- Relevant licensing and registration with government, regulators and local authorities

Service Contractor Evaluation Policy

For existing and newly appointed suppliers and contractors, on-going evaluation and monitoring process is conducted to ensure the service quality meets our requirements and to identify opportunities for improvement such as delivery, quality, pricing etc. A standard performance appraisal is conducted annually to re-evaluate the performance of service contractors against a defined set of criteria. Details of our standard performance appraisal are illustrated in Figure 8.

Figure 8: Standard Performance Appraisal

SUSTAINABILITY STATEMENT
(cont'd)

	FY2022	FY2021	FY2020	FY2019	FY2018
Percentage of service providers underwent performance appraisal (%)	100%	100%	100%	100%	100%
Percentage of service providers achieved higher than the minimum score rating of 60% (%)	100%	100%	100%	99.9%	100%

Table 5: Percentage of services providers underwent performance appraisal and achieved higher than minimum 60% score

As part of our commitment to supporting local economic development during Malaysia's economic recovery phase, we prioritise sourcing from local suppliers and contractors where feasible. This enables us to support local businesses and reduce our environmental impact from supply chain. We define local suppliers and contractors as companies registered in Malaysia. In FY2022, we spent a total of RM5,170,000 on local suppliers and contractors, which is 95% of our procurement budget.

	FY2022	FY2021	FY2020	FY2019
Local suppliers and contractors (%)	95%	100%	76%	80%
Local Procurement expenditure (RM)	RM5,170,000	RM2,386,183	RM8,539,554	RM8,629,868

Table 6: Percentage of local suppliers and contractor and local procurement expenditure

As we progress into FY2023, we strive to maintain a minimum of 75% of locally sourced products and services for our buildings. We are committed to continuously explore opportunities to strengthen our relationships with our supplier and service providers through meaningful engagements.

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENTAL

As custodians of the built environment, we believe setting effective environmental goals into action can contribute towards reducing environmental impact. The environmental management practices of SENTRAL are centered on minimising the environmental impacts of our consumption, activities, and investment portfolio.

ENERGY AND CARBON FOOTPRINT
[GRI 3-3, 302-2, 302-3, 302-4, 305-2, 305-4, Bursa C4, C11]

International Energy Agency reports that the operations of buildings accounted for 30% of global final energy consumption in 2021. Following the drop in 2020 from COVID-19 restrictions, both energy consumption and greenhouse gas (GHG) emissions from buildings have rebounded to levels higher than in 2019[1]. Continuous decarbonisation effort is imperative to mitigate rising average global temperatures that is caused by increased GHG emissions, and we are committed to adopt efficient energy management practices to reduce our carbon emissions, contributing to Malaysia's national goals of reducing carbon intensity (against GDP) by 45%.

Our approach in energy management is illustrated in the diagram below:

Our approach in energy management			
	Installation or replacement of conventional lighting with energy savings lighting (e.g. LED lighting)		Installation or upgrade to energy efficient air conditioning systems
	Installation or replacement of solar power system		Installation and improvements of building automation system ("BAS")
	Regular inspection of existing equipment to ensure they remain in good condition		

Purchased electricity for building operations of essential equipment and comfort of occupants is SENTRAL's primary source of carbon emissions. Our property managers are responsible for driving energy conservation via improvement plans for their respective buildings' mechanical and electrical systems. Each building's energy performances are monitored and reported monthly by the property managers to SRM through the Asset Control Group ("ACG") report.

Since 2019, SENTRAL has introduced multiple initiatives across our portfolio to minimise operational energy consumption and carbon emissions. These include carbon reduction and avoidance approaches consisting of energy efficiency measures and use of renewables such as solar energy respectively. Our two green buildings, Menara Shell and Platinum Sentral, also contribute to reducing our environmental footprint as they are built with better ventilation and natural lighting, resulting in lower energy consumption and water consumption.

[1] Buildings Tracking Report 2022 – Analysis - IEA

SUSTAINABILITY STATEMENT
(cont'd)

As we continue to increase our decarbonisation efforts, we are in the process of developing SENTRAL's Energy Management Policy which will serve as formal guidance for our energy conservation and management activities across our buildings. We aim to establish our Energy Management Policy by 2024.

While our goal was a 2% decrease from FY2021, we were able to achieve a 4.9% decrease in energy consumption in FY2022, reducing 1,025,001kWh of energy consumption.

Figures 9-12 below depicts information on energy consumption and intensity as well as carbon emissions.

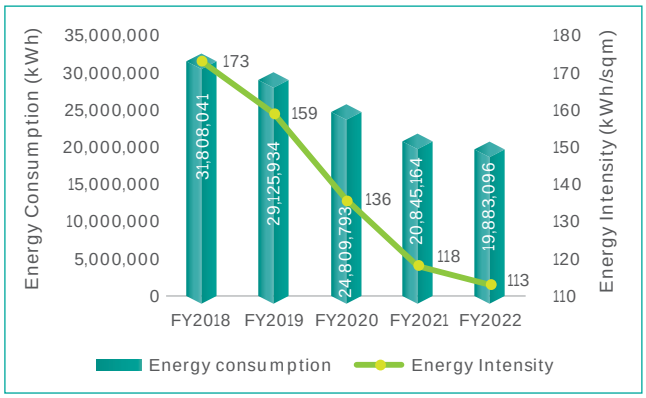


Figure 9: Total Energy Consumption and Intensity

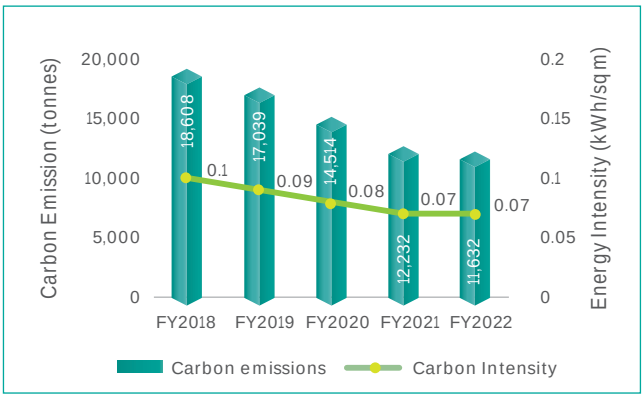


Figure 10: Total Carbon Emissions and Intensity

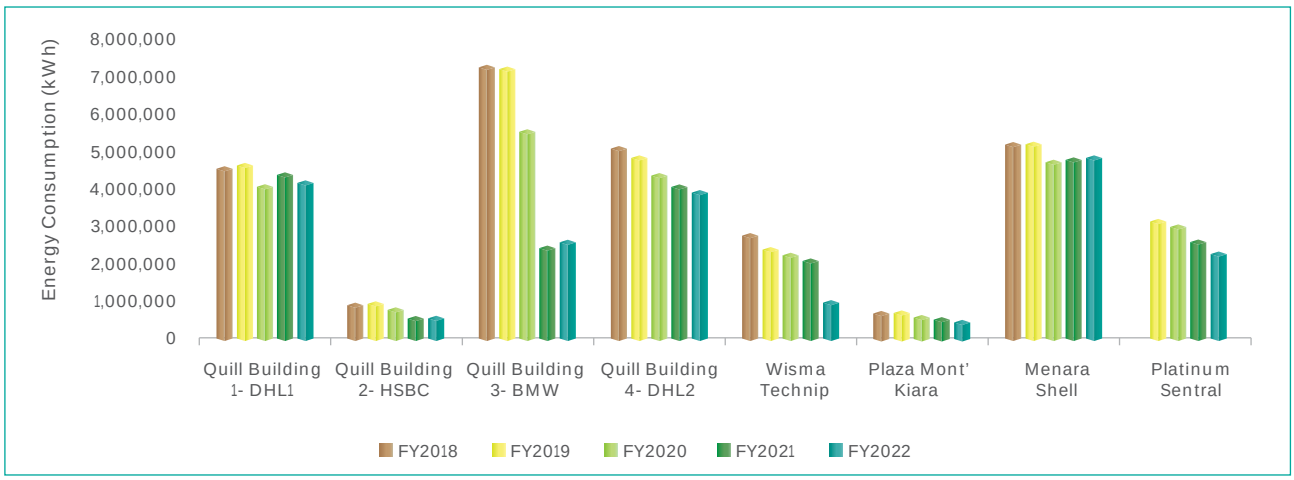


Figure 11: Total Energy Consumption by Property

SUSTAINABILITY STATEMENT
(cont'd)

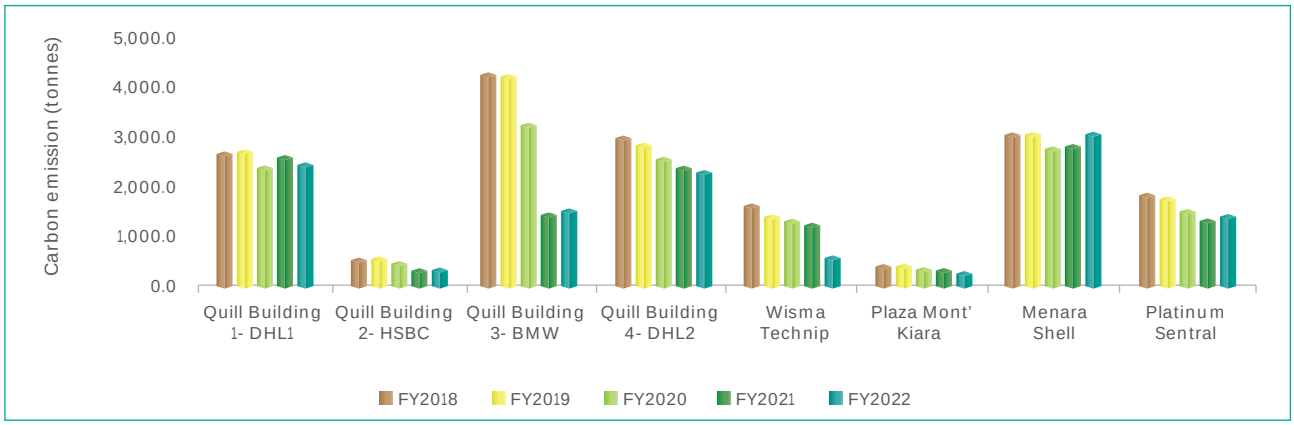


Figure 12: Total Carbon Emissions by Property

* *Carbon emission from purchased electricity (Scope 2) is calculated based on the emission factors from the 2017 CDM Electricity Baseline For Malaysia report by Malaysian Green Technology Corporation*

Moving forward, we continue to target a 2% reduction year-on-year through our various measures in enhancing our energy efficiency across our buildings. Table 7 depicts our planned initiatives for FY2023 in-line with our firm commitment towards energy reduction.

No.	Building	FY2023 Initiatives
1	Menara Shell	Upgrade air-condition system with efficient air-flow to reduce energy consumption.
2	Plaza Mont' Kiara	Upgrade car park lightings to LED to reduce energy consumption.

Table 7: FY2023 Energy Efficient Initiatives

WATER MANAGEMENT
[GRI 3-3,303-1, 303-5, Bursa C9]

All water consumption from SENTRAL's building operations is water purchased from water service providers prior to discharge via the sewerage system.

A continuous and sufficient supply of quality water is vital for all SENTRAL's portfolio buildings and business continuity. Any water supply disruptions will ultimately impact our daily operations which would cause inconveniences and dissatisfaction to tenants and our stakeholders. Such disruptions are caused by factors unforeseen and beyond the control of SENTRAL as a service subscriber, which includes pollution of raw water sources or service downtime. Water supply disruption is one of the biggest challenges faced currently and has impacted Malaysia at state level.

In view of such risk, we recognise our role in ensuring efficient water distribution and conservation. The management have measures to track and improve building water use intensity, as guided by our Water Management Policy 2020 for all buildings, thereby contributing to sustainable water management. SENTRAL's Water Management Policy underlines our commitment in optimising water use via meaningful goal-setting and solutions, in cooperation with our stakeholders, to ensure compliance and equitable use.

SUSTAINABILITY STATEMENT
(cont'd)

Our approach in water management is illustrated in the figure below:

Our approach in water management			
	Installation of rainwater harvesting system		Regular inspection of air-conditioning systems to ensure they are operating at optimum levels (largest source of water consumption)
	Regular inspection of piping system and fittings to ensure functionality and efficiency is maintained		Installation or replacement of conventional water fittings with water efficient fittings including sensor taps
	Repair and replace old pipes, fittings and other equipment where necessary		

In FY2022, our key initiatives are highlighted in the table below to achieve our year-to-year target of 2% water consumption reduction.

No.	Building	FY2022 Initiatives
1	Platinum Sentral	Refurbish toilets with self-closing taps to conserve water usage
2	Menara Shell	Implement auto-sensor toilet flushing system

Table 8: FY2022 Water Management Initiatives

In FY2022, water consumption has decreased across our buildings, except for Menara Shell. With the relaxation of COVID-19 restrictions, tenants have returned to offices, contributing to the increase of water consumption. This contributed an overall increase of 23%.

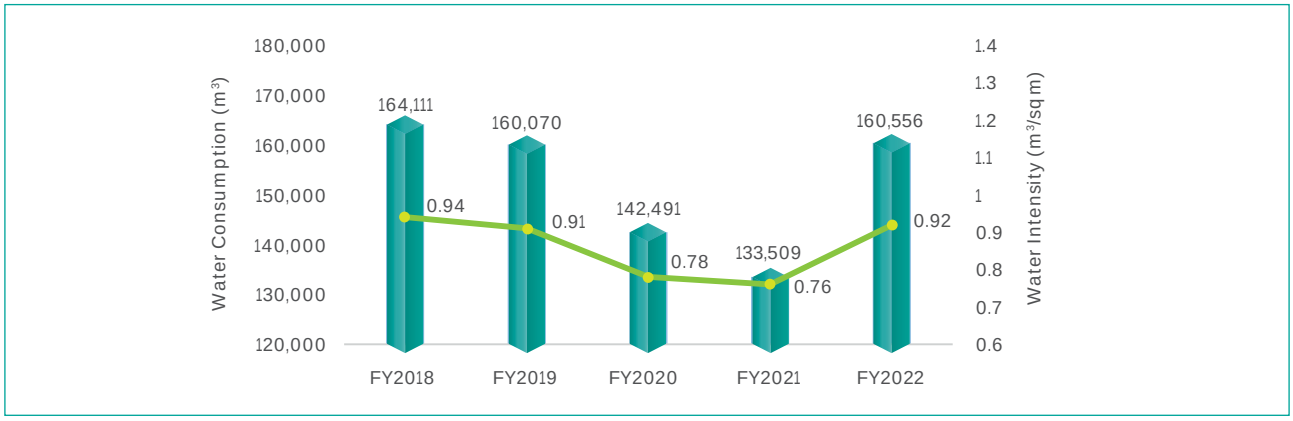


Figure 13: Total Water Consumption and Water Intensity

SUSTAINABILITY STATEMENT
(cont'd)

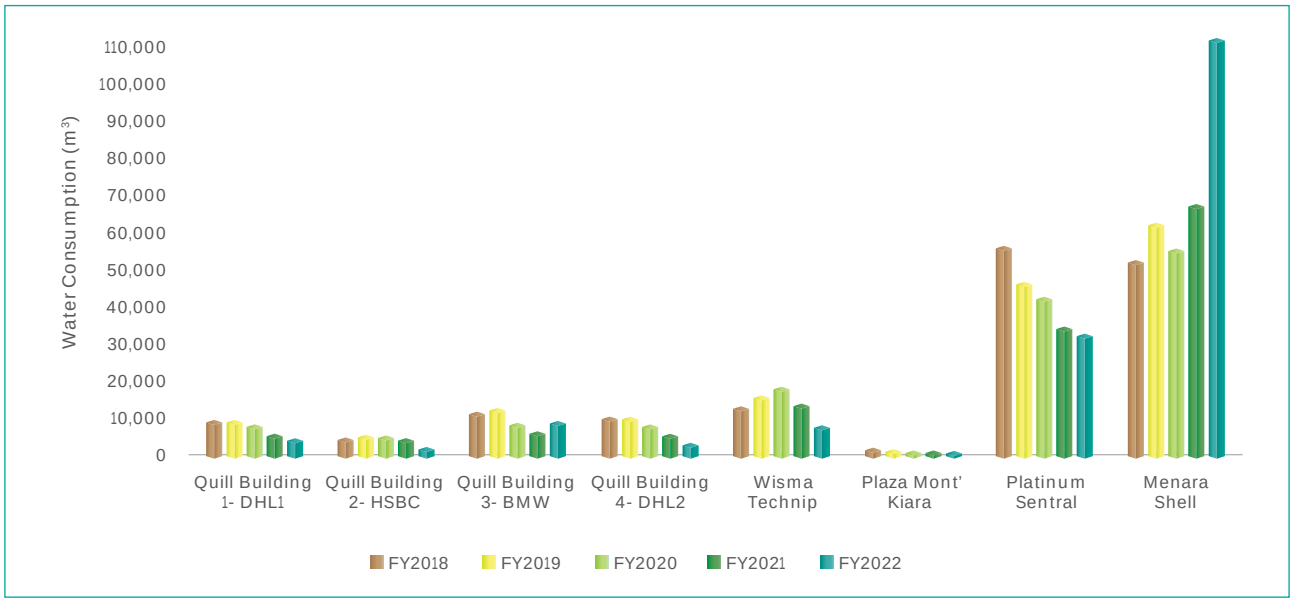


Figure 14: Total Water Consumption by Property

Moving forward, followed by our efforts by continuously achieving 2% reduction in water consumption since FY2017, we intend to continue our efforts on water efficiency by maintaining our water consumption year-on-year. We will continue our water efficiency initiatives in FY2023 which will primarily involve toilet upgrades at Platinum Sentral.

WASTE MANAGEMENT
[GRI 3-3, 306-2, Bursa C10]

Given the current emphasis on circular economy, appropriate waste management and waste recovery is necessary for SENTRAL's commitment to sustainability and the communities we operate in. Improper waste management can lead to a wide range of negative impacts to the environment and society, and ultimately could affect our operating license and being exposed to reputational and legal risks.

Waste produced by SENTRAL's operations are mainly generated by our food and beverage tenants' ("F&B") outlets. The property manager is responsible for ensuring the legally compliant disposal of waste as well as collection of recyclables, such as paper waste, by licensed waste contractors ("LWCs").

Daily waste collection by LWCs is conducted through the use of centralised refuse chambers provided at every portfolio property to cater for waste storage and segregation. At SENTRAL, we strive to provide a safe and comfortable environment for our tenants, where waste disposals are conducted in a safe and responsible manner to reduce health hazards to our tenants.

SUSTAINABILITY STATEMENT
(cont'd)

Our approach to waste management is illustrated in the figure below:

Our continuing approach in waste management			
	Disposal of waste by LWCs and based on regulatory requirements		Provision of recycling bins to encourage habits of recycling
	Creating awareness of sustainable waste disposal and management (reduce, reuse and recycling) through notice or posters		

We are also cautious in managing our food waste. Fats, oils, and grease can contaminate local streams if not appropriately managed when washed down kitchen sinks, to the effect of compliance requirements as stipulated in Environmental Quality (Scheduled Wastes) Regulations 2005. Our F&B outlets in Plaza Mont' Kiara, Platinum Sentral and Menara Shell are equipped with rubbish and grease traps to filter grease and food solids before being discharged into the wastewater disposal system. We also adopt durable materials for our operations and maintenance work to allow longer building lifespan, thus reducing waste.

Since FY2021, we have placed recycling bins in high traffic areas of our portfolio buildings, such as lobbies to encourage recycling among our employees, tenants and visitors. In addition, tenants and visitors are encouraged to reduce, reuse and recycle waste through the display of environmental awareness notices and posters.

SENTRAL is committed to continuous improvement of our environmental impact. To assess the effectiveness of waste management strategy, SENTRAL will work with our waste contractors to collect and track data for waste disposed at landfill and waste diverted from landfill.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL

HEALTH AND SAFETY
[GRI 3-3, GRI 403-2, 403-5, 403-6, 403-9, 403-10, Bursa C5]

Despite the ease of COVID-19 restrictions and protocols, our stakeholders' safety, health, and well-being are still regarded as one of our top priorities. This includes our employees, tenants, contractors, visitors, and communities while on premises.

