



**SENTRAL  
REIT**



Annual Report **2023**





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Proxy Form

## CORPORATE INFORMATION

### MANAGER

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

### PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

G27A Level 3A, Block B,  
Platinum Sentral,  
Jalan Sentral 2,  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur

Telephone No. : 603-2786 8080  
Facsimile No. : 603-2780 0098

### 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

### 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  
Hizamuddin bin Jamalluddin  
Aminuddin bin Mohd Arif

### SECRETARY OF THE MANAGER

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

Irene 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

Nexcap Property  
Consultants Sdn. Bhd.  
E-9-15, Plaza Mont' Kiara  
No. 2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

Telephone No. : 603-6121 2122

### 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	<p>The earlier of:</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
Approved Fund Size	1,195,503,000
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	<ul style="list-style-type: none"> <li>• Base fee: 0.4% per annum of the total asset value ("TAV")</li> <li>• Performance fee: 3% per annum of the net investment income</li> <li>• Acquisition fee: 1% of the acquisition price</li> <li>• Divestment fee: 0.5% of the disposal price</li> </ul>
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

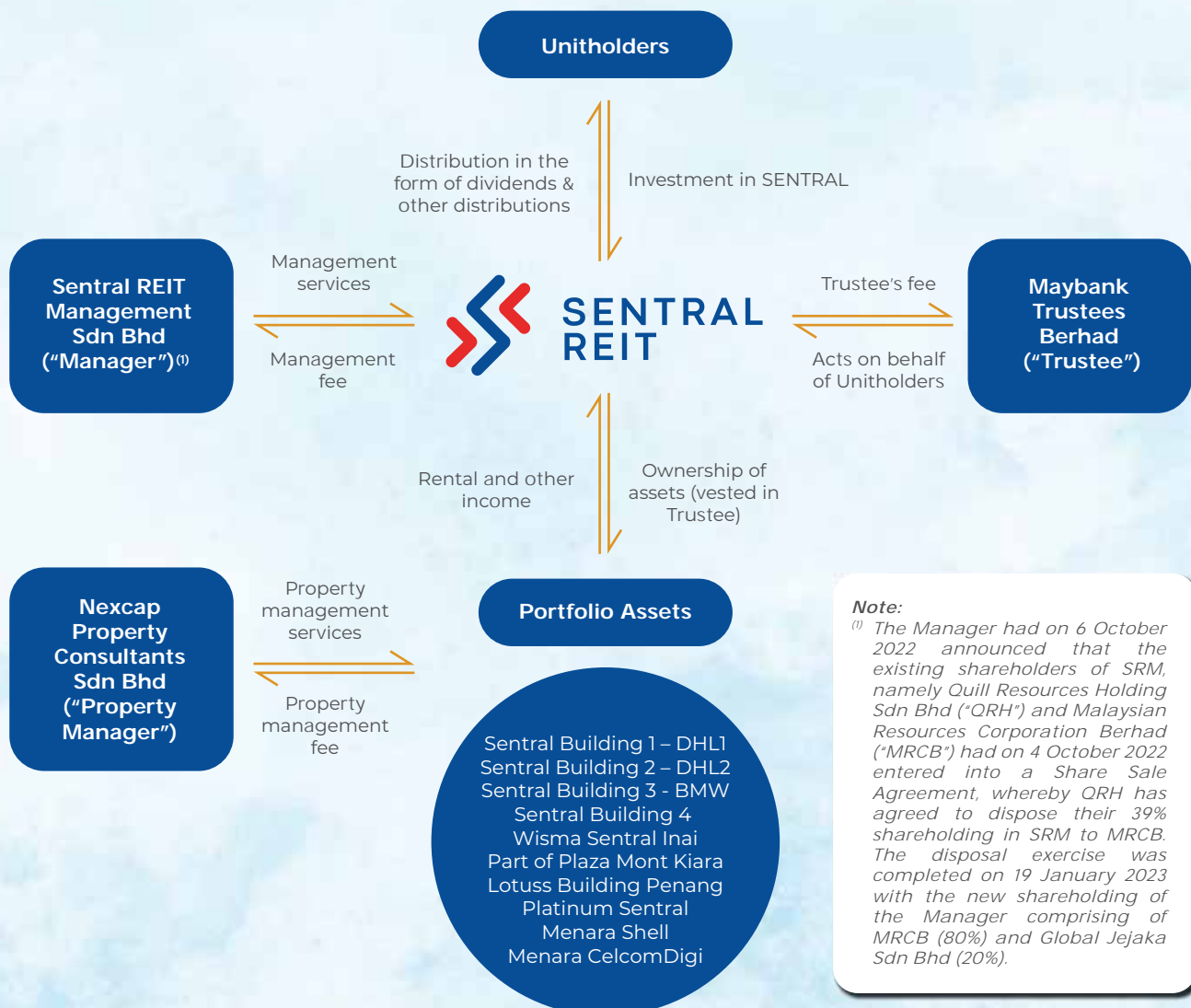
### Background of SENTRAL

- 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.

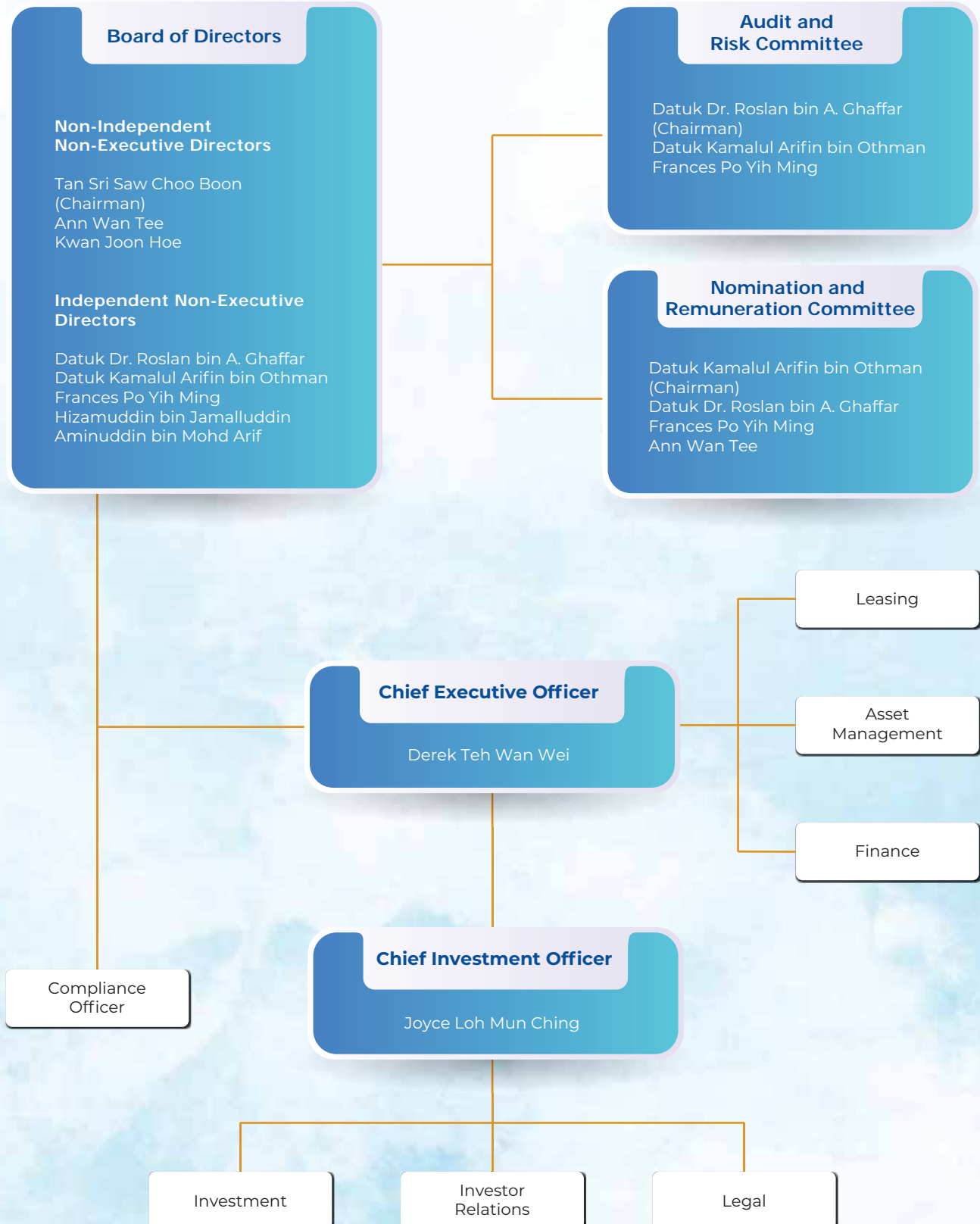
### Investment Objective

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



## ORGANISATION STRUCTURE OF THE MANAGER





## PROFILE OF DIRECTORS OF THE MANAGER



**TAN SRI SAW CHOO BOON**

*Non-Independent  
Non-Executive Chairman  
Nominee of Global Jejak Sdn Bhd,  
a major shareholder of the Manager*



**ANN WAN TEE**

*Non-Independent Non-Executive Director  
Nominee of MRCB, a major unitholder  
of SENTRAL and major shareholder  
of the Manager*

### Nationality/Age/Gender

Malaysian/78/Male

### Date Appointed to the Board

22 January 2016

### Board Committee Membership

Nil

### No. of Board Meetings Attended in 2023

6/6

### 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.

### Nationality/Age/Gender

Malaysian/53/Male

### Date Appointed to the Board

31 March 2015

### Board Committee Membership

Member of the Nomination & Remuneration Committee

### No. of Board Meetings Attended in 2023

6/6

### 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  
Nominee of MRCB, a major  
unitholder of SENTRAL and major  
shareholder of the Manager*

**DATUK DR. ROSLAN BIN A. GHAFFAR**

*Independent Non- Executive Director*

**Nationality/Age/Gender**

Malaysian/42/Male

**Date Appointed to the Board**

31 March 2015

**Board Committee Membership**

Nil

**No. of Board Meetings Attended in 2023**

6/6

**Academic/Professional Qualification/Professional Membership**

- Bachelor of Commerce (Accounting and Finance) from University of Melbourne, Australia
- Member of the Certified Public Accountant, Australia

**Present Directorships**

- 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.

**Nationality/Age/Gender**

Malaysian/72/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 2023**

6/6

**Academic/Professional Qualification/Professional Membership**

- Bachelor of Science degree from the Louisiana State University, Baton Rouge, USA
- Doctor of Philosophy from University of Kentucky, Lexington, USA

**Present Directorship**

- 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*



**FRANCES PO YIH MING**

*Independent Non-Executive Director*

## Nationality/Age/Gender

Malaysian/64/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 2023

6/6

## 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 Membership/Appointment/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.

## Nationality/Age/Gender

Malaysian/65/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 2023

6/6

## 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.
- Member of Institute of Corporate Directors Malaysia

## Present Directorship

- 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 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.

# PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



**AMINUDDIN BIN MOHD ARIF**  
Independent Non-Executive Director



**HIZAMUDDIN BIN JAMALLUDDIN**  
Independent Non-Executive Director

## Nationality/Age/Gender

Malaysian/49/Male

## Date Appointed to the Board

1 December 2023

## Board Committee Membership

Nil

## No. of Board Meetings Attended in 2023

Nil

## Academic/Professional Qualification/Professional Membership

- M.A (Cantab) in Economics from University of Cambridge
- Association for Investment Managers and Research (AIMR) – Chartered Financial Analysts (CFA) Level 1

## Present Directorship

- EL Kahff Resources Sdn Bhd
- Atlas Escapes Sdn Bhd
- Sentral REIT Management SB

## Working Experience

Upon his graduation in 1997, Aminuddin joined Sime Securities Sdn Bhd as an Economist, Research Department and thereafter, as Marketing Executive with Sime AXA Assurance Sdn Bhd from 1998 to 1999. From 2000 to 2001, he was with Consolidated Plantations Bhd as the Senior Executive, Corporate Planning.

From 2001 to 2014, he was attached to various government agencies having served as the Special Officer to the Minister of Youth and Sports, Private Secretary to the Minister of Education and Minister of Home Affairs and Principal Private Secretary to the Minister of Transport. Aminuddin is currently the Group Chief Corporate Officer at Jasa Baiduri Sdn Bhd.

Aminuddin is the brother-in-law of Ahmad Zulqarnain Onn, the Chief Executive Officer of Employees Provident Fund ("EPF"). EPF is one of the major unitholders of SENTRAL.

## ADDITIONAL INFORMATION

Save as disclosed:

1. 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 or potential 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

## Nationality/Age/Gender

Malaysian/53/Male

## Date Appointed to the Board

1 December 2023

## Board Committee Membership

Nil

## No. of Board Meetings Attended in 2023

Nil

## Academic/Professional Qualification/Professional Membership

- Diploma in Business Studies from MARA Institute of Technology
- Bachelor of Science, Finance from Northern Illinois University, USA
- Senior Associate Member, Chartered Institute of Islamic Finance Professionals

## Present Directorship

- RHB Islamic Bank Berhad
- RHB Insurance Berhad
- Love & Laugh International Sdn Bhd
- Sentral REIT Management Sdn Bhd

## Working Experience

Hizamuddin has an extensive experience in the field of Islamic banking and has more than 20 years of experience in corporate management, particularly in corporate planning, corporate finance (both equity & capital market), debt restructuring, enterprise risk management, cross border mergers and acquisitions, privatisation, investor relations and stakeholders engagement.

He was the Chief Executive Officer of Urusharta Jamaah Sdn Bhd ("UJSB"), a Special Purpose Vehicle owned by Minister of Finance Incorporated, one of the largest Shariah-based equity house in Malaysia.

Prior to UJSB, Hizamuddin was the Executive Director, Investment of Lembaga Tabung Haji ("LTH"), a position that he assumed after serving as LTH's Chief Strategy Officer and Chief of Staff. Prior to joining LTH, he was the Chief Strategy Officer of several entities namely, BIMB Holdings Berhad, Bank Islam Malaysia Berhad and MTD Capital.

During the Asian Financial Crisis 1997, he served as a Special Assistant to the Managing Director cum Corporate Finance Specialist at Pengurusan Danaharta Nasional Berhad. He was also instrumental in the establishment of PrudentialBSN Takaful Berhad in 2006.

Hizamuddin was instrumental in initiating and promoting key Islamic Finance initiatives by Bank Negara Malaysia where he was involved in amongst others; the establishment of the Investment Account Platform, development and execution of the restricted investment account under the Islamic Financial Services Act, 2013, and Dana Al Ansar, a collaboration with LTH to provide dedicated funds for Muslim Bumiputra SMEs. He also spearheaded the Deposit Transition Plan and was instrumental in the integration of the principles of Value Based Intermediary in banks business model.

He was the recipient of the Upcoming Personality of Islamic Finance (Leadership) by the Global Islamic Finance Award 2016.

## THE MANAGEMENT TEAM OF THE MANAGER



Seated from left to right :

<b>Shirley Tam Soot Lee</b>	<i>General Manager, Finance</i>
<b>Derek Teh Wan Wei</b>	<i>Chief Executive Officer</i>
<b>Joyce Loh Mun Ching</b>	<i>Chief Investment Officer</i>
<b>Chan Fong Hin</b>	<i>General Manager, Asset Management</i>

Standing from left to right :

<b>Alex Low Kam Seng</b>	<i>Manager, Asset Management</i>
<b>Phuah Ngah Yuin</b>	<i>Manager, Finance</i>
<b>Estee Hew Chin Ling</b>	<i>Senior Manager, Investment &amp; Asset Management</i>
<b>Leong Foong Yin</b>	<i>Manager, Finance</i>
<b>Alice Yap Soh Ping</b>	<i>Manager, Lease Administration</i>
<b>Christie Pun Nyuk Len</b>	<i>Senior Manager, Lease Administration</i>
<b>Jason Chin Hann Min</b>	<i>Senior Manager, Asset Management</i>



## THE MANAGEMENT TEAM OF THE MANAGER

(cont'd)



**DEREK TEH WAN WEI**  
Chief Executive Officer

Nationality/Age/Gender  
Malaysian/45/Male

**JOYCE LOH MUN CHING**  
Chief Investment Officer

Nationality/Age/Gender  
Malaysian/45/Female

**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.

He also served as the Executive Committee's member of the Malaysian REIT Managers Association.

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

He does not hold any units in SENTRAL.

**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 13 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 shareholders of the Manager and/or major unitholders of SENTRAL. She does not have personal interest in any business arrangements involving the Manager/ 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	2023	2022	2021	2020	2019
Total Asset Value (RM)	2,616,044,650	2,146,717,146	2,180,376,227	2,227,662,488	2,213,704,358
Net Asset Value ("NAV") (RM)					
- Before income distribution	1,353,481,351	1,291,041,895	1,317,865,770	1,323,501,754	1,323,489,418
- After income distribution	1,345,351,930	1,254,386,916	1,275,208,806	1,284,381,674	1,287,370,331
Units in circulation	1,195,503,000	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000
NAV per unit (RM)	1.1321	1.2046	1.2296	1.2349	1.2348
Highest NAV per unit (RM)	1.2086	1.2312	1.2458	1.2445	1.2801
Lowest NAV per unit (RM)	1.1321	1.1960	1.2053	1.2072	1.2348
Highest traded price per unit (RM)	0.915	1.02	0.95	1.00	1.12
Lowest traded price per unit (RM)	0.775	0.85	0.86	0.51	0.99
Distribution Per Unit ("DPU") (sen)	6.68	6.82	7.41	7.08	6.80
- Interim	3.19	3.40	3.43	3.43	3.43
- Advance	2.81	-	-	-	-
- Final	0.68	3.42	3.98	3.65	3.37
Dates of Distribution					
- Interim	18 Sept 2023	30 Sept 2022	20 Sep 2021	30 Sep 2020	23 Sep 2019
- Advance	4 Jan 2024	-	-	-	-
- Final	29 Feb 2024	28 Feb 2023	28 Feb 2022	26 Feb 2021	28 Feb 2020
Effect of Income Distribution on NAV per unit					
- Before Distribution (RM)	1.1321	1.2046	1.2296	1.2349	1.2348
- After Distribution (RM)	1.1253	1.1704	1.1898	1.1984	1.2011
Closing price on the last trading day	0.785	0.895	0.905	0.875	1.00
Distribution yield (per annum) <sup>(a)</sup>	8.51%	7.62%	8.19%	8.09%	6.80%
MER <sup>(b)</sup>	1.14%	1.09%	1.10%	1.09%	1.06%
Average Total Returns					
- for 1 year <sup>(c)(i)</sup>	5.59%	5.96%	6.84%	6.55%	5.83%
- 3 financial years <sup>(c)(iii)</sup>	18.39%	19.34%	19.22%	19.23%	19.83%
- 5 financial years <sup>(c)(iii)</sup>	30.77%	32.03%	33.21%	31.18%	31.82%
Annual Total Returns <sup>(d)</sup> (RM)	74,221,483	73,625,238	84,485,957	80,954,941	72,107,547
Proposed final income distribution	8,129,421	36,654,979	42,656,964	39,120,080	36,119,087

(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 2023 divided by the weighted average unitholders capital for the financial year ended 2023.  
(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 2023, SENTRAL's investment comprised ten (10) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Petaling Jaya and one (1) in Penang. The details of SENTRAL's properties are as follows.



### SENTRAL 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, 21 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 2023 : RM135,000,000\*
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,184,227

Note:

\* On 14 August 2008, the respective pieces of land on which Sentral Building 1 – DHL 1 (then known as Quill Building 1) and Sentral Building 2 – DHL 2 (then known as Quill Building 4) 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 Sentral Building 1 – DHL 1 and Sentral Building 2 – 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)



### SENTRAL BUILDING 2 – 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, 17 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 2023 : RM135,000,000\*
- Name of Valuer: CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM755,194

Note:

\* On 14 August 2008, the respective pieces of land on which Sentral Building 2 (then known as Quill Building 1 – DHL 1 and Sentral Building 2 – DHL 2 (then known as Quill Building 4) 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 Sentral Building 1 – DHL 1 and Sentral Building 2 – 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)



#### SENTRAL 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, 19 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 2023: RM71,000,000
- Name of Valuer : IVPS Property Consultants Sdn. Bhd.

- Occupancy as at 31 December 2023 : 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



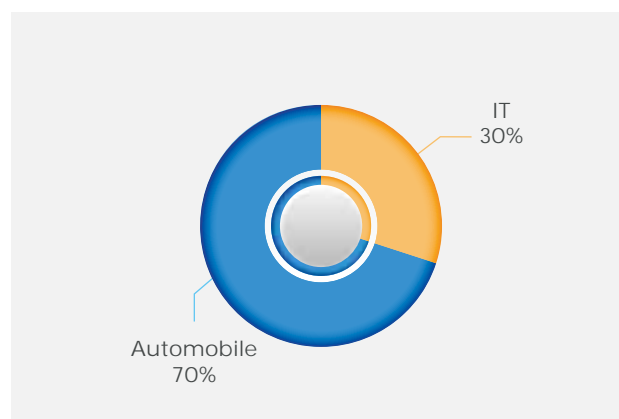
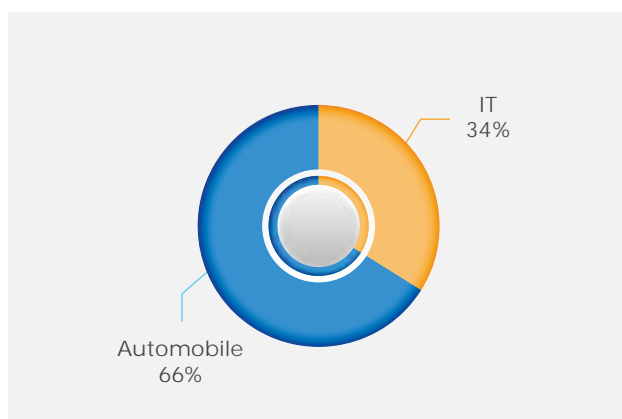
## MANAGEMENT DISCUSSION AND ANALYSIS

### - PORTFOLIO OVERVIEW

(cont'd)



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



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year :RM3,095,642



## MANAGEMENT DISCUSSION AND ANALYSIS

### - PORTFOLIO OVERVIEW

(cont'd)



#### SENTRAL BUILDING 4

- 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, 20 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 2023 : RM108,000,000
- Name of Valuer : IVPS Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2023: 100%
- Tenant : U.C.I. Education Sdn. Bhd
- Tenancy Period : 3+3+3+3 years from 1 January 2024
- Trade Sector Analysis
  - By Percentage of Occupied Net Lettable Area – 100% Education Centre Tenant
  - By Percentage of Gross Rental – 100% Education Centre Tenant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,010,881

## MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



### WISMA SENTRAL INAI

- 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, 30 years
- Description : 12-storey office building with a mezzanine floor and three split-levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Nil
- 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 2023 : RM154,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2023 : Vacant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,690,434



## 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, 21 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 : Nil
- 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 2023 : RM113,000,000
- Name of Valuer : Knight Frank Malaysia Sdn. Bhd.
- Occupancy as at 31 December 2023 : 94%
- Tenants : Multi-tenanted retail tenants from various sectors, including banking, food & beverages, beauty & fashion, preschool/childcare, fitness and convenient marts
- Tenancy Period : ranging between 1 to 3 years period



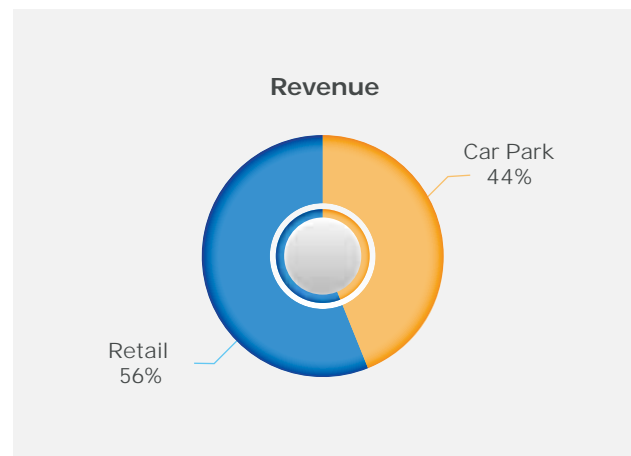
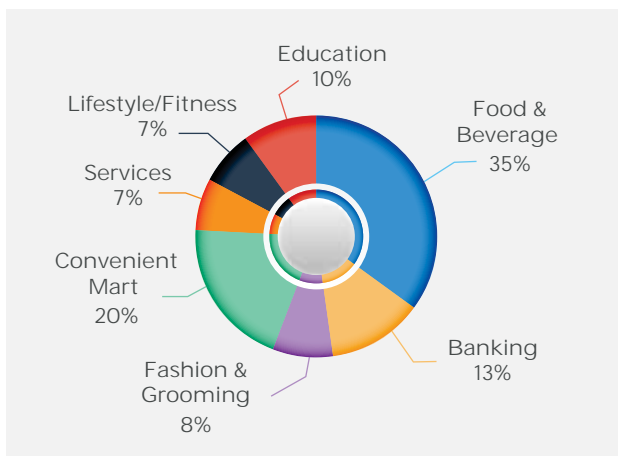
## MANAGEMENT DISCUSSION AND ANALYSIS

### - 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year :RM2,879,670

## MANAGEMENT DISCUSSION AND ANALYSIS

### - PORTFOLIO OVERVIEW

(cont'd)



**LOTUSS BUILDING, PENANG**

- Address / Location : 1, Lebuhr 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, 19 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 2023 : RM145,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023 : 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 : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM637,778



## 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, 12 years
- Description: 5 blocks of 4 to 7 storey commercial building comprising office-cum-retail space 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 2023: RM673,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn Bhd
- Occupancy as at 31 December 2023: 97%
- 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+3.17 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

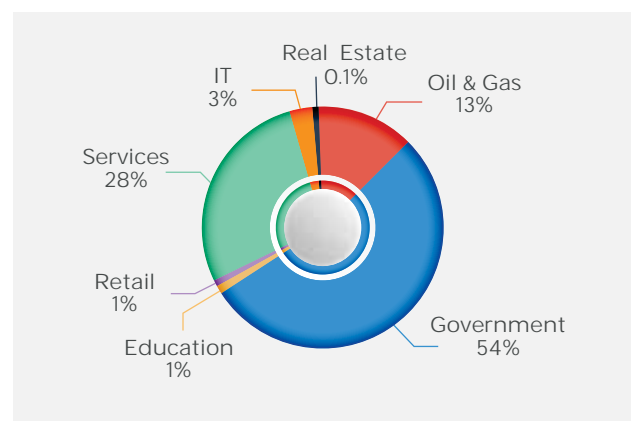
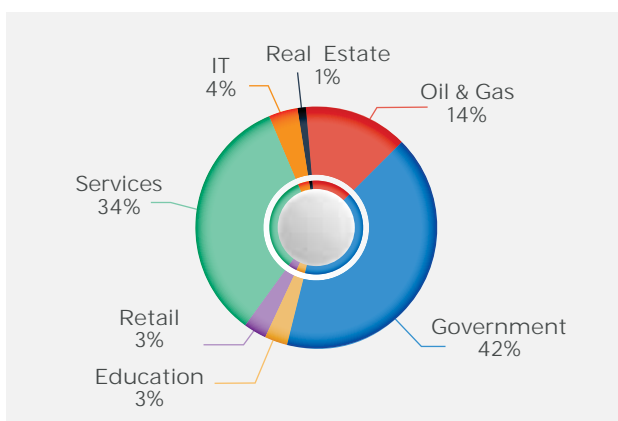
## - PORTFOLIO OVERVIEW

(cont'd)



### PLATINUM SENTRAL (CONT'D)

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



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM14,194,987

## MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



### MENARA SHELL

- 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, 10 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 2023 : RM672,500,000
- Name of Valuer : Knight Frank Malaysia Sdn. Bhd.
- Occupancy as at 31 December 2023: 99%

## MANAGEMENT DISCUSSION AND ANALYSIS

### - PORTFOLIO OVERVIEW

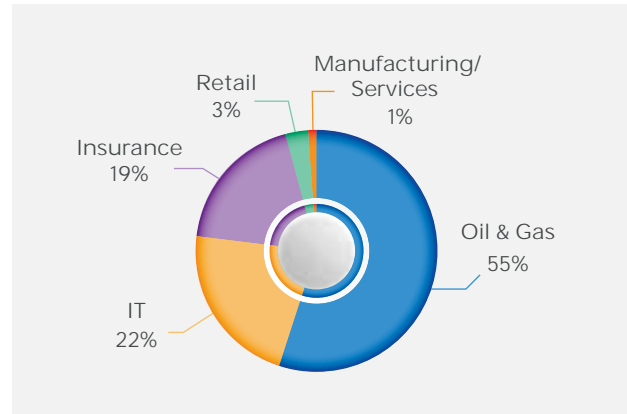
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- Major Tenants and Tenancy Details:

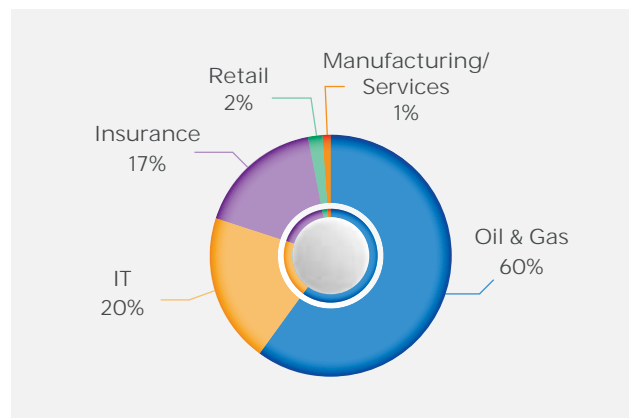
Tenant	Shell Malaysia Trading Sdn. Bhd.
Tenancy Period	15+5 years from 1 November 2013
Tenant	AmGeneral Insurance Berhad
Tenancy Period	3+3+1+1.5 years from 1 August 2015
Tenant	Google Services Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 1 June 2019 3+3+3+3+3 years from 1 April 2020 3+3+3+3+3 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+3.6 years from 7 June 2014
Remaining Tenants	Retail tenants from various sectors including banking, food & beverages, clinic, childcare centre and convenient stores
Tenancy Period	Ranging from 1 year

- Trade Sector Analysis:

- By Percentage of Occupied Net Lettable Area



- By Percentage of Gross Rental



- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM17,507,598



## MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



### MENARA CELCOMDIGI

- Address / Location: No 6, Persiaran Barat, Seksyen 52, PJ Sentral, 46200 Petaling Jaya, Selangor Lumpur
- Title : HSD 277413, Lot No PT 11 Section 52, Town of Petaling Jaya, District of Petaling, Selangor
- Property Type and Age: Commercial Building, approximately 5 years
- Description: A twenty-seven (27) storey purpose-built office building erected on six (6) levels of podium and three (3) levels of basement carpark
- Tenure: Leasehold 99 years expiring on 10 November 2110 (Unexpired term of approximately 87 years)
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area: 450,000 sq. ft.
- Existing Use : Commercial building
- Parking Space : 788 lots
- Acquisition Price: RM450,000,000
- Date of Acquisition: 11 December 2023
- Market Value as at 23 June 2023: RM450,000,000
- Name of Valuer : CBRE WTW Valuation & Advisory Sdn. Bhd.
- Occupancy as at 31 December 2023: 100%
- Tenant : Celcom Berhad (formerly known as Celcom Axiata Berhad)
- Tenancy Period :21 years from 1 January 2020
- Trade Sector Analysis:
  - By Percentage of Occupied Net Lettable Area – 100% Telecommunication Tenant
  - By Percentage of Gross Rental – 100% Telecommunication Tenant
- Property Manager : Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM6,092,083

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

### OVERVIEW – 2023 OPERATING ENVIRONMENT

Malaysia experienced steady economic recovery despite persistent external factors such as volatile financial markets due to tightening monetary policies and prolonged geopolitical tensions affecting global growth. Overall, 2023 growth for the Malaysian economy normalised to 3.7% following a higher growth registered in 2022 of 8.7%. GDP growth was supported by resilient domestic demand with the services sector being the largest contributor to the economy due to the surge in tourism activities and consumer spending. The construction sector also helped to minimize the impact of external volatilities with the acceleration of infrastructure projects and realisation of investment in commercial and residential developments.