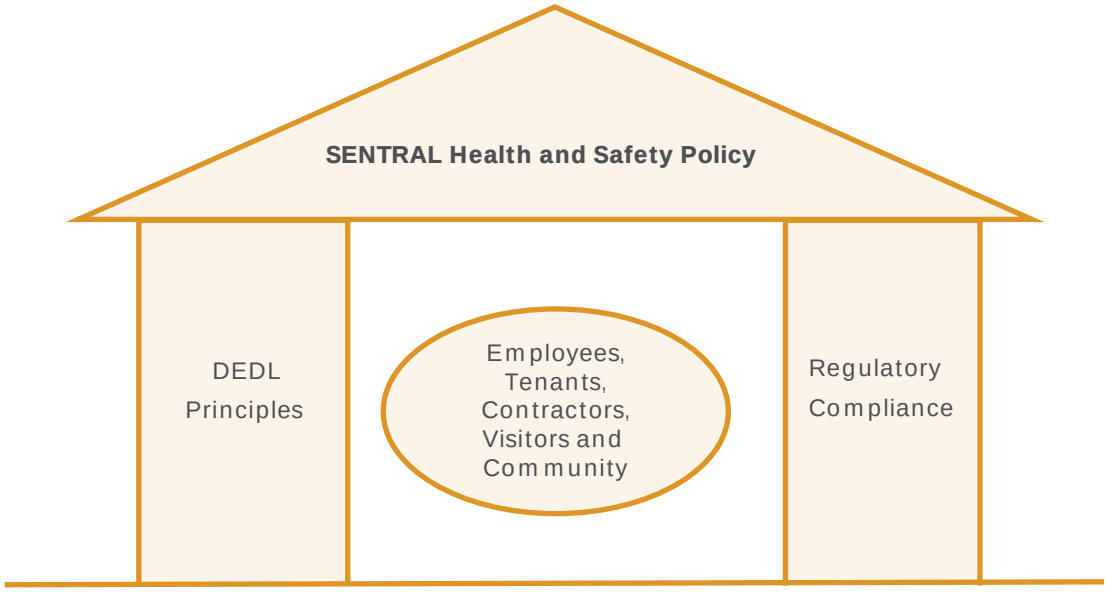


Figure 15: SENTRAL's Health and Safety Principles

Our Health and Safety ("H&S") Policy is designed based on our Develop, Engage, Deal, Lay ("DEDL") Health and Safety Principles, as well as relevant laws and regulations such as the Occupational Safety and Health ("OSH") Act 1994 by the Department of Occupational Safety and Health. SENTRAL's H&S Policy guides the management on all health and safety issues. All SRM employees, building management team and contractors are required to follow our H&S policy to ensure measures are in place to prevent health and safety hazards.

SUSTAINABILITY STATEMENT
(cont'd)

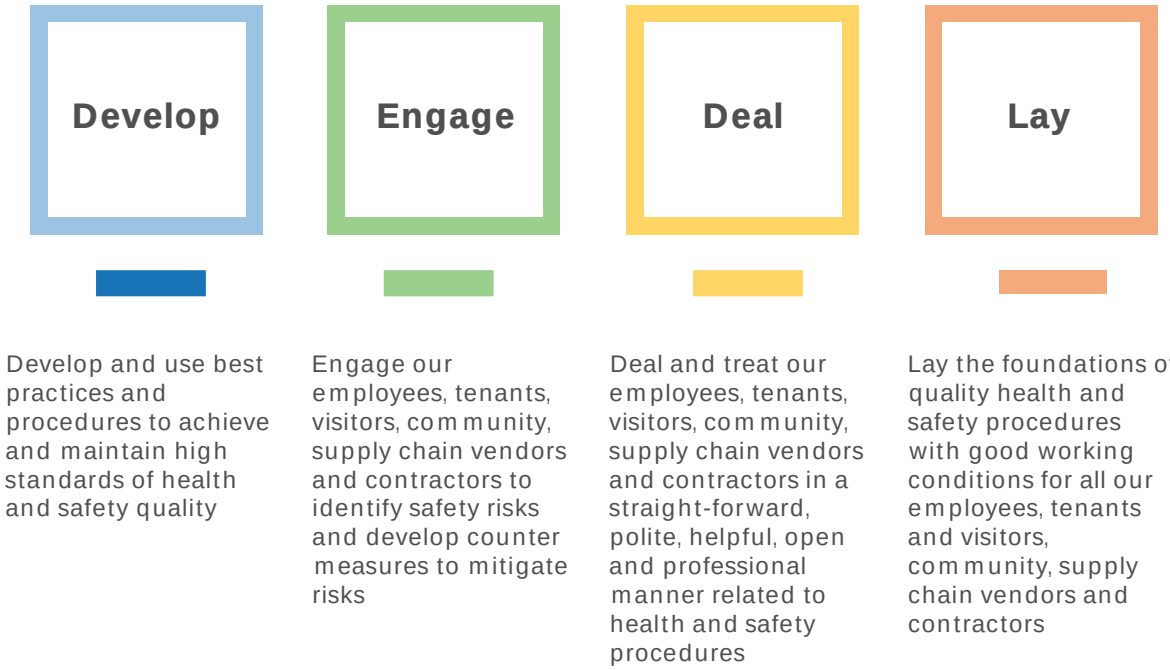


Figure 16: SENTRAL's Health and Safety Principles

Our DEDL Health and Safety Principles, shown in Figure 16 above, details our approach to continually improve our approach to health and safety for all stakeholders. Additionally, we ensure ongoing compliance with requirements set out by the Department of Occupational Safety and Health ("DOSH") for offices, including receiving periodic checks by DOSH representatives.

To ensure our people are abreast with the latest trends, knowledge and HSE regulations, we conducted annual health and safety training and refresher courses to all our employees.

	FY2022	FY2021	FY2020	FY2019
Number of employees trained on health and safety standards	19[1]	0	0	9 - First aid training 23 – Fire safety training

Table 9: Number of employees trained on health and safety standards

[1] *Discrepancy with 2022's total employee data is due to employee changes after the annual training is conducted*

Managing risks and hazards in our buildings

As custodian of our buildings, we believe it is our responsibility to ensure the health and safety of all occupants. We require participation from all our stakeholders to minimise exposure to health and safety risks and hazards. Here, we work closely with our building management team, tenants, and contractors to ensure safety controls are in place to ensure the well-being of our building occupants.

SUSTAINABILITY STATEMENT
(cont'd)

Stakeholders	Safety controls
SENTRAL, building management team and contractors	• Regular fire risk assessments performed regularly to identify and manage potential risks and hazards • Monitoring safety certifications for fire, gondola, lift and escalator to ensure timely renewal. • Maintenance and repairs to ensure compliance with safe operating standards implemented by the Fire and Rescue Department of Malaysia ("BOMBA"). • Clear safety signage during refurbishment to provide awareness • Regular on-site inspections or spot checks as well as risk mitigation, if required, by the property manager to ensure the building is well maintained in compliance with the OSH Act. • Health and safety pre-qualification of contractors and on-going monitoring of work in progress. • Yearly safety measures such as major service and maintenance work of high tension and low voltage electrical panel at the building to mitigate electrical and fire hazards by competent persons.
Tenants	• Establish Emergency Response Teams trained in first aid and equipped with fire-fighting abilities to respond to health and safety risks • Tenants are also required to conduct a risk assessment prior to any renovation and fit-out of the tenanted spaces.

Figure 17: Installation of perimeter anti-climb fencing at Quill Building 1 (DHL 1) & Quill Building 4 (DHL2)

Anti-theft perimeter fencing was constructed for Quill Building 1 - DHL 1 and Quill Building 4 - DHL 2 as safety enhancement measures.

SUSTAINABILITY STATEMENT
(cont'd)

Health and safety grievances

In adherence to our Health and Safety Principles, stakeholders are also provided channels to raise concerns regarding health, hygiene and safety protection matters to which effective responses are planned. Every incident will be acknowledged, reviewed, handled, and followed up to achieve closure or reach a suitable conclusion. Our grievance mechanisms are illustrated in Table 10 below. In FY2022, we received one safety grievances report in Platinum Sentral involving a tenant's staff injury as a result of stepping onto an unstable wood plank at the outdoor retail area. Measures to reinforce safety at the area are in progress with commencement of the asset enhancement initiative to upgrade the outdoor retail and landscape area.

Channel	Description
Telephone	Stakeholders can lodge grievances to the Building Management Office ("BMO") via a telephone hotline or request to speak to a stakeholder contact officer or obtain the contact details of the property manager in charge
Email	Grievances can be submitted in writing to the respective property manager's email which can be retrieved from the respective BMO
Face-to-face Communication	We have physical point of contacts for stakeholders to escalate grievances directly to the property managers. We also have Auxiliary Police and security guard personnel on-duty for 24 hours at our main lobby counter to protect the property and prevent criminal activities

Table 10: Health and Safety Grievance Mechanisms

Protecting our people during the COVID-19 crisis

Malaysia's economy continues to recover from the effects of the COVID-19 pandemic, and we are committed to remaining vigilant against the COVID-19 outbreak. We continue to practice basic precautionary measures and controls to ensure the safety of our employees, tenants, visitors and communities. All our stakeholders are required to follow the Ministry of Health's COVID-19 SOP guidelines to mitigate any potential risk of exposure to COVID-19. Details of our COVID-19 measures are illustrated below.

COVID-19 Measures

- Use of face mask in the building
- Physical distancing encouraged
- Safe distance marking in common areas (e.g. office meeting rooms, toilets, waiting areas)
- Improve hygiene measures (e.g. provision of hand sanitisers and increase cleaning roasters)

Our Employees

- Used of face masks in building
- Staggered working hours arrangement
- Employee education on COVID-19 and relevant SOPs through safety circular updates and reminders
- Holistic digital health programmes via MRCB wellness for staff wellbeing

Our Offices, Retails and Carparks

- Notice and poster reminders at strategic locations (e.g. lift lobby and toilets)
- Mandatory work permit and documents submission by contractors based on building operation guidelines to perform renovation, repair and service works. This includes submission of latest COVID-19 test report with a 30-days validity period for contractors with foreign workers

SUSTAINABILITY STATEMENT
(cont'd)

Health and Safety initiatives in FY2022

First Aid Training

On the 6th and 7th July 2022, First Aid training was provided to all employees of SENTRAL which was conducted by Hanniel Consulting. The key objective of this training is to provide In-house First Aid and Basic Life Support CPR AED Training.

Figure 18-19: First Aid Training Conducted to All SENTRAL Employees

Menara Shell - Health and Safety Online Forum

Safety Day 2022 – Starting Work is Not the First Step: Context Drives Behavior

This health and safety initiative was organised by Shell Malaysia following from our 2021 HSSE forum held in FY2021. The online forum was organised on 11th May 2022 with the main aim to leverage a Learner Mindset to think about work through the lens of Human Performances, which will improve work safety.

This forum also provides an opportunity to understand what the common contexts are and how to contribute to the context of other people's work before we start our own.

Our commitment towards ensuring our people's health and safety and Menara Shell is demonstrated by our active involvement with our tenants' OSH Management Committees since April 2019, namely Shell and Am General. The committees are a platform for our tenants and management to collaborate and solve health and safety issues.

In FY2022, SENTRAL reported no case of fatalities, work-related injuries and any incidence of non-compliance with regulations concerning health and safety. We will remain focused on complying with the COVID-19 SOP and OSHA Act to safeguard our stakeholders' health and safety.

QUALITY OF ASSETS AND SERVICES
[GRI 3-3, 204-1, Bursa C7, S6]

As a commercial properties-focused REIT, the quality of our assets and accompanying services are core to our business. Our business success is directly impacted by our tenant 's satisfaction and is also a key factor in attracting new tenants. As the Manager, we aim to provide value-adding services that meet our tenants' needs through continuous asset enhancement.

Asset Enhancement

Asset enhancement is a key driver for a REIT's success. Guided by our asset enhancement policy, we aim to continuously enhance our buildings' functional and aesthetical characteristics, space planning and incorporating green features such as energy efficient fittings. In recent years, there has been a growing focus on incorporating green features into asset enhancement strategies as tenants are increasingly conscious of their environmental impact.

SUSTAINABILITY STATEMENT
(cont'd)

Menara Shell is Leadership in Energy and Environmental Design ("LEED") Platinum-certified while Platinum Sentral was awarded the Building and Construction Authority ("BCA") Green Mark Platinum certification in October 2014.

	2022	2021	2020	2019	2018
Percentage of properties certified against Green Building Certification (%)	12.5%	12.5%	12.5%	12.5%	12.5%

Table 11: Percentage of Properties Certified Against Green Building Certification

Periodic asset enhancement initiatives ("AEIs") facilitate our delivery of quality spaces, good services as well as building facilities that can be enjoyed by our tenants during their occupancy. Our asset enhancement plan is presented yearly to the Board for approval.

We work closely with our property managers, suppliers, and contractors in maintaining the quality of our buildings. Maintenance work is carried out as recommended by each building's Operations and Maintenance ("O&M") Manual.

Our approach for asset enhancement			
	Conduct internal audit on preventive maintenance check		Perform monthly and yearly inspections on mechanical, electrical, and plumbing ("MEP")
	Appointment of qualified service contractors to undertake routine service and maintenance work		Regular engagements with tenants on the functionality of facilities and systems

Our AEIs for FY2022 are illustrated below with a total of RM3,566,790 invested, reflecting a 100% increase from FY2021. Majority of AEIs in FY2022 were performed at Platinum Sentral which has been in operation for ten (10) years. Refurbishment and upgrading works were performed to maintain the asset quality and our tenants' health and safety.

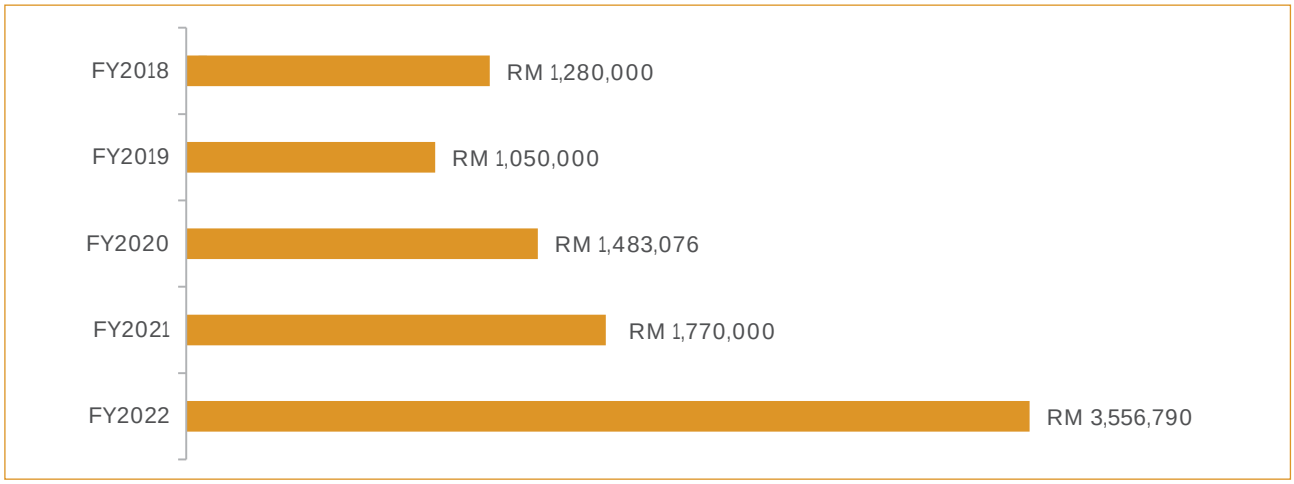


Figure 20: SENTRAL's Asset Enhancement Investments

SUSTAINABILITY STATEMENT
(cont'd)

Platinum Sentral

- Upgrading and completion of existing male, female and handicap toilet at Block A, Level 6, 7, 8 and 9.

Before

Figure 21-22: Platinum Sentral - toilets before upgrading

After

Figure 23-24: Platinum Sentral - toilets after upgrading

- Refurbish ceiling board replacement and raised floor painting at Block A, Level 6, 7, 8 and 9.

Before **After**

Figure 25-26: Platinum Sentral - before and after ceiling board replacement

Quill Building 1 (DHL1)

- Upgrading main entrance canopy metal gutter with new sealant for canopy composite cladding panel.

Before **After**

Figure 27-28: Quill Building 1 - before and after upgrading of main entrance canopy

SUSTAINABILITY STATEMENT
(cont'd)

Plaza Mont' Kiara

- Installation of new floor tiles and painting of walls.

Before **After**

Figure 29-30: Plaza Mont' Kiara before and after upgrading of new floor tiles

AEIs are continuously undertaken to deliver high quality solutions to enhance our buildings' atmosphere and improve the overall experience of our tenants and customers. Our AEI commitments for FY2023 are as follow:

No.	Building	FY2023 Initiatives
1	Quill Building 1	■ Upgrade main entrance water fountain
2	Quill Building 3	■ Upgrade and refurbish new floor tiles at Ground Floor main lobby
3	Quill Building 4	■ Resurface driveway road pavement
4	Plaza Mont' Kiara	■ Upgrade car park - painting of directional signage and pedestrian walkway ■ Upgrade Block E courtyard air-condition and flooring
5	Platinum Sentral	■ Refurbish clay wall at Level 3 Atrium ■ Install new electrical Auto Transfer Switch at main electrical board ■ Upgrade driveway and water feature
6	Menara Shell	■ Repaint two emergency staircases walls ■ Replace Low Zone toilet with auto sensor for wash basin

Table 11: Asset Enhancement Initiatives for FY2023

Facility Manager Management

In FY2022, we rolled out the Facility Manager App, a cloud-based facility management platform in third quarter of 2022 for all SENTRAL REIT properties, except Lotus Building Penang for better real time monitoring of the operation and maintenance of each building, and to improve collaboration, efficiency, accountability and transparency between tenant, property manager and the Manager. The facility management platform comes with mobile app that provides property managers and technicians with access to real-time work status, making it convenient for them to perform status checks anytime, anywhere. The Facility Manager App was fully implemented in October 2022 and replaces our Computerised Maintenance Monitor System ("CMMS").

SUSTAINABILITY STATEMENT
(cont'd)

Tenant Engagement and Satisfaction

We are committed to building strong tenant relationship through regular and meaningful engagements. Satisfied tenants are more likely to maintain the property, renew their leases and provide recommendations of their satisfactions to potential tenants. Tenants' feedbacks are collected through regular briefings, sharing sessions, informal communications and Tenant Feedback/Complaint forms ("Form"). As part of our continued effort to improve SENTRAL's Quality of Assets and Services, the cloud-based facility management tenant complaints platform was successfully launched and had gone-live on October 2022.

Our Tenant Complaints Policy outlines our approach in managing tenant's feedback and complaints and we always aim to resolve feedbacks and complaints at the first point of contact. All complaints will also be brought up to the ACG during our monthly meetings on operational matters to improve tenant satisfaction. Our complaints management process is illustrated below:

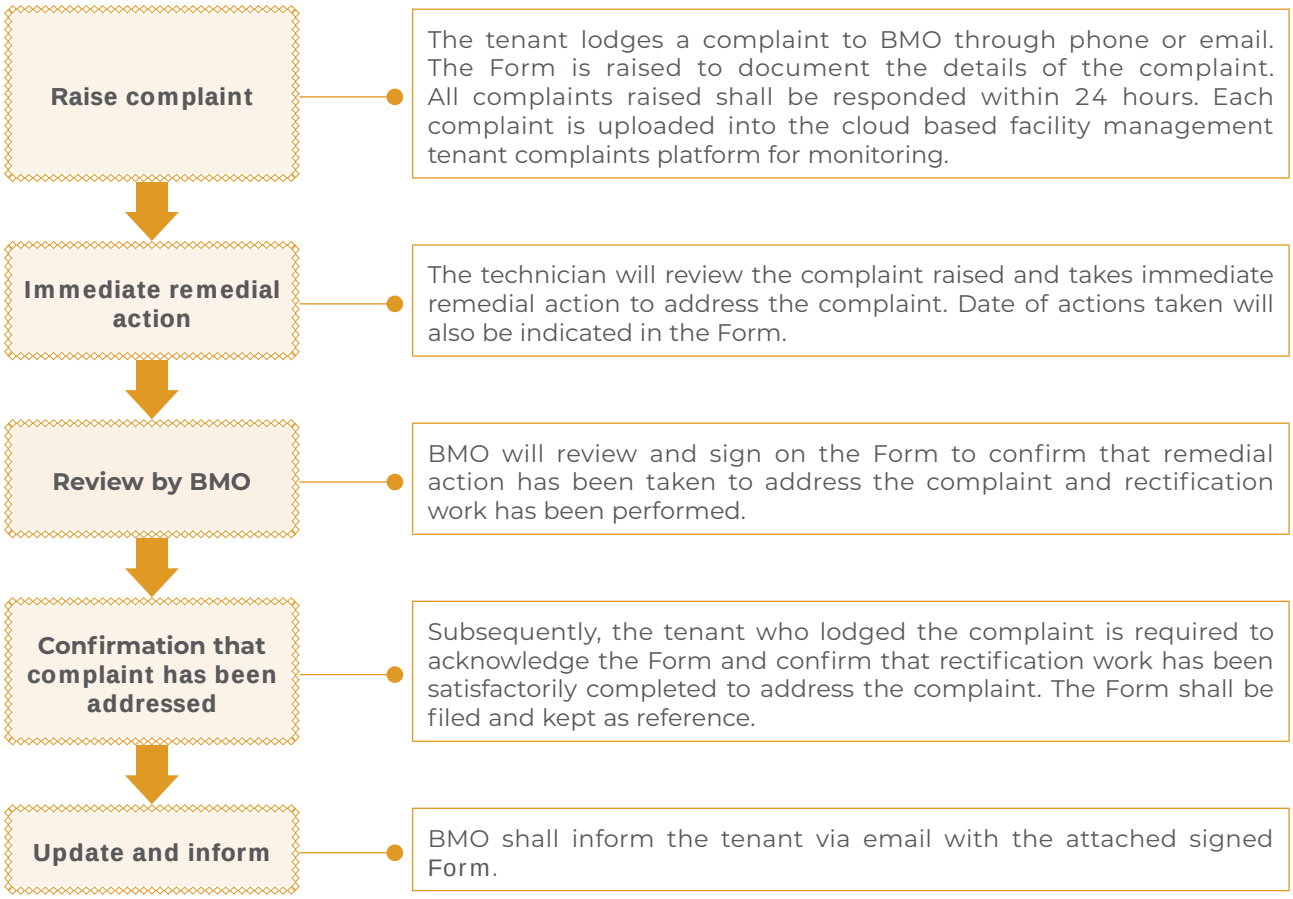


Figure 31: SENTRAL's Complaint Management Process

SUSTAINABILITY STATEMENT
(cont'd)

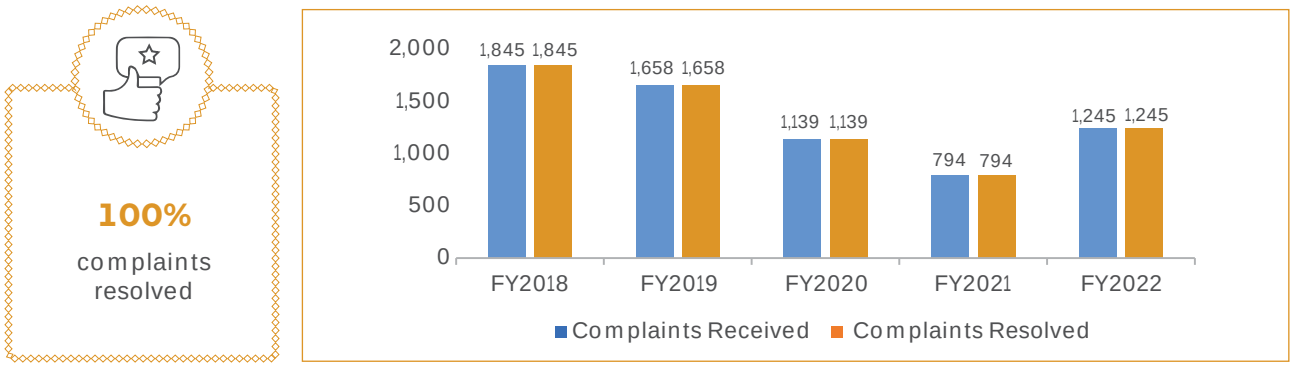


Figure 32: Number of Complaints Received and Resolved

In FY2022, we received an increase of 56% in complaints, 1,245 as compared to 794 in FY2021 as a result of more tenants returning to their offices for work. However, we successfully resolved all complaints we received during the financial year. We have set a target to reduce the number of complaints for Platinum Sentral properties by 3% in FY2023 as well as continuing to practice more proactive engagement to deliver tenant satisfaction in our daily and weekly operational and maintenance work.

Embracing Innovation and Technology

The REIT industry continues to reinvent itself competitively towards a digital age, influenced by evolving customer preferences and growing demands for new technologies and data capabilities. COVID-19 has accelerated these trends which prompted a dynamic shift in consumers, employee, employer and organisation behaviors and norms.

We will continue to invest in technology to embrace innovation, increase operational efficiency, improve tenant experience and safety measures in 2022.

In anticipating future challenges, we aim to explore options to support digitalisation and automation of processes and functions within our buildings, where suitable. We aim to keep abreast with the latest technologies to serve our stakeholders' ever-changing needs better and remain resilient in the industry.

EMPLOYEE MANAGEMENT
[GRI 2-7, 2-30, 3-3, 401-1, 401-2, 401-3, 402-1, 404-1, 404-2, 404-3, 405-1, 406-1, Bursa C5, Cf, C6)

Our employee is the foundation of our business. Our ability to create value for our stakeholders, delivering exceptional services and the continual growth of business ultimately depends upon the capacity our employees. SENTRAL recognises that it is vital to prioritise and support our people's needs, health and safety, culture, talent, and leadership development for the growth of our business organisation in the long-term.

Diversity and Equal Employment

Diversity and inclusion are considered vital amongst the most important issues in SENTRAL to achieve our objectives. We believe that skills, talents, and innovation from a diverse perspective would enable SENTRAL to thrive to meet business needs by nurturing a workplace environment where employees feel respected, valued, and supported regardless of backgrounds.

SUSTAINABILITY STATEMENT
(cont'd)

Our support for diversity, inclusiveness and equal opportunities is reflected in our General Policies, Code of Conduct of the Employee Handbook and Sexual Harassment Policy. As per policy, SENTRAL's recruitment practices strive to be fair and we do not tolerate any harassment nor discrimination.

Indicators	FY2022	FY2021	FY2020	FY2019	FY2018
Total number of employees	20	19	18	18	18
Total number of workers	27	30	36	37	36
Number of new hires	5	1	1	1	1
Employee turnover	4	0	1	1	2

Table 12: SRM's Employee Data

Due to the nature of our business, our employees are not covered by the collective bargaining agreement and their working conditions and terms of employment are not influenced or determined based on other collective bargaining agreements. The graphs below illustrate SRM's employee distribution by gender, age group and category.

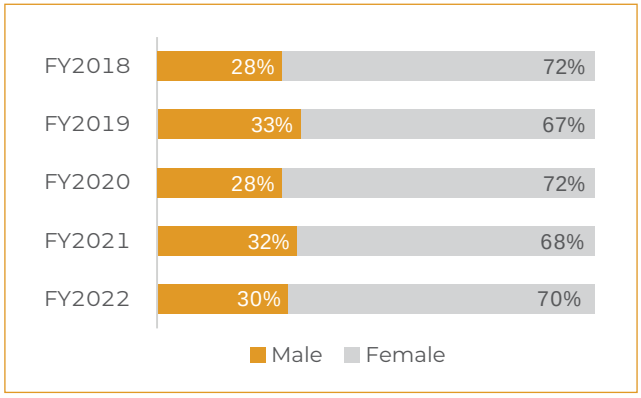


Figure 33: Employee Gender Diversity

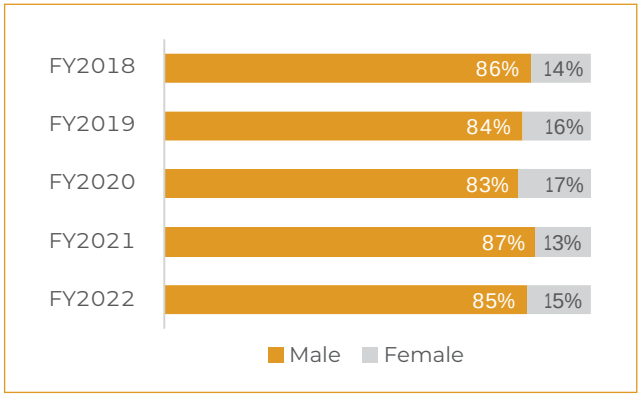


Figure 34: Worker Gender Diversity

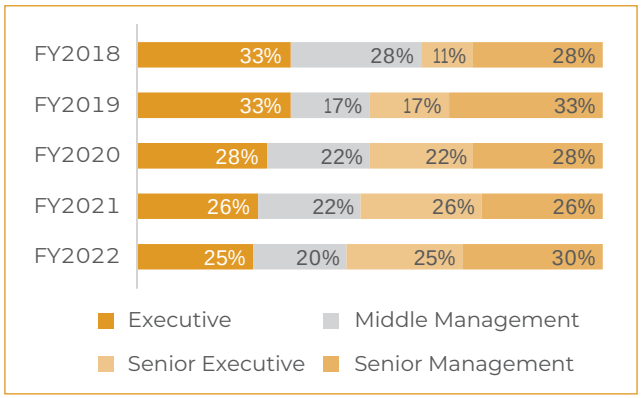


Figure 35: Employee Diversity by Employee Category

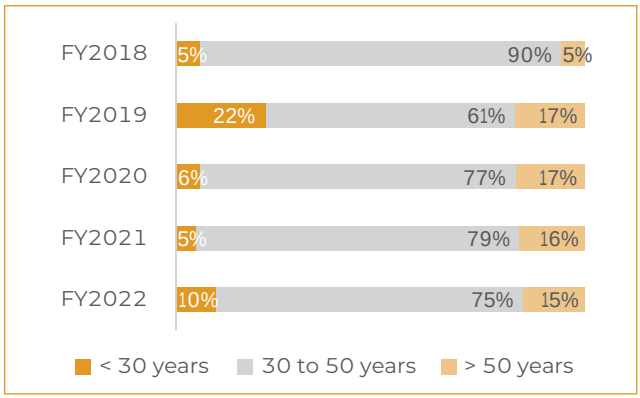


Figure 36: Employee Age Diversity

Note: There may be slight differences in historical percentages due to rounding.

For FY2022, there were no incidents reported on discrimination or harassment as we continue to achieve our target of zero grievance reported.

SUSTAINABILITY STATEMENT
(cont'd)

Employees' benefits and remuneration

SENTRAL's provision of essential compensation and benefits programmes forms part of our focus on creating a supportive environment for employees. Key benefits offered are listed in the table below, but not limited to:

Types of benefits	Detail of benefits
Insurance	• Group term life insurance (including dependent) • Disability and invalidity insurance • Surgical and hospitalisation insurance
Leaves	• Annual leave • Medical leave • Parental leave • Maternity leave • Compassionate leave • Prolonged illness leave • Family care leave • Examination leave
Wellness	• Outpatient and health screening
Flexible work arrangement	• Staggered working hours • Work from home ("WFH") arrangements on a weekly rotational basis during the pandemic
Subsidy and reimbursement	• Professional membership subsidy • Petrol subsidy (applicable to selected level/grade of employees only) • Parking subsidy • Mobile phone bill reimbursement

Table 13: SENTRAL's Employee Benefit Schemes

In support of working parents, we provide the flexibility of shorter working hours for pregnant employees with 90 days paid maternity leave and five days paid paternity leave to promote work-life balance of dual-earner families. In FY2022, none of our employees took the above-mentioned parental leaves.

Remuneration at SENTRAL is also structured to be competitive, incentive-based and fair. Our compensation packages encompass bonuses and equity-based plans (only applicable to selected grade/level of employees only) beyond basic salaries to reward employee performance. Performance reviews are conducted annually to assess our employees' performance and achievements against set KPIs and optimise our employees' potential if necessary. In FY2022, 100% of our permanent employees receive their performance appraisal.

We are also committed to support employees who are identified to be underperforming during their performance appraisal. A performance improvement plan (PIP) implemented aims to help employees who are not meeting their job performance goals. Our PIP covers specific areas of performance deficiencies, identifies skills or training gaps, and sets clear expectations for an employee's future conduct in our organisation. We are pleased to report that none of our employees has been placed on a PIP in FY2022.

SUSTAINABILITY STATEMENT
(cont'd)

Employee engagement

Communication at work is critical to fostering an engaged and motivated workforce. SENTRAL practices an open doors policy to facilitate two-way dialogue between employer and employee. Avenues for employees to escalate their concerns is further enshrined in our Grievance Policy and Procedure. Here, further investigations may be initiated and more importantly, issues will be handled promptly and resolved to the fullest extent possible to maintain a harmonious employer-employee relationship.

As a sign of respect for our employees, we are also committed to providing sufficient notice when communicating operational changes at SENTRAL. We believe that allowing employees time to adjust to the changes and minimising any disruption or inconvenience caused by the changes will ensure that they are prepared for the changes and can continue to perform their duties effectively. Employees and their representative are given a minimum of 1 to 2 weeks of calendar days' notice prior to the implementation of significant operational changes that could substantially affect them.

Employee and management relations is under the purview of MRCB's Group Human Resource ("HR"). All communications at this junction in respect of HR policies, requirements and processes are communicated through the following avenues:

1. Formal letter to employees on matters mainly on employment details, salary, bonuses, promotions, reprimands
2. Email blast to all staff via the general email on matters such as general notices on HR policies, general HR reminders and public holidays announcements
3. Town hall on any major operational changes within the group that affects all staff
4. General counselling by HR on any matters that require clarification by any staff
5. For employee grievances with regards to HR matters, staff may also write in to the Disciplinary and Integrity Department via whistleblowing@mrcb.com or whistleblowing@sentralreit.com

Furthermore, all our staff have been kept abreast with HR initiatives via the communications highlighted above.

In FY2022, we have resumed physical employee engagements and social activities, including involving the participation of our employees in our Corporate Social Responsibility ("CSR") programmes.

List of employee social events

1. Quarterly lunch and cake cutting gathering
2. Festive lunch/dinner celebration for Chinese New Year, Hari Raya Aidilfitri and Christmas
3. Farewell luncheon to recognise staff for their contribution to the company
4. Staff participating in MRCB Group CSR Program organised for the Community Engagement with Orang Asli at Sg Kejar & Sg. Tiang in Royal Belum Forest, Grik Perak
5. CSR Program in Sabah collaborating with Good Shepherd Service for the Education Fund for rural indigenous Children and Pilot Project for menstrual Hygiene Management for Girls in interior division of Sabah

Figure 37-38: Employee cake cutting gathering

SUSTAINABILITY STATEMENT
(cont'd)

Figure 39-40: Hari Raya Aidilfitri festive celebration

Figure 41: Christmas festive celebration

Figure 42-43: Staff recognition farewell luncheon

Figure 44-45: Staff participating in MRCB Group CSR Program at Kg Orang Asli in Sg Kejar & Sg. Tiang in Royal Belum Forest, Grik Perak

SUSTAINABILITY STATEMENT
(cont'd)

In addition, we continue to provide email reminders on the adherence to COVID-19 SOP and social distancing in the office. Large physical meetings and visitors at the office are not restricted. However, online meetings are encouraged.

In FY2022, we reported no validated cases of non-compliance with employment regulations, acts concerning employee rights and human rights, as well as no unresolved grievance cases requiring escalation to the CEO or Chairman.

Training and Education

At SENTRAL, we believe in investing in the development of our employees as it helps them to gain the necessary skill sets and knowledge to meet evolving business needs. Our training and development plans are guided by MRCB Group's training and development policies. Employees are provided access to MRCB Group's diverse training platforms and programme including e-Learning and e-LATih programme by government agency HRD Corp, which lists more than 300 courses.

COVID-19 has accelerated the adoption of digital tools, and we anticipate that digitalisation will continue to play an important role in the future. We are committed to ensuring that our employees are equipped to embrace the continued growth of the digital age, which aligns with our desire to cultivate workforce of the future. In FY2022, with the easing of COVID-19 restrictions, we have resumed physical training in combination with online training.

Our training programmes conducted in FY2022 are illustrated below:

	Empowering MRCB with Microsoft Teams, 11 module courses
	Microsoft Teams: What's New in Team
	Microsoft Excel Dashboard Program
	MRCB Wellness Programme
	Free Medical Screening collaboration with Clinic QCity & Surgery

Figure 46: Trainings Conducted in FY2022

General Policy on Training and Development

Guides the administration of internal training and development programmes that are coordinated by the HR Department for MRCB Group and its subsidiaries. This policy also applies to trainings conducted by external parties.

Training and Development Policy Guidelines (Internal In-House Training Programme)

Outlines policies relating to the eligibility and procedures for nominating in-house training.

Training and Development Policy Guidelines (External In-House Training Programme)

Provides guidance on the eligibility and procedures for the application of practical training programmes.

Figure 47: MRCB Group Training and Development Policies

SUSTAINABILITY STATEMENT
(cont'd)

Additionally, our management and employees are also enrolled into various physical and online training courses developed by a variety of reputable training or consultancy organisation including CKM Advisory Sdn Bhd, Securities Industry Development Corporation ("SIDC"), Malaysian Institute of Accountants ("MIA") Online Training Course, and Certified Public Accountant ("CPA") Training Course. This is to enable our employees to further their technical and functional skills development to obtain and/or maintain professional qualifications and relevant competencies. In FY2022, we have resumed our compulsory health and safety trainings which includes first aid training and Cardiopulmonary Resuscitation ("CPR") training.

We value the wellness of our employees, and we support them by offering health and wellbeing programme in collaboration with our healthcare provider. Emails are sent out quarterly to provide employees with information and updated features of the programme and as a platform to encourage staff to seek help if needed.

In FY2022, we have invested a total of approximately RM22,000 for training programmes and all employees underwent a total of 694.5 training hours which works out to an average of 34.7 training hours per employee, a 35% increased from FY2021. With the uplift of COVID-19 restrictions, our employees were able to attend physical training and industry events which were longer durations, as opposed to online trainings in the prior year which were typically shorter duration. 85% of SENTRAL employees have achieved the company-wide target of 20 hours of training and all Capital Markets and Services Representative License Holders have achieved the 20 Continuing Professional Education ("CPE") points requirement.

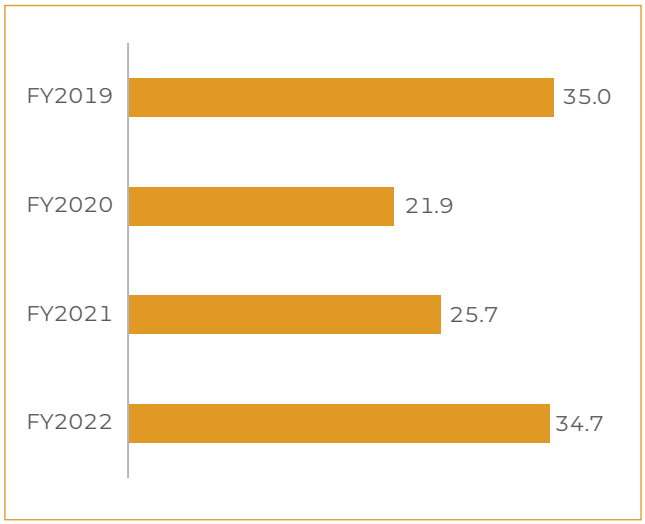


Figure 48: Average Hours of Training Per Employee

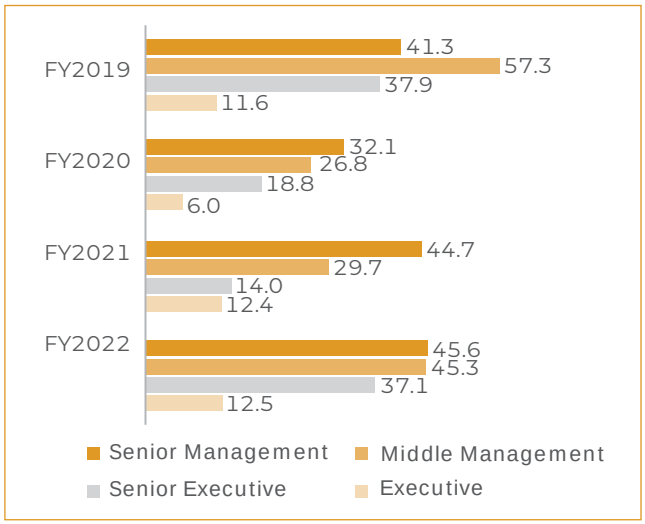


Figure 49: Average Hours of Training Per Employee Category

SUSTAINABILITY STATEMENT
(cont'd)

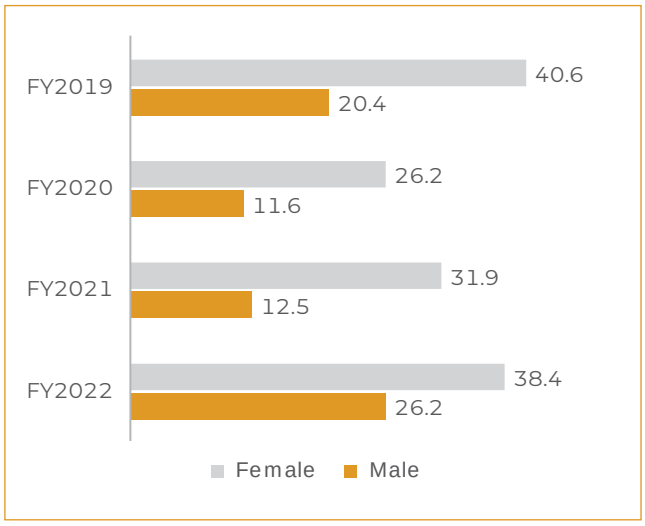


Figure 50: Average Hours of Training by Gender

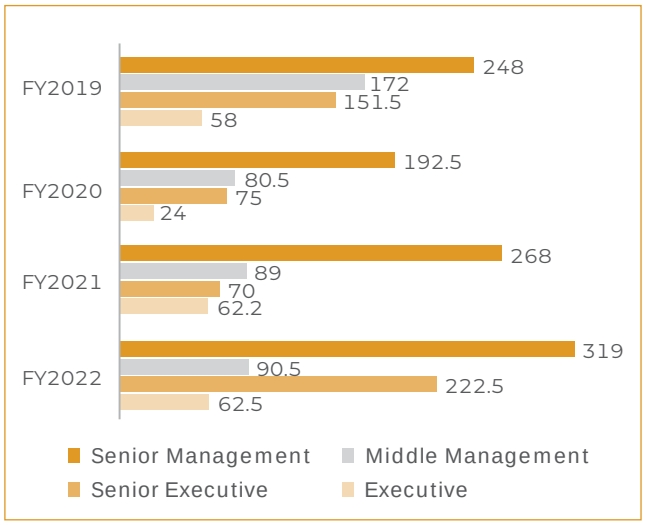


Figure 51: Total Hours of Training by Employee Category

COMMUNITY PARTNERSHIP AND ACTIVITIES
[GRI 3-3, 413-1, Bursa C2]

At SENTRAL, we believe that our success is directly linked to the well-being of the communities where we operate, and we strive to make a positive impact on society and the environment. In the spirit of giving back to the community, our focus for FY2022 is to continue our support and work in partnership with the welfare organisations and children's homes on education and empowerment projects, aimed at uplifting the children from poor and marginalised families and communities. We provided financial aid via education grants to the following groups:

i. Rural indigenous children in Sabah
ii. Students from children's home in Klang Valley

SUSTAINABILITY STATEMENT
(cont'd)

In FY2022, we have collaborated with Good Shepherd Services and Yayasan Ozanam on the following projects.