*(Source: Ministry of Finance Budget 2024 - Economic Outlook 2024)*

The Malaysian domestic financial market was volatile in 2023. The Kuala Lumpur Composite Index ("KLCI") began the year on a bearish note below 1,500 points and registered a further decline towards the end the year to 1,454.66. The performance of the Malaysian equity market was affected by cautious sentiment weighed in by weaker corporate earnings, tighter global monetary conditions following persistent high inflation and the weak Ringgit. However, the Kuala Lumpur Real Estate Index ("KLREI") outperformed the KLCI with its commendable 34.2% improvement relative to the start of the year with the positive re-rating of the property sector. Key drivers for the sector included catalytic infrastructure developments and increase of investments in the property sector.

There was also positive momentum in the Malaysian Real Estate Investment Trust ("M-REIT") sector throughout 2023 driven by investment activities from all REIT asset classes. Many M-REITs announced their respective investment and equity funding activities, particularly on acquisition of retail, office and industrial properties, bringing the total market capitalisation for M-REITs to approximately RM43 billion at the end of 2023. The financial performance for the M-REITs continued to be impacted by broader market uncertainties, including rising interest rates and structural oversupply in the retail and office sectors but catalyst such as strong domestic demand and gradual improvement in tourist arrival to Malaysia helped cushion the negative impacts.

In the anticipation of steady economic recovery following improvements in domestic growth, Bank Negara Malaysia ("BNM") eased its monetary tightening with the emphasis of striking a balance between managing growth and inflationary pressures. In 2023, the Overnight Policy Rate ("OPR") was increased only once in May 2023 by 25 basis points (bps) from 2.75% held since 3 November 2022, to 3.00%. While there seems to be signals of a pause in OPR hikes moving into 2024, there remains risk of inflationary pressure with fluctuations in global commodity prices as well as domestic policy on subsidies and price controls which could change BNM's stance on the OPR level.

*(Source : BNM)*

The Malaysian Government Securities ("MGS") and corporate bond yields trended upwards, due to upward adjustment of the OPR, U.S. Treasury and external monetary movements. The increase in Malaysian bond yields resulted in the narrowing of the yield spread between M-REIT sector and Malaysian bonds but the sector still demonstrated resilience and remains a stable defensive investment option. Despite the high interest rate environment, the current environment remains favourable to M-REIT as the sector is still recording an average yield of 4% - 6% and we believe that exposure to defensive and high-dividend yield investments such as M-REIT would still be the preferred strategy in these volatile times.

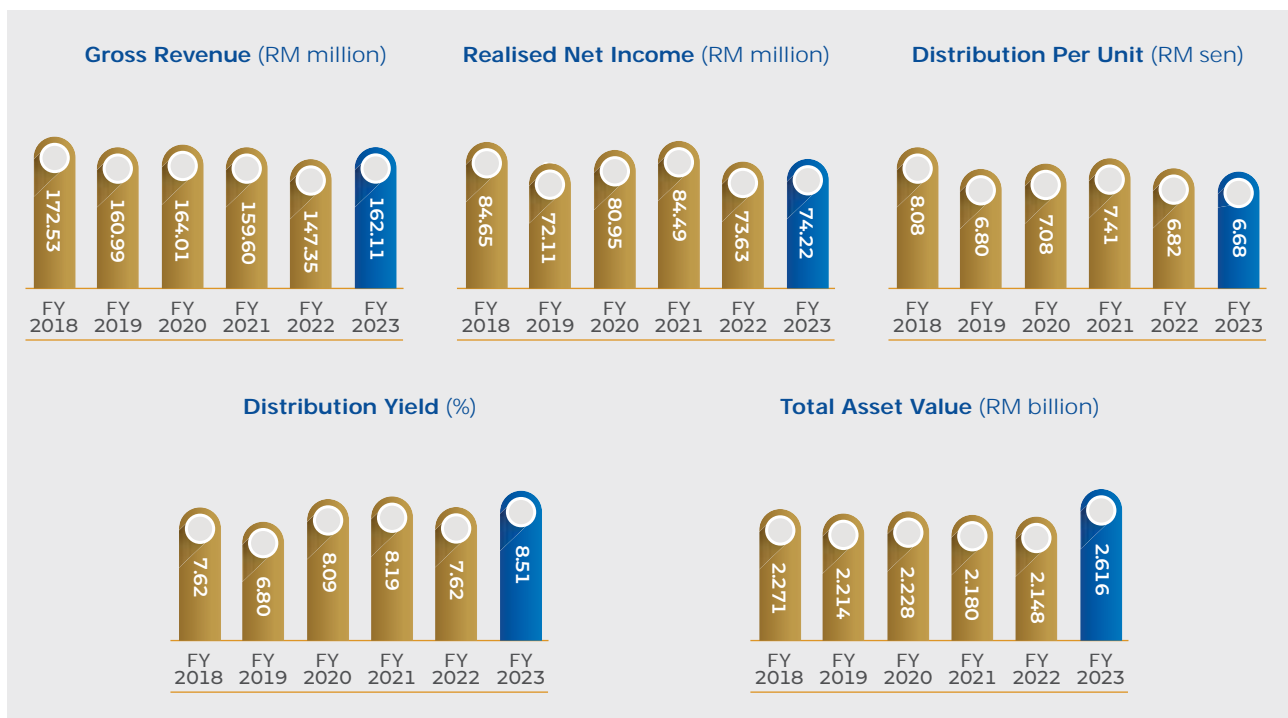
## MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

The Klang Valley office market remained challenging in 2023. As at the end of 2023, the cumulative existing supply stands at circa 117.7 million sq. ft. The volume of future office supply in Klang Valley is estimated at 1.7 million sq. ft. with concentration of supply in Kuala Lumpur scheduled for completion by end 2024. The Klang Valley overall occupancy rate declined to 73.0% in 2023 compared to the previous year of 73.9%. Meanwhile, occupancy rates in Cyberjaya declined 2% to 70.3% from the previous year's rate of 72.2%. In terms of outlook, the rental rates and occupancy levels of office buildings in KL City are expected to experience downward pressures due to the supply-demand gap and heightened competition in the tenant-led office market with existing and newly completed buildings competing for the same pool of tenants. In contrast, market demand for office space in KL Fringe and Selangor is anticipated to remain stable, attributed to its established location, comprehensive infrastructure, and limited incoming supply of Grade A offices. The incoming supply coupled with the "flight to quality" trend 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 2023 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)

### FINANCIAL PERFORMANCE



For financial year ended 31 December 2023 ("FY2023"), SENTRAL recorded gross revenue of RM162.11 million, an increase of approximately RM14.8 million or 10.0% compared to RM147.35 million recorded in financial year ended 31 December 2022 ("FY2022"). The increase was mainly due to higher revenue generated from Platinum Sentral, Menara Shell and revenue contribution from the newly acquired Menara CelcomDigi since December 2023, as well as the impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases. Correspondingly, it recorded a net property income of RM124.87 million for FY2023, representing an increase of 8.9% as compared to RM114.70 million recorded in the preceding financial year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### - OPERATIONAL OVERVIEW

(cont'd)

SENTRAL recorded a total realised income and distributable income of RM74.22 million for FY2023, an increase of 0.8% from the total realised income and distributable income of RM73.63 million for FY2022. The increase is mainly due to the higher net property income net off higher finance cost incurred during the year. Correspondingly, the Realized Earnings Per Unit ("EPU") and distributable income per unit for FY2023 was 6.88 sen, which is approximately 0.14% higher compared to the EPU and distributable income per unit of 6.87 sen recorded in FY2022, after taking into account the increased fund size of 1.195 billion units from 1.072 billion units subsequent to the completion of the placement exercise of up to 123,720,000 units on 8 December 2023.

Taking into consideration the on-going uncertainties and challenging operating landscape, SENTRAL's financial performance in FY2023 was satisfactory with its financial performance meeting market consensus. The financial results in FY2023 were anchored by the stable performance of its properties in KL Sentral and its enhanced portfolio with the inclusion of Menara CelcomDigi in December 2023, as well as the ability of the Manager to manage operational cost 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 FY2023. Through these efforts, SENTRAL recorded an improved weighted average lease expiry profile ("WALE") and average occupancy rate of 5.65 years and 89% respectively, as at 31 December 2023.

#### 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 23 January 2024, the Board had declared a final Distribution Per Unit ("DPU") of 0.68 sen for the period from 7 Dec 2023 to 31 December 2023 which was paid out to unitholders of SENTRAL on Thursday, 29 February 2024.

FY2023 DPU of 6.68 sen consist of the following distribution declared:

1.	First interim distribution for the period from 1 January 2023 to 30 June 2023 which was paid to SENTRAL unitholders on 18 September 2023	3.19 sen
2.	Advance distribution for the period from 1 July 2023 to 6 December 2023 paid on 4 January 2024	2.81 sen
3.	Proposed final distribution for the period from 7 December 2023 to 31 December 2023	0.68 sen
<b>FY2023 DPU</b>		<b>6.68 sen</b>

The Trustee and the Board of the Manager did not recommend any further distribution for FY2023.

On a year-on-year comparison, the FY2023 DPU of 6.68 sen is 2.0% lower than the FY2022 DPU of 6.82 sen. This translates to a distribution yield of 8.51% based on the closing price of RM0.785 per unit as at 29 December 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE

#### (A) Portfolio Highlights

As at 31 December 2023, SENTRAL's portfolio investment comprised of ten (10) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Penang and one (1) newly acquired property in Petaling Jaya. SENTRAL continued to receive steady income from this portfolio of assets in FY2023. For further details of each property, kindly refer to SENTRAL's Portfolio Overview on pages 13 to 26.

#### Revaluation of Properties as at 31 December 2023

Summarised below is the latest valuation of SENTRAL's portfolio of properties as at 31 December 2023:

Name of Properties	Valuation as at 31 Dec 2023 (RM'000)	Valuation as at 31 Dec 2022 (RM'000)	% of Investment (%)
Sentral Building 1-DHL 1 and Sentral Building 2-DHL 2 <sup>1</sup>	135,000	135,000	5.3
Sentral Building 3-BMW <sup>2</sup>	71,000	71,000	2.8
Sentral Building 4 <sup>3</sup>	108,000	108,000	4.3
Wisma Sentral Inai <sup>4</sup>	154,000	153,700	6.1
Part of Plaza Mont' Kiara	113,000	113,000	4.5
Lotuss Building Penang	145,000	140,000	5.8
Platinum Sentral	673,000	670,000	26.7
Menara Shell	672,500	670,000	26.7
Menara CelcomDigi <sup>5</sup>	450,000	-	17.8
<b>Total Investment Properties</b>	<b>2,521,500</b>	<b>2,060,700</b>	<b>100.0</b>

The annual valuation of SENTRAL's portfolio of properties was conducted at the close of FY2023. SENTRAL's total portfolio registered a portfolio value of RM2.521 billion for FY2023 compared to the net book value as at 31 December 2023<sup>6</sup> of RM2.522 billion, translating to a revaluation loss of RM1.01 million. The portfolio revaluation loss was mainly due to the capitalisation of enhancement works for selected properties and the acquisition cost in respect of Menara CelcomDigi.

#### Notes:

- Formerly known as Quill Building 1-DHL 1 and Quill Building 4-DHL 2
- Formerly known as Quill Building 3-BMW
- Formerly known as Quill Building 2-HSBC
- Formerly known as Wisma TechnipFMC
- The acquisition of Menara CelcomDigi was completed on 11 December 2023
- The net book value as at 31 December 2023 (prior to the revaluation) for the properties comprise of the brought forward net book value as at 31 December 2022 together with asset enhancement related costs incurred in FY2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (A) Portfolio Highlights (cont'd)

The fair valuation loss on investment properties recognized in the Consolidated Statement of Comprehensive Income amounts to RM1.96 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 2023 valuation	(1,010)
Add: Unbilled lease income receivable	(954)
Fair value loss of investment properties (Unrealised)	<b>(1,964)</b>

Upon incorporating the fair value loss of investment properties, the total Net Asset Value ("NAV") and NAV per unit (after income distribution) are RM1.345 billion and RM1.1253 per unit, respectively (FY2022 total NAV and NAV per unit (after income distribution) were RM1.254 billion and RM1.1704 per unit respectively).

#### Property Portfolio Summary Information

Portfolio details	FY2023	FY2022
No of Assets – Commercial Real Estates <sup>(1)</sup>	10	9
Valuation of Investment Properties (RM'000)	2,521,500 <sup>(3)</sup>	2,060,700 <sup>(2)</sup>
Net Lettable Area ("NLA") (sq. ft.)	2,565,063	2,114,938
Portfolio Occupancy rate (%)	89	77
Weighted Average Lease Expiry (years)	5.65	3.19
Renewal Rate (%)	82.4	41.0

#### Notes:

- 1) SENTRAL's composition of investment portfolio consists of only real estate assets
- 2) 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
- 3) After taking into account the accrued rental income of RM14.48 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.51 billion



# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

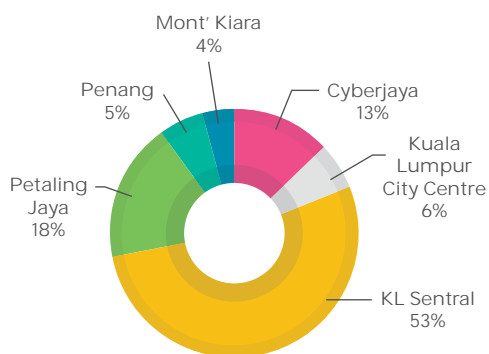
(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (A) Portfolio Highlights (cont'd)

##### Geographical Diversification (by Valuation)

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

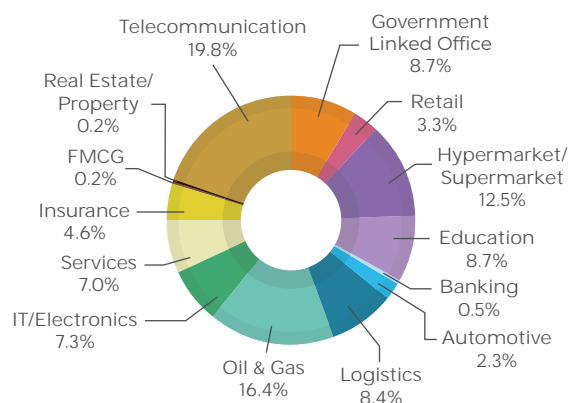


Klang Valley	82%
Cyberjaya	13%
Penang	5%

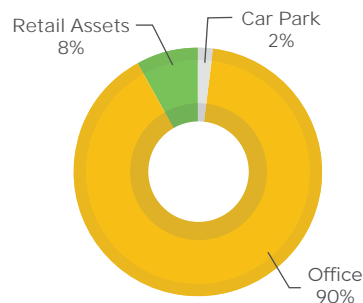
Note:

- (1) Based on valuation dated 31 December 2023

##### A Well Balance Tenancy Mix (By Net Lettable Area)



#### Segmental Contributions (By Valuation)



Notes:

- (1) Office comprises Sentral Buildings, Platinum Sentral, Menara Shell, Wisma Sentral Inai and Menara CelcomDigi
- (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 2023

#### (B) Review of Operation Activities

The normalisation of business activities since the pandemic has provided impetus for the Klang Valley office market. The operating environment normalised with many companies moving back to its pre-COVID-19 operating mode. While the operating environment remained challenging due to oversupply conditions in selected areas in Klang Valley especially in the central business district of Kuala Lumpur, SENTRAL's leasing activities picked up momentum in 2023 in comparison to the previous year due to the improved business conditions in 2023. Market demand for office spaces in KL Fringe remain healthy, which has translated to stable rental and occupancy levels.

SENTRAL's leasing activities were on an uptake with many corporates initiating improvements to their office space requirements that support business needs and productivity. In addition, with the influx of newly completed office buildings, there was a flight to quality trend by corporates embarking on these operational changes. Specifically, corporate tenants were 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

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

While the flexible or hybrid work arrangements have become a permanent operating mode for some corporates, we believe that this shift will not eliminate the importance of office space for work and collaboration. Physical presence in key locations within the city centre or in key business districts remain essential for majority of the office occupiers in Klang Valley. In terms of sectors, office demand is still predominantly from the services sector, serviced offices, shared service operations, business process outsourcing sector ("BPO"), IT and technology-based sectors. Although, the oil & gas and financial services sectors are still the bulk of the office occupiers in Klang Valley, these sectors have remained cautious in its rental commitments amid weaker corporate earnings and subdued sector performance.

#### Leasing Updates

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 stabilising its portfolio's occupancy rate.

SENTRAL had approximately 162,000 sq. ft. or 10% of its total committed NLA due for renewal in 2023. Our leasing and asset management strategies throughout the year successfully delivered a take-up rate of approximately 133,000 sq. ft. of NLA or approximately 82% of the total leases due in 2023. The healthy retention rate recorded in 2023 was mainly due to the renewal of leases in Platinum Sentral, Menara Shell and retail units in Plaza Mont' Kiara. In addition to the above, we are pleased to highlight that approximately 285,000 sq. ft. of vacant spaces were successfully leased in 2023. Our active leasing strategies were effective in leasing out SENTRAL's vacant office building in Cyberjaya, namely Sentral Building 4 which was vacant since April 2022, as well as retail spaces in Platinum Sentral and Plaza Mont' Kiara. These positive leasing outcomes

together with the inclusion of the newly acquired Menara CelcomDigi in December 2023 translated to an improved average occupancy rate of 89% as of 31 December 2023. SENTRAL recorded a healthy portfolio occupancy which is well above the Klang Valley office market average occupancy rate of 73% in 2023.

Moving forward to 2024, we anticipate competition in the Klang Valley office market to remain challenging in a midst of the on-going oversupply condition in certain localities. 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 2024. With the positive leasing outcomes achieved in 2023 for selected properties in KL Sentral and Cyberjaya, we will continue to pursue SENTRAL's on-going marketing programmes for leases due in 2024. Part of SENTRAL's tenant management strategies include periodic tenant engagements to understand tenants' requirement regarding building specifications and amenities. These requirements will be prioritised when planning for SENTRAL's yearly asset enhancement. We believe that these enhancements are necessary to ensure our properties remain competitive and relevant.

SENTRAL will leverage on new and existing networks to market existing vacant 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 enhancing and/or repurposing some of its existing buildings to cater for non-office utilisation where possible or divestment, if the said proposal meets SENTRAL's divestment criteria.

#### Asset Management

SENTRAL embarks on refurbishments and building enhancement initiatives on a yearly basis mainly aimed at promoting a conducive work environment for tenants and prioritising a safer and sustainable environment, in alignment with tenants' health, safety and environment goals.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

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

##### Asset Management (cont'd)

SENTRAL also aims to further augment its green footprint by progressively increasing its composition green buildings in its portfolio. Green buildings and buildings with green features in SENTRAL's existing portfolio comprise of Platinum Sentral, Menara Shell and the newly acquired Menara CelcomDigi. The inclusion of Menara CelcomDigi in its portfolio since December 2023 has increased the percentage of SENTRAL's green buildings from 65.0% to 71.2% and 49.2% to 58.2% in terms of portfolio valuation and NLA, respectively. Menara CelcomDigi is certified as a LEED Gold Green Building in November 2020 and was constructed based on the criteria and design requirements set for this certification, which will translate into significant energy savings over the long-term. As an extension to this on-going effort, SENTRAL had in 2023 embarked on green building accreditation gap analysis for some of its existing buildings to ascertain the criteria to reach the desired green accreditation. This will help SENTRAL to determine the green enhancements that is feasible and applicable for the buildings in planning for its future planned enhancements.

Planned improvement works at Platinum Sentral was completed in 3Q2023. Building improvements at Platinum Sentral include amongst others installation of enhanced lighting system throughout the common areas of the building, external and internal lobby upgrades, expansion of retail areas at the internal retail podium, upgrade of the alfresco retail dining area and new landscape design at the West Courtyard. Under this initiative, the building's safety features were also prioritized with the upgrade of the outdoor courtyard wood deck area and the enhancement of the lighting system to provide better visibility at Levels 2 and 3 of Platinum Sentral.

#### (C) Review of Investment and Divestment Activities

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 Securities Commission's Listed REIT Guidelines ("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.

SENTRAL remains focused in achieving its 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 returns 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 pare down borrowings.



# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (C) Review of Investment and Divestment Activities (cont'd)

##### 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:

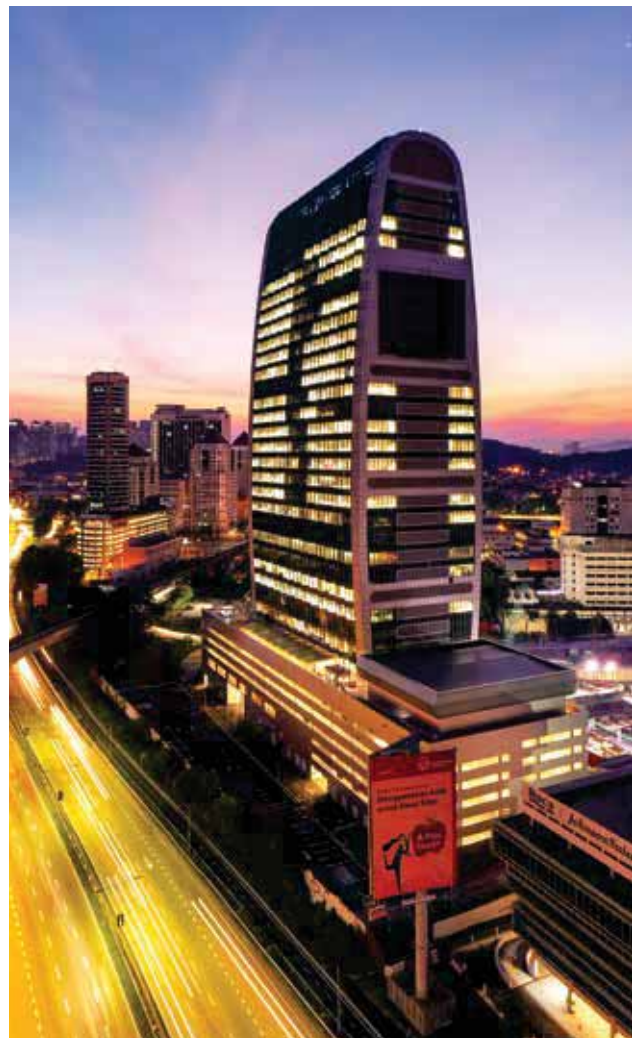
- Maximization of tenant retention through proactive tenant management and efficient property related services;
- Diversification of tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles;
- Implementation of proactive marketing plans;
- Continued 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 2023

#### Acquisition of Menara CelcomDigi

On 25 July 2023, Maybank Trustees Berhad, as trustee of SENTRAL entered into the sale and purchase agreement with Puncak Wangi Sdn Bhd, a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB") for the acquisition of Menara CelcomDigi (the "Property") for a purchase consideration of RM450.0 million ("Acquisition"). The Property is a 27-storey purposed built office building erected on 6 levels of podiums and 3 levels of basement car park.



# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (C) Review of Investment and Divestment Activities (cont'd)

##### Investment / Divestment Activities in 2023 (cont'd)

##### Acquisition of Menara CelcomDigi (cont'd)

The Property is easily accessible from all parts of Petaling Jaya New Town via Federal Highway, Jalan Timur and thereafter onto Persiaran Barat, leading to the Property. The Property is also accessible via public transportation i.e. LRT Kelana Jaya Line exiting at Taman Jaya LRT Station.



The Property is currently leased to Celcom Berhad ("Celcom") for 15 years commencing from 1 January 2020 and expiring on 31 December 2034, with an automatic extension of 2 further terms of 3 years each expiring on 31 December 2040 ("Lease") pursuant to the Lease Agreement dated 20 January 2020 which has been novated to SENTRAL pursuant to the Acquisition.

Further information of Property is disclosed on page 26, under the Portfolio Overview section of this annual report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (C) Review of Investment and Divestment Activities (cont'd)

##### Rationale and Benefits of the Acquisition:

1. Quality office building within a satellite city with good connectivity
  - Strategically located in a prime commercial hub within Petaling Jaya New Town in Petaling Jaya, Selangor which comprises mainly of office buildings, hotels, government offices, shopping malls, shop/offices and hypermarket.
  - Good connectivity to the capital city of Kuala Lumpur through convenient access to the LRT Kelana Jaya Line from the nearby Taman Jaya LRT Station and the Federal Highway.
2. Augments SENTRAL's green footprint
  - The Property is certified as a LEED Gold Green building.
  - Further augments SENTRAL's green footprint and boost SENTRAL's existing portfolio of green buildings and buildings with green features such as Menara Shell and Platinum Sentral.
3. Fully occupied with a long-term lease by Celcom with built-in rental escalation clauses and renewal options
  - Celcom entered into a 15-year lease of the Property, with an automatic extension of 2 terms of 3 years each up to December 2040.
  - The long-term lease with rental reversions during the lease period and at the start of the two extension periods will provide income stability and resilience to SENTRAL's portfolio.

4. Further enhances and rebalances SENTRAL's portfolio
  - The fully occupied Property has uplift SENTRAL's portfolio's weighted average lease to expiry (WALE) (by NLA) from 3.19 years (in 3Q 2023) to 5.65 years in 4Q 2023.
  - The portfolio occupancy rate (by NLA) increased from 86% (in 3Q 2023) to 89% with the inclusion of the Property in 4Q 2023.
  - Strengthen and improve the quality of SENTRAL's tenant base with the addition of a high quality and established tenant in the telecommunications sector.
5. Increases total asset size and portfolio geographical diversification
  - Strengthen SENTRAL's position as a sizeable and geographically diversified commercial REIT. SENTRAL's total asset size has increased from approximately RM2.1 billion in FY2022 to approximately RM2.52 billion in FY2023.
6. The Acquisition expected to enhance SENTRAL's distribution and improve total Unitholders' return in the long run.

##### Funding for the Acquisition

The purchase consideration and the expenses relating to the proposals of RM454.8<sup>(1)</sup> million was funded via a combination of proceeds from the placement exercise and borrowings. The breakdown of the funding obtained for the Acquisition is set out below:

	RM' million
Borrowings <sup>(3)</sup>	362.0
Gross proceeds from the placement exercise	92.8
<b>Sub-total</b>	<b>454.8</b>
Internally generated funds <sup>(2)</sup>	4.5
<b>Total</b>	<b>459.3</b>

The placement exercise entailed the issuance of 123,720,000 placement units at an issue price of RM0.75 per placement unit, representing a discount of approximately 9.0% to the 5-day VWAP of the units up to and including 22 November 2023 of RM0.8261.



# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (C) Review of Investment and Divestment Activities (cont'd)

##### Funding for the Acquisition (cont'd)

To demonstrate its commitment to support the continued growth of SENTRAL and its confidence in the future prospects of SENTRAL, MRCB, being SENTRAL's major unitholder holding approximately 27.9% of the existing total units in issue prior to the placement exercise, had given an undertaking via its letter dated 25 July 2023 to unconditionally subscribe for up to 34,568,734 placement units in order to maintain its unitholding in SENTRAL immediately prior to the placement exercise at the issue price to be determined by way of bookbuilding.

Pursuant to the placement exercise, 89,151,300 placement units were allocated to successfully identified placees and 34,568,700 placement units were allocated to MRCB. Accordingly, the placement exercise successfully raised a total gross proceeds of RM92.8 million. The placement units were listed on Bursa Securities on 8 December 2023 and the Acquisition was subsequently completed on 11 December 2023.

Save for the above, there were no other acquisitions and/or divestments in 2023.

Notes:

1. The funding required to undertake the proposals are set out below:

Purpose	RM' million
Purchase consideration	450.0
Estimated expenses relating to the proposals	4.8
<b>Total</b>	<b>454.8</b>

*The estimated expenses relating to the proposals comprise of professional fees, placement fees, fees payable to the relevant authorities, borrowing related cost, cost of convening the meeting of unitholders of SENTRAL and other incidental expenses*

2. Additional cost representing the acquisition fee of 1.0% of the purchase consideration due to the Manager amounting to RM4.5 million will be funded via internally generated funds of SENTRAL
3. RM362.0 million nominal value unrated Medium-Term Notes ("MTN") were issued under the 4th issuance of the 20-year Kinabalu Capital MTN Programme to partly fund the Acquisition

# MANAGEMENT DISCUSSION AND ANALYSIS

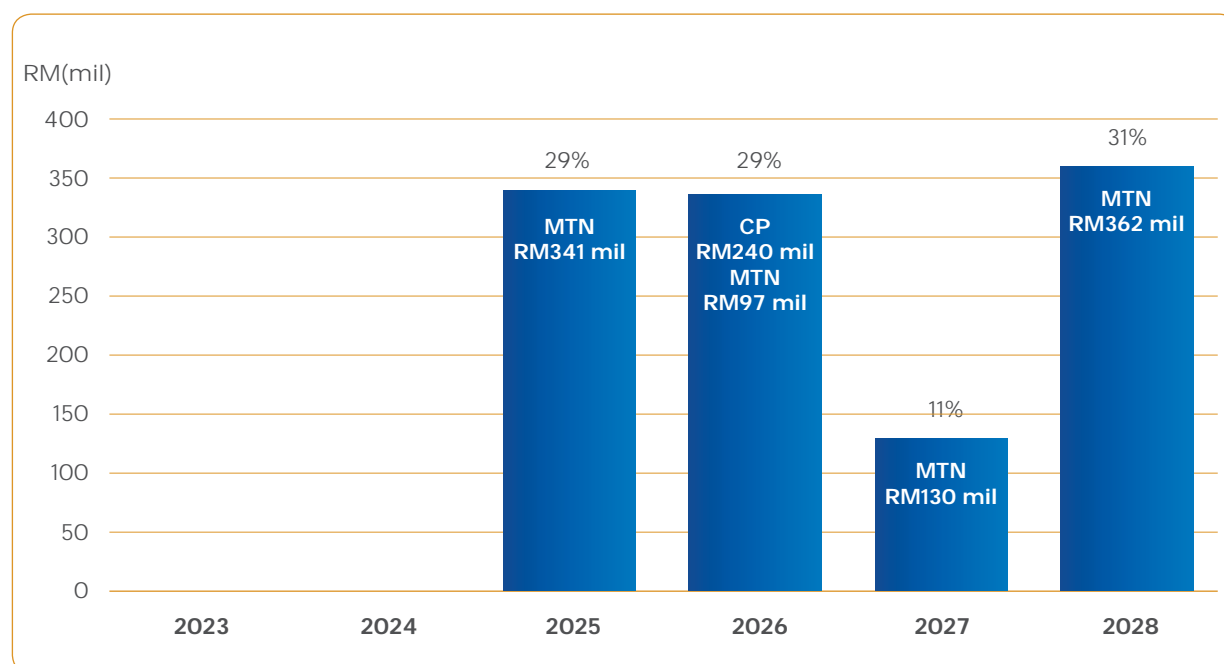
## - OPERATIONAL OVERVIEW

(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. The completion of the financing exercise for the Acquisition has extended SENTRAL's debt average term to maturity to 3.10 years. SENTRAL's next refinancing exercise will be in 2025, as depicted below:



Notes:

1. MTN - Medium Term Notes
2. CP - Commercial Papers

Summarised below is SENTRAL's financial indicators which have remained stable in FY2023:

Details	FY 2023	FY 2022
Total Debt (RM' million)	1,165.13	804.73
Average Cost of Debt (% p.a.)	4.40	3.62
Average Debt to Maturity (years)	3.10	3.30
Gearing Ratio (%)	44.54	37.48
Interest Coverage (%)	3.07	3.56
Fixed and Float Rate Composition (%)	24% Fixed / 76% Float	34% Fixed / 66% Float

SENTRAL's gearing ratio of 44.54% as at 31 December 2023 is within the Listed REITs Guidelines requirement where borrowings must not exceed of 50% of the total asset value.

# 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.

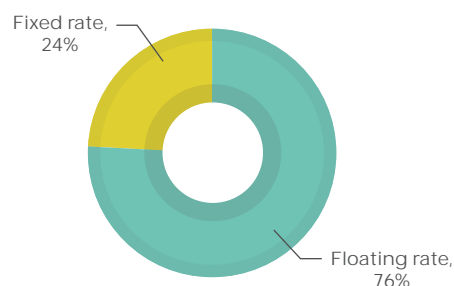
##### Liquidity Risk

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. 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, subsequent to the additional financing of RM362 million facilitated under the 20-year Kinabalu Capital Sdn Bhd MTN Programme to partly finance the Acquisition, a sizeable portion of SENTRAL's borrowings remained on floating interest rate.



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.

In 2023, The OPR was kept at 3.00% since May 2023. It is anticipated that BNM will keep monetary policy unchanged and will continue to remain supportive of economic recovery throughout 2024. Any change in monetary policy will be guided on how the overall domestic inflation and domestic growth performs.



# MANAGEMENT DISCUSSION AND ANALYSIS

## - OPERATIONAL OVERVIEW

(cont'd)

### BUSINESS PERFORMANCE (cont'd)

#### (E) Risk Management (cont'd)

##### Health and Safety Risk

The experience of the Covid-19 pandemic has given everyone a heightened awareness of the role the building's surrounding in ensuring our tenants' health and wellbeing is prioritised. To mitigate the risk of infectious diseases, accidents or occurrence of safety hazards, it is essential for SENTRAL to design and implement health and safety measures to boost workplace safety and hygiene. The essential safety considerations include regular testing and checking of firefighting equipment, escape routes, ventilation systems, lighting systems as well as cleanliness and hygiene of common areas. At SENTRAL, high importance is placed on managing health and safety, therefore assessment of such risk will be done periodically to ensure appropriate control and mitigation measures are put in place.

##### 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 SENTRAL's 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 2024, the Malaysian economy is expected to grow moderately between 4.0% – 5.0%. This is backed by strong economic fundamentals and strategies outline in the Malaysian Budget 2024 which will include the facilitation of industry transformation and productivity growth.

Almost all economic sectors are projected to expand on the supply side, led by the construction, services and manufacturing sectors. The real estate and business services subsector is poised to grow by 5.4% owing to the increase in non-residential and residential transactions. The implementation of New Industry Master Plan (NIMP) 2030 is expected to improve the performance of non-residential buildings subsector by developing an ecosystem to attract investments into the country.

*(Source: Ministry of Financial Budget 2024 - Economic Outlook 2024)*

Under the revised Budget 2023 and Budget 2024, the government has introduced various subsidies and incentives to support the business industry. Highlights include the designation of TRX as Malaysia's international financial hub and special economic zone to attract high-quality foreign investment; the extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until December 2025 to encourage sustainable initiatives; and the Global Services Hub (GSH) incentive to boost Malaysia's competitiveness as a leader in the global services sector.

*(Source: Property Market Overview 2023 prepared by Knight Frank Malaysia Sdn. Bhd. for SENTRAL)*

The Kuala Lumpur office market down cycle is expected to persist in 2024 as future supply of office space in Klang Valley continue to come on steam and outweigh demand especially in the KL City Centre. We expect to see these pressures be alleviated with the eventual improvement in the economy through the government initiatives to revive the country economy post pandemic.

## MANAGEMENT DISCUSSION AND ANALYSIS

### - OPERATIONAL OVERVIEW

(cont'd)

#### OUTLOOK AND PROSPECTS (cont'd)

Leasing enquiries remain healthy for office developments within the KL Fringes 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 encouraging, as compared to the banking and oil & gas sectors which have traditionally bolstered the demand for the Klang Valley office space.

The challenging sector outlook will exert pressure on SENTRAL's operation. While SENTRAL's leasing activities have picked up momentum in 2023, the office segment continues to be pressured by the change in working arrangements and the oversupply conditions in selected areas within Klang Valley. Notwithstanding, the Manager believes that SENTRAL's operation will be able to sustain these challenges as it continues to intensify efforts to manage SENTRAL's operations efficiently underpinned by its proactive approach towards asset, portfolio and cost management. SENTRAL's focus in 2024 will be on asset management and leasing strategies that are centred on cost optimisation and tenant retention while continuing to pursue growth by actively exploring acquisition opportunities based on a prudent acquisition strategy.

# MANAGEMENT DISCUSSION AND ANALYSIS

## - TRADING PERFORMANCE AND INVESTOR RELATION

### (A) TRADING PERFORMANCE

#### Unit Price Performance

SENTRAL's Monthly Trading Performance for 2023



	Trading Volume	Month-end closing Price (RM)
Jan-23	9,399,700	0.905
Feb-23	5,213,300	0.885
Mar-23	6,634,300	0.860
Apr-23	3,608,800	0.865
May-23	4,091,800	0.845
Jun-23	4,615,000	0.815
Jul-23	3,293,500	0.840
Aug-23	7,227,300	0.820
Sep-23	3,581,300	0.825
Oct-23	3,199,000	0.825
Nov-23	8,838,700	0.825
Dec-23	15,276,600	0.785



# MANAGEMENT DISCUSSION AND ANALYSIS

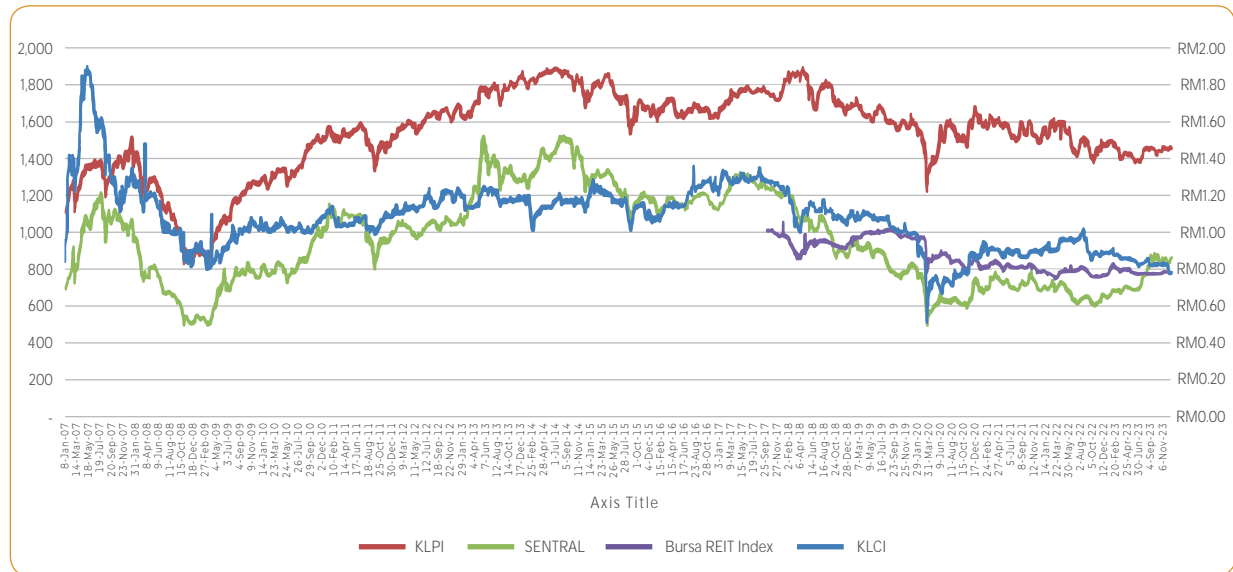
## - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

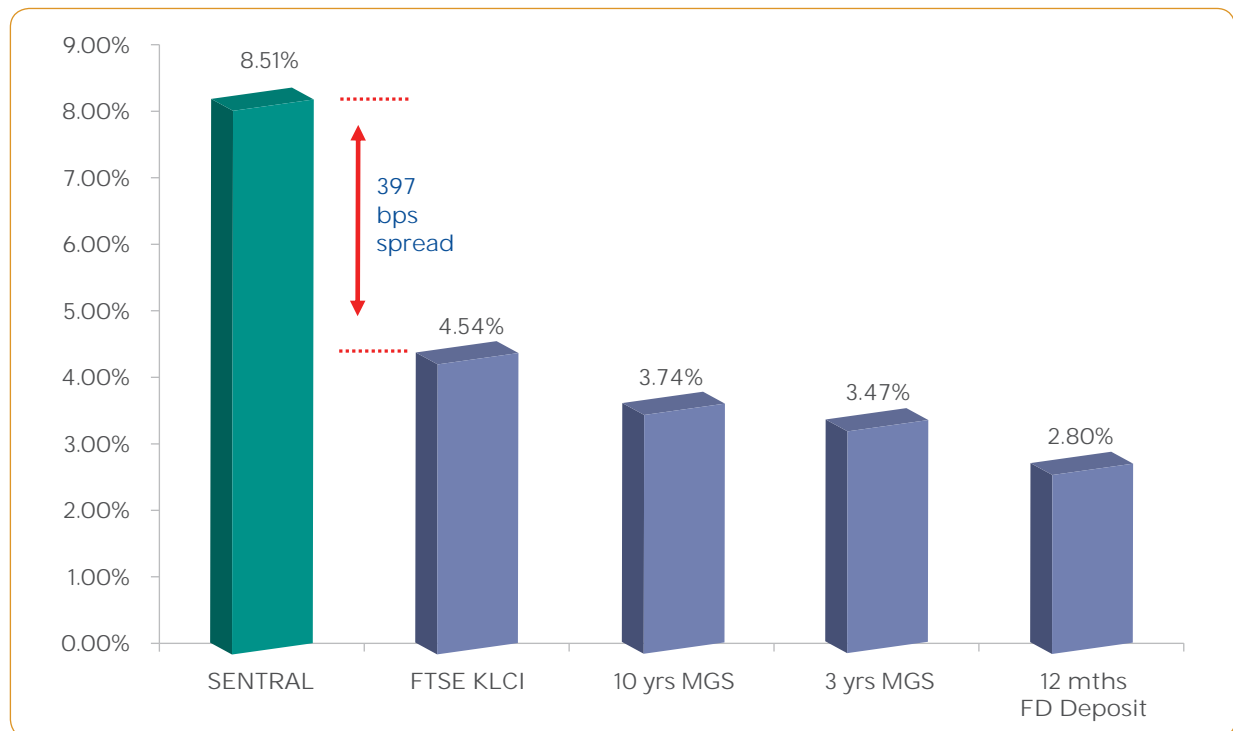
### (A) TRADING PERFORMANCE (cont'd)

#### SENTRAL's Unit Price versus Performance Benchmarks

- 8 January 2007 (from Listing Date) to 31 December 2023



#### Comparative Yields



Source:

- 1) Rates for 5-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 29 December 2023
- 2) 12 months FD rate is from Maybank
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as at 29 December 2023 is from Bloomberg

# MANAGEMENT DISCUSSION AND ANALYSIS

## - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

### (A) TRADING PERFORMANCE (cont'd)

#### Market Capitalisation

As at 31 Dec 2011 – RM421,341,480

As at 31 Dec 2018 – RM1,136,089,980

As at 31 Dec 2012 – RM479,861,130

As at 31 Dec 2019 – RM1,071,783,000

As at 31 Dec 2013 – RM460,354,580

As at 31 Dec 2020 – RM937,810,125

As at 31 Dec 2014 – RM456,453,270

As at 31 Dec 2021 – RM969,963,615

As at 31 Dec 2015 – RM714,291,480

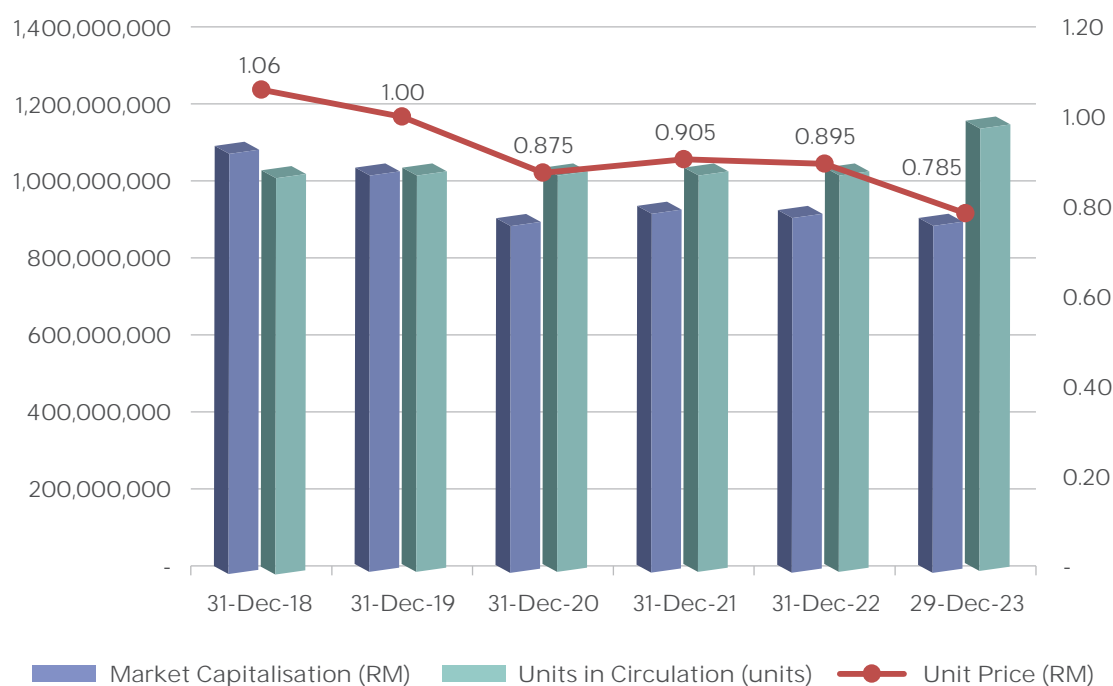
As at 31 Dec 2022 – RM959,245,785

As at 31 Dec 2016 – RM1,281,600,000

As at 29 Dec 2023 – RM938,469,855

As at 31 Dec 2017 – RM1,335,000,000

#### Market Capitalisation, Unit Price and Units in Circulation



	Market Capitalisation (RM)	Unit Price (RM)	Units in Circulation (units)
31-Dec-18	1,136,089,980	1.06	1,071,783,000
31-Dec-19	1,071,783,000	1.00	1,071,783,000
31-Dec-20	937,810,125	0.875	1,071,783,000
31-Dec-21	969,963,615	0.905	1,071,783,000
31-Dec-22	959,245,785	0.895	1,071,783,000
29-Dec-23	938,469,855	0.785	1,195,503,000

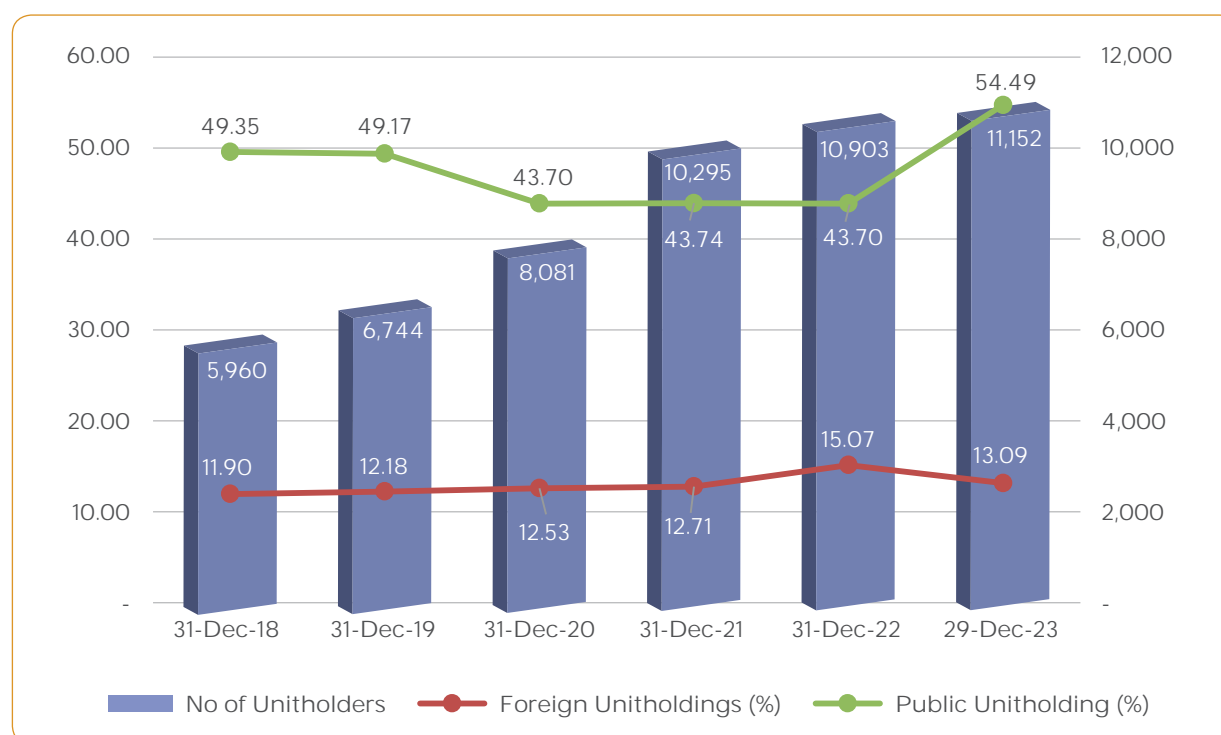
## MANAGEMENT DISCUSSION AND ANALYSIS

### - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

#### (A) TRADING PERFORMANCE (cont'd)

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



	No of Unitholders	Foreign Unitholding (%)	Public Unitholding (%)
31-Dec-18	5,960	11.90	49.35
31-Dec-19	6,744	12.18	49.17
31-Dec-20	8,081	12.53	43.70
31-Dec-21	10,295	12.71	43.74
31-Dec-22	10,903	15.07	43.70
29-Dec-23	11,152	13.09	54.49



# MANAGEMENT DISCUSSION AND ANALYSIS

## - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

### (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	<ul style="list-style-type: none"> <li>Quarterly financial earnings releases</li> <li>Corporate exercise announcements</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Analysts</li> </ul>
Property Tours	<ul style="list-style-type: none"> <li>Group tour</li> <li>One-on-one tour</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Analysts</li> <li>Financiers</li> </ul>
Conferences	<ul style="list-style-type: none"> <li>Investors conferences</li> <li>Industry conferences</li> <li>Non-deal roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Analysts</li> <li>Retail investors</li> </ul>
Corporate website and investor relation portal	<ul style="list-style-type: none"> <li><a href="https://sentralreit.com">https://sentralreit.com</a></li> <li>Corporate announcements</li> <li>IR enquiry contact</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Retail investors</li> <li>Analysts</li> <li>Media</li> </ul>
Research coverage	<ul style="list-style-type: none"> <li>6 research coverage reports</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Retail investors</li> <li>Analysts</li> <li>Media</li> </ul>
Media engagement	<ul style="list-style-type: none"> <li>Media briefings</li> <li>Media releases</li> </ul>	<ul style="list-style-type: none"> <li>Media</li> <li>Public</li> </ul>
Annual General Meetings	<ul style="list-style-type: none"> <li>Reporting of financial performance</li> </ul>	<ul style="list-style-type: none"> <li>All unitholders</li> <li>Public</li> </ul>
Publications	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Company Presentations</li> </ul>	<ul style="list-style-type: none"> <li>All unitholders</li> <li>Analysts</li> <li>Media</li> <li>Public</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

### - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

#### (B) INVESTOR RELATIONS ("IR") INITIATIVES (cont'd)

##### Unitholders' Meetings

##### Eleventh Annual Unitholders' Meeting

SENTRAL's 11<sup>th</sup> Annual General Meeting ("11<sup>th</sup> AGM") was held on 12 April 2023, 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 ("Broadcast Venue"). The virtual 11<sup>th</sup> AGM was conducted in accordance with the practices that have already been adopted by other internationally developed capital markets.

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 FY2022. 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 SENTRAL'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.

##### Unitholders' Meeting dated 15 November 2023

The Unitholders' Meeting was held virtually through live streaming from the Broadcast Venue on 15 November 2023 to seek the approval of the non-interested unitholders of SENTRAL for the following ordinary resolutions:

Ordinary Resolution 1	Proposed acquisition of Menara CelcomDigi, by the Maybank Trustees Berhad, acting solely in the capacity as trustee of SENTRAL from Puncak Wangi Sdn Bhd, a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB") for a purchase consideration of RM450.0 million
Ordinary Resolution 2	Proposed placement up to 123,720,000 new units in SENTRAL, representing up to approximately 11.5% of the existing total units in issue, at an issue price to be determined later by way of bookbuilding
Ordinary Resolution 3	Proposed placement of up to 34,568,734 placement units to MRCB, being the major unitholder of SENTRAL, pursuant to the Proposed Placement

We are pleased to report that the resolution for all 3 ordinary resolutions were duly passed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

#### (B) INVESTOR RELATIONS (“IR”) INITIATIVES (cont'd)

##### Research Coverage in 2023

In 2023, SENTRAL was covered by 6 research houses. Below is a summary of the reports published for SENTRAL's 4Q 2023 results:

Coverage	Rating	Target Price (RM per unit)
RHB Research Institute	Buy	0.91
Hong Leong Investment Bank Research	Hold	0.75
Maybank IB Research	Buy	0.98
UOB Kay Hian Research	Hold	0.87

*Note:*

CGS-CIMB Research and KAF Research did not report on SENTRAL's 4Q 2023 results

#### (C) CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

SENTRAL's CSR initiatives are carried out by SRM as the REIT Manager. Our efforts in 2023 continued to focus on supporting and facilitating the welfare and education of the children from the poor, marginalized and vulnerable communities.

In 2023, SRM's collaborated with 3 non-profit organization namely Good Shepherd Services, Yayasan Ozanam and Persatuan Kebajikan Kanak-Kanak Kajang on the following projects.

##### 1. Sponsor-A-Child Education Fund (“Ed Fund”)

Similar to 2022's sponsorship, SRM continued to partner with Good Shepherd Services (“GSS”) and contributed RM72,000.00 to Sponsor-A-Child Education Fund. (“Ed Fund”). This financial aid will directly support 51 students in rural Sabah located in the districts of Keningau, Telupid, Kota Marudu, Beluran, Ranau and Tawau to meet their schooling expenses which includes hostel fees, transportation costs, academic materials, and other operational costs with the objective of enabling these students to attend school regularly.

GSS is a non-profit organization incorporated as a company limited by guarantee in 2015. The social services of GSS with extensive grassroot in Sabah includes residential services, service centre and outreach programs for those who are underserved and vulnerable, particularly women and children.

## MANAGEMENT DISCUSSION AND ANALYSIS

### - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

#### (C) CORPORATE SOCIAL RESPONSIBILITY ("CSR") (cont'd)

##### 2. ENUMA Literacy Lab Project ("Sekolah ENUMA") with Sekolah Kebangsaan Lanas, Keningau, Sabah

SRM contributed RM45,310.00 to GSS to set up Sekolah ENUMA which will run over 2 years at Sekolah Kebangsaan Lanas in the Sook district, Keningau.

Sekolah ENUMA is a digital learning application designed to help students aged between 5 and 8 years old to tackle learning challenges interactively. The application is designed using the Android operating system and does not require internet connection once downloaded, so they are suitable for use in remote locations and communities. These students have the opportunity to learn from a variety of learning activities, games, e-books, and child-friendly videos, and their progress in 3 key subjects namely, Bahasa Melayu, English, and Mathematics will be monitored using a learning management system.

The project will benefit 92 students consisting from pre-school, primary 1, primary 2 and special needs children. The grant covers the purchase of tablets, software, headsets, and other operations costs to set up and run the program.

##### 3. Yayasan Ozanam Education Fund

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).

A total contribution of RM63,858.00 was earmarked to the Yayasan Ozanam Education Fund to provide financial aid to 6 students under Ozanam homes. These student are currently undertaking degree and diploma courses from local universities. The financial aid will cover their costs of tuition fees, transportation, and other academic expenses.

##### 4. Donation to Persatuan Kebajikan Kanak-Kanak Kajang

Persatuan Kebajikan Kanak-Kanak Kajang is a registered voluntary welfare organization that helps abused, neglected, abandoned or at-risk children of all races located at Kajang. The centre started off as a shelter for kids from poor and broken homes, without proper meals and family supervision. With public and corporate donation, the centre has been running feeding programs to provide free meals and free tuition to children from the marginalized communities from Semenyih and Kajang areas.

Currently, there are 40 students from the age of 5 to 17 years old attending the centre for tuition and free meals before or after school. In 2023, SRM donated RM16,200.00 to cover some of the centre's operation costs, which include rent, utilities, workbooks, and study materials for 12 months.



## PROPERTY MARKET OVERVIEW 2023

### PROPERTY MARKET OVERVIEW 2023 PREPARED BY KNIGHT FRANK MALAYSIA SDN BHD FOR SENTRAL

#### MARKET INDICATIONS

During 4Q2023, the Malaysian economy expanded by 3.4% (3Q2023: 3.3%; 2Q2023: 2.9%; 1Q2023: 5.6%), driven by domestic demand, improved labour market conditions, recovery in tourism activities and higher construction activity. For the full year of 2023, the country's GDP growth was recorded at 3.8%. Moving into 2024, economic expansion is expected to range from 4.0% to 5.0%, anchored by domestic demand, further recovery in tourist arrivals and growing investment activity, coupled with various measures and initiatives outlined in Budget 2024.