Good Shepherd Services		Yayasan Ozanam
Sponsor-A-Child for Education Fund	**Menstrual Hygiene Health Education program**	**Education Grant**
In rural areas in Sabah, there is a heavy reliance on school hostels to enable students from rural indigenous communities to attend school regularly. Due to poverty, children from these communities have limited to no access to schools and education as most families are unable to afford or secure a place in school hostel, as well as the transportation costs to ferry. SENTRAL has contributed RM72,000 to the Sponsor-A-Child Education Fund. The financial aid will directly support **51 students in Sabah** to meet their schooling expenses which include hostel fees, transportation costs, academic materials, and other operational costs. *Figure 52-53: The education fund supports the students' hostel fees, which enables them to attend school regularly*	SENTRAL has contributed RM36,000 to this Menstrual Hygiene Health Education Program. This project is a capacity building workshop conducted in 5 different secondary school aiming to increase awareness on personal menstrual health management. **1,000 hygiene kits** (3 pcs of washable pads in each kit) are distributed in rural areas where disposal sanitary napkins are difficult to obtain. *Figure 54-55: Personal hygiene kits distributed to secondary schools*	SENTRAL has contributed RM23,000 to the Yayasan Ozanam Education Grant. This financial aid has supported **5 students** from the children's home under the organisation who is undertaking their degree or diploma courses from local universities. The financial aid is able to cover their tuition fees, transport costs and other expenses. *Figure 56: 5 students from children's home received financial aid from the grant*

In FY2022, we have invested RM131,000 in the community, which has positively impact 1,056 individuals. We remain committed to contributing to those in need and have aimed to allocate RM200,000 in FY2023.

SUSTAINABILITY STATEMENT
(cont'd)

	FY2022	FY2021	FY2020	FY2019
Total amount invested in the community (RM)	131,000	200,000	186,512	195,000
Total number of beneficiaries	1,056 individuals	Approximately 630 families 317 individuals	Approximately 230 families 180 individuals	136 individuals

Table 14: Total amount invested and total number of beneficiaries in the community

SUSTAINABILITY STATEMENT
(cont'd)

SUSTAINABILITY KEY PERFORMANCE INDICATORS

Economic

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Direct economic value generated and distributed						
Value generated						
Revenue, finance income, gain on divestment of investment property	RM	179,941,503	164,687,987	167,980,858	166,461,106	150,906,023
Less: Property operating expenses	RM	(31,594,183)	(30,769,769)	(29,456,543)	(28,523,531)	(24,275,211)
Less: Other operating expenses	RM	(948,463)	(922,599)	(919,578)	(1,219,240)	(1,332,106)
Total Value Generated	RM	146,498,857	132,955,619	137,604,737	136,718,336	125,298,706
Reconciliation:						
Total realized income net of taxation	RM	84,653,758	72,107,547	80,954,941	84,485,957	73,625,238
Finance costs	RM	39,774,798	38,976,163	34,750,696	30,520,952	30,425,280
Manager's fees	RM	13,253,725	12,760,955	12,796,372	12,616,534	12,220,533
Trustee's fees	RM	685,921	676,287	665,681	664,577	649,354
Quit rent and assessment	RM	8,130,655	8,474,667	8,437,047	8,430,316	8,378,301
Total Value Generated	RM	146,498,857	132,995,619	137,604,737	136,718,336	125,298,706
Payments to the Manager and Trustee						
Manager's fees	RM	13,253,725	12,760,955	12,796,372	12,616,534	12,220,533
Trustees' fees	RM	685,921	676,287	665,681	664,577	649,354
Payments to government						
Quit rent and assessment	RM	8,130,655	8,474,667	8,437,047	8,430,316	8,378,301
Payments to providers of capital						
Income distribution	RM	86,600,067	72,881,244	75,882,237	79,419,121	73,095,601
Finance costs	RM	39,774,798	38,976,163	34,750,696	30,520,952	30,425,280
Economic value retained	RM	(1,946,309)	(773,697)	5,072,704	5,066,836	529,637
Total Value Distributed	RM	146,498,857	132,955,619	137,604,737	136,718,336	125,298,706

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Business ethics						
Percentage of operations assessed for corruption-related risks	%				100	100
Percentage of employees who have received training on anti-bribery and corruption	%	100	100	100	100	100
Confirmed incidents of corruption and action taken		0	0	0	0	0
Percentage of employees who have received training on anti-corruption by employee category						
Senior Executive	%	100	100	100	100	100
Senior Management	%	100	100	100	100	100
Middle Management	%	100	100	100	100	100
Executive	%	100	100	100	100	100
Total percentage of employees who have received training on anti-corruption	%	100	100	100	100	100
Confirmed incidents of corruption and action taken		0	0	0	0	0
Regulatory Compliance						
Incidences of non-compliance to relevant laws and regulations		0	0	0	0	0
Data privacy						
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data		0	0	0	0	0

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Supply chain management						
Proportion of spending on local suppliers	%		80	76	100	95
Local procurement expenditure	RM		8,629,868	8,539,554	2,386,183	5,170,000
Percentage of service providers underwent performance appraisal	%	100	100	100	100	100
Percentage of service providers achieved higher than the minimum score rating of 60%	%	100	99.9	100	100	100

Environmental

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy and Carbon Footprint						
Energy consumption outside of the organisation						
Quill Building 1	kWh	4,519,207	4,595,957	4,042,295	4,377,662	4,006,600
Quill Building 2	kWh	873,146	909,089	752,079	496,152	501,066
Quill Building 3	kWh	7,242,719	7,181,163	5,508,689	2,405,305	2,551,113
Quill Building 4	kWh	5,062,322	4,815,665	4,338,986	4,029,696	3,851,905
Wisma TechnipFMC	kWh	2,733,335	2,368,990	2,210,968	2,065,371	935,329
Plaza Mont' Kiara	kWh	652,179	664,039	543,245	493,707	412,939
Menara Shell	kWh	5,168,693	5,176,661	4,699,918	4,771,616	5,206,562
Platinum Sentral	kWh	3,112,525	2,962,583	2,544,944	2,205,655	2,417,582
Total energy consumption	kWh	31,808,041	29,125,934	24,809,793	20,845,164	19,883,096

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Energy and Carbon Footprint						
Energy consumption outside of the organisation						
Energy intensity	kWh/ m2	173	159	136	118	113
Reduction of energy consumption	kWh	3,376,574	2,682,107	4,316,141	3,964,629	1,025,001
GHG Emissions						
Scope 2						
Quill Building 1	tCO2	2,644	2,689	2,365	2,566	2,344
Quill Building 2	tCO2	511	532	440	295	293
Quill Building 3	tCO2	4,237	4,201	3,223	1,412	1,492
Quill Building 4	tCO2	2,961	2,817	2,538	2,362	2,254
Wisma TechnipFMC	tCO2	1,599	1,386	1,293	1,213	547
Plaza Mont' Kiara	tCO2	382	388	318	293	242
Menara Shell	tCO2	3,024	3,028	2,749	2,796	3,046
Platinum Sentral	tCO2	1,821	1,733	1,489	1,295	1,414
Total Scope 2	tCO2	18,608	17,039	14,514	12,232	11,632
GHG Intensity	Tonnes/ m2	0.10	0.09	0.08	0.07	0.07
Water Management						
Water Consumption						
Quill Building 1	m3	8,691	8,693	7,539	5,111	3,778
Quill Building 2	m3	3,960	4,745	4,543	3,914	1,407
Quill Building 3	m3	10,975	11,841	7,943	5,284	8,328
Quill Building 4	m3	9,642	9,506	7,453	5,189	2,319
Wisma TechnipFMC	m3	12,454	15,350	17,625	12,597	7,205
Plaza Mont' Kiara	m3	1,228	882	490	496	358
Menara Shell	m3	51,724	61,849	54,831	66,427	104,907
Platinum Sentral	m3	55,595	45,845	41,903	34,491	32,254
Total Water Consumption	m3	164,111	160,070	142,491	133,509	160,556
Water intensity	m3/ sqm	0.94	0.91	0.78	0.76	0.92

SUSTAINABILITY STATEMENT
(cont'd)

Social

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Health and Safety						
Number of employees trained on health and safety standards			9 - First Aid Training 23 - Fire Safety Training	0	0	19
Number of work-related fatalities		0	0	0	0	0
Lost time incident rate		0	0	0	0	0
Quality of Assets and Services						
Percentage of properties certified against Green Building Certification (%)	%	12.5	12.5	12.5	12.5	12.5
Asset enhancement investments	RM	1,280,000	1,050,000	1,483,076	1,770,000	3,556,790
Number of complaints received		1,845	1,658	1,139	794	1,245
Number of complaints resolved		1,845	1,658	1,139	794	1,245
Percentage of complaints resolved	%	100	100	100	100	100
Employee Management						
Employment Type						
Employees		18	18	18	19	20
Workers		36	37	36	30	27
Employee Type						
Permanent		12	11	11	11	8
Contract		6	7	7	8	12
Permanent	%	67	61	61	58	40
Contract	%	33	39	39	42	60
Employee count						
Total number of employees		18	18	18	19	20
Number of new hires		1	1	1	1	5
Employee turnover		2	1	1	0	4

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employee Management						
Employee Turnover by Employee Category						
Executive		2	1	0	0	2
Senior Executive		0	0	1	0	1
Middle Management		0	0	0	0	0
Senior Management		0	0	0	0	1
Employee Gender Diversity by Employee Category						
Executive						
Male		0	4	3	3	2
Female		6	2	2	2	3
Male	%	0	67	60	60	40
Female	%	100	33	40	40	60
Senior Executive						
Male		2	0	0	1	1
Female		0	3	4	4	4
Male	%	100	0	0	20	20
Female	%	0	100	100	80	80
Middle Management						
Male		2	0	1	1	1
Female		3	3	3	3	3
Male	%	40	0	25	25	25
Female	%	60	100	75	75	75
Senior Management						
Male		1	1	1	1	2
Female		4	5	4	4	4
Male	%	20	17	20	20	33
Female	%	80	83	80	80	67
Total						
Male		5	6	5	6	6
Female		13	12	13	13	14
Male	%	28	33	28	32	30
Female	%	72	67	72	68	70
Employee Age Diversity by Employee Category						
Executive						
< 30 years old		4	1	1	1	2
30-50 years old		1	3	3	3	2
> 50 years old		1	1	1	1	1
< 30 years old	%	66	20	20	20	40
30-50 years old	%	17	60	60	60	40
> 50 years old	%	17	20	20	20	20

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employee Management						
Employee Age Diversity by Employee Category						
Senior Executive						
< 30 years old		0	0	0	0	0
30-50 years old		3	4	4	5	5
> 50 years old		0	0	0	0	0
< 30 years old	%	0	0	0	0	0
30-50 years old	%	100	100	100	100	100
> 50 years old	%	0	0	0	0	0
Middle Management						
< 30 years old		0	0	0	0	0
30-50 years old		2	3	3	3	3
> 50 years old		1	1	1	1	1
< 30 years old	%	0	0	0	0	0
30-50 years old	%	67	75	75	75	75
> 50 years old	%	33	25	25	25	25
Senior Management						
< 30 years old		0	0	0	0	0
30-50 years old		5	4	4	4	5
> 50 years old		1	1	1	1	1
< 30 years old	%	0	0	0	0	0
30-50 years old	%	83	80	80	80	83
> 50 years old	%	17	20	20	20	17
Total						
< 30 years old		1	4	1	1	2
30-50 years old		16	11	14	15	15
> 50 years old		1	3	3	3	3
< 30 years old	%	5	22	6	5	10
30-50 years old	%	90	61	77	79	75
> 50 years old	%	5	17	17	16	15
Board Diversity by Gender						
Male		7	7	6	6	6
Female		1	1	2	2	2
Male	%	87	87	75	75	75
Female	%	13	13	25	25	25

SUSTAINABILITY STATEMENT
(cont'd)

Indicator	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employee Management						
Board diversity by Age group						
30-50 years old		3	2	1	1	1
> 50 years old		5	6	7	7	7
30-50 years old	%	38	25	13	13	13
> 50 years old	%	62	75	87	87	87
Worker diversity - Gender						
Male		31	31	30	26	23
Female		5	6	6	4	4
Human Rights						
Number of substantiated complaints concerning human rights violation		0	0	0	0	0
Learning and development hours						
Executive		73	58	24	62	62.5
Senior Executive		56	151.15	75	56	222.5
Middle Management		123	172	80.5	118.8	90.5
Senior Management		178	248	192.5	223.5	319
Total hours		430	629.15	372	460.3	694.5
Parental Leaves Utilisation						
Maternity Leave		0	0	0	0	0
Paternity Leave		0	0	0	0	0
Community Partnership and Activities						
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM		195,000	186,512	200,000	131,100
Total number of beneficiaries of the investment in communities			136 individuals	Approximately 630 families 317 individuals	Approximately 230 families 180 individuals	1,056

SUSTAINABILITY STATEMENT
(cont'd)

BURSA SUSTAINABILITY REPORTING GUIDE 3RD EDITION CONTENT INDEX

Bursa Sustainability Matters	Sentral's Material Matter	Bursa indicators		GRI	Location (Page)
Common Sustainability Matters					
Anti-corruption	Business ethics	C1 (a)	Percentage of employees that have received training on anti-corruption by employee category	205-2	100, 144
		C1 (b)	Percentage of operations assessed for corruption-related risks	205-1	100, 144
		C1 (c)	Confirmed incidence of corruption and action taken	205-3	100, 144
Community/ Society	Community partnership and activities	C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	201-1	141, 150
		C2 (b)	Total number of beneficiaries of the investment in communities	201-1	141, 150
Diversity	Diversity and equal employment	C3 (a)	Percentage of employees by gender, age group for each employee category	405-1 405-2	134, 148-149
		C3 (b)	Percentage of directors by gender and age group	405-1	64, 149-150
Energy management	Energy and carbon footprint	C4 (a)	Total energy consumption	302-1	119, 145
Health and safety	Health and safety	C5 (a)	Number of work-related fatalities	403-9	128, 147
		C5 (b)	Lost time incident rate	403-9	147
		C5 (c)	Number of employees trained on health and safety standards	403-5 404-1	125, 147
Labour practices and standards	Employee engagement	C6 (a)	(a) Total hours of training by employee category	404	139, 150
		C6 (b)	(b) Percentage of employees that are contractors or temporary staff	401	147
		C6 (c)	(c) Total number of employee turnover by employee category	401-1	139, 147
		C6 (d)	(d) Number of substantiated complaints concerning human rights violation		138

SUSTAINABILITY STATEMENT
(cont'd)

Bursa Sustainability Matters	Sentral's Material Matter	Bursa indicators		GRI	Location (Page)
Common Sustainability Matters					
Supply chain management	Supply chain management	C7 (a)	Proportion of spending on local suppliers	204-1	117, 145
Data privacy and security	Data privacy	C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	115, 144
Water	Water management	C9 (a)	Total volume of water used	303-3 303-4 303-5	121, 146
Waste management	Waste management	C10 (a)	Total waste generated, and a breakdown of the following: (i) Total waste diverted from disposal (ii) Total waste directed to disposal	306-3 306-4	
Emissions management	Energy and carbon footprint	C11 (a)	Scope 1 emissions in tonnes of CO2e	305-1 302-1	
		C11 (b)	Scope 2 emissions in tonnes of CO2e	305-2 302-1	119, 146
		C11 (c)	Scope 3 emissions in tonnes of CO2e (at least on business travel and employee commuting)	305-3	
Sector Specific Sustainability Matters					
Supply chain (Environmental)/ Supplier environmental assessment	Supply chain management	S6 (a)	Percentage of new suppliers that were screened using environmental criteria	308-1	
		S6 (b)	Number of suppliers assessed for environmental impacts	308-2	
		S6 (c)	Percentage of the company's total property portfolio certified to a recognised building management standard for property		129, 147
Supply Chain (Social)/Supplier Social Assessment	Supply chain management	S7 (a)	Percentage of new suppliers that were screened using social criteria	414-1	
		S7 (b)	Number of suppliers assessed for social impacts	414-2	

SUSTAINABILITY STATEMENT
(cont'd)

Statement of use	Sentral REIT has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures	**The Organization and its Reporting Practices**					
	2-1 Organisational details	3-5, 93				
	2-2 Entities included in the organisation's sustainability reporting	96				
	2-3 Reporting period, frequency and contact point	96				
	2-4 Restatements of information	There is no restatements of information.				
	2-5 External assurance	96				
	Activities and Workers					
	2-6 Activities, value chain and other business relationships	115				
	2-7 Employees	133-134				
	2-8 Workers who are not employees	133-134				
	Governance					
	2-9 Governance structure and composition	96-98				
	2-10 Nomination and selection of the highest governance body	69, 98				
	2-11 Chair of the highest governance body	98				
	2-12 Role of the highest governance body in overseeing the management of impacts	96-98				
	2-13 Delegation of responsibility for managing impacts	98				

SUSTAINABILITY STATEMENT
(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
GRI 2: General Disclosures (cont'd)	2-14 Role of the highest governance body in sustainability reporting	96-98				
	2-15 Conflicts of interest	68, 99				
	2-16 Communication of critical concerns	98				
	2-17 Collective knowledge of the highest governance body	70-71, 97				
	2-18 Evaluation of the performance of the highest governance body	69, 100				
	2-19 Remuneration policies	72				
	2-20 Process to determine remuneration	72, 100				
	2-21 Annual total compensation ratio	Information not disclosed due to confidentiality constraints.				
	Strategy, Policies and Practices					
	2-22 Statement on sustainable development strategy	91-97				
	2-23 Policy commitments	99-102				
	2-24 Embedding policy commitments	99-102				
	2-25 Processes to remediate negative impacts	99-100				
	2-26 Mechanisms for seeking advice and raising concerns	99-100				
	2-27 Compliance with laws and regulations	101-102				
	2-28 Membership associations	93				
	Stakeholder Engagement					
	2-29 Approach to stakeholder engagement	102-105				
	2-30 Collective bargaining agreements	134				

SUSTAINABILITY STATEMENT
(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Material Topics						
GRI 3: Material Topics	3-1 Process to determine material topics	106				
	3-2 List of material topics	107-108				
Material Topics: Economic						
GRI 201: Economic Performance						
GRI 3: Material Topics	3-3 Management of material topics	112				
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	113				
GRI 204: Procurement Practices						
GRI 3: Material Topics	3-3 Management of material topics	115-116				
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	117				
GRI 205: Anti-corruption						
GRI 3: Material Topics	3-3 Management of material topics	95-100				
GRI 205: Anti-Corruption	205-2 Communication and training about anti-corruption policies and procedures	100, 144				
	205-3 Confirmed incidents of corruption and actions taken	100, 144				
Material Topics: Environmental						
GRI 302: Energy						
GRI 3: Material Topics	3-3 Management of material topics	118-119				
GRI 302: Energy	302-2 Energy consumption outside of the organisation	119, 145-146				
	302-3 Energy intensity	119, 145-146				
	302-4 Reduction of energy consumption	119, 146				

SUSTAINABILITY STATEMENT
(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
GRI 303: Water and Effluent						
GRI 3: Material Topics	3-3 Management of material topics	120				
GRI 303: Water and Effluent	303-1 Interactions with water as a shared resource	120-121				
	303-5 Water consumption	121-122, 146				
GRI 305: Emissions						
GRI 3: Material Topics	3-3 Management of material topics	118-119				
GRI 305: Emissions	305-2 Energy indirect (Scope 2) GHG emissions	119-120, 146				
	305-4 GHG emission intensity	119, 146				
GRI 306: Waste						
GRI 3: Material Topics	3-3 Management of material topics	122-123				
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	122-123				
	306-2 Management of significant waste-related impacts	122-123				
	306-3 Waste generated	Information unavailable. Steps are being taken to obtain the information to be included in report.				
	306-4 Waste diverted from disposal					
	306-5 Waste directed to disposal					
GRI 308: Supplier Environmental Assessment						
GRI 3: Material Topics	3-3 Management of material topics	115				
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Information unavailable. Steps are being taken to obtain the information to be included in report.				
	308-2 Negative environmental impacts in the supply chain and actions					

SUSTAINABILITY STATEMENT
(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Material Topics: Social						
GRI 401: Employment						
GRI 3: Material Topics	3-3 Management of material topics	133-140				
GRI 401: Employment	401-1 New employee hires and employee turnover	134, 147-148				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	135				
	401-3 Parental leave	135, 150				
GRI 402: Labour/Management Relations						
GRI 3: Material Topics	3-3 Management of material topics	136				
GRI 402: Labour/ Management Relations	402-1 Minimum notice periods regarding operational changes	136				
GRI 403: Occupational Health and Safety						
GRI 3: Material Topics	3-3 Management of material topics	124-128				
GRI 403: Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation	124-128				
	403-5 Worker training on occupational health and safety	125, 147				
	403-6 Promotion of worker health	127-128				
	403-9 Work-related injuries	128, 147				
	403-10 Work-related ill health	128, 147				
GRI 404: Training and Education						
GRI 3: Material Topics	3-3 Management of material topics	138-139				
GRI 404: Training and Education	404-1 Average hours of training per year per employee	139				
	404-2 Programs for upgrading employee skills and transition assistance programs	138				

SUSTAINABILITY STATEMENT
(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	404-3 Percentage of employees receiving regular performance and career development reviews	135				
GRI 405: Diversity and Equal Opportunity						
GRI 3: Material Topics	3-3 Management of material topics	133-134				
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	134, 148-150				
GRI 406: Non-Discrimination						
GRI 3: Material Topics	3-3 Management of material topics	133-134				
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	134				
GRI 413: Local Communities						
GRI 3: Material Topics	3-3 Management of material topics	140-142				
GRI 413: Local Communities	413-1 Operations with local community engagement, impacts assessments, and development programs	141-142, 150				
GRI 414: Supplier Social Assessment						
GRI 3: Material Topics	3-3 Management of material topics	115-117				
GRI 414: Supplier Social Assessment	414-1 New Suppliers that were screened using social criteria	Information unavailable. Steps are being taken to obtain the information to be included in report.				
	414-2 Negative social impacts in the supply chain and actions taken					
GRI 418: Customer Privacy						
GRI 3: Material Topics	3-3 Management of material topics	114-115				
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	115, 144				

THE MANAGER'S REPORT

Sentral REIT Management Sdn. Bhd. ("SRM") being the manager (the "Manager") of Sentral REIT ("SENTRAL"), is pleased to present the Manager's Report on SENTRAL together with the audited financial statements of SENTRAL for the financial year ended 31 December 2022.

SENTRAL, the Manager and their principal activities

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

The principal activity of SENTRAL involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of SENTRAL is to facilitate financing for SENTRAL as disclosed in Note 25 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

Investment objective and strategies

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

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

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

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

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

Reserves and provisions

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

THE MANAGER'S REPORT
(cont'd)

Directors

The names of the directors of the Manager in office since the date of last report and at the date of this report are:

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

Directors' benefit

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

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit by reason of a contract made by SENTRAL or a related corporation with any director of the Manager or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for units held in SENTRAL as disclosed in Note 29 to the financial statements and the related party transactions as disclosed in Note 31 to the financial statements.

Directors' interests

	Note	Units as at 1 January 2022	Number of units acquired/ (disposed)	Units as at 31 December 2022
Direct interest:				
Dato' Dr. Low Moi Ing, J.P.		50,000	-	50,000
Dato' Michael Ong Leng Chun		55,000	-	55,000
Kwan Joon Hoe		450,000	-	450,000
Po Yih Ming		-	20,000	20,000
Indirect interest:				
Dato' Dr. Low Moi Ing, J.P.	(a)	59,401,000	1,114,000	60,515,000
Dato' Michael Ong Leng Chun	(b)	59,401,000	1,114,000	60,515,000
Tan Sri Saw Choo Boon	(c)	185,000	572,000	757,000

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

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

(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..

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

THE MANAGER'S REPORT
(cont'd)

Soft commission

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

Utilisation of proceeds raised from issuance of new units

There were no proceeds raised as there was no issuance of new units during the financial year ended 31 December 2022.

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

During the financial year ended 31 December 2022, there were no sanctions and/or penalties imposed on SENTRAL, its Manager and/or directors of its Manager by any of the relevant regulatory bodies.

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

During the financial year ended 31 December 2022, there were non-audit fees of RM5,500 for the review of Statement of Risk Management and Internal Control services; tax agent fees of RM24,700 for the services rendered by Ernst & Young Tax Consultants Sdn. Bhd.; and professional fees of RM95,000 on the advisory services for sustainability reporting for financial year 2022 by Ernst & Young Advisory Services Sdn. Bhd..

Manager's responsibility for the annual audited accounts

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

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of SENTRAL were made out, the directors of the Manager took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts of receivables and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors of the Manager are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of SENTRAL inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of SENTRAL misleading.

(c) At the date of this report, the directors of the Manager are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of SENTRAL misleading or inappropriate.

THE MANAGER'S REPORT
(cont'd)

Other statutory information (cont'd)

(d) At the date of this report, the directors of the Manager are not aware of any circumstances not otherwise dealt with in this report or financial statements of SENTRAL which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of SENTRAL which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of SENTRAL which has arisen since the end of the financial year.

(f) In the opinion of the directors of the Manager:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of SENTRAL to meet its obligations as and when they fall due;

(ii) the results of SENTRAL's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of SENTRAL for the financial year in which this report is made.

Subsequent event

Details of a subsequent event are disclosed in Note 32 to the financial statements.

Auditors

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

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

Tan Sri Saw Choo Boon
Director

Ann Wan Tee
Director

Kuala Lumpur, Malaysia
22 February 2023

STATEMENT BY MANAGER

We, Tan Sri Saw Choo Boon and Ann Wan Tee, being two of the directors of the Manager, Sentral REIT Management Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 169 to 228 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Trust Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2022 and its financial performance and cash flows for the year then ended.

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

Tan Sri Saw Choo Boon
Director

Ann Wan Tee
Director

Kuala Lumpur, Malaysia
22 February 2023

STATUTORY DECLARATION

I, Teh Wan Wei, being the officer primarily responsible for the financial management of SENTRAL, do solemnly and sincerely declare that the accompanying financial statements set out on pages 169 to 228 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Teh Wan Wei
at Kuala Lumpur in the Federal Territory
on 22 February 2023.

Teh Wan Wei

Before me,
Commissioner of Oath

PESURUHJAYA SUMPAH
No. W881
Nama: YM TENGKU NUR ATHIYA
TENGKU FARIDDUDIN
1 MAC 2022 - 31 DEC 2024
MALAYSIA
205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

TRUSTEE'S REPORT

To the unitholders of SENTRAL REIT

We have acted as Trustee of Sentral REIT ("SENTRAL") for the financial year ended 31 December 2022. To the best of our knowledge, Sentral REIT Management Sdn. Bhd. ("the Manager") has managed SENTRAL in the financial year under review in accordance to the following:

(a) the limitation imposed on the investment powers of the Manager and the Trustee under the Trust Deed, other applicable provisions of the Trust Deed, the Guidelines on Listed Real Estate Investment Trusts issued by Securities Commission Malaysia, the Capital Markets & Services Act 2007 and other applicable laws; and

(b) the valuation of SENTRAL is carried out in accordance with the Trust Deed and other regulatory requirements.

An interim distribution of 3.40 sen per unit has been distributed to the unitholders of SENTRAL on 30 September 2022 for the financial period from 1 January 2022 to 30 June 2022. The proposed final gross income distribution of 3.42 sen per unit for the financial period from 1 July 2022 to 31 December 2022 will be payable on 28 February 2023 to all unitholders as at the book closure date of 9 February 2023.

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

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

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

INDEPENDENT AUDITORS' REPORT

To the unitholders of SENTRAL REIT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sentral REIT ("SENTRAL"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in net asset value and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 169 to 228.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SENTRAL as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the applicable provisions of the Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Basis for Opinion

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

Independence and other ethical responsibilities

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

Key Audit Matters

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

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

Valuation of Investment Properties

SENTRAL adopts the fair value model for its investment properties. The policy of SENTRAL is that property valuations are performed by external experts at least once a year. The carrying value of the investment properties as at 31 December 2022 of RM2,047,174,431 represents 95% of total assets of SENTRAL and therefore the valuation exercise was significant to our audit. The areas that involved significant audit effort and judgement were the assessment of the basis and assumptions used by the external experts to derive the fair value of the investment properties. The basis and assumptions include amongst others, estimated rental revenues, yield rates and discount rates which are based on current and future market or economic conditions.

INDEPENDENT AUDITORS' REPORT

To the unitholders of SENTRAL REIT
(cont'd)

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

Key Audit Matters (cont'd)

Valuation of Investment Properties (cont'd)

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing SENTRAL's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the unitholders of SENTRAL REIT
(cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of SENTRAL, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SENTRAL's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SENTRAL's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of SENTRAL or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause SENTRAL to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of SENTRAL, including the disclosures, and whether the financial statements of SENTRAL represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within SENTRAL to express an opinion on the financial statements of SENTRAL. We are responsible for the direction, supervision and performance of SENTRAL's audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT

To the unitholders of SENTRAL REIT
(cont'd)

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

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

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

OTHER MATTERS

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

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

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

Kuala Lumpur, Malaysia
22 February 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 RM	2021 RM
Total income			
Revenue			
- Realised		148,931,357	160,645,430
- Unrealised (in relation to lease income recognised in prior years)		(1,581,592)	(1,042,254)
	5	147,349,765	159,603,176
Property operating expenses	6	(32,653,512)	(36,953,846)
Net property income		114,696,253	122,649,330
Finance income	7	2,364,017	2,639,082
Change in fair value of investment properties			
- As per valuation		(23,907,864)	(15,700,919)
- Lease income recognised in prior years		1,581,592	1,042,254
Gain on divestment of investment property		-	3,754,026
		94,733,998	114,383,773
Total expenditure			
Manager's fees	8	(12,220,533)	(12,616,535)
Trustee's fee	9	(649,354)	(664,577)
Finance costs	10	(30,839,995)	(31,087,822)
Valuation fees		(297,620)	(316,100)
Auditors' remuneration		(158,072)	(147,637)
Tax agent's fee		(26,422)	(26,423)
Administrative expenses		(849,992)	(729,080)
		(45,041,988)	(45,588,174)
Income before taxation		49,692,010	68,795,599
Income tax credit	11	2,581,701	1,450,654
Income net of taxation, representing total comprehensive income for the financial year		52,273,711	70,246,253
Net income for the year is made up as follows:			
- Realised		73,625,238	84,485,957
- Unrealised		(21,351,527)	(14,239,704)
		52,273,711	70,246,253

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022
(cont'd)

	Note	2022 RM	2021 RM
Total realised income net of taxation/Distributable Income		73,625,238	84,485,957
Earnings per unit	12		
After manager's fees (sen)		4.88	6.55
Before manager's fees (sen)		6.02	7.73
Earnings per unit (realised)	12		
After manager's fees (sen)		6.87	7.88
Before manager's fees (sen)		8.01	9.06
Income distribution			
Interim distribution of 3.43 sen paid on 20 September 2021 (RM) [1*]		-	36,762,157
Final distribution of 3.98 sen paid on 28 February 2022 (RM) [2*]		-	42,656,964
Interim distribution of 3.40 sen paid on 30 September 2022 (RM) [3*]		36,440,622	-
Final distribution of 3.42 sen payable on 28 February 2023 (RM) [4*]		36,654,979	-
	13	73,095,601	79,419,121
Interim distribution per unit			
Gross (sen) [5*]		3.40	3.43
Final distribution per unit			
Gross (sen) [5*]		3.42	3.98
Total distribution per unit			
Gross (sen) [5*]		6.82	7.41

1 *Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2021 to 30 June 2021;*
2 *Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2021 to 31 December 2021;*
3 *Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2022 to 30 June 2022;*
4 *Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2022 to 31 December 2022;*
5 *Final income distribution for the financial year 2022 was declared on 19 January 2023 and will be payable on 28 February 2023. The declared final income distribution will be recognised in the immediate subsequent financial year.*
* *Income distributed to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 RM	2021 RM
Assets			
Non-current assets			
Plant and equipment	14	36,548	131,633
Investment properties	15	2,047,174,431	2,065,892,839
Accrued rental income	17	13,525,569	15,107,161
Lease receivables	16	-	91,788
		2,060,736,548	2,081,223,421
Current assets			
Trade and other receivables	17	6,128,944	5,373,984
Lease receivables	16	91,788	240,915
Deposits, cash and bank balances	18	79,759,866	93,537,907
		85,980,598	99,152,806
Total assets		2,146,717,146	2,180,376,227
Liabilities			
Non-current liabilities			
Borrowings	21	804,493,923	675,656,454
Security deposits	23	14,832,962	11,716,798
Other payables	20	907,693	1,108,964
Deferred tax liabilities	22	9,551,020	12,132,721
		829,785,598	700,614,937
Current liabilities			
Trade and other payables	20	20,579,440	19,200,716
Borrowings	21	-	129,992,582
Security deposits	23	5,310,213	12,702,222
		25,889,653	161,895,520
Total liabilities		855,675,251	862,510,457
Net asset value ("NAV")		1,291,041,895	1,317,865,770

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022
(cont'd)

	Note	2022 RM	2021 RM
Unitholders' funds			
Unitholders' funds attributable to unitholders of SENTRAL			
Unitholders' capital	24	1,235,876,768	1,235,876,768
Undistributed and non-distributable income		55,165,127	81,989,002
Total unitholders' funds		1,291,041,895	1,317,865,770
Net asset value ("NAV")	27		
Before income distribution [1]		1,291,041,895	1,317,865,770
After income distribution [2]		1,254,386,916	1,275,208,806
NAV per unit	27		
Before income distribution [1]		1.2046	1.2296
After income distribution [2]		1.1704	1.1898
Number of units in circulation			
As at 31 December (units)	27	1,071,783,000	1,071,783,000

1 *Before the proposed final income distribution of 3.42 sen per unit and 3.98 sen per unit for the financial year 2022 and 2021 respectively.*

2 *After the proposed final income distribution of 3.42 sen per unit and 3.98 sen per unit for the financial year 2022 and 2021 respectively.*

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2022

		← Distributable →		Total	
	Unitholders' capital	Undistributed income realised	Undistributed (loss)/income unrealised	Undistributed income	Unitholders' funds
	RM	RM	RM	RM	RM
At 1 January 2022	1,235,876,768	65,682,662	16,306,340	81,989,002	1,317,865,770
Total comprehensive income/(loss) 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
Transactions with unitholders					
Distribution to unitholders	-	(79,097,586)	-	(79,097,586)	(79,097,586)
At 31 December 2022	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895
At 1 January 2021	1,235,876,768	57,078,942	30,546,044	87,624,986	1,323,501,754
Total comprehensive income/(loss) for the financial year	-	84,485,957	(14,239,704)	70,246,253	70,246,253
	1,235,876,768	141,564,899	16,306,340	157,871,239	1,393,748,007
Transactions with unitholders					
Distribution to unitholders	-	(75,882,237)	-	(75,882,237)	(75,882,237)
At 31 December 2021	1,235,876,768	65,682,662	16,306,340	81,989,002	1,317,865,770

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Income before taxation		49,692,010	68,795,599
Adjustments for:			
Finance costs	10	30,839,995	31,087,822
Depreciation of plant and equipment	14	99,750	172,416
Fair value adjustments	15	22,326,272	14,658,665
Lease income recognised in prior years	5	1,581,592	1,042,254
Allowance for impairment of trade receivables	17	43,264	440,577
Reversal for impairment of trade receivables	17	(146,466)	(374,511)
Finance income	7	(2,364,017)	(2,639,082)
Write off of investment property	15	-	765,000
Gain on divestment of investment property		-	(3,754,026)
Operating cash flows before changes in working capital		102,072,400	110,194,714
Changes in working capital:			
Increase in trade and other receivables		(308,992)	(416,460)
Decrease in security deposits		(4,690,560)	(1,060,791)
Increase in trade and other payables		857,274	1,743,778
Net cash flows generated from operating activities		97,930,122	110,461,241
Cash flows from investing activities			
Additions to investment properties	15	(3,607,864)	(657,919)
Net proceeds from divestment of investment property		-	41,850,000
Additions to plant and equipment	14	(4,665)	(35,413)
Changes in deposits with licensed financial institutions		3,987,245	(3,265,053)
Interest received		1,872,815	2,138,448
Net cash flows generated from investing activities		2,247,531	40,030,063
Cash flows from financing activities			
Distribution to unitholders		(79,097,586)	(75,882,237)
Drawdown of borrowings	21	207,000,000	258,380,616
Repayment of borrowings	21	(207,000,000)	(300,000,000)
Finance costs paid	21	(29,970,308)	(27,123,513)
Transaction costs paid	21	(900,555)	(554,078)
Net cash flows used in financing activities		(109,968,449)	(145,179,212)
Net (decrease)/increase in cash and cash equivalents		(9,790,796)	5,312,092
Cash and cash equivalents at 1 January		20,167,135	14,855,043
Cash and cash equivalents at 31 December	18	10,376,339	20,167,135

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. SENTRAL, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

The principal activity of SENTRAL involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of SENTRAL is to facilitate financing for SENTRAL as disclosed in Note 25 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The financial statements were authorised for issue by the Manager in accordance with a resolution of its directors on 22 February 2023.

2. TERM OF SENTRAL

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies

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

On 1 January 2022, SENTRAL adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2022:

Description	Effective for annual periods beginning on or after
Annual improvements to MFRS Standards 2018 - 2020:	
- Amendments to MFRS 1: Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9: Financial Instruments	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022

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

3.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Standards issued but not yet effective (cont'd)

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

3.4 Basis of consolidation

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

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

(i) Power over the SPEs (such as existing rights that give it the current ability to direct the relevant activities of the SPEs);

(ii) Exposure, or rights, to variable returns from its investment with the SPEs; and

(iii) The ability to use its power over the SPEs to affect its returns.

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

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

3.5 Plant and equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Plant and equipment (cont'd)

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

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

3.6 Sales tax

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

(i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

(ii) When receivables and payables are stated with the amount of sales tax included.

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

3.7 Investment properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Investment properties (cont'd)

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

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

3.8 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

3.9 Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial assets (cont'd)

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

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

(i) Financial assets at amortised cost

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

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(ii) Financial assets at FVOCI

Debt instruments

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

- The financial assets are held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial assets (cont'd)

(ii) Financial assets at FVOCI (cont'd)

Equity instruments

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

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

(iii) Financial assets at FVTPL

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

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

(iv) Financial assets: derecognition

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Impairment of financial assets

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

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

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

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

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

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

3.11 Cash and cash equivalents

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

3.12 Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Financial liabilities (cont'd)

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

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

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

(ii) Other financial liabilities

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

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

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

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

3.13 Offsetting of financial instruments

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

3.14 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Revenue and other income

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

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

(i) Rental income

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

(ii) Utilities recovery and others

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

(iii) Car park operations

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

(iv) Interest income

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

3.16 Leases - as lessor

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

3.17 Income taxes

(i) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Income taxes (cont'd)

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Current versus non-current classification

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

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.19 Provisions

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

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

3.20 Fair value measurement

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

- In the principal market for the asset or liability, or

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Fair value measurement (cont'd)

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

3.21 Unitholders' capital and units issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of SENTRAL after deducting all of its liabilities. Units are equity instruments.

Units are recorded at the proceeds received, net of directly attributable incremental transaction costs. Units are classified as equity. Dividends on units are recognised in equity in the period in which they are declared.

3.22 Non-current asset classified as asset held for sale

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Non-current asset classified as asset held for sale (cont'd)

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

4.1 Critical judgements made in applying accounting policies

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

Operating lease commitments – as lessor

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

4.2 Key sources of estimation uncertainty

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

Fair valuation of investment properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

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

4.2 Key sources of estimation uncertainty (cont'd)

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

Fair valuation of investment properties (cont'd)

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate and discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2022	**2021**
	RM	**RM**
Yield rate		
- 0.25%	71,932,633	77,769,782
+ 0.25%	(66,393,420)	(71,704,116)
Discount rate		
- 0.25%	17,105,660	15,227,189
+ 0.25%	(16,515,043)	(14,612,098)

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

5. REVENUE

	2022	**2021**
	RM	**RM**
Rental income and service charges		
- Realised	133,550,660	147,638,704
- Unrealised (in relation to lease income recognised in prior years)	(1,581,592)	(1,042,254)
Car park income	10,228,823	9,536,954
Utilities recovery	5,109,845	3,261,561
Others	42,029	208,211
	147,349,765	159,603,176

The realised revenue comprises rental and service charges, car park income from properties and utilities costs recoverable from tenants. The unrealised revenue refers to the lease income recognised in prior years pursuant to requirements of MFRS 16: Leases, recognised on straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

6. PROPERTY OPERATING EXPENSES

	2022 RM	2021 RM
Quit rent and assessment	8,378,301	8,430,316
Depreciation of plant and equipment (Note 14)	99,750	172,416
Insurance	731,553	734,904
Property management fee	2,780,899	3,003,712
Service contracts and maintenance	9,733,296	12,501,258
Utilities	10,929,713	12,111,240
	32,653,512	36,953,846

7. FINANCE INCOME

	2022 RM	2021 RM
Realised:		
Interest income on fixed deposits	1,914,498	1,943,191
Interest on deposit paid to authorities	38,283	38,974
Interest income on lease receivable	21,885	56,237
Late payment interest charged to tenants	-	23,249
	1,974,666	2,061,651
Unrealised:		
Amortisation of deferred lease income (Note 20(c))	389,351	577,431
	2,364,017	2,639,082

8. MANAGER'S FEES

	2022 RM	2021 RM
Base fee	8,672,958	8,843,938
Performance fee	3,547,575	3,772,597
	12,220,533	12,616,535

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

8. MANAGER'S FEES (cont'd)

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

There are no other fees earned by the Manager during the financial year other than as disclosed in this note.