Headline inflation eased to 1.6% in 4Q2023 (3Q2023: 2.0%; 2Q2023: 2.8%; 1Q2023: 3.6%). This continued moderation was attributed to the easing of inflation in selected core services items. For the full year of 2023, the country's headline inflation stood at 2.5%.

Malaysia's unemployment rate continues to decline to below 4.0%, recording at 3.4% in 3Q2023 as labour demand continuously expands to accommodate the capacity for business operations as more economic activities resume. For the full year of 2023, the unemployment rate is forecasted to be at 3.5%.

On the lending front, Bank Negara Malaysia maintained its overnight policy rate (OPR) at 3.00% in November 2023, following its last hike from 2.75% to 3.00% in March 2023. At the current OPR level, the monetary policy continues to provide support to the economy and aligns with the present evaluation of inflation and growth prospects.

The Business Conditions Index (BCI) continued to decline by 2.7 points q-o-q to record at 79.7 points as of 3Q2023 (2Q2023: 82.4 points) - the lowest since 2Q2020. The private sector holds a negative outlook regarding business conditions in the short term amid the current global uncertainties, rising prices and supply chain disruptions.

Looking ahead, despite the inflationary pressures and high OPR, the property market appears to be moving in a positive direction, underpinned by healthy demand, laudable government initiatives in supporting homeownership as well as the progression of catalytic infrastructure projects.

#### MALAYSIA: RETAIL PERFORMANCE

Malaysia's retail industry, which was severely disrupted following onset of the COVID-19 pandemic in early 2020, registered a deep contraction of -16.3% in retail sales in 2020, its worst performance since the Asian Financial Crisis (1998: -20.0%). In 2021, there was improvement in the retail industry, posting a smaller annual contraction of 1.9% despite the re-imposition of various phases of lockdown. The robust growth continued into 2022 at 33.3% following newfound optimism as the country transitions to the endemic phase in April 2022.

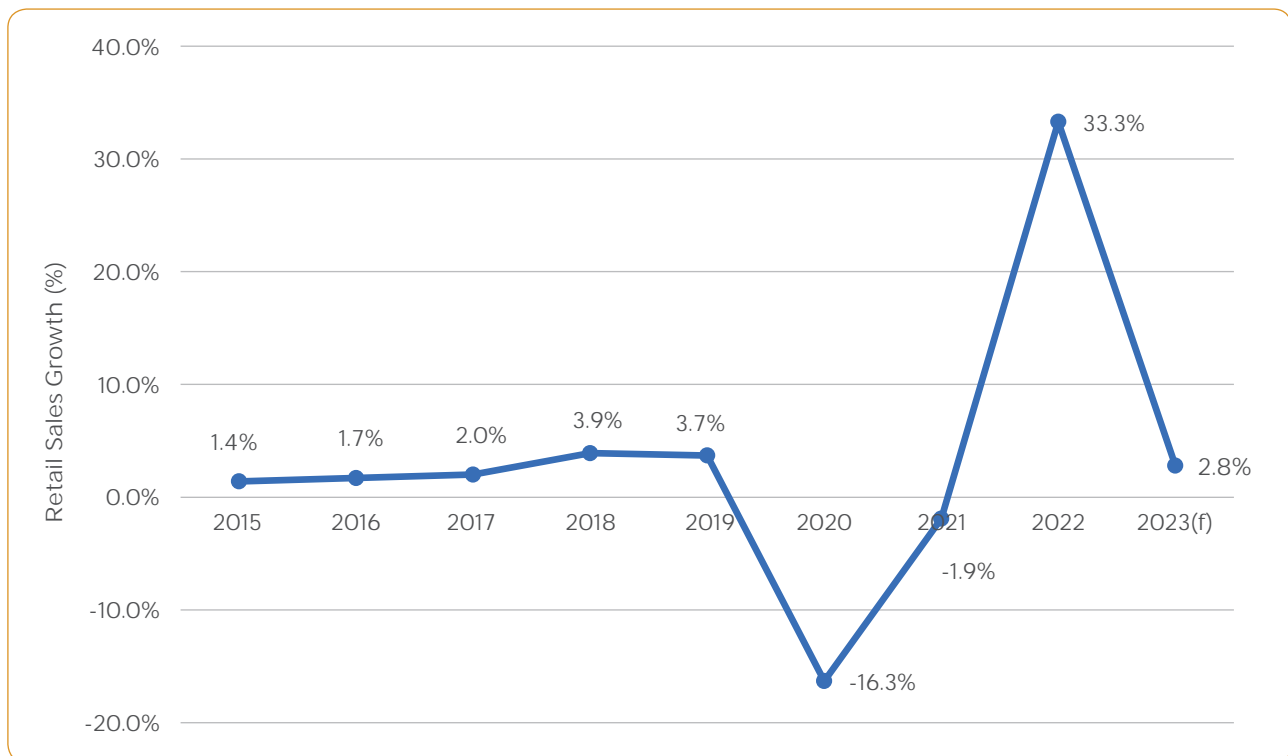
For the year 2023, Retail Group Malaysia (RGM) has revised the country's retail sales growth upwards from 2.7% to 2.8%, this follows a yearly growth of 2.7% in 3Q2023, higher than its initial forecast of 1.4%. However, market challenges such as rising cost of living leading to lower purchasing power, high commodity prices and increase in the national minimum wage will continue to hinder growth.

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### MALAYSIA: RETAIL PERFORMANCE (cont'd)

Chart 1: Malaysia - Retail Sales Growth, 2015 to 2023<sup>(f)</sup>



Sources: Malaysia Retailers Association (MRA) / Knight Frank Research

Note: (f) = Forecast

In 1Q2023, the MIER Consumer Sentiments Index (CSI) dropped below the optimism threshold to register at 99.2 points (4Q2022: 105.3 points) and it has since continued to decline further, to record at 90.8 points and 78.9 points in 2Q2023 and 3Q2023 respectively. The downtrend was mainly due to the decline in jobs and income expectations as well as growing inflation worries, leading to the slowdown in spending plans.

# PROPERTY MARKET OVERVIEW 2023

(cont'd)

## OFFICE MARKET OVERVIEW

### 1.0 GREATER KUALA LUMPUR / KLANG VALLEY

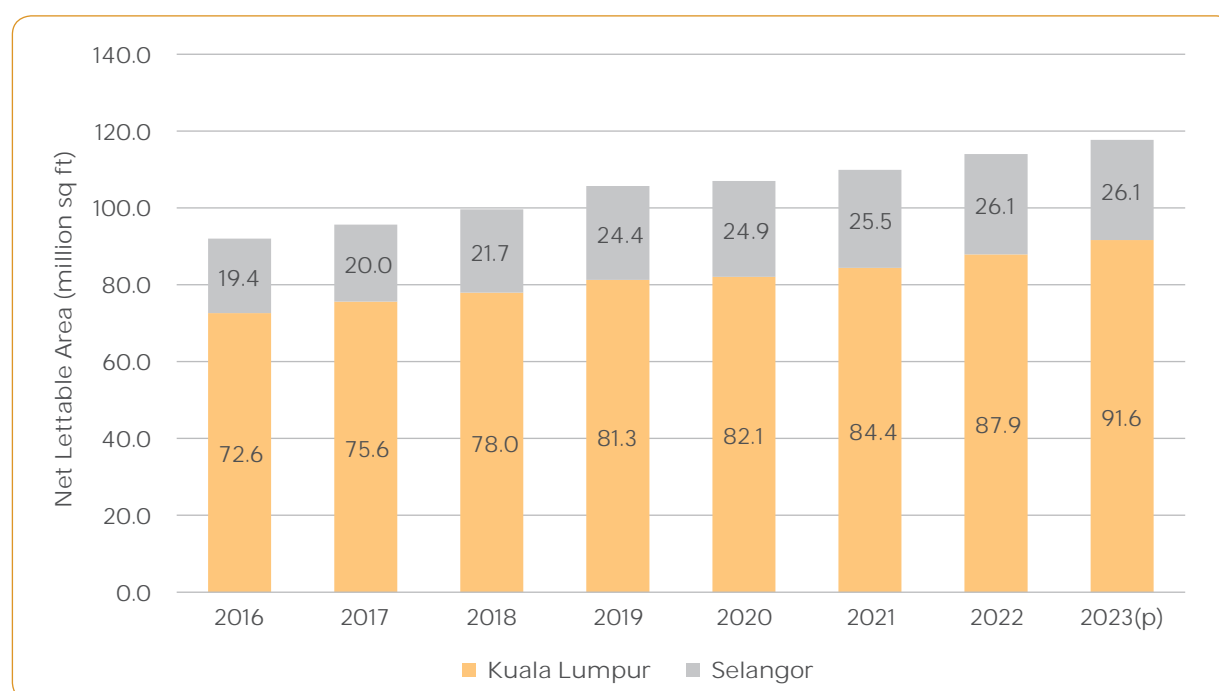
#### 1.1 Supply: Existing and Future

The existing supply of purpose-built office space in Greater Kuala Lumpur / Klang Valley, has grown steadily over the years. As at the end of 2023, the cumulative existing supply stands at circa 117.7 million sq ft.

In Kuala Lumpur, the cumulative office stock was higher by circa 3.7 million sq ft during the year. This follows the completions of Pavilion Damansara Heights Corporate Towers 6, 7, 8 & 9 (Phase 1) in 1Q2023; Sunway V2 (Velocity 2) Office Tower in 2Q2023; Aspire Tower and Pavilion Damansara Heights Corporate Towers 3, 3A & 5 (Phase 1) in 3Q2023; as well as PNB 1194, Merdeka 118 Tower and Pavilion Damansara Heights Corporate Tower 2 (Phase 1) in 4Q2023.

As for Selangor, there were no notable new completions in 2023.

**Chart 2: Greater KL / Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2016 to 2023<sup>(p)</sup>**



Source: Knight Frank Research

Notes: (p) = Preliminary data

(1) Kuala Lumpur is made up of KL City and KL Fringe.

By the end of 2024, circa 1.7 million sq ft of supply pipeline is scheduled to come on-stream. The bulk of incoming office supply at circa 1.4 million sq ft (81.7%) will be from Kuala Lumpur with the balance space of circa 0.3 million sq ft (18.3%) from Selangor.

The three upcoming office buildings in the capital city include Felcra Tower, The Exchange TRX and Oxley Tower while in KL Fringe, they are TNB Gold @ Bangsar and Pavilion Damansara Heights Corporate Tower 1 (Phase 1). The only upcoming building in Selangor is Office Towers @ Atwater.

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### OFFICE MARKET OVERVIEW (cont'd)

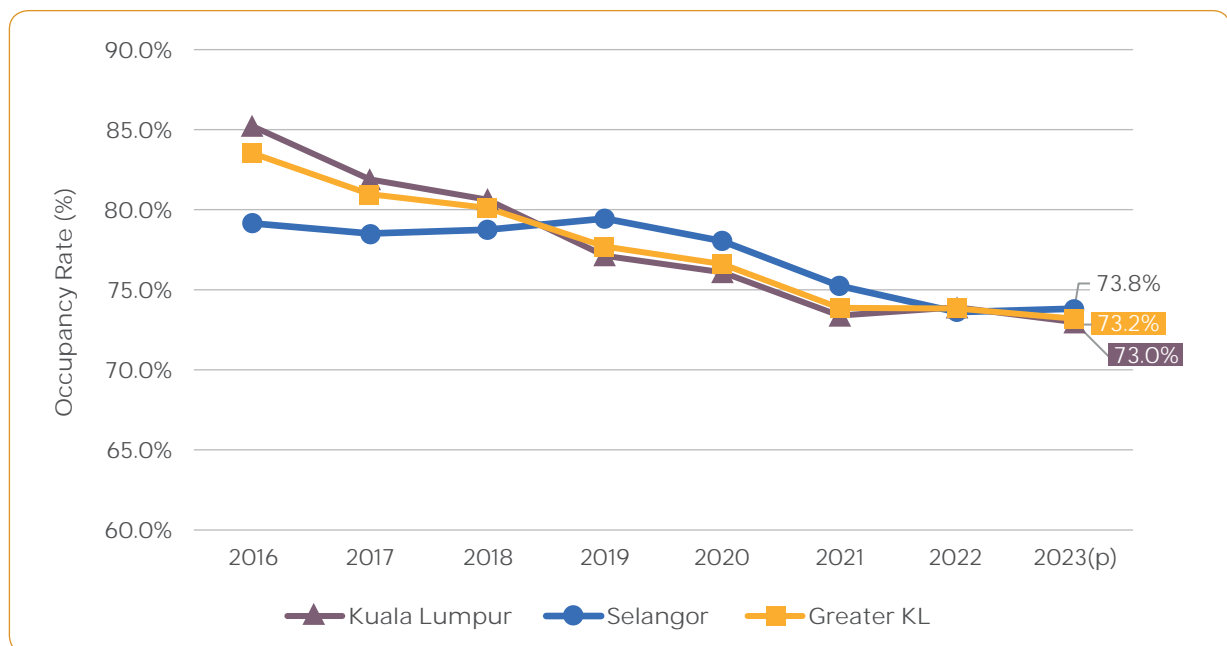
#### 1.0 GREATER KUALA LUMPUR / KLANG VALLEY (cont'd)

##### 1.2 Occupancy Rates

During 2023, the overall occupancy rate of office space in Greater KL / Klang Valley experienced a slight decline to record at 73.2% (2022: 73.8%). This was mainly due to the lower occupancy rate in the Kuala Lumpur office market (2023: 73.0% / 2022: 73.9%) following the addition of 3.7 million sq ft of new supply during the year.

In contrast, the occupational demand in Selangor improved slightly to record at 73.8% (2022: 73.6%).

**Chart 3: Greater KL / Klang Valley: Occupancy Trend for Purpose-Built Office Space, 2016 to 2023<sup>(p)</sup>**



Source: Knight Frank Research

Note: (p) = Preliminary data

As of 2023, the overall occupancy rates for the sub-markets of Petaling Jaya, Subang Jaya and Shah Alam were marginally higher by 0.8%, 2.0% and 0.6% to record at 72.2%, 79.2% and 86.3% respectively (2022: Petaling Jaya – 71.3%, Subang Jaya – 77.2% and Shah Alam – 85.7%) while for Cyberjaya, it declined by 2.0% to record at 70.3% (2022: 72.2%).

##### 1.3 Rental Rates

The average rental rate of office space in Kuala Lumpur was marginally higher at RM6.19 per sq ft per month in 2023 (2022: RM6.15 per sq ft per month). This follows the completions of new buildings with improved specifications such as Merdeka 118 Tower which command higher average rental rates. 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 OVERVIEW 2023

(cont'd)

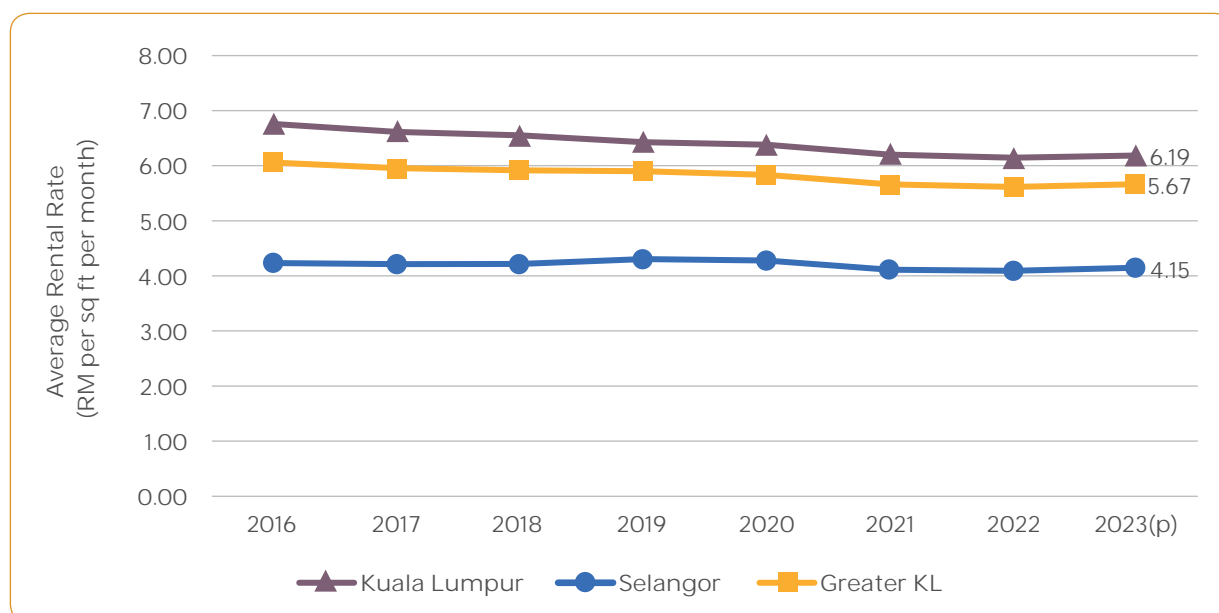
## OFFICE MARKET OVERVIEW (cont'd)

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

#### 1.3 Rental Rates (cont'd)

Similarly, the average office rent in Selangor was also higher at RM4.15 per sq ft per month during the review period (2022: RM4.09 per sq ft per month). In the sub-markets of Petaling Jaya, Subang Jaya, Shah Alam and Cyberjaya, the average monthly rentals were in the region of RM4.47 per sq ft; RM4.17 per sq ft; RM3.44 per sq ft and RM3.72 per sq ft respectively.

**Chart 4: Greater KL / Klang Valley: Average Rental Rates, 2016 to 2023<sup>(p)</sup>**



Source: Knight Frank Research

Note: (p) = Preliminary data

#### 1.4 Capital Values

In KL City, notable office transactions last year (2022) include Bangunan KWSP, Faber Imperial Court, The Weld, Wisma Ambank and Menara Naza Kampung Baru with total consideration of circa RM685.9 million. As for KL Fringe, Bangunan AHP and Wisma TM changed hands during the year with a total value of circa RM121.3 million. In Selangor, there were three notable office transactions, namely Block N @ Jaya One, Quill 9 and Menara Amfirst, at a total consideration of circa RM281.9 million.

Meanwhile, in 2023, three office buildings in KL City, namely Menara HSBC Leboh Ampang, Menara TM Semarak and Tower 3 @ Oxley Towers KLCC, were sold at a total consideration of circa RM532.8 million. There was no notable transaction in KL Fringe during the year while for Selangor, there were six notable office transactions, namely Qi Tower, Bangunan KWSP Damansara Fairway, Menara CelcomDigi, 3 Damansara, Menara Serba Dinamik and Tower 2 of PJ Sentral, with total consideration estimated at RM922.8 million.

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### OFFICE MARKET OVERVIEW (cont'd)

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

#### 1.4 Capital Values (cont'd)

**Table 1: Greater KL / Klang Valley: Notable Office Transactions, 2022 & 2023**

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM / sq ft)
<b>2022</b>						
January 2022	Bangunan KWSP <sup>(1)</sup>	Changkat Raja Chulan	Freehold	108,000	62,000,000	574
February 2022	Faber Imperial Court <sup>(2)</sup>	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 <sup>(3)</sup>	Seksyen 13, Petaling Jaya	N/A	28,600	19,880,000	695
April 2022	Quill 9 <sup>(4)</sup>	Seksyen 19, Petaling Jaya	Leasehold	280,000	200,000,000	714
May 2022	Bangunan AHP <sup>(5)</sup>	Taman Tun Dr Ismail	Freehold	88,272	86,000,000	974
July 2022	Menara Amfirst	Seksyen 19, Petaling Jaya	Freehold	155,747	62,000,000	398
August 2022	The Weld <sup>(6)</sup>	Jalan Raja Chulan	Freehold	269,593	305,000,000	1,131
September 2022	Wisma Ambank <sup>(7)</sup>	Jalan Pudu	Freehold	55,700	22,000,000	395
September 2022	Menara Naza Kg. Baru <sup>(8)</sup>	Jalan Raja Muda Abdul Aziz	Freehold	117,422	51,940,000	442
September 2022	Wisma TM <sup>(9)</sup>	Taman Desa	Freehold	85,751	35,288,000	412

# PROPERTY MARKET OVERVIEW 2023

(cont'd)

## OFFICE MARKET OVERVIEW (cont'd)

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

#### 1.4 Capital Values (cont'd)

**Table 1: Greater KL / Klang Valley: Notable Office Transactions, 2022 & 2023**

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM / sq ft)
<b>2023</b>						
January 2023	Menara HSBC Leboh Ampang <sup>(10)</sup>	Leboh Ampang	Freehold	172,245	55,000,000	319
April 2023	Qi Tower	Seksyen 8, Petaling Jaya	Leasehold	103,000	88,810,000	862
April 2023	Bangunan KWSP Damansara Fairway <sup>(11)</sup>	Persiaran Tropicana, Petaling Jaya	Leasehold	61,714	24,000,000	389
June 2023	Menara CelcomDigi <sup>(12)</sup>	Seksyen 52, Petaling Jaya	Leasehold	450,000	450,000,000	1,000
July 2023	Menara TM Semarak <sup>(13)</sup>	Jalan Raja Muda Abdul Aziz	Leasehold	324,155	72,000,000	222
September 2023	3 Damansara <sup>(14)</sup>	Damansara Intan, Petaling Jaya	Freehold	101,246	52,000,000	514
October 2023	Tower 3 @ Oxley Towers KLCC <sup>(15)</sup>	Jalan Ampang	Freehold	325,280	405,839,320	1,248
October 2023	Menara Serba Dinamik <sup>(16)</sup>	Seksyen 14, Shah Alam	Leasehold	119,022	38,000,000	319
December 2023	Tower 2 of PJ Sentral <sup>(17)</sup>	Seksyen 52, Petaling Jaya	Leasehold	862,512	270,000,000	313

Sources: JPPH / Bursa Announcements / Knight Frank Research

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Quill 9: Neo Platinum 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.
- (5) Bangunan AHP: Amanahraya Trustees Berhad has disposed Bangunan AHP to Kuala Sentral Point Sdn Bhd at a consideration of RM86 million. The 3-storey office building located in Taman Tun Dr Ismail; Kuala Lumpur has a net lettable area (NLA) of 88,272 sq ft.

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### OFFICE MARKET OVERVIEW (cont'd)

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

##### 1.4 Capital Values (cont'd)

Notes: (cont'd)

- (6) *The Weld*: Hap Seng Consolidated Bhd, via its subsidiary My Universal Properties Sdn Bhd, has acquired *The Weld* from Great Eastern Life Assurance (Malaysia) Bhd for a total consideration of RM305 million. The 26-storey office tower adjoining *The Weld Shopping Centre* has an estimated NLA of 269,953 sq ft and four basement levels with 445 car parking bays.
- (7) *Wisma Ambank*: Ambank Group, via its subsidiary, Bougainvillea Development Sdn Bhd (BDSB) has disposed *Wisma Ambank* to Delight 2000 Holdings Sdn Bhd for RM22 million. Located along Jalan Pudu, the property is a 12-storey office building with a built-up area of 55,700 sq ft and was first acquired by the group in the early 1990s.
- (8) *Menara Naza Kg Baru*: Naza Properties Sdn Bhd has disposed *Menara Naza Kg Baru* to Koperasi Co-Opbank Pertama Malaysia Berhad for RM51.94 million. Located along Jalan Raja Muda Abdul Aziz, the property is a 14-storey office building with a built-up area of more than 117,400 sq ft.
- (9) *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.
- (10) *Menara HSBC Leboh Ampang*: PACT REIT Managers Sdn Bhd has acquired the 19-storey *Menara HSBC Leboh Ampang* from HSBC Bank Malaysia Bhd for RM55 million. The office building has an estimated gross floor area (GFA) and NLA of 250,247 sq ft and 172,245 sq ft respectively, along with two basement levels of parking bays.
- (11) *Bangunan KWSP Damansara Fairway*: LKL international Berhad's wholly owned subsidiary LKL Advance Metaltech Sdn Bhd (LKLAM) has entered into a sale and purchase agreement with the EPF board on 21 February 2023 to acquire a parcel of leasehold land attached with the *Bangunan KWSP Damansara Fairway* building for a consideration of RM24 million cash. The property comprises a parcel of land measuring approximately 2,301 square metres, together with a 12-storey commercial office block and a 5-storey car park.
- (12) *Menara CelcomDigi*: Sentral REIT had on 25 July 2023 entered into a sale and purchase agreement to acquire the 27-storey *Menara CelcomDigi* in Petaling Jaya from Puncak Wangi Sdn Bhd, a wholly-owned subsidiary of Malaysia Resources Corporation Berhad (MRCB). The office tower, erected on leasehold land, has GFA and NLA of 1.06 million sq ft and 450,000 sq ft respectively. It is currently leased to Celcom Berhad with a lease term of 15 years, which has an automatic extension of a further 2 terms of 3 years each. The acquisition was completed on 11 December 2023.
- (13) *Menara TM Semarak*: Titijaya, via its subsidiaries Titijaya PMC Sdn Bhd and Titijaya South Asia has entered into a Sale and Purchase Agreement with Menara ABS Berhad to acquire *Menara TM Semarak* for a consideration of RM72 million. The leasehold property comprises of a 22-storey office tower with an annexed 6-storey Telekom Exchange and five levels of basement car park.
- (14) *3 Damansara*: CapitaLand Malaysia REIT Management Sdn Bhd has entered into an unconditional SPA with *Lagenda Harta Sdn Bhd* for the disposal of *3 Damansara* for a consideration of RM52 million. The 12-storey office tower is erected on freehold land and has GFA and NLA of 129,630 sq ft and 101,246 sq ft respectively. It also forms part of an integrated commercial development, which includes the 4-storey *3 Damansara Retail Mall* and "the Tropics" residential tower.
- (15) *Tower 3 @ Oxley Towers KLCC*: Alliance Bank Malaysia Bhd has entered into a conditional Sale and Purchase Agreement (SPA) with Oxley Rising Sdn Bhd for the acquisition of 24 floors of office suites (NLA: 315,711 sq ft) together with 4 adjoining retail lots on the 2-storey retail podium (9,569 sq ft), all to be stratified and located at Tower 3. Oxley Towers is a freehold mixed development comprising two residential towers, an office tower and a retail podium and is expected to be completed by November 2024.
- (16) *Menara Serba Dinaik*: APB Resources Berhad has entered into a Conditional Sale and Purchase Agreement with Serba Dinamik Group Berhad for the proposed acquisition of a 16-storey office building with a 4-storey basement car park for a total cash consideration of RM38 million. Formerly known as *Bangunan Affin Bank*, Serba Dinamik Group purchased the building from AFFIN Bank Berhad for RM43.5 million in 2018.
- (17) *Tower 2 of PJ Sentral*: Malaysian Resources Corporation Berhad (MRCB) has proposed to acquire the Development Rights for an office tower in *PJ Sentral* from the Selangor State Development Corp (PKNS) for RM270 million. Spanning approximately 9.11 acres, *PJ Sentral* is a mixed-use commercial development featuring five planned towers, with Tower 3 and Tower 6 already completed and sold.



# PROPERTY MARKET OVERVIEW 2023

(cont'd)

## OFFICE MARKET OVERVIEW (cont'd)

### 2.0 OFFICE MARKET OUTLOOK

Under the revised Budget 2023 and Budget 2024, the government has introduced various subsidies and incentives to support the business industry. Highlights include the designation of TRX as Malaysia's international financial hub and special economic zone to attract high-quality foreign investment; the extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until December 2025 to encourage sustainable initiatives; and the Global Services Hub (GSH) incentive to boost Malaysia's competitiveness as a leader in the global services sector.

Selected REITs or landlords of well-located buildings, which are dated and older, continue to shift 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.

Additionally, co-working spaces continue to gain popularity amongst independent professionals, micro, small, and medium enterprises (MSMEs) and some multinational corporations (MNCs). This is primarily due to the flexibility they provide in terms of scalability and cost-effectiveness, which is highly valued in the post-COVID era. In response to the rising demand, co-working operators are expanding their presence and offering comprehensive and hybrid work solutions that appeal to both SMEs and MNCs.

Moving forward, the KL City office market is expected to remain tenant-led due to the supply and demand imbalance. The combination of high incoming supply and the prevailing "flight to quality" trend will continue to exert downward pressure on both occupancy and rental levels. The impact of the pandemic over the past few years has also led to a surplus of fit-out units in the market as companies downsize and relocate. Consequently, landlords are willing to negotiate for more competitive rents, leading to a declining rental trend in KL City.

In contrast, market demand for office space in KL Fringe is anticipated to remain stable for the remaining part of 2023 and beyond, attributed to its established location, comprehensive infrastructure and limited incoming supply of Grade A offices.

Overall, the Kuala Lumpur office market is expected to sustain with landlords offering incentives such as rent-free periods, amortization of refurbishment costs, flexible tenancy terms, and adaptable space usage to remain competitive.

Selected decentralised office locations in Selangor continue to grow in popularity due to the availability of good-grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 and Line 2 as well as the existing LRT and KTM Komuter lines. Therefore, both rental and occupancy levels within Selangor are expected to be insulated by the presence of sustained demand.

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### RETAIL MARKET OVERVIEW

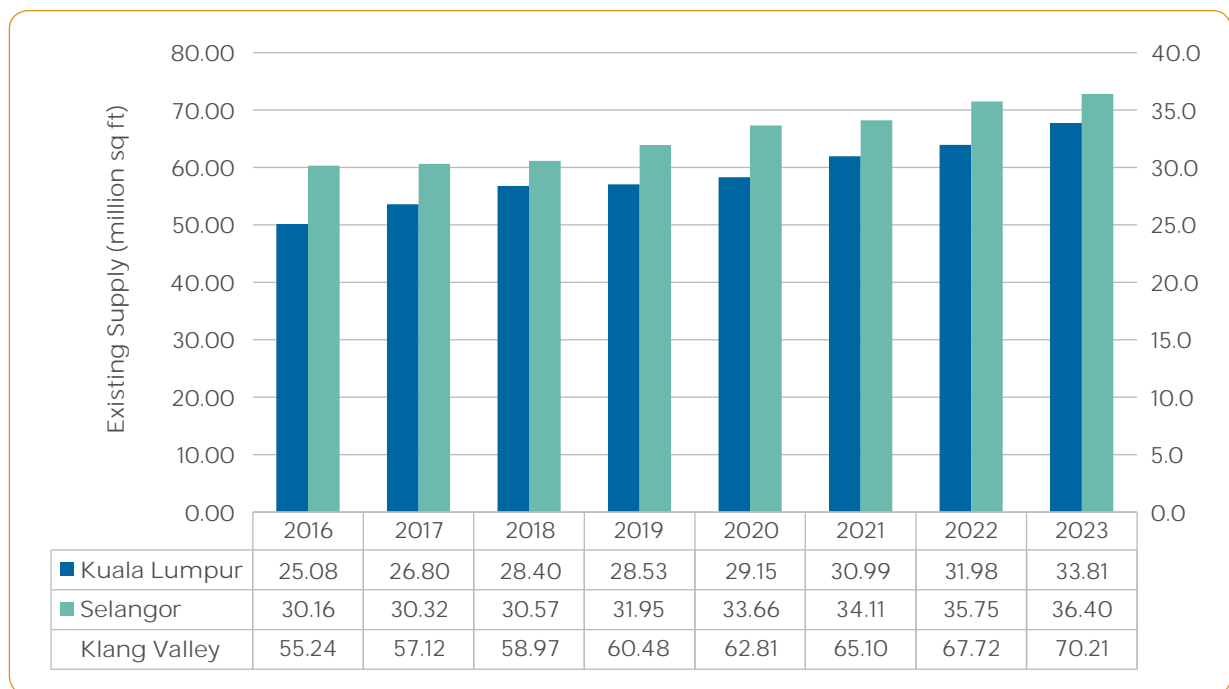
#### 3.0 GREATER KUALA LUMPUR / KLANG VALLEY

##### 3.1 Supply

As at the end of 2023, the cumulative supply of retail space in Kuala Lumpur stands at circa 33.81 million sq ft, following the recent completions of Pavilion Damansara Heights phase 1 (NLA: 530,000 sq ft) and The Exchange TRX (NLA: 1.3 million sq ft). More than half (18.91 million sq ft or 55.9%) of the existing retail supply comes from KL Fringe while KL City accounts for the remaining 14.90 million sq ft (44.1%) of space.

Meanwhile, the cumulative supply of retail space in Selangor stands at circa 36.40 million sq ft following the recent completion of KSL Esplanade Mall (NLA: 650,000 sq ft) in Klang.

**Chart 5: Greater KL / Klang Valley: Cumulative Supply of Retail Space, 2016 to 2023**



Source: Knight Frank Research

Looking ahead, three more retail developments with total NLA of circa 1.74 million sq ft are anticipated to enter the Klang Valley retail market in 2024.

# PROPERTY MARKET OVERVIEW 2023

(cont'd)

## RETAIL MARKET OVERVIEW (cont'd)

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

#### 3.1 Supply (cont'd)

**Table 2: Greater KL / Klang Valley: Retail Centres / Retail Components Scheduled for Completion / Opening, 2024**

Name of Development	Location	Locality / State	Expected Completion / Opening	Estimated Net Lettable Area (sq ft)
Elmina Lakeside Mall	Sungai Buloh	Selangor	2024	214,000
Pavilion Damansara Heights (Phase 2)	Damansara Heights	Kuala Lumpur		530,000
118 Mall	Jalan Hang Jebat / Jalan Stadium			1,000,000
Total				1,744,000

Source: Knight Frank Research

#### 3.2 Occupancy

In 2022, with the endemic phase in place and the resumption of economic activities as well as the reopening of international borders, the average occupancy rate of malls in Kuala Lumpur picked up to 82.7% (2021: 79.8%). In contrast, the average occupancy rate of shopping centres in Selangor, which picked up in 2021 to register at 80.7%, moderated to 77.5% in 2022, mainly due to new completions such as IOI City Mall Phase 2, Eco City Mall and Megah Rise Mall as construction activities were back on track.

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

## PROPERTY MARKET OVERVIEW 2023

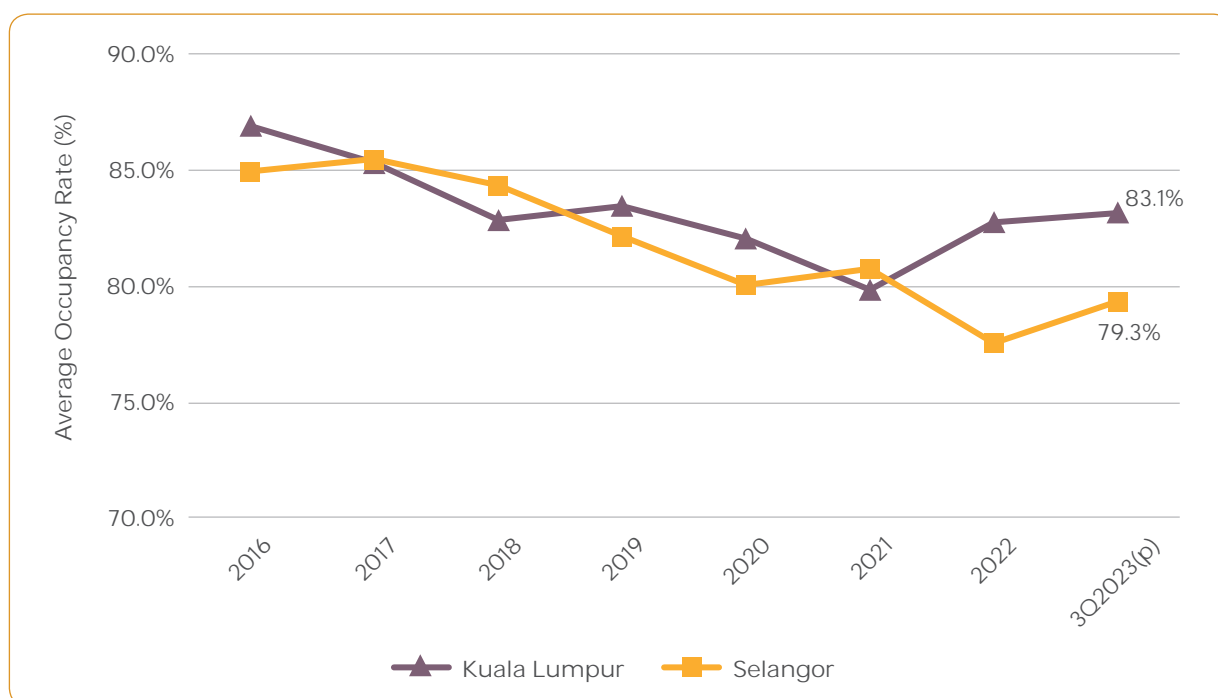
(cont'd)

### RETAIL MARKET OVERVIEW (cont'd)

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

#### 3.2 Occupancy (cont'd)

**Chart 6: Greater KL / Klang Valley: Average Occupancy Rates of Shopping Centres, 2016 to 3Q2023<sup>(p)</sup>**



Sources: NAPIC / Knight Frank Research

Note: (p) = Preliminary data

#### 3.3 Rental Rates

Kuala Lumpur's premier shopping destination, namely Suria KLCC, commands high rental rates ranging from RM35.00 per sq ft to RM206.85 per sq ft per month as of 1H2023. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall range between RM15.00 per sq ft and RM80.00 per sq ft per month.

As for Selangor, rentals at prime shopping malls such as 1 Utama Shopping Centre range from RM7.00 per sq ft to RM41.00 per sq ft while malls in other suburbs such as IOI City Mall Putrajaya and The Mines recorded rental rates ranging from RM2.50 per sq ft to RM44.50 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 OVERVIEW 2023

(cont'd)

## RETAIL MARKET OVERVIEW (cont'd)

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

#### 3.3 Rental Rates (cont'd)

**Table 3: Greater KL / Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2H2022 to 1H2023**

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
				2H2022	1H2023
Kuala Lumpur City Centre					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 – 4,047	35.00 – 207.30	35.00 – 206.85
		Ground	301 – 2,928	44.10 – 151.00	44.10 – 154.35
		1	215 – 904	95.40 – 113.10	95.40 – 116.10
		2	323 – 1,819	36.50 – 100.50	36.30 – 103.20
		3	205 – 1,679	44.00– 100.20	42.00 – 100.20
		4	570 – 2,368	37.80 – 61.10	37.75 – 59.30
Mid Valley City, Kuala Lumpur					
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 – 1,851	25.00 – 35.70	25.00 – 36.00
		Ground	560 – 958	45.00 – 80.00	45.00 – 80.00
		1	398 – 883	33.50 – 38.00	33.50 – 38.00
		2	431 – 700	23.40 – 25.00	23.40 – 25.00
		3	420 – 969	15.00 – 22.00	15.00 – 22.00
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 – 37.50	33.00 – 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 – 21.20
		3	2,077 – 2,777	17.00 – 18.00	17.50 – 18.00

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### RETAIL MARKET OVERVIEW (cont'd)

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

##### 3.3 Rental Rates (cont'd)

**Table 3: Greater KL / Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2H2022 to 1H2023**

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
				2H2022	1H2023
Selangor					
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 – 1,981	12.00 – 41.00	12.00 – 41.00
		Ground	1,345 – 2,669	12.50 – 34.00	12.50 – 34.00
		1	560 – 1,378	12.50 – 38.00	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	10.00 – 20.70	10.00– 20.70
		1 (Food)	560 – 1,604	7.20 – 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 – 2,831	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 – 1,873	17.20 – 34.00	17.00 – 37.00
		LG (Centre Court)	344 – 3,143	27.20 – 45.20	25.00 – 44.50
		LG (West Wing)	226 – 3,380	9.80 – 36.20	14.30 – 37.00
		G (East Wing)	861 – 11,754	7.00 – 22.20	7.00 – 26.00
		G (Centre Court)	646 – 2,809	9.80 – 33.00	9.00 – 33.00
		G (West Wing)	484 – 2,530	16.00 – 27.00	16.00 – 27.00
		L1 (East Wing)	549 – 4,273	4.00 – 22.00	4.00 – 22.00
		L1 (Centre Court)	474– 6,727	5.00 – 43.00	5.00 – 43.00
		L1 (West Wing)	205 – 6,878	2.50 – 25.00	2.50 – 25.00
		L2 (East Wing)	646 – 10,452	3.20 – 23.00	3.20 – 23.00
		L2 (Centre Court)	344 – 3,778	7.00 – 25.00	7.00 – 25.00
		L2 (West Wing)	614 – 2,562	7.80 – 23.00	7.80 – 23.00

Sources: NAPIC / Knight Frank Research

# PROPERTY MARKET OVERVIEW 2023

(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:

**Table 4: Greater KL / Klang Valley: Notable Transactions of Shopping Centres, 2015 to 2023**

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
<b>Selangor</b>						
2023	Plaza Alam Sentral Mall and the Adjoining Land <sup>(1)</sup>	Seksyen 14, Shah Alam	Mall: 438,930 Land: 103,334	Mall: 150,000,000 Land: 28,000,000	Mall: 342	Selangor State Development Corporation (PKNS)
2023	KIPMall Kota Warisan <sup>(2)</sup>	Sepang	186,077	80,000,000	430	KIP REIT
2021	Empire City Mall <sup>(3)</sup>	Damansara Perdana	1,748,848	1,000,000,000	572	Rubberex Corporation (M) Berhad
2018	SStwo Mall <sup>(4)</sup>	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 <sup>(5)</sup>	SS16/1, Subang Jaya	350,000	570,000,000	1,629	Pelaburan Hartanah Bhd (PHB)
2015	da:mén USJ Shopping Mall <sup>(6)</sup>	USJ 1, Subang Jaya	420,920	486,844,000	1,157	Pavilion REIT
2015	Tropicana City Mall <sup>(7)</sup>	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

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### RETAIL MARKET OVERVIEW (cont'd)

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

#### 3.4 Capital Values (cont'd)

**Table 4: Greater KL / Klang Valley: Notable Transactions of Shopping Centres, 2015 to 2023**

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM / sq ft)	Purchaser
<b>Kuala Lumpur</b>						
2023	163 Retail Park <sup>(8)</sup>	Mont Kiara	226,800	270,500,000	1,193	ALX Asset
2023	Pavilion Bukit Jalil <sup>(9)</sup>	Bukit Jalil	1,800,000	2,200,000,000	1,222	Pavilion REIT
2020	Setapak Central <sup>(10)</sup>	Danau Kota, Setapak	512,806	318,000,000	620	Fraser's Property Gold Pte. Ltd.
2019	Pavilion Bukit Jalil <sup>(11)</sup>	Bukit Jalil	1,839,914	1,480,000,000	804	Regal Path Sdn Bhd
2017	Elite Pavilion Mall <sup>(12)</sup>	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

Sources: RCA / Knight Frank Research

Notes:

- (1) MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of MRCB had entered into a sale and purchase agreement (SPA) with PKNS on 22 December 2023 in relation to the proposed disposal of Plaza Alam Sentral Mall and the adjoining land to PKNS for a cash consideration of RM178 million.
- (2) Pacific Trustees Berhad, trustee for and on behalf of KIP REIT, had on 16 June 2023 entered into a conditional sale and purchase agreement (SPA) with Cahaya Serijaya Sdn Bhd for the proposed acquisition of KIPMall Kota Warisan for a cash purchase consideration of RM80 million.
- (3) Rubberex 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) On 17 November 2022, YNH Property Bhd announced that it is selling 163 Retail Park shopping centre to ALX Asset Bhd for RM270.5 million, and the disposal is expected to be completed by 1H2023.
- (9) On 22 November 2022, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement (SPA) 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.



# PROPERTY MARKET OVERVIEW 2023

(cont'd)

## RETAIL MARKET OVERVIEW (cont'd)

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

#### 3.4 Capital Values (cont'd)

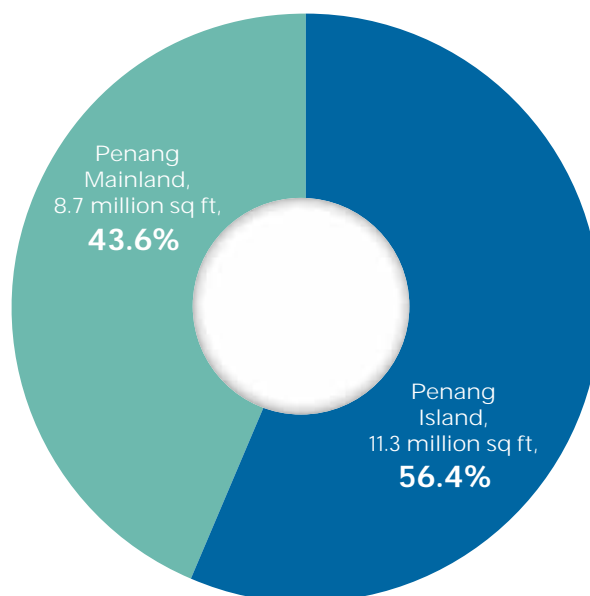
- (10) *Frasers Property Gold Pts Ltd., a wholly owned subsidiary of Frasers Property Limited purchased 131,443,060 shares representing the entire issued and paid-up share capital of Mallco Pte. Ltd, which indirectly holds Setapak Central. The agreed property value for Setapak Central at RM318.0 million was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations.*
- (11) *During the sale of Pavilion Bukit Jalil Mall, the development was still on-going, and was subsequently completed in 2H2021. Payment of consideration is in accordance to the stages stipulated in the schedule of payment appended in the announcement.*
- (12) *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 3Q2023. Penang Island accounts for 56.4% share (11.3 million sq ft) of the total supply while the remaining stock (43.6% or 8.7 million sq ft) comes from Penang Mainland.

**Chart 7: Penang: Existing Supply of Shopping Centres, Arcades and Hypermarkets, 3Q2023**



Sources: NAPIC / Knight Frank Research

## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### RETAIL MARKET OVERVIEW (cont'd)

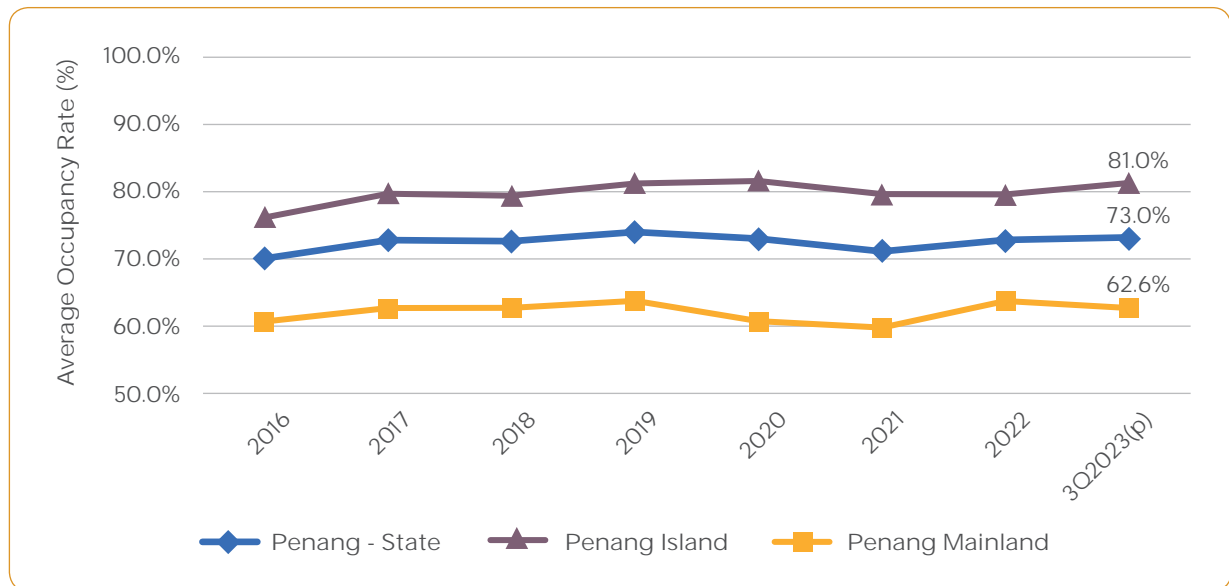
#### 4.0 PENANG (cont'd)

#### 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) peaked at 73.8% in 2019 before dipping to 70.9% in 2021 amid the unprecedented pandemic.

In 2022, the normalisation of economic activities coupled with the full reopening of the country's international borders supported the recovery of the retail sector, with the overall occupancy rate of shopping centres in Penang improving to 72.6% and 73.0% in 2022 and 3Q2023 respectively.

**Chart 8: Penang: Average Occupancy Rate of Shopping Centres, Arcades & Hypermarkets, 2016 to 3Q2023<sup>(p)</sup>**



Sources: NAPIC / Knight Frank Research

Note: (p) = Preliminary data

#### 4.3 Rental Rates

The rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island remained stable in 1H2023.

The rental rates range from as low as RM1.80 per sq ft to as high as RM42.00 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 OVERVIEW 2023

(cont'd)

## RETAIL MARKET OVERVIEW (cont'd)

### 4.0 PENANG (cont'd)

### 4.3 Rental Rates (cont'd)

**Table 5: Penang - Rental Rates of Selected Shopping Centres, 2H2022 to 1H2023**

Shopping Centre	Floor	Built-up Area (sq ft)	Range of Rental Rates (RM per sq ft / month)	
			2H2022	1H2023
Gurney Plaza	Basement	140 – 23,670	13.90 – 25.50	13.90 – 38.30
	Ground (Main Area)	484 – 614	36.80 – 42.00	36.80 – 42.00
	Ground	129 – 113,742	17.70 – 23.00	15.30 – 23.00
	First Floor (Main Area)	140 – 1,442	34.00 – 41.00	34.00 – 41.00
	First Floor	140 – 53,303	11.30 – 26.00	11.30 – 26.00
	Second Floor	140 – 9,580	8.50 – 20.50	8.50 – 20.50
	Third floor (Main Area)	366 – 764	26.00 – 30.00	26.00 – 30.00
	Third floor	140 – 11,238	8.00 – 12.00	8.00 – 12.00
	Fourth Floor	140 – 5,102	7.40 – 7.90	7.40 – 7.90
Gurney Paragon	Lower Ground Floor (Main Area)	269 – 2,605	12.40 – 18.60	12.40 – 18.60
	Lower Ground Floor	312 – 6,717	2.70 – 8.50	2.70 – 8.50
	First Floor (Main Area)	807 – 4,069	18.20 – 38.20	18.10 – 38.20
	First Floor	807 – 23,099	8.60 – 17.00	8.60 – 17.00
	Second Floor (Main Area)	721 – 7,007	10.10 – 25.00	10.60 – 25.00
	Second Floor	1,163 – 3,401	3.40 – 7.20	3.40 – 7.20
	Third Floor (Main Area)	291 – 1,141	9.70 – 24.00	9.70 – 24.00
	Third Floor	344 – 5,845	2.40 – 8.10	2.40 – 8.10
	Fourth Floor (Main Area)	323 – 452	18.00 – 26.90	18.00 – 26.90
	Fourth Floor	517 – 28,740	2.00 – 7.60	2.00 – 7.60
	Fifth Floor (Main Area)	452 – 1,421	9.70 – 26.40	9.70 – 26.40
	Fifth Floor	592 – 8,902	4.10 – 6.80	4.74 – 6.80
	Sixth Floor (Main Area)	291 – 8,471	7.80 – 12.50	7.80 – 12.50
	Sixth Floor	355 – 9,375	2.40 – 6.30	2.40 – 6.30
1 <sup>st</sup> Avenue	Lower Ground Floor (Main Area)	280 – 1,765	9.90 – 15.40	9.90 – 15.40
	Lower Ground Floor	1,916 – 21,808	2.50 – 7.20	2.50 – 7.20
	Ground Floor (Main Area)	97 – 1,518	11.00 – 37.00	11.00 – 37.00
	Ground Floor	484 – 2,325	4.50 – 7.30	4.50 – 7.30
	First Floor (Main Area)	915 – 1,819	10.00 – 15.00	10.00 – 15.00
	First Floor	850 – 9,192	1.80 – 7.70	1.80 – 7.70
	Second Floor (Main Area)	667 – 1,873	7.00 – 11.50	7.00 – 11.50
	Second Floor	1,033 – 9,009	2.90 – 3.00	2.90 – 3.00
	Third Floor	850 – 5,565	2.30 – 7.60	2.30 – 7.60
	Fourth Floor	721 – 6,211	4.30 – 7.60	4.30 – 7.60

Sources: NAPIC / Knight Frank Research

## PROPERTY MARKET OVERVIEW 2023

(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:

**Table 6: 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 <sup>(1)</sup>	Bayan Lepas	883,111	990,500,000	1,122	MTrustee Bhd
2019	Island Plaza <sup>(2)</sup>	Georgetown	326,800	N/A	N/A	Reportedly to be a Hong Kong businessman
2019	1st Avenue Mall <sup>(3)</sup>	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 Bellevue 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



## PROPERTY MARKET OVERVIEW 2023

(cont'd)

### RETAIL MARKET OVERVIEW (cont'd)

#### 5.0 RETAIL MARKET OUTLOOK

Malaysia's retail industry rebounded strongly with a 33.3% retail sales growth in 2022. However, with retailers generally less optimistic on the spending power of consumers due to the higher cost of living, the country's retail sales growth forecast for the full year of 2023 has been revised to 2.8% (1Q2023: 13.8% / 2Q2023: -4.0% / 3Q2023: 2.7%).

Since the start of the year, the local retail sector has been faced with a more challenging environment. Mirroring the global scene, local businesses across all sectors including retail have grappled with labour shortages. Coupled with higher electricity cost, the increase in the national minimum wage which led to rising manpower cost has also affected retailers' sales and operation costs.

For consumers, the rising cost of living and high inflation continue to persist throughout the year. Despite the inflation rate declining in the past quarter, it remains elevated compared to the long-term average. The depreciation of the Malaysian Ringgit also leads to higher import prices, placing a great burden on consumers as the country is a net food importer. With weaker currency and elevated inflation, private consumption declines as purchasing power is reduced.

Ongoing policy support by the government, including the 'Payung Rahmah' initiative was launched to cushion the impact of the rising cost of living. The government is allocating RM200 million for the 'Payung Rahmah' initiative in its commitment to ease the rising cost of living. The government also continues to allocate cash assistance and incentives to boost consumer spending, increasing 25% from the previous year to RM10 billion.

However, the proposed Sales and Service Tax (SST) rate hike from six to eight percent effective 1 March 2024 coupled with the introduction of a five to ten percent luxury tax and restructuring of diesel subsidy, may dampen growth in the retail market. The tax increment impacts the entire supply chain. Thus, retailers experiencing higher tax liabilities will see rising operational costs, potentially eroding their profit margin and this may lead to price adjustments, which ultimately impacts consumers.

Driven by Malaysia's steady growth of digital consumers as well as the high penetration of e-wallets and digital payments, e-commerce is indispensable. Physical stores remain vital; however, consumers have come to expect a seamless shopping experience, online and offline. Driven by younger consumers, particularly the millennials and Gen Z, digital payments services / e-wallet is projected to gather further momentum. With continuing labour shortages, retailers are likely to turn to automation, investing more heavily and strategically in digital infrastructure.

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

Against the backdrop of geopolitical fragmentation, rising inflation, tightening financial environment and volatile currency, Malaysia's GDP growth for 2024 is anticipated to range from 4.0% to 5.0% (source: Budget 2024), underpinned by a steady expansion in domestic demand and recovery in external trade. Meanwhile, the local retail sector is expected to sustain with steady domestic demand, backed by rising tourist arrivals.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Manager as the manager of SENTRAL presents this Corporate Governance Overview Statement, outlining the corporate governance approach, focus areas and priorities for the financial year ended 31 December 2023.