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

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

9. TRUSTEE'S FEE

Trustee's fee accrued to the Trustee for the financial year ended 31 December 2022 amounted to RM649,354 (2021: RM664,577).

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

10. FINANCE COSTS

	2022 RM	2021 RM
Realised:		
Accretion of interest expense	478,025	269,898
Amortisation of transaction costs incurred to obtain Commercial Papers ("CPs")/Medium Term Notes ("MTNs")	505,537	360,016
Amortisation of transaction costs incurred to obtain Term Loan	56,194	33,703
Annual CPs/MTNs Programme expense	596,454	481,567
Interest expense on CPs	6,852,018	6,059,833
Interest expense on MTNs	21,215,572	18,331,038
Interest expense on Term Loan	721,480	4,984,897
	30,425,280	30,520,952
Unrealised:		
Unwinding of discount on security deposits (Note 23)	414,715	566,870
	30,839,995	31,087,822

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

11. INCOME TAX CREDIT

The major components of income tax credit for the years ended 31 December 2022 and 2021 are:

	2022 RM	2021 RM
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 22)	(2,581,701)	(1,450,654)

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

As SENTRAL has paid and declared income distribution of more than 90% of its total income to unitholders, the total income of SENTRAL for the year of assessment 2022 shall be exempted from tax.

A reconciliation of income tax credit applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of SENTRAL for the financial years ended 31 December 2022 and 2021 are as follows:

	2022 RM	2021 RM
Income before taxation	49,692,010	68,795,599
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	11,926,082	16,510,944
Income not subject to taxation	(17,648,189)	(20,226,947)
Unrealised expenses/(income) not deductible/(subject to tax)	6,087	(2,535)
Exempt income not subject to tax	(459,480)	(466,366)
Expenses not deductible for tax purposes	6,175,500	4,184,904
Deferred tax on Real Property Gains Tax ("RPGT") on fair value loss of investment properties	(2,581,701)	(1,450,654)
Income tax credit for the year	(2,581,701)	(1,450,654)

12. EARNINGS PER UNIT ("EPU")

(a) EPU after manager's fees is based on net income for the year of RM52,273,711 (2021: RM70,246,253) divided by the units in circulation during the year of 1,071,783,000 (2021: 1,071,783,000).

(b) EPU before manager's fees is based on net income for the year of RM64,494,244 (2021: RM82,862,788) after adding back manager's fees of RM12,220,533 (2021: RM12,616,535) divided by the units in circulation during the year of 1,071,783,000 (2021: 1,071,783,000).

(c) EPU after manager's fees (realised) is based on realised net income for the year of RM73,625,238 (2021: RM84,485,957) divided by the units in circulation during the year of 1,071,783,000 (2021: 1,071,783,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

12. EARNINGS PER UNIT ("EPU") (cont'd)

(d) EPU before manager's fees (realised) is based on realised net income for the year of RM85,845,771 (2021: RM97,102,492) after adding back manager's fees of RM12,220,533 (2021: RM12,616,535) divided by the units in circulation during the year of 1,071,783,000 (2021: 1,071,783,000).

13. DISTRIBUTION TO UNITHOLDERS

Distribution to the unitholders is from the following sources:

	2022 RM	2021 RM
Realised:		
Revenue	148,931,357	160,645,430
Finance income (Note 7)	1,974,666	2,061,651
Gain on divestment of investment property	-	3,754,026
	150,906,023	166,461,107
Less: Total expenses	(77,280,785)	(81,975,150)
Total realised income/distributable income	73,625,238	84,485,957
Distribution to unitholders	73,095,601	79,419,121
Distribution per unit (sen) of which:		
- taxable distribution of income (sen)	6.64	6.89
- tax exempt distribution of income (sen)	0.18	0.52
Gross distribution per unit (sen) *	6.82	7.41

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

	Withholding tax rate	
	2022	2021
Resident and non-resident individuals	10%	10%
Resident and non-resident institutional investors	10%	10%
Resident companies (flow through)	0%	0%
Non-resident companies	24%	24%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

14 PLANT AND EQUIPMENT

	Plant and machinery	Office equipment	Furniture and fittings	Total
	RM	RM	RM	RM
At 31 December 2022				
Cost				
At 1 January 2022	6,000	648,040	40,008	694,048
Additions	-	4,665	-	4,665
At 31 December 2022	6,000	652,705	40,008	698,713
Accumulated depreciation				
At 1 January 2022	5,998	521,563	34,854	562,415
Depreciation charge for the financial year (Note 6)	-	94,598	5,152	99,750
At 31 December 2022	5,998	616,161	40,006	662,165
Net carrying amount	2	36,544	2	36,548
At 31 December 2021				
Cost				
At 1 January 2021	6,000	856,215	40,008	902,223
Additions	-	35,413	-	35,413
Disposal	-	(243,588)	-	(243,588)
At 31 December 2021	6,000	648,040	40,008	694,048
Accumulated depreciation				
At 1 January 2021	5,998	599,604	27,985	633,587
Depreciation charge for the financial year (Note 6)	-	165,547	6,869	172,416
Disposal	-	(243,588)	-	(243,588)
At 31 December 2021	5,998	521,563	34,854	562,415
Net carrying amount	2	126,477	5,154	131,633

15. INVESTMENT PROPERTIES

	2022	2021
	RM	RM
At 1 January	2,065,892,839	2,080,850,585
Additions from asset enhancements	3,607,864	657,919
Written off during the year	-	(765,000)
Fair value adjustments	(22,326,272)	(14,658,665)
Other adjustments	-	(192,000)
At 31 December	2,047,174,431	2,065,892,839

15. INVESTMENT PROPERTIES (cont'd)

The breakdown of investment properties is as follows:

Description of properties	Date of acquisition	Tenure of Land	Cost of investment	Carrying value as at 31 December 2022	Fair value as at 31 December 2022	Fair value as % of NAV	Carrying value as at 31 December 2021	Fair value as at 31 December 2021
			RM'000	RM'000	RM'000		RM'000	RM'000
Commercial buildings								
Quill Building 1								
- DHL 1	20-Nov-06							
Quill Building 4		Freehold	133,300	134,724	135,000	10.46	134,748	135,000
- DHL 2	20-Nov-06							
Quill Building 2								
- HSBC	20-Nov-06	Freehold	123,000	108,000	108,000	8.37	118,969	119,000
Quill Building 3								
- BMW	20-Nov-06	Freehold	78,000	72,076	71,000	5.50	75,325	74,000
Wisma Technip	3-Sep-07	Freehold	173,200	153,700	153,700	11.91	170,000	170,000
Part of Plaza Mont' Kiara	3-Sep-07	Freehold	118,500	112,950	113,000	8.75	114,953	115,000
Lotuss Building, Penang	7-Nov-08	Freehold	140,000	129,538	140,000	10.84	129,579	140,000
Platinum Sentral	30-Mar-15	Freehold	686,000	666,370	670,000	51.90	664,689	670,000
Menara Shell	22-Dec-16	Freehold	651,000	669,816	670,000	51.90	657,630	658,000
			2,103,000	2,047,174	2,060,700	159.63	2,065,893	2,081,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The carrying value of the investment properties for the financial years ended 31 December 2022 and 2021 is based on the market value determined based on valuations, adjusted with accrued rental income as required by MFRS 140: Investment Property, as follows:

	2022 RM	2021 RM
Investment properties - fair value	2,060,700,000	2,081,000,000
Investment properties - accrued rental income (Note 17)	(13,525,569)	(15,107,161)
Investment properties	2,047,174,431	2,065,892,839

On 14 August 2008, the respective pieces of land on which QB1 and QB4 are situated have been amalgamated pursuant to the conditions imposed by the Securities Commission during the initial public offering of SENTRAL. As such, the valuations for QB1 and QB4 have since been carried out based on the amalgamated properties.

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

Investment properties with fair value totalling RM1,686,000,000 (2021: RM2,007,000,000) are pledged as securities for borrowings as disclosed in Note 21 to the financial statements.

The investment properties are carried at Level 3 of the fair value measurement hierarchy as defined in Note 3.20 to the financial statements. There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2022 and 31 December 2021.

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

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2022	2021	
Investment method (refer below)	**Office:**			The estimated fair value would increase/(decrease) if:
	Market rental rate (RM/psf/month)			
	- Term	4.55 - 11.8	4.5 - 11.8	- expected market rental growth were higher/(lower)
	- Reversion	4.0 - 11.8	4.0 - 8.0	- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	0.45 - 1.8	0.6 - 1.8	- expected inflation rate were lower/(higher)
	- Reversion	0.75 - 1.8	0.8 - 2.0	- expected inflation rate were lower/(higher)
	Void rate (%)	5.0 - 10.0	5.0 - 12.5	- void rate were lower/(higher)
	Term yield (%)	5.3 - 6.6	5.3 - 6.6	- term yield rate were lower/(higher)
	Reversionary yield (%)	5.5 - 6.8	5.5 - 6.8	- reversionary yield were lower/(higher)
	Discount rate (%)	5.5 - 6.8	5.5 - 6.5	- discount rate is lower/(higher)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

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

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
		2022	2021	
Investment method (refer below)	**Retail**: Market rental rate (RM/psf/month)			The estimated fair value would increase/(decrease) if:
	- Term	1.5 - 18.0	1.5 - 18.0	- expected market rental growth were higher/(lower)
	- Reversion	1.5 - 15.6	1.5 - 15.2	- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)			
	- Term	0.2 - 1.55	0.2 - 1.3	- expected inflation rate were lower/(higher)
	- Reversion	0.4 - 1.8	0.4 - 1.7	- expected inflation rate were lower/(higher)
	Void rate (%)	5.0 - 10.0	5.0 - 10.0	- void rate were lower/(higher)
	Term yield (%)	6.0 - 7.0	6.0 - 7.0	- term yield rate were lower/(higher)
	Reversionary yield (%)	6.3 - 6.8	6.3 - 6.8	- reversionary yield were lower/(higher)
	Discount rate (%)	6.3 - 6.8	6.3 - 6.8	- discount rate is lower/(higher)

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

16. LEASE RECEIVABLES

	2022 RM	2021 RM
Non-current		
Lease receivables	-	91,788
Current		
Lease receivables	91,788	240,915

In financial year 2016 and 2015, SENTRAL entered into a finance lease arrangement with a tenant (Quill Building 3 ("QB3")) to partially finance RM2.6 million and RM1.5 million of fit-out costs upon the renewal of tenancy agreement for another 10 years and 7 years respectively. The amount will be recovered through the top up rentals cumulatively amounting to RM3.5 million (at the approximate internal rate of return of 10.4% per annum) and RM1.9 million (at the approximate internal rate of return of 10.7% per annum) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

17. TRADE AND OTHER RECEIVABLES

	Note	2022 RM	2021 RM
Non-current			
Accrued rental income (Note 15)		13,525,569	15,107,161
Current			
Trade receivables			
Trade receivables		1,333,517	1,033,476
Less: Allowance for impairment		-	(103,202)
Trade receivables, net	(a)	1,333,517	930,274
Other receivables			
Deposits		3,175,620	2,728,686
Prepayments		955,904	1,167,328
Sundry receivables	(b)	663,903	547,696
		4,795,427	4,443,710
		6,128,944	5,373,984
Total trade and other receivables		6,128,944	5,373,984
Less: Prepayments		(955,904)	(1,167,328)
Add: Deposits, cash and bank balances (Note 18)		79,759,866	93,537,907
Total loans and receivables		84,932,906	97,744,563

(a) Trade receivables

Trade receivables are non interest-bearing and are generally on 7 to 30 days term (2021: 7 to 30 days term). They are recognised at the original invoice amounts which represent their fair values on initial recognition.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	2022 RM	2021 RM
Neither past due nor impaired	1,269,682	666,547
31 - 60 days past due not impaired	37,099	160,271
61 - 90 days past due not impaired	25,409	-
More than 90 days past due not impaired	1,327	103,456
	63,835	263,727
	1,333,517	930,274
Impaired	-	103,202
	1,333,517	1,033,476

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

SENTRAL has trade receivables of RM63,835 (2021: RM263,727) that are past due at the reporting date but not impaired.

Trade receivables from tenants are secured by security deposits.

Receivables that are impaired

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

	2022 RM	2021 RM
Trade receivables - nominal amounts (after offsetting security deposits)	-	103,202
Less: Allowance for impairment	-	(103,202)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

The movement of allowance accounts is as follows:

	2022 RM	2021 RM
At 1 January	103,202	37,136
Charge for the financial year	43,264	440,577
Reversal for the financial year	(146,466)	(374,511)
At 31 December	-	103,202

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

(b) Sundry receivables

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

18. DEPOSITS, CASH AND BANK BALANCES

	2022 RM	2021 RM
Deposits with licensed financial institutions	74,415,886	88,727,239
Cash on hand and at banks	5,343,980	4,810,668
Total deposits, cash and bank balances	79,759,866	93,537,907
Less:		
Deposits with licensed financial institution with maturity of more than 3 months	(67,104,886)	(69,992,773)
Debt service reserves accounts pledged	(2,278,641)	(3,377,999)
Cash and cash equivalents	10,376,339	20,167,135

Included in deposits with licensed financial institutions is an amount of RM2,278,641 (2021: RM3,377,999) maintained in the debt service reserves accounts which are assigned for the borrowings as disclosed in Note 21 to the financial statements.

Included in cash on hand and at banks is an amount of RM2,983,606 (2021: RM4,065,268) maintained in the revenue and operations accounts which are assigned for the borrowings as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

18. DEPOSITS, CASH AND BANK BALANCES (cont'd)

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

	2022	2021
	%	%
Deposits with licensed financial institutions	2.90	2.01

Deposits with licensed financial institutions have an average maturity ranging from 63 to 367 days (2021: 38 to 365 days).

19. NON-CURRENT ASSET HELD FOR SALE

	2022	2021
	RM	RM
Investment property		
At 1 January	-	40,000,000
Disposal of investment property	-	(40,000,000)
At 31 December	-	-

On 12 November 2020, SENTRAL entered into a sale and purchase agreement ("SPA") with Deriv Services Sdn. Bhd. for the proposed disposal of Quill Building 5 ("QB5"), for a cash consideration of RM45 million.

The proposed disposal was completed on 21 April 2021 in accordance with the terms and conditions of the above SPA.

20. TRADE AND OTHER PAYABLES

	Note	2022	2021
		RM	RM
Non-current			
Other payables			
Deferred lease income	(c)	907,693	1,108,964
Current			
Trade payables			
Trade payables	(a)	532,830	284,495
Trade accruals		4,144,401	3,911,601
		4,677,231	4,196,096

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

20. TRADE AND OTHER PAYABLES (cont'd)

	Note	2022 RM	2021 RM
Current			
Other payables			
Amount due to the Manager	(b)	3,185,422	3,366,952
Other payables	(a)	1,384,746	1,389,878
Accruals		10,942,690	9,670,359
Deferred lease income	(c)	389,351	577,431
		15,902,209	15,004,620
		20,579,440	19,200,716
Total trade and other payables		21,487,133	20,309,680
Less: Deferred lease income		(1,297,044)	(1,686,395)
Add: Borrowings (Note 21)		804,493,923	805,649,036
Add: Security deposits (Note 23)		20,143,175	24,419,020
Total financial liabilities carried at amortised cost		844,827,187	848,691,341

(a) Trade and other payables

The normal credit term granted to SENTRAL ranges from 30 to 90 days (2021: 30 to 90 days).

(b) Amount due to the Manager

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

(c) Deferred lease income

Deferred lease income relates to the difference between the fair value of non-current security deposits recognised on initial recognition and the nominal amount received, which is amortised on a straight-line basis over the lease terms ranging from 1 to 9 years (2021: 1 to 9 years).

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

	2022 RM	2021 RM
At 1 January	1,686,395	2,263,826
Recognised in profit or loss (Note 7)	(389,351)	(577,431)
At 31 December	1,297,044	1,686,395

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

20. TRADE AND OTHER PAYABLES (cont'd)

(c) Deferred lease income (cont'd)

	2022 RM	2021 RM
Representing:		
Current	389,351	577,431
Non-current	907,693	1,108,964
	1,297,044	1,686,395

21. BORROWINGS

	Note	2022 RM	2021 RM
Non-current			
Secured:			
Fixed Rate Term Loan Facility of up to RM150 million	(a)	-	76,943,806
CPs/MTNs Programme of up to RM450 million	(b)	340,731,047	340,606,987
CPs/MTNs Programme of up to RM3,000 million (Issue 3)*	(c)	129,737,594	-
CPs/MTNs Programme of up to RM3,000 million (Issue 1)**	(d)	334,025,282	258,105,661
		804,493,923	675,656,454
Current			
Secured:			
CPs/MTNs Programme of up to RM3,000 million (Issue 2)*	(c)	-	129,992,582
		-	129,992,582
Total		804,493,923	805,649,036

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

The maturities of SENTRAL's borrowings as at 31 December 2022 and 31 December 2021 are as follows:

	2022 RM	2021 RM
Less than 1 year	-	129,992,582
More than 1 year and less than 5 years	804,493,923	675,656,454
	804,493,923	805,649,036

Other information on financial risks of borrowings are disclosed in Note 34(a) and Note 34(c) to the financial statements.

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

	2022 RM	2021 RM
Term loan drawdown	77,000,000	117,000,000
Transaction costs carried forward	(56,194)	(89,897)
	76,943,806	116,910,103
Amortisation of transaction costs during the year	56,194	33,703
Partial redemption on 13 September 2021	-	(40,000,000)
Full redemption on 14 March 2022	(77,000,000)	-
	-	76,943,806

On 18 July 2013, SENTRAL through its SPE, Trusmadi, established a RM150 million Fixed Rate Term Loan Facility agreement for 5 years ("RM150 million Term Loan").

On 13 September 2013, Tranche 1 of the Facility of RM117 million at the interest rate of 4.60% per annum was drawndown to repay the RM117 million MTN outstanding under the RM134 million CP/MTN Programme which matured on 13 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 an 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 of RM77 million term loan facility was early redeemed using the proceeds from the new issuance of RM77 million Medium Term Notes ("MTN") issued by Trusmadi (as disclosed under Note 21(d)) to the financial statements). As such, there was no outstanding balance under RM150 million Term Loan as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

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

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

The RM150 million Term Loan is secured, inter-alia by the following:

(i) Third party first legal charge over Wisma Technip ("WT"), respectively disclosed as investment properties in Note 15 to the financial statements (collectively, the "Charged Properties");

(ii) Third party legal assignment of the SPA for the acquisitions of part of Plaza Mont' Kiara ("PMK"), respectively disclosed as investment properties in Note 15 to the financial statements (the "Assigned Property");

(iii) First party debenture over all present and future assets of Trusmadi;

(iv) An undertaking from the Manager:

(a) to deposit all income/insurance proceeds generated from the Charged and Assigned Property (collectively, the "Secured Properties") into the Revenue Accounts; and

(b) that it shall not declare any dividends/distributions to unitholders if:

- an event of default has occurred under the Transaction Documents, is continuing and has not been waived; or

- the financial covenants are not met prior and after such distribution;

(v) First legal charge or third party assignment by the Trustee for the Revenue Accounts, Operations Accounts and a first party assignment by Trusmadi for the Debt Service Reserves Account;

(vi) Third party legal assignment of all the proceeds under the tenancy/lease agreements of the Secured Properties;

(vii) Third party assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Properties;

(viii) First legal assignment over the REIT Trustee Financing Agreement entered into between Trusmadi and the Trustee; and

(ix) Third party first legal charge over the entire shares of Trusmadi.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

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

RM341 million in nominal value of MTN

	2022 RM	2021 RM
Face value of MTN issued	341,000,000	341,000,000
Transaction costs carried forward	(393,013)	(517,028)
	340,606,987	340,482,972
Amortisation of transaction costs during the year	124,060	124,015
	340,731,047	340,606,987

On 30 March 2020, SENTRAL through its SPE, Murud Capital Sdn. Bhd. ("Murud") established a RM450 million nominal value of CP/MTN Programme for a tenure of 7 years. On the same day, RM341 million nominal values of MTNs were issued at the blended interest rate of 3.99% per annum, the proceeds from the issuance were utilised to repay the existing RM244 million Senior CP and RM91 million Fixed Rate Subordinated Term Loan which were due on 30 March 2020, and the balance is for working capital purposes. Balance as at 31 December 2022 includes fixed rate MTN amounting to RM125,900,622 (2021: RM125,854,781).