The Manager is cognisant of 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 informative and comprehensive disclosure of how corporate governance better practices are infused into the fabric of 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 2021 ("MCCG 2021") during the financial year ended 31 December 2023. 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 of 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, Audit & Risk Committee ("ARC") Report, Nomination & Remuneration Committee ("NRC") 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

The Manager 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 the Manager 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:

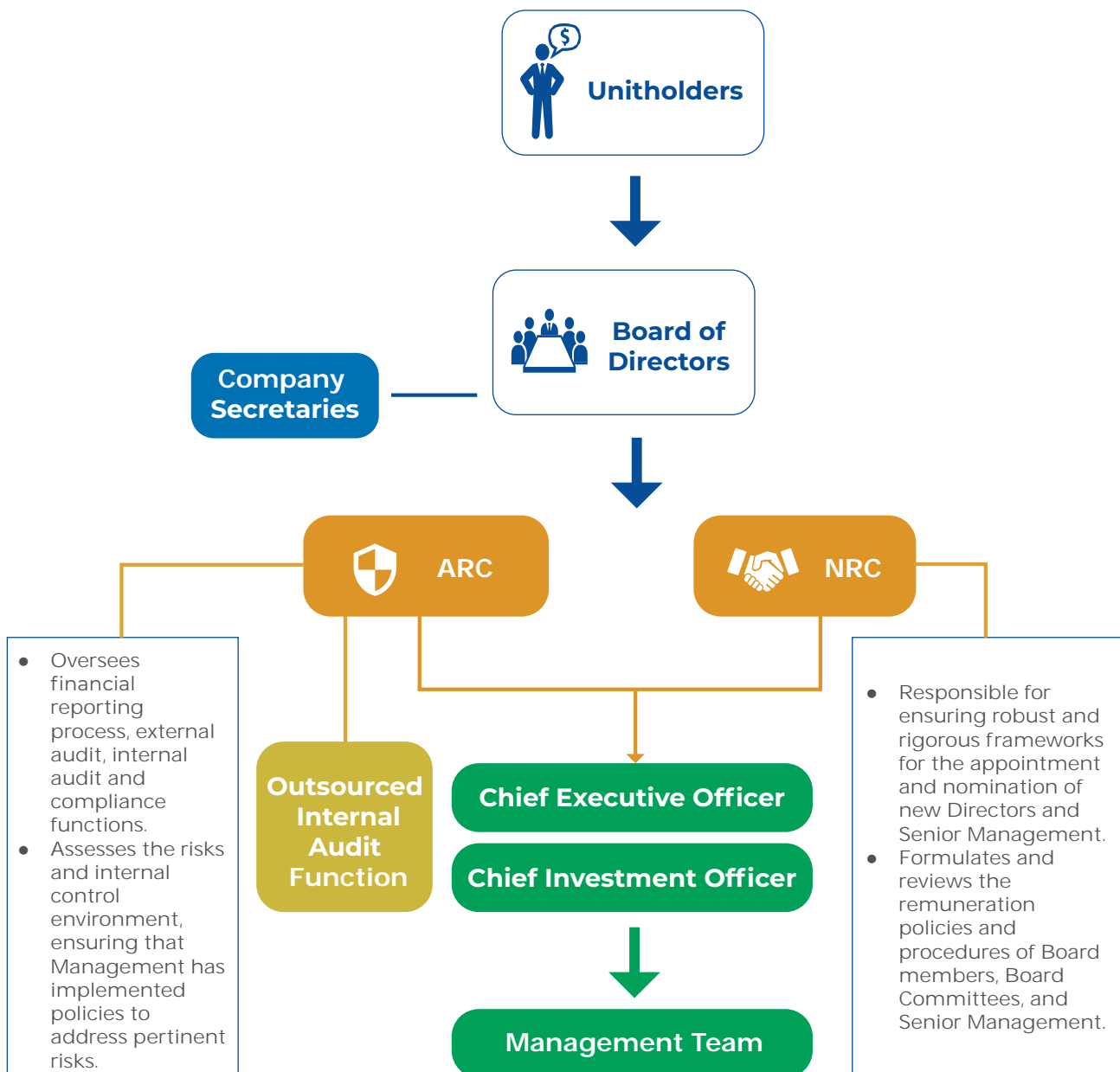
- driving sustainable value for Unitholders over the long-term through the alignment of the interests of SENTRAL's Unitholders with that of the Board and Management of the Manager;
- promoting the long-term growth and profitability of SENTRAL whilst prudently managing risks; and
- meeting stakeholder expectations of sound corporate governance as part of the Manager'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

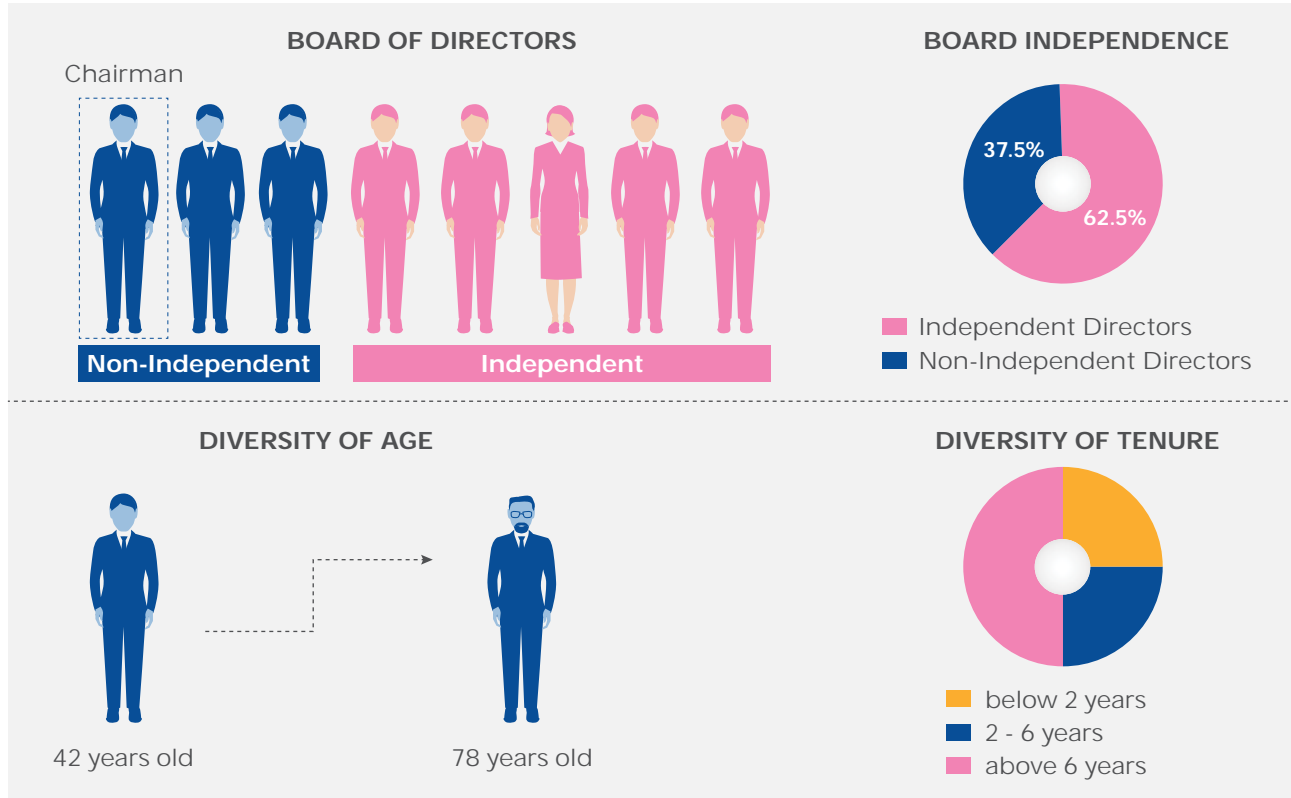
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In order to discharge its oversight and governance roles and responsibilities, the Board has established two (2) Board Committees, namely, the ARC and the NRC. The Board retains collective oversight over the Board Committees and is regularly apprised 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)



The Board is of the view that the current configuration is appropriate 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 real estate and architecture, accounting and finance, mathematics, 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 2021 for the financial year ended 31 December 2023, save for the following:

- Practice 5.9 (Board to comprise 30% women Directors);
- Practice 5.10 (Disclosure of company policy on gender diversity in Annual Report); and
- Practice 8.2 (Disclosure of top five Senior Management personnel's remuneration on a named basis and in bands of RM50,000).

In addition to the standard Practices encapsulated within the MCCG 2021 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 (The Audit Committee should comprise solely of Independent Directors).

The Manager has provided meaningful explanation on its departures from the said practices based on the leeway accorded in the application mechanism of the MCCG 2021. As SENTRAL emerges from a challenging operating environment, the Manager is committed to accelerating efforts to implement the departed Practices within the timeframes outlined within the Corporate Governance Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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.

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 2021's definition of a Large Company to do so.

Additional details on the Manager's application of each individual Practice of the MCCG 2021 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.

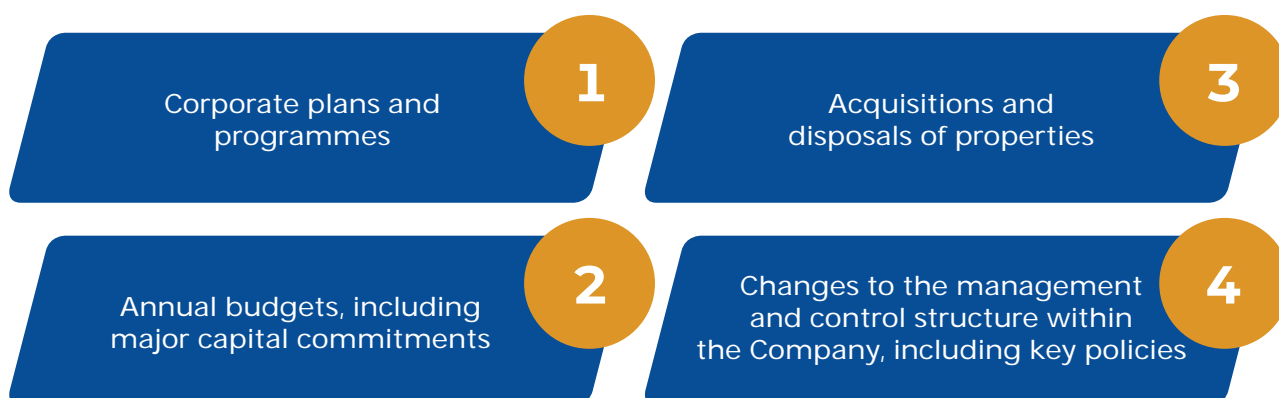
A summary of SENTRAL's corporate governance practices with reference to the MCCG 2021 is outlined below and in the ensuing pages of this Corporate Governance Overview Statement.

### 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 2021 to ensure acquiescence to mandatory requirements and better practices. The Board Charter is made available on SENTRAL's website at <https://sentralreit.com/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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.

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 Board is also supported by a Compliance Officer who monitors and ensures compliance with the Listing Requirements and all applicable guidelines set out by Securities Commission and securities laws relating to SENTRAL.

The roles, responsibilities and authorities of the Board, Board Committees, individual Directors, Company Secretaries and Compliance Officer 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 six (6) times to hold discussions on key matters pertaining to the Manager and SENTRAL.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

Director	Board	ARC	NRC
<b>Non-Independent Non-Executive Directors</b>			
Tan Sri Chaw Choo Boon	6/6	-	-
Dato' Dr Low Moi Ing, J.P. <sup>(1)</sup>	1/1	-	-
Dato' Michael Ong Leng Chun <sup>(1)</sup>	0	-	-
Ann Wan Tee	6/6	-	3/3
Kwan Joon Hoe	6/6	-	-
<b>Independent Non-Executive Directors</b>			
Datuk Dr Roslan bin A. Ghaffar	6/6	6/6	3/3
Datuk Kamalul Arifin bin Othman	6/6	6/6	3/3
Frances Po Yih Ming	6/6	6/6	3/3
Aminuddin bin Mohd Arif <sup>(2)</sup>	0		
Hizamuddin Bin Jamalluddin <sup>(2)</sup>	0		

Legend:

Board/Board Committee Chairman Member

Notes:

- (1) Dato' Dr. Low Moi Ing J.P. and Dato' Michael Ong Leng Chun resigned as Directors of the Manager on 19 January 2023.
- (2) Encik Aminuddin bin Mohd Arif and Encik Hizamuddin Bin Jamalluddin were appointed as Independent Directors of the Manager on 1 December 2023.

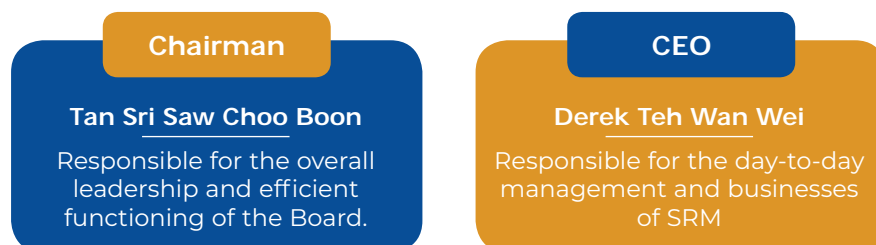
The Board is assisted by the ARC and the NRC which are entrusted with specific responsibilities in order to provide critical support in discharging its oversight function. The Board Committees are granted the authority to function in accordance with their respective Terms of Reference to ensure that 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 the Manager and SENTRAL 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.

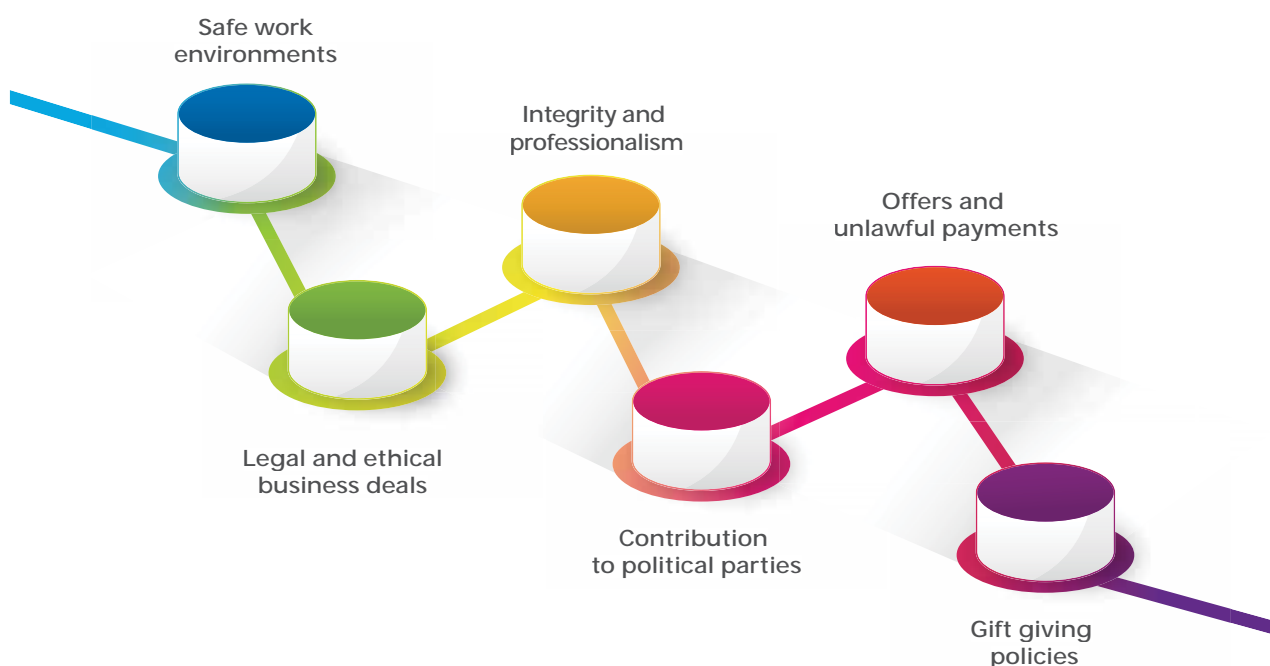
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)



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 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 2023, the Board comprises five (5) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Board is mindful of Practice 5.2 of the MCCG 2021 which stipulates that at least half the Board should comprise Independent Directors. 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 identify 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 the Manager 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 13% female representation on the Board after the departure of Dato' Dr. Low Moi Ing J.P. The Board is aware that this is relatively lower than the 30% yardstick as advocated in the MCCG 2021. In addition, the Securities Commission's Guidelines on Corporate Governance for Capital Market Intermediaries applicable to all capital market entities must undertake the necessary measures to ensure the board comprises at least 30% women directors. Notwithstanding, the Board is committed to not only bridge this shortfall but will endeavour to join the 30.7% of top 100 public listed companies which have met the 30% target as stipulated in the MCCG 2021 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.

### Board Evaluation

The Board Effectiveness Evaluation exercise (“BEE”) for the financial year ended 31 December 2023 was facilitated by Deloitte Business Advisory Sdn. Bhd. so as to inject rigour and objectivity to the assessments of the Board, Board Committees and individual Directors, including Independent Directors. The BEE exercise was conducted on a 360 degrees approach and encompasses boardroom dynamics, succession planning, information flow and workings of Board and Board committee vis-à-vis Management.

As part of the BEE exercise conducted, the Independent Directors were also subjected to a honed assessment, which is based on a set of objective and qualitative evaluation criteria, so as to ascertain their continued impartiality. It was brought to the fore that the Independent Directors have met the criteria for independence set out in Chapter 1 of the Listing Requirements by Bursa Securities and they continue to be able to exercise independent judgement in the best interest of SENTRAL.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## 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 the Manager have participated in the following professional development programmes:-

Attended by	Date	Organiser	Particulars of training programmes attended
Tan Sri Saw Choo Boon	1 March 2023	Companies Commission of Malaysia	SSM Webinar – Companies Limited by Guarantee under the Companies Act 2016
	21 – 22 June 2023	Securities Industry Development Corporation (SIDC)	SIDC's SRI 2023 – Revving Up the Race for Sustainability
	5 September 2023	ASB Management Sdn Bhd	Conflict of Interest and Governance of Conflict of Interest
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
	6 – 7 November 2023	Institute of Corporate Directors Malaysia (ICDM)	Mandatory Accreditation Programme Part II : Leading for Impact
Ann Wan Tee	21 & 22 June 2023	SIDC	SIDC's SRI 2023 – Revving Up the Race for Sustainability
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
Kwan Joon Hoe	21 & 22 June 2023	SIDC	SIDC's SRI 2023 – Revving Up the Race for Sustainability
	13 September 2023	SIDC	Embrace the Future of Business: BFF 2023 Explores the Path to Revolutionary Growth
Datuk Dr Roslan bin A. Chaffar	04 & 05 December 2023	ICDM	Mandatory Accreditation Programme Part II : Leading for Impact
Datuk Kamalul Arifin bin Othman	15 August 2023	ASB Management Sdn Bhd	Conflict of Interest and Governance of Conflict of Interest
	14 September 2023	Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors	Audit Committee Conference 2023 (Audit Committees: Catalyst of Change)
	3 October 2023	Bursa Malaysia and Ernst & Young (EY)	Webinar "Management of Cyber Risk"

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Frances Po Yih Ming	21 March 2023	MIA	Anti Money Laundering & Countering Financing of Terrorism Requirement and Compliance
	14 April 2023	ICDM	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs
	9 May 2023	PricewaterhouseCoopers (PwC)	People at the Core of Digital Upskilling
	16 & 17 May 2023	EY	EY Asean Tax Forum
	25 May 2023	ICDM	Advancing Cyber Resilience: Board's Top 3 Must-Knows
	30 May 2023	Affin Bank Berhad	Malaysia 2023 : A New Investment Chapter
	6 June 2023	ICDM	Board Audit Committee Dialogue & Networking 2023 - rethinking ethics & governance issues
	13 - 14 June 2023	MIA	MIA International Accountants Conference 2023 - Future Fit Profession: Charting a Better Tomorrow
	June - December 2023	Climate Governance Malaysia (CGM)	Climate Governance Malaysia Chairperson Masterclass series for Chairs and Directors
	26 July 2023	ICDM	Board Nomination & Remuneration Committee Dialogue & Networking 2023
	15 August 2023	Asia School of Business	Conflict of Interest and Governance of Conflict of Interest
	5 September 2023	CGM	CGM Summit 2023
	10 October 2023	iclif	Board Oversight of Climate Risks and Opportunities
	25 October 2023	Bursa Malaysia and EY	Management of Cyber Risk
	26 October 2023	PwC	PwC Malaysia Budget 2024 Seminar
	27 November 2023	Securities Commission	AOB Dialogue with Audit Committee
	4 December 2023	PwC	Leaders Connect - A chat with Sir David Tweedie

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Attended by	Date	Organiser	Particulars of training programmes attended
Hizamuddin Bin Jamalluddin	7 March 2023	RHB Bank Berhad	Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)
	17 August 2023	FIDE Forum	Operationalising Resolution Planning – A Perspective from the Trenches
	12 September 2023	RHB Bank Berhad	Emerging Risks in the Financial Industry
	4 October 2023	Malaysian Investment Banking Association	Integrating Climate Change and Principles-Based Taxonomy (CCPT) in Financial Institutions' Business
	2 November 2023	FIDE Forum	2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion (DEI)
	23 November 2023	RHB Bank Berhad	Shariah Programme: Islamic Finance, Islamic Fintech and Digital Banking

Encik Aminuddin bin Mohd Arif was appointed as an Independent Director of the Manager on 1 December 2023 and has not attended any training in 2023. Moving forward, the Manager will identify the relevant training to be attended by Encik Aminuddin.

## 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 the Manager's Remuneration Policy for Non-Executive Directors. The Remuneration Policy for Non-Executive Directors was adopted on 10 November 2022.

The remuneration of Non-Executive Directors is set to commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Manager'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 the Manager, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### 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 committees, the Board adopted 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 taxation 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.

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 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 89 to 91 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 the Manager'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. Moving forward, the risk register will also include health and safety risk to ensure that preventive measures are in place and established health and safety policies are adhered to by all parties to minimise the risk of hazards that can impact SENTRAL's operations.

During the year, the Manager had engaged an external third party, BDO Governance Advisory Sdn Bhd ("BDO Governance") to carry out its internal audit function. The services of BDO Governance 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 95 to 97 of the Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

## 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 SENTRAL's and Bursa Securities' website. It 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.

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. The Manager has continuously reached out to analysts by scheduling both physical and 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:



### Conduct of General Meeting

The General Meetings serve as the principal platform for the Board and Senior Management of the Manager to present SENTRAL's financial highlights, investment portfolio updates, operational performance, market outlook, strategic trajectory and urgent matter dealings. Unitholders are encouraged to actively participate during General Meetings by raising questions and providing feedback to the Board and Senior Management.

SENTRAL conducted its 11th Annual General Meeting ("AGM") on 12 April 2023 and Unitholders' Meeting on 15 November 2023 ("Unitholders' Meeting") 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 general meetings remotely.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The notice for the 11th AGM was provided 42 days in advance to enable Unitholders to make adequate preparation. Whilst, the notice of the Unitholders' Meeting to deliberate on the proposed acquisition of Menara CelcomDigi at the purchase consideration of RM450 million was served 16 days in advance to the Unitholders.

During the General Meetings, Unitholders were able to log on and participate remotely as well as pose queries online via the online meeting platform provided by the poll administrators, Boardroom Share Registrars Sdn Bhd. All resolutions tabled during the 11th AGM and Unitholders' Meeting are voted by poll and the results were validated by KPMG Management & Risk Consulting Sdn Bhd, an independent scrutineer. Feedback gathered during the 11th AGM and Unitholders' Meeting were evaluated and considered for further action by the Board and Senior Management. Minutes of the 11th AGM and Unitholders' Meeting were made available on the corporate website of SENTRAL on 11 May 2023 and 21 December 2023 respectively which is within 30 business days after the general meetings.

### Focus Areas During the Year (2023)

In 2023, 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, operations, corruption and compliance risks. For the financial year under review, the Board and Management of the Manager undertook a laser-focused review of the operations of its properties, dovetailing with its sustainability agenda. An internal control review by SENTRAL's internal audit team was conducted to ensure the adequacy of the health and safety internal controls and compliance with policies and procedures of all health and safety regulations at several of the properties in the portfolio. This review will be done periodically to ensure that potential areas for improvement in the effectiveness and efficiency of the processes can be identified so that SENTRAL will have effective health and safety policies that is adhered to by all parties.



#### Talent Management and Strengthening Board Independence

The Board remains steadfast to its aim of increasing the prominence of Independent Directors on the Board. The Board seeks to fill the boardroom with greater objectivity and independence to facilitate more conducive environment for insightful deliberations and informed decision-making.

The Board has also focused on establishing a clear and orderly talent management plan for Directors to progressively refresh its talent and leadership. The established talent management plan for Directors 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.

During 2023, the NRC continued its search for an Independent Director candidate to represent a good fit on the Board. On 1 December 2023, Encik Aminuddin bin Mohd Arif and Encik Hizamuddin Bin Jamalluddin were appointed as additional Independent Directors of the Manager.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

### Corporate Governance Priorities (2024 and beyond)

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



#### Boardroom Composition

The Board is cognisant of the importance of 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 fulfil the requirement of having at least half Independent Directors on the Board by the end of 2023, as stipulated in the MCCG 2021.

The Board also recognises the importance of Board-level gender diversity in bringing different perspectives to foster a more inclusive and equitable business environment. Dato' Dr. Low Moi Ing J.P. and Dato' Michael Ong Leng Chun resigned as Directors of the Manager on 19 January 2023 following the cessation of Quill Resources Holding Sdn Bhd as a shareholder of the Manager. With the departure of Dato' Dr. Low Moi Ing J.P., the Manager 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, 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, headhunters, 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 and Stakeholder Communication

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. Commencing in 2023, there will be a standing agenda on ESG in the quarterly Board meetings to report on ESG matters and to ensure that SENTRAL integrates responsible practices, manage risk and align business strategies with long term sustainability goals. In aligning the overarching ESG targets to key performance indicators, the Board intends to consider establishing a robust ESG linked compensation framework that emphasises a balanced approach towards ESG performance measures for Senior Management.

Effective stakeholder communication is crucial to foster transparency, trust and managing expectation. In its continuous effort to engage with stakeholders SENTRAL also 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, SENTRAL will endeavour to take necessary incremental steps to adopt integrated reporting.

## AUDIT & RISK COMMITTEE REPORT

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 MCGG 2021, which recommends that ARC should comprise solely of Independent Directors.

ARC plays an active role in assisting the Board to review and assess the risks and control environment, oversee financial reporting, evaluate the internal and external audit process as well as to review conflict of interest situations and related party transactions.

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 and preventive measures are 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 SENTRAL's website at <https://sentralreit.com>.

The ARC is authorised to investigate any matters within the 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.

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.

## AUDIT & RISK COMMITTEE REPORT

(cont'd)

The ARC keeps abreast with the developments in relation to regulatory requirement by attending trainings organised by Bursa Securities, Securities Commissions 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.

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 2023, a total of six (6) 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	6/6
Datuk Kamalul Arifin Bin Othman	Member	6/6
Frances Po Yih Ming	Member	6/6

Meetings of the ARC are also attended by the Chief Executive Officer and Chief Investment Officer. Other members of the management are invited to the ARC meetings when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

### HOW THE ARC SPENT ITS TIME IN 2023

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

#### Financial Reporting

Reviewed the quarterly and annual audited financial results of SENTRAL, and the accompanying announcements to Bursa Securities prior to the approval by the Board. Among matters discussed were those related to major accounting policies, significant matters highlighted by Management or the external auditors, compliance with accounting standards and regulatory requirements.

#### Internal Audit

- i) Reviewed and approved the Annual Internal Audit Plan and resource requirements proposed by 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.



## AUDIT & RISK COMMITTEE REPORT

(cont'd)

### 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 the Manager;
- 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 operational 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.

### Conflict of Interest ("COI") / Potential COI

Received updates on COI and potential COI situations, and discussed the COI disclosures procedures for the Directors and Key Senior Management.

### 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 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 the Manager. The key duties and responsibilities of the NRC are specified in its Terms of Reference, as follows:

### Nomination Function:

- 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, independence; special knowledge or technical skills in line with the Manager's policy, diversity in gender, age, culture and socio-economic background and number of directorships.

NRC shall ensure that the Directors appointed are able to devote the required time to serve the Board effectively and consider the existing Board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Manager should be avoided.

- To provide explanation why external sources were not used if the selection of candidate was based on recommendations made by existing Directors, Management or shareholders.
- To appoint independent advisers to identify suitable qualified candidates, where necessary.
- To identify suitable candidates to meet the target of having at least 30% women directors on the Board of the Manager.
- To identify and recommend to the Board for its approval, candidates for appointment as the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer.
- To recommend to the Board for its approval, the extension of contracts of the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer.
- To ensure that the tenure of an Independent Director does not exceed nine (9) years without extension.
- 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 Chief Executive Officer, Chief Financial Officer and Chief Investment Officer and to maintain proper documentation of such assessment. An external independent consultant shall be engaged at least once every three (3) years or as and when deemed necessary, to facilitate an objective and candid board evaluation.
- In making its recommendations for appointment, re-election and annual evaluation, the NRC shall evaluate the candidates/Directors based on the Fit and Proper criteria set out in the "Fit and Proper Policy" of the Manager and any other criteria which the NRC deems necessary.
- To perform any other function as defined by the Board.

# NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

## Remunerations Function:

- To develop a remuneration framework for the Manager covering the Board, the committee of the Board and the Senior Management taking into consideration the best practices, views of industry experts, obtaining and analysing the available data, stakeholders and the market at large. The remuneration framework comprises basic, fringe benefit and benefits in kind.
- To design, formulate and recommend to the Board for its approval prior to recommending the same for shareholders' approval at the annual general meeting of the Manager, where necessary, the remuneration packages for the Non-Executive Directors and the committees of the Board to ensure the remuneration packages are aligned with business strategy and also reflect the responsibilities of the Board.
- To review the balanced scorecard and key performance indicators for the Manager/SENTRAL to drive its performance.
- To review and recommend to the Board for adoption the framework for the Manager'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 Manager in order to perform its duties.
- To obtain, at the Manager's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about the remuneration in other companies.
- 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>.

## MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2023, a total of three (3) NRC meetings were held and the attendance of the members at the NRC meetings was as follows:

NRC 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	Member	3/3

Meetings of the NRC are also attended by the Chief Executive Officer. 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.

# NOMINATION & REMUNERATION COMMITTEE REPORT

(cont'd)

## HOW THE NRC SPENT ITS TIME IN 2023

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

### 1. Nomination Function

- Recommending the re-election of Directors of the Manager retiring at the 2023 Annual General Meeting.
- Recommending the appointment of Deloitte Business Advisory Sdn Bhd to conduct a comprehensive Board Effectiveness Evaluation for the Board of Directors
- Recommending the appointment of additional Non-executive Independent directors, namely, Hizamuddin Bin Jamalluddin and Aminuddin Bin Mohd Arif
- Reviewed the results of Fit and Proper Assessment on Directors and Senior Management

### 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 the Manager's Budget 2024
- Deliberating the allocation of 2022 performance bonus, ex-gratia payment and 2023 salary increment
- Deliberating 2023 Key Performance Indicator targets for the Chief Executive Officer and Chief Investment Officer

## 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 Manager'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 Manager sees changes to the Manager's Board composition by appointing two additional Non-Executive Independent Directors.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has adopted the relevant corporate governance disclosure under the Listing Requirements. In addition, the Board also observes the provisions of the MCCG 2021 issued by the Securities Commission. Further information on SENTRAL's corporate governance framework is also set out on pages 72 to 88. 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 2023.

### 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. It is an essential part of the Board's responsibilities to identify principal risks and ensure that there are appropriate system of risk management and internal control policies in place to manage these risks. 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.

### 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 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 ARC on its findings. The principal 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;



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

The internal control review ("ICR") were conducted based on an internal audit plan developed together by the management and BDO Governance which will be presented to ARC for approval, prior to the initiation of the ICR.

The ICR undertaken by BDO Governance for the financial year ended 31 December 2023 and the findings arising from the review reported to the ARC include the following:

- (i) ICR on health and safety; and
- (ii) review of related party transactions for the financial year 2023 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, were tabled to the ARC.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2023 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 without the presence of 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 Listed 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;
- (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;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

- (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 Listed 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 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.

### 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 ended 31 December 2023 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 2023 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 Listing Requirements, the Board of the Manager, is responsible to ensure that the financial statements for the financial year ended 31 December 2023 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 dated 02 December 2019, as amended by Supplemental Deed dated 24 December 2020 and the Listed REIT Guidelines issued by the Securities Commission, so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2023 and of its financial performance and cash flows for the year then ended.

In preparing the financial statements for the financial year ended 31 December 2023, 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.

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# SUSTAINABILITY STATEMENT

(cont'd)

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

We present our FY2023 sustainability statement, outlining our sustainability journey which details ongoing initiatives and strategies we employ to progress towards achieving our sustainability goals. As we venture through volatile economic and geopolitical pressures, we at SENTRAL are mindful of the ever-evolving externalities as we continue to prioritise the economic, environmental, and social (“EES”) performance as an integral component of our enduring business strategy and success.

As a Real Estate Investment Trust (“REIT”), we commit to ensure business resilience by the sustainable management of our property portfolio while embracing environmental, social and governance (“ESG”) considerations. We believe that this approach not only positively impacts local communities in which we operate in, but also minimises impact towards the environment while maintaining our long-term financial well-being.