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

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

(i) A third party first ranking legal charge over Platinum Sentral, disclosed as investment properties in Note 15 to the financial statements ("Secured Property");

(ii) A first party first ranking debenture over all present and future assets of Murud;

(iii) An irrevocable and unconditional undertaking from the Manager:

(a) to deposit all rental income, deposits, other income, insurance claim proceeds in relation to the Secured Property and any proceeds generated from the Secured Property into the Revenue Account; and

(b) that it shall not declare any dividends/distributions to unitholders if:

- an event of default has occurred under the Transaction Documents, is continuing and has not been waived or remedied, or following such declaration of dividends or distributions, an event of default would occur; or

- the financial covenants are not met prior to and/or after such distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

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

RM341 million in nominal value of MTN (cont'd)

The RM450 million programme is secured, inter-alia by the following: (cont'd)

(iv) Assignment and charge over the Designated Accounts as follows:

(a) third party assignment and charge over the Revenue Account and Operations Account by the Trustee; and

(b) first party assignment and charge of the Debt Service Reserves Account by Murud;

(v) Third party legal assignment of all the proceeds under the tenancy/lease agreements of the Secured Property and any part thereof;

(vi) Third party legal assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Property;

(vii) An irrevocable Power of Attorney to be granted by the Trustee in favour of the Security Trustee to manage and dispose of the Secured Property upon declaration of a trigger event;

(viii) First party legal assignment over the REIT Trustee Financing Agreement entered into between Murud and the Trustee;

(ix) Third party first ranking legal charge over 100% of the shares of Murud; and

(x) Any other securities deemed appropriate and mutually agreed between Murud and the Lead Arranger prior to execution of all the Transaction Documents.

(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.

	Note	2022 RM	2021 RM
Issue 1	(i)	-	-
Issue 2	(ii)	-	129,992,582
Issue 3	(iii)	129,737,594	-
		129,737,594	129,992,582

(i) On 17 December 2021, the entire Issue 1 of RM200 million in nominal value of CPs and RM20 million MTN was early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value ("MTN Programme"), and the Commercial Papers ("CPs") Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note 21(d) to the financial statements). As such, there was no outstanding balance under Issue 1 CP/MTN programme as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

(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. (cont'd)

(i) (a) RM144 million in nominal value of CP and RM20 million in nominal value of MTN ("Issue 1") issued on 22 December 2016

	2022 RM	2021 RM
Face value of CP/MTN issued	-	164,000,000
Discount	-	(1,895,592)
Cash proceeds	-	162,104,408
Accretion of interest expense	-	1,895,592
	-	164,000,000
Transaction costs carried forward	-	(85,927)
Amortisation of transaction costs during the year	-	85,927
Full redemption on 17 December 2021	-	(164,000,000)
	-	-

(i) (b) RM21 million in nominal value of CP ("Issue 1") issued on 6 March 2017

	2022 RM	2021 RM
Face value of CP issued	-	21,000,000
Discount	-	(153,444)
Cash proceeds	-	20,846,556
Accretion of interest expense	-	153,444
	-	21,000,000
Transaction costs carried forward	-	(8,386)
Amortisation of transaction costs during the year	-	8,386
Full redemption on 17 December 2021	-	(21,000,000)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

(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. (cont'd)

(i) (c) RM35 million in nominal value of CP ("Issue 1") issued on 29 March 2019

	2022 RM	2021 RM
Face value of CP issued	-	35,000,000
Discount	-	(204,592)
Cash proceeds	-	34,795,408
Accretion of interest expense	-	204,592
	-	35,000,000
Transaction costs carried forward	-	(1,954)
Amortisation of transaction costs during the year	-	1,954
Full redemption on 17 December 2021	-	(35,000,000)
	-	-

(ii) RM40 million in nominal value of CP and RM130 million in nominal value of MTN ("Issue 2") issued on 6 March 2017

	2022 RM	2021 RM
Face value of CPs/MTN issued	130,000,000	170,000,000
Discount	-	(292,274)
Cash proceeds	130,000,000	169,707,726
Accretion of interest expense	-	292,274
	130,000,000	170,000,000
Transaction costs carried forward	(7,418)	(67,888)
Amortisation of transaction costs during the year	7,418	60,470
Partial redemption on 17 December 2021	-	(40,000,000)
Full redemption on 4 March 2022	(130,000,000)	-
	-	129,992,582

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

(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. (cont'd)

(ii) RM40 million in nominal value of CP and RM130 million in nominal value of MTN ("Issue 2") issued on 6 March 2017 (cont'd)

On 6 March 2017, RM40 million in nominal value of CPs and RM130 million nominal value of MTNs from the CP and MTN Programme were issued 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 21(d) to the financial statements).

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

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

The CPs/MTN outstanding as at 31 December 2022 and 31 December 2021 are subject to the following interest rates as at the reporting date:

	2022	2021
	%	%
RM130 million nominal value MTN	-	4.40

The Issue 2 is secured, inter-alia by the following:

(i) A third party first legal charge by Trustee over QB1, QB4, QB2 and Lotuss, disclosed as investment properties in Note 15 to the financial statements (collectively, the "Secured Properties - Issue 2");

(ii) An undertaking from the Manager:

(a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Properties - Issue 2 and any proceeds generated from Secured Properties - Issue 2 into the relevant Revenue Accounts; and

(b) that it shall not make or permit to make any withdrawal from the revenue accounts; operations accounts; Debt Service Reserve Account ("DSRA") (collectively, the "Designated Accounts - Issue 2") for the declaration of any dividends or distributions to unitholders, if:

- an event of default and/or trigger event under Issue 2 has occurred and is continuing or will occur as a result of such payment or distribution; or

- the financial covenants under Issue 2 are not met prior to and/or after such distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

(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. (cont'd)

(ii) RM40 million in nominal value of CP and RM130 million in nominal value of MTN ("Issue 2") issued on 6 March 2017 (cont'd)

The Issue 2 is secured, inter-alia by the following: (cont'd)

(iii) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts - Issue 2 (i.e. third party legal assignment and charge by the Trustee over the Revenue Account and Operations Account; and a first party legal assignment by the Kinabalu over the DSRA);

(iv) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the proceeds deriving from the tenancy/lease agreements in relation to the Secured Properties - Issue 2, including the rights to sue and to recover such proceeds from the tenants or lessees;

(v) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Properties - Issue 2;

(vi) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Trustee to dispose the Secured Properties - Issue 2 upon declaration of a trigger event under Issue 2;

(vii) First party assignment over all rights, titles, interests and benefits in and under the REIT Trustee Financing Agreement entered into between Kinabalu; the Trustee and the Security Trustee for the provision of the inter-company loan from Kinabalu to the Trustee from the proceeds raised from the Issue 2.

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

	2022 RM	2021 RM
Face value of MTNs issued	130,000,000	-
Transaction costs on MTN issued	(314,823)	-
Amortisation of transaction costs during the period	52,417	-
	129,737,594	-

On 4 March 2022, RM130 million in nominal value of MTN under Issue 3 was issued, where the proceeds from the issuance were utilised to fully repay the Issue 2 of RM130 million in nominal value of MTN under Kinabalu which matured on the same day.

The MTN outstanding as at 31 December 2022 and 31 December 2021 are subject to the following average interest rates as at the reporting date:

	2022 %	2021 %
RM130 million nominal value MTN	4.18	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

(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. (cont'd)

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

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

(i) A third party first legal charge by REIT Trustee over QB1, QB4, QB3 and Lotuss, disclosed as investment properties in Note 15 to the financial statements (collectively, the "Secured Properties - Issue 3");

(ii) An undertaking from the Manager:

(a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Properties - Issue 3 and any proceeds generated from Secured Properties - Issue 3 into the relevant Revenue Accounts; and

(b) that it shall not make or permit to make any withdrawal from the revenue accounts; Operations Accounts; Debt Service Reserve Account ("DSRA") (collectively, the "Designated Accounts - Issue 3") for the declaration of any dividends or distributions to unitholders, if:

- an event of default and/or trigger event under Issue 3 has occurred and is continuing or will occur as a result of such payment or distribution; or

- the financial covenants under Issue 3 are not met prior to and/or after such distribution;

(iii) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 3 (i.e. third party legal assignment and charge by the Trustee over the Revenue Accounts and Operations Accounts; and a first party legal assignment by the Kinabalu over the DSRA);

(iv) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Properties – Issue 3 including the rights to sue and to recover such proceeds from the tenants or lessees.

(v) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Properties - Issue 3;

(vi) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Trustee to dispose the Secured Properties - Issue 3 upon declaration of a trigger event under Issue 3;

(vii) First party assignment over all rights, titles, interests and benefits in and under the REIT Trustee Financing Agreement entered into between Kinabalu; the Trustee and the Security Trustee for the provision of the inter-company loan from Kinabalu to the Trustee from the proceeds raised from the Issue 3.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (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 million in nominal value ("CP Programme"), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the "Programmes") under Trusmadi Capital Sdn. Bhd.

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

	2022 RM	2021 RM
Face value of MTN	20,000,000	20,000,000
Transaction costs carried forward	(41,912)	-
	19,958,088	20,000,000
Transaction costs on MTN issued	(804)	(42,622)
Amortisation of transaction costs during the year	8,691	710
	19,965,975	19,958,088

(i) (b) RM240 million in nominal value of CPs ("Issue 1") issued on 17 December 2021

	2022 RM	2021 RM
Face value of CPs	240,000,000	240,000,000
Discount	(2,530,724)	(1,619,384)
Cash proceeds	237,469,276	238,380,616
Accretion of interest expenses	478,025	269,898
	237,947,301	238,650,514
Transaction costs carried forward	(502,941)	-
Transaction costs on CPs issued	(9,661)	(511,456)
Amortisation of transaction costs during the year	104,296	8,515
	237,538,995	238,147,573

(i) (c) RM77 million in nominal value of MTN ("Issue 1") issued on 14 March 2022

	2022 RM	2021 RM
Face value of MTN	77,000,000	-
Transaction costs on MTN issued	(575,267)	-
Amortisation of transaction costs during the period	95,579	-
	76,520,312	-
Total Issue 1	334,025,282	258,105,661

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (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 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)

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

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

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

The CPs/MTNs outstanding as at 31 December 2022 and 31 December 2021 are subject to the following interest rates as at the reporting date:

	2022	2021
	%	%
RM205 million nominal value CP	4.24	2.70
RM35 million nominal value CP	4.49	2.95
RM20 million nominal value MTN	3.40	3.40
RM77 million nominal value MTN	5.20	-

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

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

(i) A third party first legal charge by REIT Trustee over the Secured Property – Issue 1; refer to Menara Shell;

(ii) An undertaking from the Manager:

(a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Property – Issue 1 and any other proceeds generated from Secured Property - Issue 1 into the Revenue Account – Issue 1 ; and

(b) that it shall not make or permit to make any withdrawal from the Designated Accounts – Issue 1 (as defined hereinafter) for the declaration of any dividends or distributions to Sentral REIT's unitholders, if:

- an Event of Default and/or Trigger Event under Issue 1 has occurred and is continuing or will occur as a result of such payment or distribution; or

- the Financial Covenants under Issue 1 are not met prior to and/or will not be met after such payment or distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (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 million in nominal value ("CP Programme"), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the "Programmes") under Trusmadi Capital Sdn. Bhd. (cont'd)

The Issue 1 is secured, inter-alia by the following: (cont'd)

(iii) First ranking charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 1 (i.e. third party assignment and charge by the Trustee over the Revenue Account – Issue 1 and Operations Account – Issue 1); and a first party assignment and charge by Trusmadi over the Debt Service Ratio Account ("DSRA") - Issue 1, all in relation to the Secured Property - Issue 1);

(iv) Third party assignment over all the REIT Trustee's rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Property - Issue 1;

(v) Third party assignment over all the REIT Trustee's rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Property - Issue 1;

(vi) An irrevocable Power of Attorney to be granted by the REIT Trustee in favour of the Security Trustee to deal with (including application for subdivision, if any and the collection of title on behalf of REIT Trustee), and to dispose the Secured Property - Issue 1 upon declaration of a Trigger Event under Issue 1;

(vii) First party assignment over all rights, titles, interests and benefits in and under the "REIT Trustee Financing Agreement – Issue 1" entered into between Trusmadi, the Trustee and the Security Trustee for the provision of the inter-company loan from Trusmadi to the Trustee from the proceeds raised from the Issue 1.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

21. BORROWINGS (cont'd)

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

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

21. BORROWINGS (cont'd)

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

	Fixed Rate Term Loan Facility of up to RM150 million	CPs/MTNs Programme of up to RM450 million	CPs/MTNs Programme of up to RM3,000 million*	MTNs Programme of up to RM3,000 million**	CPs/MTNs Programme of up to RM3,000 million**	Total
	RM	RM	RM	RM	RM	RM
Balance at 1 January 2021	116,910,103	340,482,972	-	-	387,583,590	844,976,665
Changes from financing cash flows						
Proceeds from borrowings	-	-	258,380,616	-	-	258,380,616
Repayment of borrowings	(40,000,000)	-	-	-	(260,000,000)	(300,000,000)
Finance costs paid	(4,984,897)	(11,758,436)	(27,945)	-	(10,352,235)	(27,123,513)
Transaction costs paid	-	-	(554,078)	-	-	(554,078)
Total changes from financing cash flows	71,925,206	328,724,536	257,798,593	-	117,231,355	775,679,690
Other changes liability-related						
Accretion of interest expense and interest expense on Term Loan/CPs/MTNs	4,984,897	11,758,436	297,843	-	12,604,490	29,645,666
Amortisation of transaction costs incurred to obtain Term Loan/CPs/MTNs	33,703	124,015	9,225	-	156,737	323,680
Total other changes liability-related	5,018,600	11,882,451	307,068	-	12,761,227	29,969,346
Balance at 31 December 2021	76,943,806	340,606,987	258,105,661	-	129,992,582	805,649,036

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

** In the current financial year, SENTRAL through its SPE, Kinabalu established a RM3,000 million nominal value MTN programme under Issue 3. On the same day, SENTRAL through its SPE, Kinabalu utilised the proceeds under Issue 3 to repay the RM3,000 million nominal value CP/MTN programme under Issue 2.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

22. DEFERRED TAX LIABILITIES

	2022 RM	2021 RM
At beginning of financial year	12,132,721	13,583,375
Recognised in profit or loss (Note 11)	(2,581,701)	(1,450,654)
At end of financial year	9,551,020	12,132,721

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

23. SECURITY DEPOSITS

	2022 RM	2021 RM
At 1 January	24,419,020	24,912,941
Net additional/(refunded) during the financial year	(4,301,209)	(483,360)
Recognised in profit or loss:		
Deferred lease income (Note 20(c))	(389,351)	(577,431)
Unwinding of discount on security deposits (Note 10)	414,715	566,870
At 31 December	20,143,175	24,419,020
Representing:		
Non-current	14,832,962	11,716,798
Current	5,310,213	12,702,222
	20,143,175	24,419,020

24. UNITHOLDERS' CAPITAL

	2022	2021
Number of units		
Issued and fully paid:		
At beginning of the year/end of the year	1,071,783,000	1,071,783,000

	2022 RM	2021 RM
Amount		
Issued and fully paid:		
At beginning of the year/end of the year	1,235,876,768	1,235,876,768

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

25. INVESTMENTS IN SPEs

Details of SPEs are as follows:

Name of SPEs	Country of incorporation	Principal activity	Proportion of ownership interest 2022 %	2021 %
Murud Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Trusmadi Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Samwise Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Kinabalu Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100

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

26. COMMITMENTS

(a) Capital commitments

Capital expenditure as at reporting date is as follows:

	2022 RM	2021 RM
Capital expenditure approved and contracted for investment properties	7,424,036	6,601,586

(b) Non-cancellable operating lease commitments

	2022 RM	2021 RM
As lessor		
Future minimum rental receivable:		
Not later than 1 year	136,320,999	123,610,639
Later than 1 year but not later than 5 years	356,765,454	361,987,617
Later than 5 years	45,152,074	83,224,396
	538,238,527	568,822,652

SENTRAL has entered into leases on its investment properties. The non-cancellable leases have remaining lease terms of between one to ten years (2021: between one to eleven years).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

27. NET ASSET VALUE PER UNIT

The calculation of net asset value per unit is based on 1,071,783,000 units (2021: 1,071,783,000 units) in circulation as at 31 December 2022.

28. UNITHOLDINGS BY THE MANAGER

On 17 October 2022, the Manager had transferred all the unitholdings of 2,857,000 units of SENTRAL, for the payment of dividend in specie to its three shareholders, as follows:

		Number of units
(i)	Malaysian Resources Corporation Berhad	1,171,000
(ii)	Quill Resources Holding Sdn. Bhd.	1,114,000
(iii)	Global Jejaka Sdn. Bhd.	572,000
		2,857,000

As at 31 December 2022, the Manager does not have any unitholdings in SENTRAL.

29. UNITHOLDERS RELATED TO THE MANAGER

	SENTRAL				
	Number of units 2022	Number of units 2021	Percentage of total units 2022	Percentage of total units 2021	Market value 2022
			%	%	RM
Malaysian Resources Corporation Berhad ("MRCB")	299,468,000	298,297,000	27.94	27.83	268,023,860
HLIB Nominee (Tempatan) Sdn. Bhd. for:					
Quill Land Sdn. Bhd. ("QLSB")	59,040,000	59,040,000	5.51	5.51	52,840,800
Sentral REIT Management Sdn. Bhd.	-	2,857,000	-	0.27	-
Quill Resources Holding Sdn. Bhd. ("QRSB")	1,475,000	361,000	0.14	0.03	1,320,125
Global Jejaka Sdn. Bhd.	757,000	185,000	0.07	0.02	677,515
	360,740,000	360,740,000	33.66	33.66	322,862,300

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

29. UNITHOLDERS RELATED TO THE MANAGER (cont'd)

		SENTRAL				
		Number of units 2022	Number of units 2021	Percentage of total units 2022	Percentage of total units 2021	Market value 2022
				%	%	RM
The Manager's directors' direct unitholding in SENTRAL:						
Dato' Dr. Low Moi Ing, J.P.		50,000	50,000	0.00	0.00	44,750
Dato' Michael Ong Leng Chun		55,000	55,000	0.01	0.01	49,225
Kwan Joon Hoe		450,000	450,000	0.04	0.04	402,750
Po Yih Ming		20,000	-	0.00	-	17,900
The Manager's directors' indirect unitholding in SENTRAL:						
Dato' Dr. Low Moi Ing, J.P.	(a)	60,515,000	59,401,000	5.65	5.54	54,160,925
Dato' Michael Ong Leng Chun	(b)	60,515,000	59,401,000	5.65	5.54	54,160,925
Tan Sri Saw Choo Boon	(c)	757,000	185,000	0.07	0.02	677,515

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

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

(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..

30. MANAGEMENT EXPENSE RATIO

	2022	2021
	%	%
Management expense ratio ("MER")	1.09	1.10

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

31. RELATED PARTIES TRANSACTIONS

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

		2022 RM	2021 RM
(i)	Car park income from Semasa Parking Sdn. Bhd.		
	- Platinum Sentral	1,508,907	1,866,661
	- Menara Shell	2,418,758	2,174,289
(ii)	Auxiliary police services with Semasa Sentral Sdn. Bhd.		
	- Platinum Sentral	(418,997)	(418,997)
	- Menara Shell	(499,285)	(500,659)
(iii)	Supply of chilled water services with Semasa District Cooling Sdn. Bhd.	(2,569,611)	(2,448,959)
(iv)	Lease of land at Platinum Sentral with Malaysian Resources Sentral Sdn. Bhd.	67,078	67,078
(v)	Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd.	(11,714)	(12,514)
(vi)	Reimbursements to 348 Sentral Sdn. Bhd.	(2,695,531)	(2,479,329)
(vii)	Reimbursement to Joint Management Body for Lot 348	(153,413)	(153,413)

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

(i) SENTRAL appointed Semasa Parking Sdn. Bhd. ("SPSB") as the car park operator for Platinum Sentral for a period of 1 year commencing from 1 January 2022 to 31 December 2022, at a guaranteed monthly rental of RM95,000 with a profit sharing basis in the proportion of 90% (SENTRAL): 10% (SPSB) ratio. The total amount received for the financial year ended 31 December 2022 amounted to RM1,508,907 (2021: RM1,866,661).

On 20 December 2019, SENTRAL appointed SPSB as the car park operator for Menara Shell for a period of 3 years commencing from 22 December 2019 to 21 December 2022, at a monthly fee of RM180,000 per month. SENTRAL entered into a carpark agreement with SPSB for a period of 3 years commencing from 22 December 2022 to 21 December 2025, at a guaranteed monthly rental of RM200,000 with a profit sharing basis in the proportion of 90% (SENTRAL): 10% (SPSB) ratio. The total amount received for the financial year ended 31 December 2022 amounted to RM2,418,758 (2021: RM2,174,289).

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

31. RELATED PARTIES TRANSACTIONS (cont'd)

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

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

Auxiliary police services with SSSB for deployment of auxiliary police personnel from 1 January 2022 up to 31 December 2022, at Platinum Sentral and Menara Shell amounted to RM418,997 (2021: RM418,997) and RM499,285 (2021: RM500,659) respectively.

SSSB was incorporated in Malaysia on 4 May 1982 and its principal activity is maintaining, operating and management of the Kuala Lumpur Sentral Station.

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

(iii) Supply of chilled water by Semasa District Cooling Sdn. Bhd. (''SDCSB") for installation, maintenance and meter reading for Platinum Sentral. The year to date charges for the financial year ended 31 December 2022 amounted to RM2,569,611 (2021: RM2,448,959).

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

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

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

(v) Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd. ("KLSSB") for Platinum Sentral Lot E deck from 1 April 2022 to 31 March 2023 amounting to RM11,714 (from 1 April 2021 to 31 March 2022 amounting to RM12,514).

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

(vi) Reimbursement of chilled water to 348 Sentral Sdn. Bhd. ("348 Sentral") for Menara Shell amounting to RM2,695,531 for the financial year ended 31 December 2022 (2021: RM2,479,329).