This report serves as a valuable resource for our stakeholders, providing information on our sustainability efforts and how we can collaborate towards improving our sustainability performance. It is also our aim to offer valuable insights into our sustainability practices, fostering trust and transparency in our operations.

### CEO'S MESSAGE



We are pleased to publish SENTRAL's seventh Sustainability Statement (“Statement”). This report encapsulates SENTRAL's policies, practices, objectives of all relevant sustainability matters and corresponding sustainability updates and performance for the period from 1 January 2023 to 31 December 2023.

The Board maintains overall responsibility for the oversight of SENTRAL's sustainability strategy and achievement of its long-term performance. In FY2023, SENTRAL's Sustainability Working Group Committee comprising key management of SRM had assessed the 12 existing material sustainability matters for their continued relevance to SENTRAL's operating context. The Board in its oversight role, approved the recommendation on the key material sustainability matters vis-à-vis SENTRAL's strategic goals and priorities.

In conjunction with the introduction of Bursa Securities' Sustainability Reporting Guide 3rd Edition in September 2022, SENTRAL has further updated its reporting framework to align with the enhanced reporting requirements. Notably, SENTRAL is making progress in its disclosure of the following in its FY2023 Sustainability Report:

1. Data disclosure on emission management to include Scope 1, 2 and 3, where applicable. This also includes the development of SENTRAL's GHG inventory on Scope 3 emissions measurement;
2. Data disclosure on waste management and the development of SENTRAL's waste management policy; and
3. Initiation of SENTRAL's Task Force on Climate Related Financial Disclosures (“TCFD”) reporting disclosure and the development of SENTRAL's TCFD action plan which is mandatory from FYE 31 December 2025 onwards.



## SUSTAINABILITY STATEMENT

(cont'd)

There are no major changes in SENTRAL's strategic sustainability priorities. In building sustainable resilience, SENTRAL's portfolio management strategies will continue to focus on the following:

1. Capitalising on opportunities through prudent investment deals and opportunistic divestments to ensure a healthy portfolio mix of commercial properties. SENTRAL's investment mandate will provide added emphasis on the requirement of green accredited assets and assessment of the asset's carbon footprint and climate-related risks and opportunities.
2. Environmental sustainability by progressively increasing the percentage of green buildings in SENTRAL's existing portfolio. Efforts through green building accreditation gap analysis to ascertain the criteria to reach the desired green accreditation and collaborating with our tenants to deliver sustainable AEIs to meet their operational requirements, is key. In the planning for green capital expenditure in asset plans, SENTRAL will strive to achieve a balance between greening assets and revenue generation.
3. Periodic assessments of environmental indicators such as energy, water and waste to improve SENTRAL's environment management approach. SENTRAL will also continuously monitor and evaluate climate change related risks at strategic business and operational levels.
4. SENTRAL will strive to adopt a proactive approach towards improving our climate-related disclosures with reference to the recommendations of TCFD and Bursa Securities, where practicable.
5. Enhanced governance processes by ensuring commitment to our ESG matters internally and across our value chain.

In FY2023, SENTRAL achieved stable financial and operational performance. With the continued support of our employees and various stakeholders, we are pleased to highlight the key sustainability initiatives implemented during this financial year, as follows:

1. Pursuant to the completion of SENTRAL's acquisition of Menara CelcomDigi on 11 December 2023, approximately 58% of our portfolio by lettable area are green-certified or with green features. Moving forward, we have put in place a strategic focus for the portfolio to be majority green-certified;
2. Continued to engage various stakeholder groups to raise awareness on ESG topics, with events such as Earth Hour, tree plantings, evacuation drills and sponsorship events focusing on the needs of underprivileged women and children. These events were attended by employees, tenants and the public.
3. Exceeded our target of 2% reduction in energy consumption by achieving a 4% reduction from FY2022.
4. As part of SRM's objective to enhance its corporate governance structure and to raise the performance of its Board, a board effectiveness evaluation ("BEE") was conducted as part of its periodic assessments of its Board's dynamics, performance and composition. Since the implementation of the Malaysian Code of Corporate Governance 2012 and 2017, as well as the Bursa Corporate Governance Guide 2013, SRM has conducted BEE exercises periodically every three (3) years with its inaugural BEE in year 2017.
5. As part of continued effort to improve SENTRAL's Quality of Assets and Services, SENTRAL successfully completed its planned enhancement works in Platinum Sentral and Menara Shell. These enhancements were executed with the aim of prioritising a safer and sustainable environment which are aligned with tenants' health, safety and environment goals.

SENTRAL recognises its duty to operate responsibly and therefore is committed to operating sustainably by managing the environmental impact from its business operations and supply chain with the support of its stakeholders. Together with employees, tenants, vendors, partners and communities, SENTRAL will continue to learn from the best sustainability practices to improve its sustainability performance and share SENTRAL's achievement in subsequent reporting. We trust that over time, our continued commitment will make positive strides 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 2023, SENTRAL owns 10 commercial properties in Malaysia with a combined value of RM2.521 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 13 to 26 of this Annual Report.*



Figure 1: Location of commercial properties

## SUSTAINABILITY STATEMENT

(cont'd)

## SUSTAINABILITY HIGHLIGHTS

## ECONOMIC



**RM162.1  
million**

Gross  
Revenue



**6.68  
sen**

Distribution  
per unit



**RM1.1253**

Net Asset  
Value per unit



**RM2.521  
billion**

Property  
value

## ENVIRONMENTAL



**4%**  
Reduction  
in energy  
consumption

GOVERNANCE AND  
REGULATORY COMPLIANCE

**Zero** fines pertaining  
non-compliance

## SOCIAL



**Zero**

Breach in  
customer data  
or privacy



**RM2.84  
million**

Invested in Asset  
Enhancement  
Initiatives ("AEI")



**RM197K**

Invested to the  
community



**36.2**

Average  
training  
hours



**91%**

Local  
procurement  
spending

# SUSTAINABILITY STATEMENT

(cont'd)

## UN SDG SCORECARD

To keep track of our commitments against the UN SDGs, we continue to incorporate the UN SDG scorecards to keep track of the performance of our initiatives against the UN SDGs. Our SDG scorecards presents our FY2023 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 seventh Statement for 1 January 2023 to 31 December 2023 ("FY2023") serves to communicate our sustainability efforts and performances for the financial year. This Statement covers all SENTRAL's operations in Malaysia for which we have direct managerial control. This excludes Menara CelcomDigi as the acquisition was completed on 11 December 2023, and 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 2023, we have initiated a proactive approach to uphold our sustainability commitments, ensuring their continued alignment with stakeholders' concerns. The term sustainability, as employed here, also references our climate change commitment. To meet this objective, we have commenced the process of climate disclosure in accordance with the recommendations set forth by the TCFD. This is also to meet Bursa Securities's mandate, stipulating that all Main Market issuers must report TCFD-aligned disclosures for financial years ending on or after 31 December 2025. As an initial step, we conducted a comprehensive gap analysis of our climate-related disclosure and embarked on a more comprehensive analysis of our carbon emissions. This exercise is pivotal, providing the foundation for our journey to enhance our climate-related disclosures.

We completed our routine annual assessment of materiality matters, evaluating our impact on ESG (Environmental, Social, and Governance) topics deemed most relevant to both our business and stakeholders. For each material matter, we continue to disclose our approach and initiatives over the reporting period, including our performance against defined targets and Key Performance Indicators ("KPI"). This assessment was conducted with reference to the updated GRI Standards of 2021 and Bursa Securities' Sustainability Reporting Guide (3rd edition).

Going forward, we remain dedicated to advancing our commitments in key sustainability areas, utilising the reporting standards and frameworks as guiding principles for shaping our decisions and actions in the forthcoming years.

### Reporting Framework

Our Statement has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards 2021, Bursa Securities' 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 STATEMENT

(cont'd)

## SUSTAINABILITY GOVERNANCE

[GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17]

### Governance Structure

SENTRAL's dedication to sustainability is underpinned by our corporate governance framework.

Our strong corporate governance structure helps to ensure our business practices are aligned with the best interests of SENTRAL's 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.

#### Strengthening SENTRAL's Corporate Governance

As of December 2023, we have appointed 2 new independent directors, resulting in over half of our board being comprised of independent directors. Since FY2021, SENTRAL's Board of Directors ("Board") has 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 not limited to:

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

A comprehensive risk register is maintained detailing all possible risks that could affect SENTRAL and is periodically reviewed by the management to ensure the identified risk continue to be relevant as well as incorporating new risks, as changes to its business environment emerge. Based on the recommendations of SENTRAL's internal audits, the risk register will incorporate health and safety risk as an additional risk to be monitored and managed by SENTRAL.

The ARC purview includes deliberation on risk matrices and recommendations for risk mitigation controls to be implemented by SENTRAL. 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 ARC in subsequent meetings.

The ARC chairman will also provide the Board quarterly risk assessment updates, including recommendations and findings.

# SUSTAINABILITY STATEMENT

(cont'd)

Kindly visit our website at <https://sentralreit.com> for our complete Corporate Governance Report and Corporate Governance Overview Statement from pages 72 to 88 of the Annual Report.

The Board considers the economic, environment, social 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 ARC 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

SENTRAL's Board stands as the highest decision-making authority, carrying the primary responsibility for integrating sustainability into our day-to-day business operations, ensuring the foundation for long-term growth. This pivotal role encompasses the vigilant oversight of EES risks and opportunities, affirming our commitment to responsible and forward-thinking business practices.

To keep abreast of the latest development and to continue upskilling our Board in the field of sustainability, the Board attended several trainings and seminars throughout the year. 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, investment, stakeholder engagement and management.

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 STATEMENT

(cont'd)

## Sustainability Governance Structure

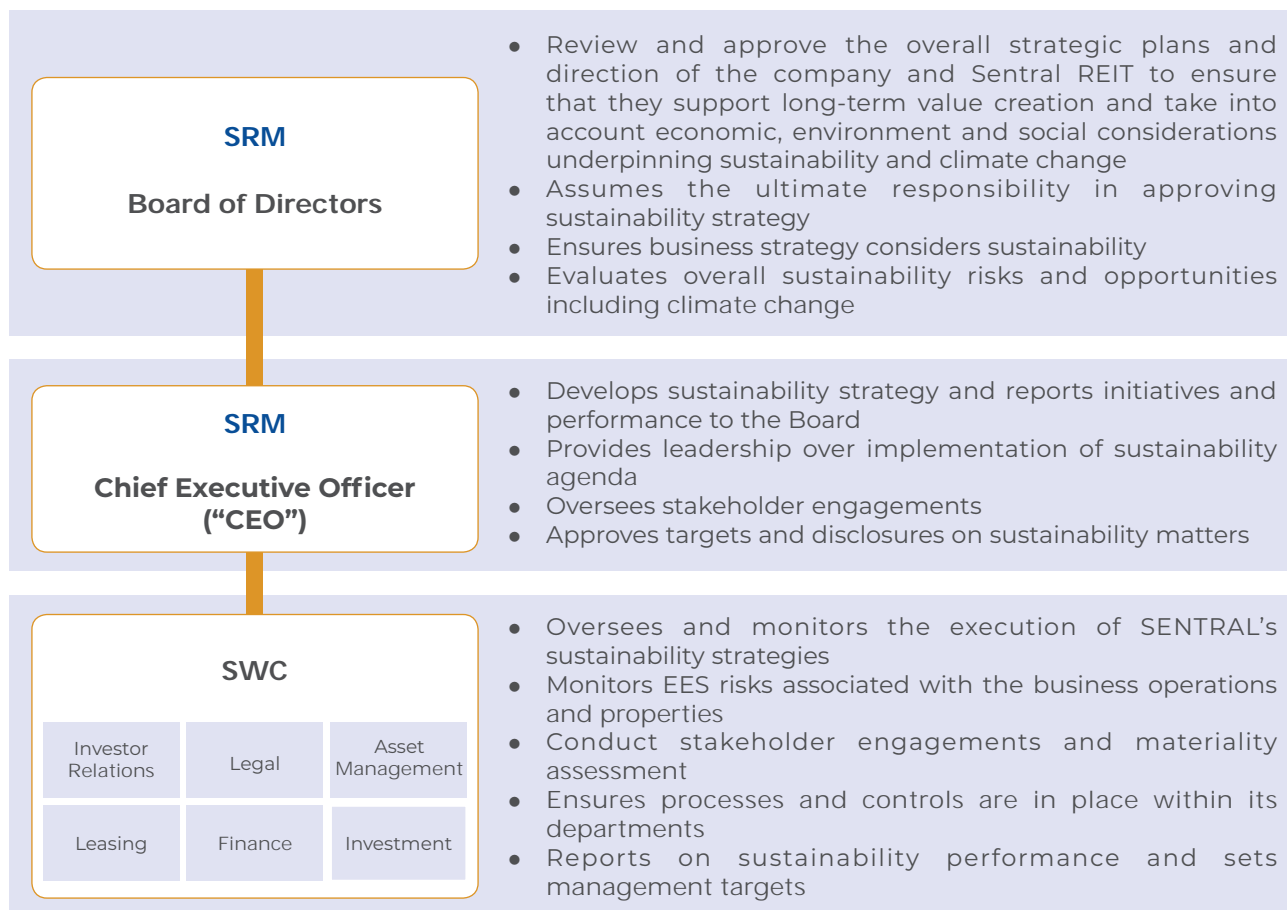


Figure 3: Sustainability Governance Structure

# SUSTAINABILITY STATEMENT

(cont'd)

## Business Ethics

[GRI 2-10, 2-16, 2-18, 2-19, 2-23, 2-24, 2-25, 2-26, 3-3, 205-2, 205-3; BURSA C1]

SENTRAL adheres to our foundational organizational values, as depicted in Figure 4, and is dedicated to conducting business responsibly and in a transparent manner. These values serve as the foundation for shaping our diverse policies and practices, ensuring the maintenance of the utmost standards in business ethics and professional conduct. Our employees are bound by the obligation to perform their duties in alignment with these values, emphasizing the importance of treating society with dignity and respect.



Since 1 June 2020, we have adopted the Anti-Bribery and Corruption Policy ("ABC Policy"), which underlines our commitment on anti-bribery and corruption, referencing the Guidelines on Adequate Procedures ("GAP") as issued by the Prime Minister's Department. Employees and property managers receive email reminders to maintain ongoing awareness of compliance. Property service providers are also required to sign declarations confirming their understanding of policy terms, committing to adhere to the stipulated requirements and provisions.

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@sentraltreit.com](mailto:whistleblowing@sentraltreit.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 72 to 88 and our Corporate Governance Report FY2023 as well as policies on our website [<https://sentraltreit.com/investor-relations/corporate-governance/>].



Figure 4: Organisational Values

<b>Code of Business Ethics</b> 	<p>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 compromise their judgement, except for consumable gifts.</p>
<b>Anti-Bribery and Corruption Policy</b> 	<p>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.</p> <p>We also included standard anti-bribery and corruption clauses in the new tenancies, lease agreements, license agreements and service agreements with SENTRAL's tenants and suppliers to reinforce high ethical behaviour across our supply chain.</p> <p>Our ABC policy is available on <a href="#">our website</a>.</p>

## SUSTAINABILITY STATEMENT

(cont'd)




<b>Whistleblowing Policy</b> 	<p>Our Whistleblowing Policy offers a secure and responsible channel for all employees and external parties to report unethical conduct within SENTRAL's operations.</p>
<b>Fit and Proper Policy</b> 	<p>Our Fit and Proper Policy for the Board and Senior Management was implemented on 1 July 2022.</p> <p>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.</p>
<b>Remuneration Policy for Non-Executive Directors</b> 	<p>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.</p> <p>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.</p>

Table 1: Policies Relating to Governance at SENTRAL

Employing a proactive strategy, we actively address corruption-related risks through periodic assessments of potential exposure to bribery or corruption risks. These assessments are conducted with a focus on potential impacts on SENTRAL's business, especially in response to changes in laws or business practices. We have assessed corruption-related risks for 100% of the operations under our management since FY2021. We regularly review and conduct routine evaluations to gauge control effectiveness. Compliance audits enforce strict adherence to the Anti-Bribery and Anti-Corruption (ABC) Policy.

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 panel, 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.

An email reporting channel [[whistleblowing@sentralreit.com](mailto:whistleblowing@sentralreit.com)] was established for employees, customers and vendors to 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 FY2023, we did not receive any concerns reported via these channels.

Annual trainings are provided to employees to strengthen their anti-bribery and corruption awareness. In FY2023, 100% of SRM employees have received e-Learning Awareness Programme 2023: Anti-fraud, Anti-bribery, and Anti-corruption. Since FY2020, we have ensured that all our employees have received these trainings, and we are committed to continuing these regular trainings. We are proud to disclose that no bribery or corruption incidents were encountered or reported through whistleblowing channels in FY2023, 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 95 to 97 and Corporate Governance Overview Statement on pages 72 to 88 of this report. These sections reference SENTRAL's Corporate Governance Report FY2023.



# SUSTAINABILITY STATEMENT

(cont'd)

## Regulatory Compliance

[GRI 2-23, 2-24, 2-27, 3-3]

SENTRAL is dedicated to responsible business practices, ensuring adherence to local laws, environmental standards, and international human rights standards. We vigilantly monitor and assess regulatory changes, proactively preventing breaches to maintain compliance and secure our operational license.

To assess the efficacy of internal controls, our Corporate Secretariat, Legal and Finance departments collaborate to reinforce and continuously enhance SENTRAL's compliance. In maintaining our commitment towards compliance, external consultants were appointed 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.

In order to create a culture of compliance within the company, compliance trainings and workshops for employees in supporting and preventing 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.

On human rights compliance, we adopt a comprehensive approach, integrating our principles and practices throughout the entirety of 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/lease/license 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	MACC (Amendment) Act 2018	Electricity Supply Act 1990 (PW4)	Income Tax Act 1967 and Public Rulings	Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007
Introduction of corporate liability for corruption offences that is applicable to Malaysian commercial organisations. Anti-Bribery and Corruption Policy in place since 1 June 2020 in line with the amendments to the 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	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	Imposition of income tax that includes collection and recovery of tax, tax refund, offences and penalties, and exemptions, remissions and other relief	Prohibit in child labour, slavery, servitude and forced or compulsory labour and human trafficking

Malaysian Employment Act 1955	Children and Young Persons (Employment) Act 1966	Occupational Safety and Health Act 1994	Malaysian Employment (Amendment) Act 2022
Prohibits exploitative labour practices	Prohibits the employment of children under the age of 14	Protects the safety, health and welfare of persons at work	Refers to a series of amendments in the Employment Act 1955

## SUSTAINABILITY STATEMENT

(cont'd)

Personal Data Protection Act 2010	Environmental Quality Act 1974	Construction Industrial Development Board Act 1994	Drinking Water Quality Standards 1985
Regulates the processing of personal data in regard to commercial transactions	Relates to the prevention, abatement, control of pollution and enhancement of the environment	Minimum requirements for engaging contractors and sub-contractors on construction works contracts	Refers to the standards for drinking water quality


We are pleased to report that there were zero incidents of non-compliance with applicable laws and regulations in FY2023, and we intend to maintain compliance moving forward. Kindly refer to pages 72 to 88 of our Annual Report for more information of our Corporate Governance and compliance matters.

### STAKEHOLDER ENGAGEMENT

[GRI 2-29]




SENTRAL's key stakeholders include internal and external organisations, groups and individuals who have influence or are influenced by SENTRAL's decisions, policies, and goals. As 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. A summary of our stakeholder engagement outcome in FY2023 is illustrated in Table 2:

**Stakeholder Engagement Table**

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
<b>Employees</b> 	<ul style="list-style-type: none"> <li>To provide fair and equal opportunities</li> <li>To provide employee development and career progression</li> <li>To ensure the overall welfare of the employees are addressed</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employee survey</li> <li>▶ Annual employee appraisals</li> <li>▶ One-on-one meetings</li> <li>▶ Team meetings</li> </ul>	<ul style="list-style-type: none"> <li>Career progression</li> <li>Employee welfare and benefits</li> <li>Profitability and financial health of SENTRAL</li> <li>Job security</li> </ul>	<ul style="list-style-type: none"> <li>Transparent, open and consistent approach to appraisals</li> <li>Transparent communication on business performance and job security</li> <li>Training and team building</li> <li>Flexible work arrangement such as remote working as part of Health &amp; Safety measures</li> <li>Open door policy to express concerns</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Business Growth and Financial Performance</li> <li>Employee Management</li> <li>Health &amp; Safety</li> </ul>




## SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
<b>Tenants &amp; Business Partners</b> 	<ul style="list-style-type: none"> <li>To engage existing customers to ensure tenant satisfaction and high retention rate</li> <li>To forge new relationships with potential tenants</li> </ul>	<ul style="list-style-type: none"> <li>▶ Direct feedback from tenants at all stages of the tenancy</li> <li>▶ Regular meetings and discussions</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety and well-being</li> <li>Quick response by management to feedbacks</li> <li>Data privacy</li> <li>Quality of assets and services</li> <li>Tenant and landlord collaboration on ESG initiative (e.g. EV charger installation, solar panels and rain water harvesting system)</li> </ul>	<ul style="list-style-type: none"> <li>Scheduled maintenance for each property</li> <li>Established building procedures and measures including health and safety due to COVID-19</li> <li>Timely response to tenant's queries</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Business Growth and Financial Performance</li> <li>Health and Safety</li> <li>Quality of Assets and Services</li> <li>Data privacy</li> <li>Energy and carbon footprint</li> <li>Water management</li> <li>Waste management</li> </ul>
<b>Shareholders &amp; Unitholders</b> 	<ul style="list-style-type: none"> <li>To proactively provide up to date disclosures and information to allow unitholders to make informed decisions on their investments</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual general meeting ("AGM")</li> <li>▶ Annual reports</li> <li>▶ SENTRAL's website</li> <li>▶ Announcements on Bursa Securities</li> <li>▶ Interactions with Investor Relations ("IR") personnel</li> </ul>	<ul style="list-style-type: none"> <li>Profitability and financial health of SENTRAL</li> <li>SENTRAL's ESG initiatives</li> <li>Timely and transparent disclosure of information and announcements</li> <li>Annual distribution payouts</li> <li>SENTRAL's business direction, growth prospects and strategy</li> <li>Industry's growth prospects</li> </ul>	<ul style="list-style-type: none"> <li>Sound investment and capital management strategy</li> <li>Robust corporate governance procedures</li> <li>Update on business strategies and direction</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Business Growth and Financial Performance</li> </ul>
<b>Vendors</b> 	<ul style="list-style-type: none"> <li>To have fair, proper and transparent dealings with vendors</li> </ul>	<ul style="list-style-type: none"> <li>▶ One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Fair and transparent selection of vendors</li> <li>Timely payment to vendors</li> <li>Potential business opportunities for vendors</li> <li>Competitive rates</li> </ul>	<ul style="list-style-type: none"> <li>Professional approach in reviewing proposals from vendors</li> <li>Communication of ABC Policy</li> <li>Adhere to strict payment cycles and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Quality of Assets and Services</li> <li>Anti-corruption</li> <li>Supply chain management</li> </ul>

# SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
<b>Government, Regulators and Local Authorities</b> 	<ul style="list-style-type: none"> <li>To seek clarification on the guidelines under their purview</li> <li>To ensure compliance and proper administration of the legislations and local authorities' regulations effecting the operations of SENTRAL</li> </ul>	<ul style="list-style-type: none"> <li>Consultation meetings together with consultants, advisors and industry associations</li> <li>Seminars and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to legislations and guidelines affecting the REIT industry</li> <li>Refining and updating legislations through consultations with industry players</li> <li>Compliance of reporting and disclosure matters regarding SENTRAL's ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Appointed professional consultants and advisors during consultations sessions</li> <li>Adherence and report on compliance</li> <li>Monitored compliance through internal assessment</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Employee Management</li> <li>Health and Safety</li> </ul>
<b>Analysts and Media</b> 	<ul style="list-style-type: none"> <li>To proactively provide information to allow analysts to disseminate accurate information to the investment community</li> <li>To provide information to media to allow for accurate updates on SENTRAL events and business performance to the general public</li> </ul>	<p><b>Analysts:</b></p> <ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Analyst briefing</li> <li>Investor conferences</li> </ul> <p><b>Media:</b></p> <ul style="list-style-type: none"> <li>Media briefings</li> <li>New releases</li> </ul>	<ul style="list-style-type: none"> <li>Profitability and financial health of SENTRAL</li> <li>SENTRAL's business direction and strategy</li> <li>Timely and transparent disclosure of information and announcements</li> <li>Industry's growth prospects</li> </ul>	<ul style="list-style-type: none"> <li>Improved responsiveness towards feedback and queries</li> <li>Timely update on SENTRAL's business activities and/or related matters through a dedicated IR personnel</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Business Growth and Financial Performance</li> <li>Regulatory Compliance</li> </ul>
<b>Investors/ Investment Community</b> 	<ul style="list-style-type: none"> <li>To engage existing and potential investors to provide information which allows these investors to make sound investment decisions concerning SENTRAL</li> </ul>	<ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Investor conferences</li> <li>Annual reports</li> <li>SENTRAL's website</li> </ul>	<ul style="list-style-type: none"> <li>Profitability and financial health of SENTRAL</li> <li>Timely and transparent disclosure of information and announcements</li> <li>Accessibility to management or IR team</li> <li>SENTRAL's business direction, growth prospects and strategy</li> <li>Industry's growth prospects</li> <li>Reporting and disclosing SENTRAL's ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Improved responsiveness towards feedback and queries through a dedicated IR personnel</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Business Growth and Financial Performance</li> <li>Regulatory compliance</li> </ul>

## SUSTAINABILITY STATEMENT

(cont'd)



Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
<b>Industry Associations</b> 	<ul style="list-style-type: none"> <li>To be a contributing member to the industry sectors' professional objectives</li> </ul>	<p>► Consultation and feedback sessions</p>	<ul style="list-style-type: none"> <li>Fair representation of industry's needs through consultation and lobbying with government authorities like SC and Bursa Securities</li> </ul>	<ul style="list-style-type: none"> <li>Active membership involvement and contribution</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> </ul>
<b>Local Community</b> 	<ul style="list-style-type: none"> <li>To give back to the community in which we operate, specifically to improve the welfare of needy children</li> <li>To contribute funds to meet the immediate needs of at least one children's NGO</li> <li>Raise staff awareness of SENTRAL's community engagements by involving all staff in fund-raising events</li> </ul>	<p>► Partnerships and collaborations with local communities through CSR programmes</p>	<ul style="list-style-type: none"> <li>To provide sustained support after the completion of each CSR project</li> <li>Financial assistance to NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Monetary contribution to the underserved community</li> </ul>	<ul style="list-style-type: none"> <li>Community Partnership and Activities</li> </ul>

Table 2: Stakeholder Engagement Table

Legend: Engagement Frequency    ► Annually    ► Quarterly    ► As and when needed



# SUSTAINABILITY STATEMENT

(cont'd)

## MATERIALITY ASSESSMENT

[GRI 2-14, 3-1, 3-2]

### Materiality Assessment

SENTRAL performs routine annual materiality assessments which are vital to gain a deeper understanding on the key sustainability challenges and risks that impact our overall direction and sustainable growth strategy.

We diligently monitor 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 Securities' Sustainability Reporting Guide (3rd Edition) and Global Reporting Initiative (GRI) Standards 2021 updates, we conducted a refreshed materiality assessment in FY2023 based on impact assessment, as well as stakeholders' perspectives and external environment analysis. 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

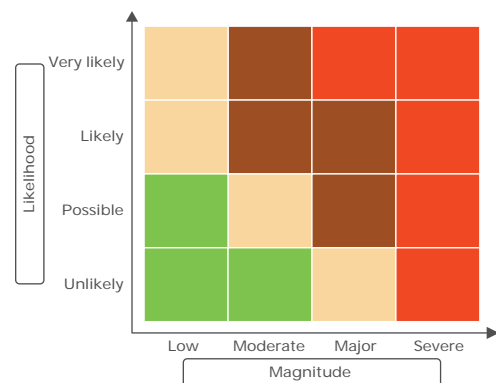
Material matters identified in FY2022 were reviewed by analysing both internal and external factors to ensure the material matters are still relevant to SENTRAL. This includes peer benchmarking, domestic and global business environment, sustainability and REIT industry trends, EES risk and opportunities in the REIT industry, stakeholder engagement outcomes, and media reviews. Our methodology is guided by Bursa Securities' Sustainability Reporting Guidelines (3rd edition), considering common material matters and sector-specific materials recommended Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Global Reporting Initiative (GRI) Standards 2021.

#### Prioritisation and impact assessment

The identified material matters were prioritised by taking the following into consideration:

- both our internal and external stakeholders' perspective based on their level of influence and dependence of 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

SENTRAL's updated FY2023 materiality matrix was developed 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.