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

(vii) Maintenance and sinking fund charged by Joint Management Body for Lot 348 ("JMB Lot 348") for Menara Shell for the period from 1 January 2022 to 31 December 2022 amounting to RM23,065 (2021: RM23,065) and reimbursement of insurance for 2022 amounting to RM130,348 (2021: RM130,348) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

32. SUBSEQUENT EVENT

Proposed change in shareholding structure of SRM

On 6 October 2022, SRM announced that the existing shareholders of SRM, namely Quill Resources Holding Sdn. Bhd. ("QRSB") and Malaysian Resources Corporation Berhad ("MRCB") entered into a Share Sale Agreement dated 4 October 2022, whereby QRSB had agreed to dispose their shareholding of 39%, representing 390,000 ordinary shares in the capital of SRM to MRCB.

On 12 January 2023, SRM had received the approval from Securities Commission Malaysia on the proposed change in shareholding of SRM.

Following the completion of the Share Sale Agreement between QRSB and MRCB on 19 January 2023, the new shareholding structure of SRM is as follows:

Shareholders	% of Shareholding
Malaysian Resources Corporation Berhad	80%
Global Jejaka Sdn. Bhd.	20%

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

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

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

	Note
Trade and other receivables	17
Lease receivables	16
Deposits, cash and bank balances	18
Borrowings	21
Trade and other payables (including security deposits)	20

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

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

(b) Fair value measurement

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

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 December 2022 and 31 December 2021 are as follows:

	Total	Level 3
	RM	RM
As at 31 December 2022		
Assets measured at fair value		
Investment properties	2,060,700,000	2,060,700,000
As at 31 December 2021		
Assets measured at fair value		
Investment properties	2,081,000,000	2,081,000,000

Level 3 fair value

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

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

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

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

(a) Interest rate risk

SENTRAL's exposure to changes in interest rates relates primarily to borrowings as disclosed in Note 21 to the financial statements. Interest rate is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Sensitivity analysis for interest rate risk

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

	Increase/(decrease) in income, net of taxation	
	2022	2021
	RM	RM
Interest rate		
- 25 bps	869,500	696,000
+ 25 bps	(869,500)	(696,000)

(b) Credit risk

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

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

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

As at 31 December 2022, SENTRAL's maximum exposure to credit risk is represented by the carrying amount of its financial assets as follows:

		2022	2021
	Note	RM	RM
Trade and other receivables *	17	5,173,040	4,206,656
Deposits, cash and bank balances	18	79,759,866	93,537,907
Lease receivables	16	91,788	332,703

* Trade and other receivables exclude prepayments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

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

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

(c) Liquidity risk

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

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

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
As at 31 December 2022				
Trade and other payables *	20,190,089	-	-	20,190,089
Borrowings	35,767,829	889,650,310	-	925,418,139
Security deposits	5,310,213	16,303,261	-	21,613,474
Total undiscounted financial liabilities	61,268,131	905,953,571	-	967,221,702
As at 31 December 2021				
Trade and other payables *	18,623,285	-	-	18,623,285
Borrowings	153,855,760	736,233,747	-	890,089,507
Security deposits	12,702,221	8,324,876	5,276,936	26,304,033
Total undiscounted financial liabilities	185,181,266	744,558,623	5,276,936	935,016,825

* Trade and other payables excludes deferred lease income.

(d) Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022
(cont'd)

35. CAPITAL MANAGEMENT

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

(i) Adopting and maintaining an optimal gearing level; and

(ii) Adopting an active interest rate management strategy to manage the risk associated with changes in interest rates,

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

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

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

	Note	2022 RM	2021 RM
Total borrowings	21	804,493,923	805,649,036
Total assets		2,146,717,146	2,180,376,227
Gearing ratio (%)		37.48	36.95

36. SEGMENTAL REPORTING

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

ANALYSIS OF UNITHOLDINGS

As at 2 February 2023

Total number of units issued	:	1,071,783,000
Voting rights	:	One vote per unit
Number of unit holders	:	10,968

DISTRIBUTION OF UNITHOLDINGS AS AT 2 FEBRUARY 2023

Unit Class	No. of Unitholders	% of Unitholders	No. of Unitholdings	% of Unitholdings
Less than 100	131	1.19	1,522	0.00
100 - 1,000	1,929	17.59	1,274,354	0.12
1,001 - 10,000	5,425	49.46	28,069,424	2.62
10,001 - 100,000	3,038	27.70	100,441,700	9.37
100,001 to less than 5% of issued units	441	4.02	339,131,200	31.64
5% and above of issued units	4	0.04	602,864,800	56.25
TOTAL	**10,968**	**100.00**	**1,071,783,000**	**100.00**

LIST OF TOP 30 HOLDERS AS AT 2 FEBRUARY 2023

NO.	NAME	HOLDINGS	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR MALAYSIAN RESOURCES CORPORATION BERHAD*	297,917,000	27.80
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	128,867,800	12.02
3	HSBC NOMINEES (ASING) SDN BHD *HSBC-FS FOR CAPITACOMMERCIAL TRUST*	117,040,000	10.92
4	HLIB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR QUILL LAND SDN. BHD.*	59,040,000	5.51
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	44,577,100	4.16
6	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM BUMIPUTERA*	35,000,000	3.27
7	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM MALAYSIA*	22,919,300	2.14
8	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM MALAYSIA 2 - WAWASAN*	20,000,000	1.87
9	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM BUMIPUTERA 2*	20,000,000	1.87

ANALYSIS OF UNITHOLDINGS

As at 2 February 2023
(cont'd)

LIST OF TOP 30 HOLDERS AS AT 2 FEBRUARY 2023 (cont'd)

NO.	NAME	HOLDINGS	%
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)*	11,874,500	1.11
11	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (NP-OTHER-REITS)*	11,273,900	1.05
12	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM MALAYSIA 3*	11,000,000	1.03
13	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)*	9,326,900	0.87
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR AHMAD JOHARI BIN ABDUL RAZAK (PB)*	5,917,300	0.55
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)*	4,957,400	0.46
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)*	3,281,600	0.31
17	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (AP-REITS)*	3,207,900	0.30
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD *CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD (416581)*	3,203,900	0.30
19	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO OF DFA INVESTMENT DIMENSIONS GROUP INC*	3,104,400	0.29
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG SIEW HUNG*	2,990,000	0.28
21	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ZURICH GENERAL INSURANCE MALAYSIA BERHAD (GI-REITS)*	2,853,700	0.27
22	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	2,465,600	0.23
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR WONG SIEW HUNG (PB)*	2,252,100	0.21

ANALYSIS OF UNITHOLDINGS

As at 2 February 2023
(cont'd)

LIST OF TOP 30 HOLDERS AS AT 2 FEBRUARY 2023 (cont'd)

NO.	NAME	HOLDINGS	%
24	YEAP AH KAU @ YEAP CHAN TOOI	2,121,000	0.20
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *HONG LEONG ASSET MANAGEMENT BHD FOR CHE KING TOW (ND100-JA)*	2,100,000	0.20
26	MALAYSIAN RESOURCES CORPORATION BERHAD	1,551,000	0.14
27	TEW PENG HWEE @ TEOH PENG HWEE	1,500,000	0.14
28	TAN CHUAN YONG	1,498,200	0.14
29	QUILL RESOURCES HOLDING SDN BHD	1,475,000	0.14
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR RAM HOLDINGS BERHAD (PB)*	1,328,400	0.12
		834,644,000	77.87

SUBSTANTIAL UNITHOLDERS AS AT 2 FEBRUARY 2023

Name	No of Units Held			
	Direct	%	Indirect	%
Malaysian Resources Corporation Berhad	299,468,000	27.94	-	-
Employees Provident Fund board	128,867,800	12.02	-	-
Capitacommercial Trust	117,040,000	10.92	-	-
Quill Land Sdn Bhd	59,040,000	5.51	-	-

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 2 FEBRUARY 2023

Name	No of Units Held			
	Direct	%	Indirect	%
Tan Sri Saw Choo Boon	-	-	*757,000	0.07
Kwan Joon Hoe	450,000	0.04	-	-
Po Yih Ming	20,000	0.00	-	-

* 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.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

SENTRAL REIT
(A real estate investment trust constituted under the laws of Malaysia)

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("11th AGM") of Sentral REIT will be held virtually through live streaming from the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 12 April 2023 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 of Sentral REIT together with the Trustee's Report to the Unitholders issued by Maybank Trustees Berhad, as the trustee for Sentral REIT ("Trustee") and the Statement by the Manager issued by Sentral REIT Management Sdn Bhd, as the Manager of Sentral REIT ("Manager") and the Auditors' Report thereon. *(Please refer to Explanatory Note 1)*

As Special Business:

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

2. Proposed authority to allot and issue new units of Sentral REIT *Ordinary Resolution*

   "THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot new units in Sentral REIT ("New Units") at any time in such number and to such person and upon such terms and conditions as the Directors of the Manager, may in their absolute discretion, deem fit and expedient in the best interest of Sentral REIT, provided that the aggregate number of the New Units to be issued pursuant to this resolution, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of issued units of Sentral REIT for the time being comprising 1,071,783,000 units ("Proposed Authority");

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

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

   whichever is earlier;

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

(cont'd)

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

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

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

BY ORDER OF THE BOARD
Sentral REIT Management Sdn Bhd
(The Manager of Sentral REIT)

Mohamed Noor Rahim bin Yahaya
MAICSA 0866820 / SSM PC No. 202008002339
Ho Ngan Chui
MAICSA 7014785 / SSM PC No. 202008001773

Company Secretaries

Kuala Lumpur
28 February 2023

Notes:

1. *Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 3 April 2023 shall be eligible to participate at the 11th AGM or to appoint proxies on their behalf.*

2. *A Unitholder who is entitled to attend and vote at this meeting is entitled to appoint another person to attend and vote in his stead. A proxy may but need not be a Unitholder.*

3. *Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.*

4. *Where a Unitholder is an exempt authorised nominee which holds the units for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

(cont'd)

6. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 11th AGM or any adjournment thereof, either by hand, post, fax to (603) 27807668 or email to azeela@mrcb.com / irene@mrcb.com. If no name is inserted in the space for the name of your proxy, the Chairman of the 11th AGM will act as your proxy.*

Explanatory Notes on Ordinary and Special Business:

1. Item 1 of the Agenda

The Audited Financial Statements under Agenda 1 are laid before the Unitholders for discussion only in accordance with Clause 13.18(b) of the Guidelines on Listed Real Estate Investment Trust issued by the Securities Commission Malaysia on 15 March 2018, the audited financial statements do not require a formal approval of the unitholders and hence, the matter is not put forward for voting.

2. Item 2 of the Agenda – Proposed Authority

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

As at the date of this notice, Sentral REIT has not issued any units under the mandate which was approved at the 10th AGM held on 6 April 2022 and which will lapse at the conclusion of the 11th AGM.

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

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

For The 11TH Annual General Meeting ("11TH AGM")

SENTRAL REIT

(A real estate investment trust constituted under the laws of Malaysia)

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT FOR THE 11TH ANNUAL GENERAL MEETING ("11TH AGM")

MODE OF MEETING

Day and Date	Wednesday, 12 April 2023
Time	10.00 a.m.
Registration	Virtual Meeting via Remote Participation and Electronic Voting ("RPEV") facilities
Online Meeting Platform	**https://meeting.boardroomlimited.my/**
Mode of Communication	Questions can be posed to the Board via real time submission of typed texts at **https://meeting.boardroomlimited.my/** during live streaming of the 11th AGM. **This web portal will remain open until such time before the poll voting session ends.**

Kindly note that it is your responsibility to ensure that the stability of the internet connectivity throughout the 11th AGM are maintained, as the quality of the live webcast and online remote voting are dependent on the bandwidth and stability of the participant's internet connection.

MEMBERS ENTITLED TO PARTICIPATE AND VOTE

- Only Depositors whose names appear on the General Meeting Record of Depositors as at **3 April 2023 ("General Meeting ROD")** shall be entitled to participate at the 11th AGM or appoint a proxy(ies) to attend and vote on their behalf.

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV")

- Unitholders and proxies who wish to participate at the 11th AGM may do so using any of the following methods to participate and vote remotely:

  (i) Launch **LUMI AGM** by scanning the QR code given to you in the email along with your remote participate User ID and Password; or

  (ii) Access to **LUMI AGM** via website URL **https://meeting.boardroomlimited.my**

- The RPEV facilities will open for registration from **Tuesday, 28 February 2023** until such time before the poll voting session ends at the 11th AGM on **Wednesday, 12 April 2023**.

- Please refer to the steps below on the registration with Boardroom Smart Investor Portal ("BSIP") and to request for remote participation User ID and Password for joining the Virtual Meeting Portal to participate at the 11th AGM.

ADMINISTRATIVE NOTES
TO UNITHOLDERS OF SENTRAL REIT

For The 11TH Annual General Meeting ("11TH AGM")
(Cont'd)

Procedure	Action
BEFORE THE 11th AGM DAY	
Step 1 – Register Online with BSIP (for first time registration only) *[Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 to submit your request for Remote Participation user ID and password.]*	a. Access BSIP website at https://investor.boardroomlimited.com b. Click <<Register>> to sign up as a user. c. Please select the correct account type i.e. sign up as "Shareholder" or "Corporate Holder" d. Complete the registration with all required information. Upload a copy of your or representative's MyKAD/Identification Card (front and back) or Passport. e. For Corporate Holder, kindly upload the authorization letter as well. Click "Sign Up". f. You will receive an email from Boardroom for email address verification. Click "Verify Email Address" from the email received to continue with the registration. g. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click "Request OTP Code" and an OTP Code will be sent to the registered mobile number. You will need to enter the OTP Code and click "Enter" to complete the process. h. Your registration will be verified and approved within one (1) business day and email notification will be provided to you.
Step 2 – Submit Request for Remote Participation User ID and Password *(Note: Registration for remote access will be opened on **Tuesday, 28 February 2023**. The RPEV facilities will open for registration from **Tuesday, 28 February 2023** until such time before the poll voting session ends at the 11th AGM on Wednesday, 12 April 2023)*	**Individual Unitholders** a. Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. Select **"ELEVENTH (11TH) ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**. c. Click on **"Register for RPEV"** d. Read and agree to the Terms & Conditions and click **"Next"**. e. Enter your CDS Account and thereafter submit your request. f. You will receive a notification that your RPEV registration has been received and is being verified. g. Upon system verification against General Meeting ROD, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. h. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date. **Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee** a. Write in to BSR at bsr.helpdesk@boardroomlimited.com by providing the name of unitholders and CDS Account Number accompanied with the Form of Proxy or Certificate of Appointment of Corporate Representative. b. Please provide a copy of the proxy holder's MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address. c. You will receive notification from Boardroom that your request(s) has been received and is being verified. d. Upon system verification against the General Meeting ROD, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. e. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

For The 11TH Annual General Meeting ("11TH AGM")
(Cont'd)

Procedure	Action
ON THE 11TH AGM DAY (WEDNESDAY, 12 APRIL 2023)	
Step 3 – Login to Virtual Meeting Portal *[Please note that the quality of the connectivity to Virtual Meeting Portal for the live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*	a. The Virtual Meeting Portal will open for login starting an hour (1 hour) before the commencement of AGM at **9.00 a.m. on Wednesday, 12 April 2023**. b. Open an internet browser. Latest versions of Chrome, Firefox or Safari is recommended. c. Access virtual meeting website at: https://meeting.boardroomlimited.my d. Follow the steps given to you in the email along with your remote access user ID and password to login to the Online Meeting Platform (Refer to Step 2 above). e. The steps will also guide you on how to view live web cast, to submit questions and vote. f. The live web cast will end and the Messaging window will be disabled once the Chairman announces the closure of the AGM. g. You can now logout from Virtual Meeting Portal.

LODGEMENT OF PROXY FORM FOR THE 11TH AGM

Please submit your Proxy Form, either by hand or by post to the following address, or by electronic mail to azeela@mrcb.com / irene@mrcb.com or fax to (603) 27807668, not less than 48 hours before the time appointed for holding the 11th AGM or any adjournment thereof, otherwise the Proxy Form shall be treated as invalid:

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

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

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Sentral REIT Management Sdn Bhd, Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. not later than Monday, **10th April 2023 at 10.00 a.m.** to participate via RPEV facilities in the AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate shareholder who has appointed a representative, please deposit the ORIGINAL Certificate of Appointment at Sentral REIT Management Sdn Bhd, Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. not later than Monday, 10th April 2023 at 10.00 a.m. to participate via RPEV facilities in the AGM. The Certificate of Appointment should be executed in the following manner:

1. If the corporate shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the constitution of the corporate shareholder.

2. If the corporate shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

   a. at least two (2) authorised officers, of whom one shall be a director; or
   b. any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.

ADMINISTRATIVE NOTES
TO UNITHOLDERS OF SENTRAL REIT

For The 11TH Annual General Meeting ("11TH AGM")
(Cont'd)

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

- The Chairman and the Board of Directors will endeavor their best to respond to the questions submitted by Unitholders which are related to the resolutions to be tabled at the 11th AGM, as well as the financial performance and prospects of the Company.

- The voting will be conducted by way of electronic polling ("e-Polling") in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Sentral REIT has appointed Boardroom as the Poll Administrator to conduct the e-Polling, and an Independent Scrutineer will verify and validate the poll results.

- During the AGM, the Chairman of the Meeting will invite the Poll Administrator to brief participants on the e-Polling housekeeping rules.

- The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

- For the purposes of the AGM, e-Polling will be carried out via personal smart mobile phones, tablets, personal computers or laptops.

- There are two (2) methods for members and proxies to vote remotely. The methods are:

  (i) Use QR Scanner Code given to you in the email along with your remote participation user ID and password; OR
  (iii) Go to the website with URL **https://meeting.boardroomlimited.my**

- Upon the conclusion of the poll session, the Independent Scrutineer will verify and announce the poll results followed by a declaration by the Chairman of the Meeting whether the resolutions put to vote were successfully carried or not.

PRESENTATION AT THE ONLINE AGM

Unitholders who participate in the online AGM will be able to view Sentral REIT's presentation or slides via the Online Meeting Platform.

PROCEDURE OF THE ONLINE AGM

The Login User Guide for participation, posing questions and voting at the 11th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

No recording or photography of the AGM proceedings is allowed without the prior written permission of Sentral REIT or Sentral REIT Management Sdn Bhd, the Manager of Sentral REIT.

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

DOOR GIFTS

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

ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

For The 11TH Annual General Meeting ("11TH AGM")
(Cont'd)

ANNUAL REPORT 2022

- The following documents the available at **https://sentralreit.com** for your preview.

  (i) Sentral REIT Annual Report FY2022
  (ii) Sentral REIT Governance Report 2022
  (iii) Notice of the 11th AGM
  (iv) Proxy Form

- If you need a copy of the printed Annual Report FY2022, kindly request by submitting the Request Form attached or through telephone/email to our Share Registrar at the number/email address given below:

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

GENERAL ENQUIRIES

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

Company	Personnel	Email and Contact Number
Sentral REIT	***For members' enquiries*** Puan Irene Ho Puan Norazeela Hasan ***For Investor Relations*** Puan Joyce Loh	irene@mrcb.com Tel: 603 2786 8061 azeela@mrcb.com Tel: 603 2786 8057 joyce.loh@sentralreit.com Tel: 603 2859 7175
Boardroom Share Registrar Sdn. Bhd. - ***For members/proxies' enquiries*** - ***For assistance relating to the electronic lodgement of proxy form of AGM as well as RPEV***		bsr.helpdesk@boardroomlimited.com Tel: 603 7890 4700 Fax: 603 7890 4670

This page has been intentionally left blank.

SENTRAL REIT

SENTRAL REIT

PROXY FORM

(Please see the notes below before completing the form)

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

I/We (FULL NAME IN CAPITAL LETTERS) _____

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

_____

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

being a Unitholder/Unitholders of Sentral REIT hereby appoint:

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

or failing him/her the Chairman of the Meeting as my/our proxies to attend and vote for me/us on my/our behalf at the Eleventh Annual General Meeting ("11th AGM") of Sentral REIT to be held virtually through live streaming from the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 12 April 2023 at 10.00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1	Proposed Authority		

Dated this _____ day of _____ 2023

_____

Signature of Unitholder

* DELETE IF NOT APPLICABLE

Notes:
Proxy

1. *Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 3 April 2023 shall be eligible to participate at the 11th AGM or to appoint proxies on their behalf.*
2. *A Unitholder who is entitled to attend and vote at this meeting is entitled to appoint another person to attend and vote in his stead. A proxy may but need not be a Unitholder.*
3. *Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.*
4. *Where a Unitholder is an exempt authorised nominee which holds the units for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 11th AGM or any adjournment thereof, either by hand, post, fax to (603) 27807668 or email to azeela@mrcb.com / irene@mrcb.com. If no name is inserted in the space for the name of your proxy, the Chairman of the 11th AGM will act as your proxy.*

Fold this flap for sealing

Then fold here

Affix
Stamp

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

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

1st fold here

https://sentralreit.com

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

Level 35, Menara NU 2, No. 203, Jalan Tun Sambanthan,
Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Tel : +603 2786 8080 / 2859 7070
Fax : +603 2780 0098