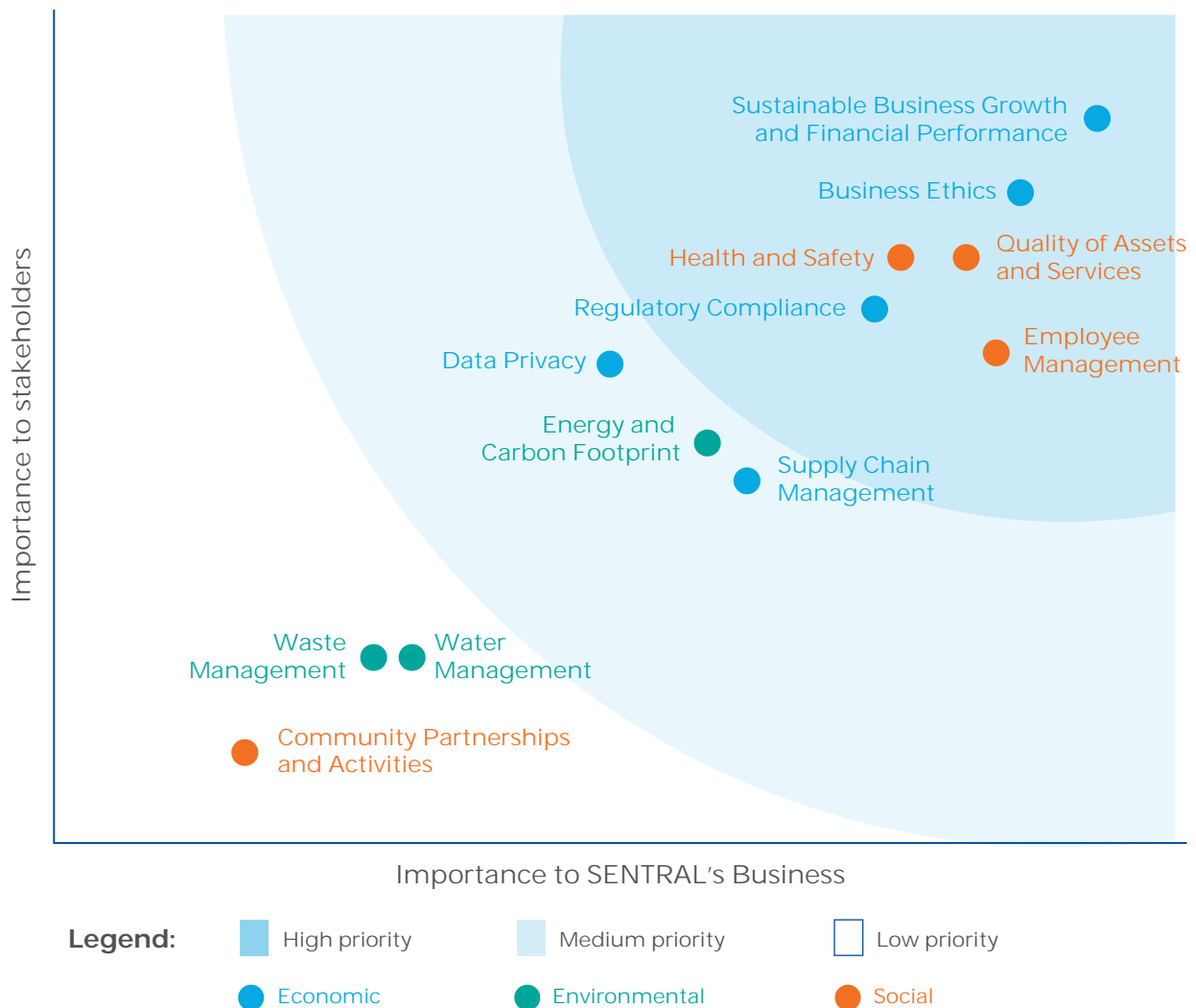
Figure 5: Materiality Assessment Process

# SUSTAINABILITY STATEMENT

(cont'd)

## Materiality Matrix

Based on the result of our refreshed materiality assessment review, the twelve material matters identified for FY2022 were maintained for FY2023 which formed the focus of our Sustainability Statement. The material matters are reflected in the matrix below.



# SUSTAINABILITY STATEMENT

(cont'd)

Definition of Material Matter	
1	<b>Sustainable Business Growth and Financial Performance</b> Organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels.
2	<b>Business Ethics</b> 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.  <i>*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.</i>
3	<b>Quality of Assets and Services</b> 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	<b>Employee Management</b> 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	<b>Health and Safety</b> Efforts to address and prevent health and safety risks for all employees, tenants and visitors to SENTRAL's properties.
6	<b>Regulatory Compliance</b> 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	<b>Data Privacy</b> Protection of all data, information and intellectual property against cyber security breaches including safeguarding the privacy of tenant, organisational and visitor's information.
8	<b>Supply Chain Management</b> 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	<b>Energy and Carbon Footprint</b> 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	<b>Water Management</b> Consumption and efficiency of water usage for general purposes.
11	<b>Waste Management</b> 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	<b>Community Partnership and Activities</b> 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 are committed to consistently making meaningful contributions towards advancing the national and global sustainability agenda through our business activities. We believe that contributions to the UN SDGs will also benefit the good of society, the environment and lead to sustainable economic growth.

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













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
<b>Financial capital</b> 	<ul style="list-style-type: none"> <li>Market Capitalisation: RM 938.5 million</li> <li>Total Borrowing: RM 1,165 million</li> <li>Investment Properties: RM 2.521 billion</li> <li>Equity: RM 1.35 billion</li> <li>Average Cost of Debt (%): 4.40 % p.a.</li> </ul>	 <p><b>Leasing Strategy</b></p> <p>Proactive leasing strategies to ensure stabilisation of portfolio occupancy and income</p>
<b>Manufactured capital</b> 	<ul style="list-style-type: none"> <li>Diverse portfolio of high-quality assets:               <ul style="list-style-type: none"> <li>- 8 Commercial Buildings</li> <li>- 1 Office Building</li> <li>- 1 Commercial Lot including Car Parks</li> </ul> </li> <li>Total Asset Value: RM 2.616 billion</li> <li>Management services</li> <li>RM 2.84 million spent on management services / building enhancement</li> </ul>	 <p><b>Capital Management Strategy</b></p> <p>Ongoing cost management to ensure optimisation of SENTRAL'S overall weighted average cost of debt</p>
<b>Intellectual capital</b> 	<ul style="list-style-type: none"> <li>Management skills and expertise</li> <li>Cyber solutions for data protection</li> <li>Robust governance structures</li> <li>Rights and licenses for business operations</li> </ul>	 <p><b>Asset Management Strategy</b></p> <p>Emphasis on quality of SENTRAL's products and services through embracing innovation and supply chain management which directly affect tenant's satisfaction</p>
<b>Human capital</b> 	<ul style="list-style-type: none"> <li>Total number of employees/workers:               <ul style="list-style-type: none"> <li>- 21 employees</li> <li>- 27 workers</li> </ul> </li> <li>SENTRAL's culture and value</li> <li>Approximately RM24K invested in learning and development, and employee engagements activities</li> </ul>	 <p><b>Acquisition Growth and Portfolio Management Strategy</b></p> <p>Adjustment of the portfolio mix through acquisition and/or divestment with the objective of maximising total returns to unitholders</p>
<b>Social and relationship capital</b> 	<ul style="list-style-type: none"> <li>Strong relationships with key stakeholders</li> <li>111 vendors engaged</li> <li>Proactive engagements with stakeholders</li> </ul>	
<b>Natural capital</b> 	<ul style="list-style-type: none"> <li>Resource consumption:               <ul style="list-style-type: none"> <li>- Energy consumption</li> <li>- Water management</li> <li>- Waste management</li> </ul> </li> <li>Green-certified buildings:               <ul style="list-style-type: none"> <li>- Menara Shell is Leadership in Energy and Environmental Design (LEED) Platinum-certified</li> <li>- Platinum Sentral was Building and Construction Authority (BCA) Green Mark Platinum-certified</li> </ul> </li> </ul>	



## SUSTAINABILITY STATEMENT

(cont'd)

Output	Outcome	Contribution to SDG
<ul style="list-style-type: none"> <li>Gross Revenue: RM 162.1 million</li> <li>Realised Net Income: RM 74.2 million</li> </ul>	<b>Unitholders and Investment Community</b> <ul style="list-style-type: none"> <li>Distribution Per Unit: 6.68 sen</li> <li>Economic Value Distributed: RM133.3 million</li> </ul>	    
<ul style="list-style-type: none"> <li>89 % Tenant Occupancy Rate</li> <li>Tenant Retention Rate: 82 % of Committed Net Lettable Area</li> <li>Approximately 133,000 sq. ft. of vacant spaces were successfully leased in 2023, resulted in an improvement in occupancy rate for KL Sentral buildings and 1 Cyberjaya building</li> <li>2 buildings with green ratings / green features<sup>1</sup></li> </ul>	<b>Tenants</b> <ul style="list-style-type: none"> <li>Enhanced tenants' experience</li> </ul>	
<ul style="list-style-type: none"> <li>Fully comply with regulatory requirements</li> <li>Awards and Recognition</li> <li>Zero substantiated complaints concerning cybersecurity breaches and losses of customer data</li> </ul>	<b>Employees</b> <ul style="list-style-type: none"> <li>Zero complaints received from employees</li> <li>Comprehensive health and safety measures to safeguard employee's safety and wellbeing</li> </ul>	
<ul style="list-style-type: none"> <li>Average training hours: 36.2 hours/employee</li> <li>Diverse, skilled and engaged workforce</li> <li>5 company-wide engagement activities held in 2023</li> </ul>	<b>Local Community</b> <ul style="list-style-type: none"> <li>4 outreach activities aimed to support children from rural /marginalised family/communities with non-profit organisations</li> <li>Positive impact to 189 beneficiaries</li> <li>Improved engagement and positive relationship with stakeholders</li> </ul>	
<ul style="list-style-type: none"> <li>Local suppliers and contractors: 91% of total suppliers</li> <li>91% of budget spent on local suppliers</li> <li>Percentage of service providers underwent performance appraisal: 100% of suppliers</li> <li>100 % of suppliers achieved higher than minimum score rating of 60%</li> <li>Delivered social benefits through CSR activities</li> <li>Monetary contributions to communities: RM 197,368.00</li> </ul>	<b>Vendors</b> <ul style="list-style-type: none"> <li>Promoting the development of the local ecosystem</li> </ul>	
<ul style="list-style-type: none"> <li>Total energy consumption: 19.1 mil kWh</li> <li>Total energy intensity: 108.79 kWh/sqm</li> <li>Total carbon emissions: 21,333.4 tCO<sub>2</sub></li> <li>Total carbon intensity: 0.1 tCO<sub>2</sub>e/m<sup>2</sup></li> <li>Total water consumption: 131,571 m<sup>3</sup></li> <li>Total water use intensity: 0.75 m<sup>3</sup>/sqm</li> </ul>	<b>Environment</b> <ul style="list-style-type: none"> <li>Energy and emissions reduction by 4%</li> </ul>	
	<b>Industry Associations, Governments, Regulators and Local Authorities</b> <ul style="list-style-type: none"> <li>Compliance with relevant laws and regulations</li> </ul>	

<sup>1</sup> Menara CelcomDigi is excluded from the reporting.

# SUSTAINABILITY STATEMENT

(cont'd)

## ECONOMIC

### SUSTAINABLE BUSINESS GROWTH AND FINANCIAL PERFORMANCE

[GRI 3-3, 201-1]

Following the economic recovery witnessed in 2022 after the aftermath of the pandemic, Malaysia's economic growth continued its upward trajectory in 2023, mainly driven by domestic demands. Concurrently, as Malaysia's economy forges ahead with this positive momentum, SENTRAL remains committed to cultivate long-term financial values as well as enriching stakeholder interests.

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

Our commitment to tenant retention and achieving a consistent occupancy rate throughout SENTRAL's portfolio remains a central focus in our leasing and asset management strategies. SENTRAL is actively engaged in enhancing the quality of its assets to uphold tenant satisfaction and maintain competitiveness in the market. As part of our efforts to manage costs effectively, SENTRAL's capital management approach emphasizes maintaining an optimal balance through active interest rate management, efficient cash flow handling, and exercising financial discipline. In order to sustain SENTRAL's long-term growth, we will persist in identifying yield enhancing acquisition opportunities while concurrently assessing and optimizing our portfolio mix to maximize returns for unitholders.

SENTRAL continues to maintain a dynamic stance in business growth by actively evaluating potential new portfolios. In 2023, SENTRAL completed the acquisition of Menara CelcomDigi for a purchase consideration of RM450 million. Kindly refer to our Portfolio Overview section on page 26 for more information on Menara CelcomDigi.

### SENTRAL's Four Key Strategic Initiatives



Figure 6: SENTRAL's Four Key Strategic Initiatives

## SUSTAINABILITY STATEMENT

(cont'd)

SENTRAL maintained its financial health and contributed a realised revenue (including finance income) of RM163.7 million in FY2023. We attained a Distribution Per Unit of 6.68 sen this fiscal year which was 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 27 to 42 for further information on our economic performance.

In RM	FY2023	FY2022	FY2021	FY2020	FY2019
<b>Value Generated</b>					
<i>Revenue, finance income, gain on divestment of investment property</i>	163,668,083	150,906,023	166,461,106	167,980,858	164,687,987
<i>Less: Property operating expenses</i>	(28,941,832)	(24,275,211)	(28,523,531)	(29,456,543)	(30,769,769)
<i>Less: Other operating expenses</i>	(1,388,212)	(1,332,106)	(819,240)	(919,578)	(922,599)
<b>Total Value Generated</b>	<b>133,338,039</b>	<b>125,298,706</b>	<b>137,118,336</b>	<b>137,604,737</b>	<b>132,955,619</b>
<b>Reconciliation:</b>					
<i>Total realised income net of taxation</i>	74,221,484	73,625,238	84,485,957	80,954,941	72,107,547
<i>Add:</i>					
<i>Finance costs</i>	37,632,722	30,425,280	30,920,952	34,750,696	38,976,163
<i>Manager's fees</i>	12,532,231	12,220,533	12,616,534	12,796,372	12,760,955
<i>Trustee's fees</i>	654,678	649,354	664,577	665,681	676,287
<i>Quit rent and assessment</i>	8,296,924	8,378,301	8,430,316	8,437,047	8,474,667
<b>Total Value Generated</b>	<b>133,338,039</b>	<b>125,298,706</b>	<b>137,118,336</b>	<b>137,604,737</b>	<b>132,995,619</b>
<b>Payments to the Manager and Trustee</b>					
<i>Manager's fees</i>	12,532,231	12,220,533	12,616,534	12,796,372	12,760,955
<i>Trustees fees</i>	654,678	649,354	664,577	665,681	676,287
<b>Payments to Government</b>					
<i>Quit rent and assessment</i>	8,296,924	8,378,301	8,430,316	8,437,047	8,474,667
<b>Payments to Providers of Capital</b>					
<i>Income distribution</i>	72,436,401	73,095,601	79,419,121	75,882,237	72,881,244
<i>Finance costs</i>	37,632,722	30,425,280	30,920,952	34,750,696	38,976,163
<i>Economic value retained</i>	1,785,083	529,637	5,066,836	5,072,704	(773,697)
<b>Total Value Distributed</b>	<b>133,338,039</b>	<b>125,298,706</b>	<b>137,118,336</b>	<b>137,604,737</b>	<b>132,995,619</b>

Table 4: Direct Economic Value Generated and Distributed

## SUSTAINABILITY STATEMENT

(cont'd)

### DATA PRIVACY

[GRI 3-3, 418-1; Bursa C8]

The ever-evolving technological environment has compelled businesses and their operations to shift towards diverse online platforms, with a goal to cultivate efficient and collaborative workspace.

In recent years, Malaysia has seen more frequent and severe cyber-attacks, peaking at approximately 10,000 incidents from 2019 to 2021, reflecting a growing trend of digital threats within the country. However, there is a shift in the trend, as reports from the Ministry of Communications and Multimedia Malaysia showed a decrease in cyber incidents in 2023. Despite this recent decline, SENTRAL acknowledges the clear and eminent risk of cybersecurity threats to its business as it pivots its business operations towards digital or cloud based platforms to achieve operational efficiencies, productivity and efficient use of resources. With the increasing dependence on online platforms by businesses, we foresee a heightened demand for pragmatic data and information privacy.

SENTRAL recognise its responsibilities and are dedicated to ensuring protection of stakeholders' personal data to uphold their trust, confidence and satisfaction. The management of SENTRAL's cybersecurity risk partly falls under the purview of the MRCB IT helpdesk. Here, cybersecurity matters are reported for furthering monitoring of 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 adheres to industry standards.

To remain current with emerging cybersecurity threats, we continually assess our Information Technology ("IT") controls, which includes efforts in maintaining and improving our existing cybersecurity measures. Our Information Security Policy, which is 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 FY2023:

Ongoing initiatives	
Data Privacy Regulatory Compliance	<ul style="list-style-type: none"> <li>Our employees are subject to the Personal Data Protection Act 2010 ("PDPA") where they are required to sign a declaration to acknowledge and treat the personal and confidential information of others in a responsible manner at all times</li> <li>Third parties are required to read, understand and acknowledge a Non-Disclosure Agreement ("NDA") where there is sensitive information required from the other party</li> <li>A standard personal data clause must be included in all of SENTRAL's tenancy and service agreements</li> <li>Consent must be obtained prior to personal data collection and processing</li> </ul>
Data Protection Awareness	<ul style="list-style-type: none"> <li>Regular email reminders and monthly editorial messages are disseminated by MRCB IT helpdesk to alert employees on spam or phishing emails, potential cyber-attacks and periodic updates of passwords for all systems</li> <li>Perform regular system backups</li> <li>MRCB's IT department will also quarantine suspicious email before releasing to staff</li> </ul>

# SUSTAINABILITY STATEMENT

(cont'd)

Ongoing initiatives	
Data Security Controls	<ul style="list-style-type: none"> <li>Keep abreast with the Antivirus software</li> <li>Set up user access rights for system usage and firewall by MRCB IT department</li> <li>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</li> </ul>
Physical Data Management	<ul style="list-style-type: none"> <li>All physical data are stored on premises in our data warehouse centre</li> <li>Adoption of comprehensive cloud-based digital data filing since beginning of FY2021, for better management of data and efficient use of resources and office space</li> <li>Adoption 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 data</li> <li>Introduction of Yardi for facility management process since 2022, integrating both facility management and accounting system processes onto a single platform. Beyond data security, this consolidation of data management is targeted at improving productivity and tenant satisfaction</li> </ul>

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, 204-1, 308; Bursa C7, S6]

Efficient supply chain management is crucial for SENTRAL in effectively managing the operations of SENTRAL's properties, contributing to decreased operational costs, minimised delays, and ensuring high-quality delivery of services. At SENTRAL, our commitment extends to manage our impacts across our value chain, with a significant portion involving our various suppliers and contractors.



Figure 7: SENTRAL's Value Chain



## SUSTAINABILITY STATEMENT

(cont'd)

Our suppliers and contractors are chosen not only for the quality and competitiveness of their services, but also for their best 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 the latest regulations and standards, we continued 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. 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 as well as possess the competencies 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 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.

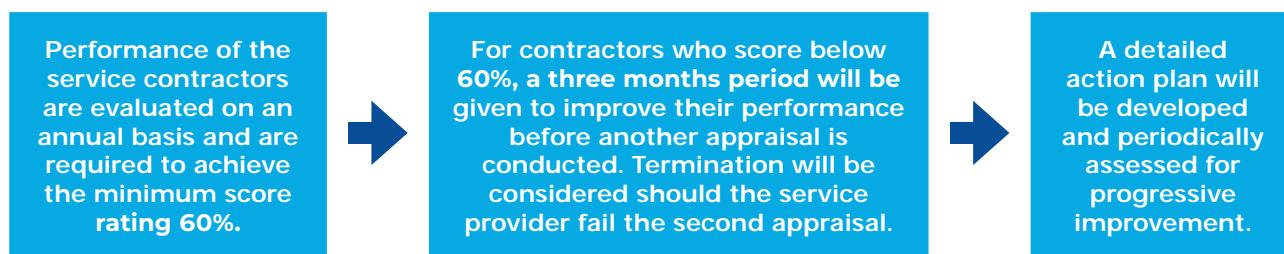


Figure 8: Standard Performance Appraisal

## SUSTAINABILITY STATEMENT

(cont'd)

	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Percentage of service providers underwent performance appraisal (%)	100%	100%	100%	100%	100%	100%
Percentage of service providers achieved higher than the minimum score rating of 60% (%)	100%	100%	100%	100%	99.9%	100%

Table 5: Percentage of Service Provides Underwent Performance Appraisal and Achieved Higher Than Minimum 60% Score

In alignment with our dedication to support local economic development in fostering the growth and resilience of Malaysia's economy, we place a high priority on sourcing from local suppliers and contractors where feasible. This approach allows us to contribute directly to the growth of local businesses but also serves as a strategic initiative to minimize our environmental footprint within the supply chain.

We define local suppliers and contractors as companies registered in Malaysia. In FY2023, we spent a total of RM9,838,478 on local suppliers and contractors, which is 91% of our procurement budget.

	FY2023	FY2022	FY2021	FY2020	FY2019
Local suppliers and contractors (%)	91%	95%	100%	76%	80%
Local Procurement expenditure (RM)	RM9,838,478	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 FY2024, 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 stewards of the built environment, we are dedicated to translating impactful environmental objectives into initiatives that 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.

### CLIMATE CHANGE

International Energy Agency reports that the operations of buildings account for 30% of global final energy consumption and 26% of global energy-related emissions (8% being direct emissions in buildings and 18% indirect emissions from the production of electricity and heat used in buildings). Direct emissions from the buildings sector decreased in 2022 compared to the year prior, despite extreme temperatures driving up heating-related emissions in certain regions. In 2022, buildings sector energy use increased by around 1%.<sup>1</sup>

Following the 28th Conference of the Parties (COP28), indications strongly suggested that the world is on track to surpass the perilous 1.5°C global warming limit. Despite the potential to still achieve the 1.5°C goal through advanced technologies and creative solutions, achieving a substantial reduction in global emissions will demand exceptional and unparalleled efforts.

It is crucial to duly acknowledge and monitor the various announcements, commitments, declarations, as well as the initiation and progression of collaborative climate initiatives to ensure their effective contribution to expediting the multilateral process in line with the objectives of the Paris Agreement. Conforming to the commitments made during COP28, continuous decarbonisation effort is imperative to mitigate rising average global temperatures that is caused by increased GHG emissions, and we are committed to reduce our carbon emissions, contributing to Malaysia's national goals of reducing carbon intensity (against GDP) by 45%.

This year, SENTRAL have embarked on our first TCFD reporting, underscoring our commitment towards reducing our climate impact. This report serves to communicate our climate change efforts with reference to the four TCFD pillars such as Governance, Strategy, Risk Management, and Metrics & Targets.

### Taskforce on Climate-Related Financial Disclosure

#### Governance

Similar to our Sustainability Governance Structure, SENTRAL's Board stands as the highest decision-making authority, carrying the primary responsibility for integrating climate initiatives into our day-to-day business operations, ensuring the foundation for long-term growth. This pivotal role encompasses the vigilant oversight of climate-related risks, opportunities and initiatives that drive climate mitigation and adaptation strategies. These include the materiality assessment, climate change scenario analysis studies and supply chain risk management study, which will be conducted in the following financial year.

<sup>1</sup> Buildings Tracking Report 2023 – Analysis - IEA

# SUSTAINABILITY STATEMENT

(cont'd)

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

The SWC oversees and monitors the implementation of SENTRAL's climate-related strategies, sets climate goals and targets, and updates on SENTRAL's climate performance to the CEO. Executives from various departments assist the SWC, which allows for improved administration of climate-related efforts. The SWC will prepare a report on the management of impacts on climate on an annual basis for CEO's review, and subsequently submit the report to the Board. Figure 9 illustrates the roles and duties of our sustainable governance in detail.

## Climate Governance Structure

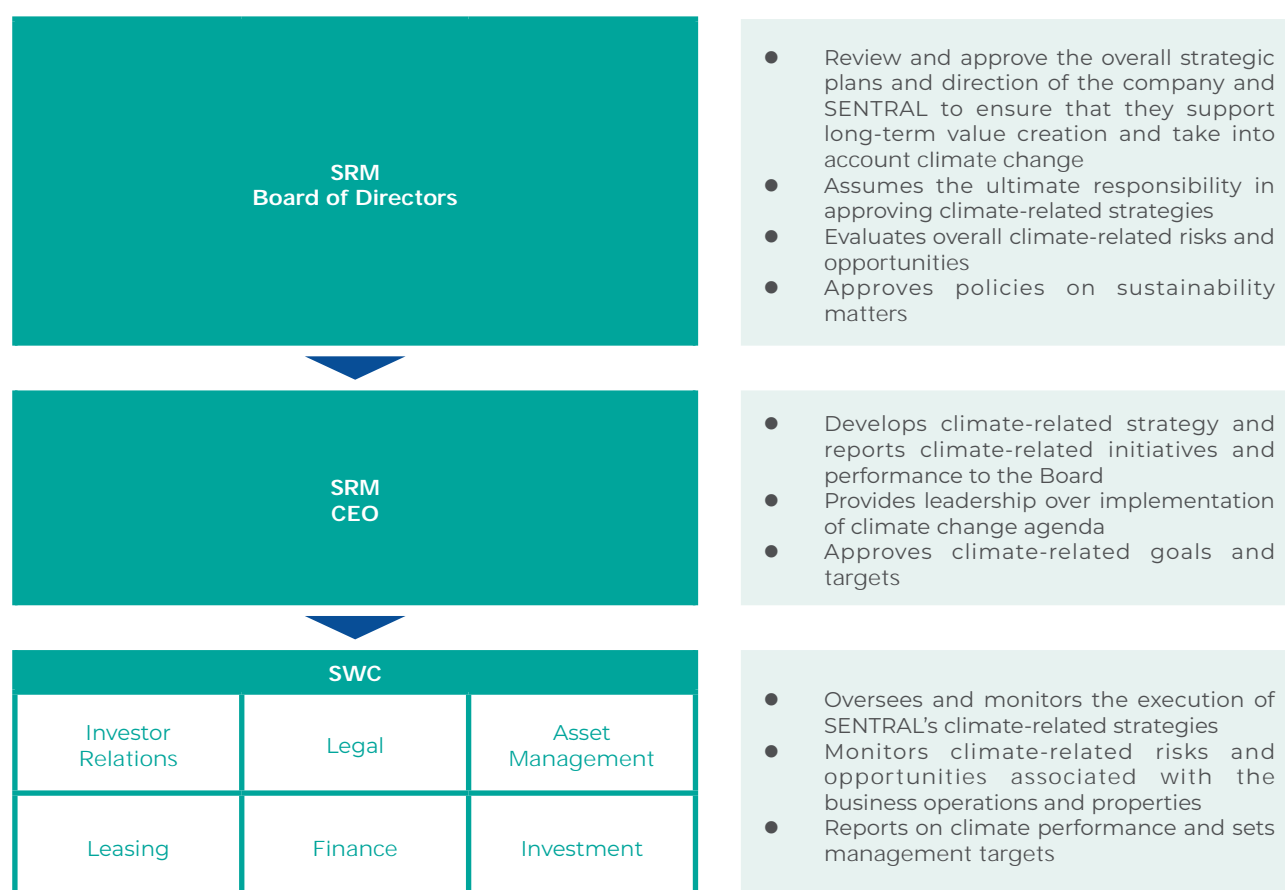


Figure 9: Climate Governance Structure

# SUSTAINABILITY STATEMENT

(cont'd)

## Strategy

SENTRAL's identified material ESG issues are determined to be highly relevant to SENTRAL's business, operations, and stakeholders. The selection of these issues is guided by SENTRAL's regular review, assessment, and feedback process concerning ESG topics. Within SENTRAL, energy and carbon footprint stand out as crucial ESG material matters, as affirmed by the latest SENTRAL ESG materiality review.

In addressing emissions, SENTRAL's carbon mitigation strategy has been astutely directed towards Scope 2 and 3 emissions, with a particular emphasis on electricity usage, which is identified as the largest source of emissions for the core operations, as shown in the 'Energy Management' section of the report. The commitment to maintaining good energy performance for existing portfolio buildings is demonstrated through robust resource management practices and continual asset upgrading and enhancement initiatives.

Looking ahead, SENTRAL is poised to elevate its sustainability reporting standards by aligning with the TCFD disclosures. This includes a proactive approach towards conducting a thorough scenario analysis on potential physical and transition risks. This forward-looking strategy aims to improve the identification of climate risks and opportunities throughout SENTRAL's operations. By developing comprehensive action plans, SENTRAL is committed to not only understanding the challenges posed by climate change but actively contributing to the development of a climate strategy that aligns with industry best practices and global sustainability standards.

## Risk Management

In a market that is increasingly intricate and continually evolving, it is essential to establish a robust yet adaptable risk management and internal control framework to anticipate and address disruptive forces inherent in SENTRAL's core business. The Board, with assistance from the ARC, conducts periodic reviews and closely oversees the resilience of the risk management and internal control framework to ensure its adequacy and effectiveness.

The existing risk management framework encompasses structures, policies, processes, and resources designed to identify, measure, assess, monitor, report, and manage or mitigate both internal and external sources of significant risks. Risk management is an integral part of SENTRAL's day-to-day operations, ingrained in its functional processes.

Moving forward, SENTRAL aims to incorporate ESG and climate-related risk into our Enterprise Risk Management Framework by conducting a thorough assessment in prioritizing material ESG and climate issues based on the likelihood and potential impact of the issues affecting business continuity and development. Notably, SENTRAL is cognizant of the risk posed by existing and emerging regulatory requirements with relation to climate change and will work towards disclosing a more comprehensive report that is aligned with TCFD disclosure requirements.



# SUSTAINABILITY STATEMENT

(cont'd)

## Metrics and Targets

### Emissions

[GRI 3-3, 305-1, 305-2, 305-3, 305-4; Bursa C11(a), C11(b), C11(c)]

SENTRAL's commitment to climate change has reached a significant milestone in the current fiscal year as we embark on a comprehensive approach to carbon emissions reporting. SENTRAL has adopted the Greenhouse Gas (GHG) Protocol to guide our carbon emissions calculation, utilising the operational control approach to determine our organizational and operational boundaries. SENTRAL has also updated the relevant emission factors to calculate Scope 1, 2 and 3 emissions by utilizing emission factor values from Suruhanjaya Tenaga, Department for Environment, Food and Rural Affairs (DEFRA), GHG Protocol's Cross-Sector Emission Factor Tools and the US Environmentally-Extended Input-Output (USEEIO) Model. Figure 10 below depicts information on Scopes 1, 2 and 3 carbon emissions using the operational control approach:

#### TOTAL CO<sub>2</sub>e EMISSIONS IN 2023 (SCOPE 1, 2 AND 3)

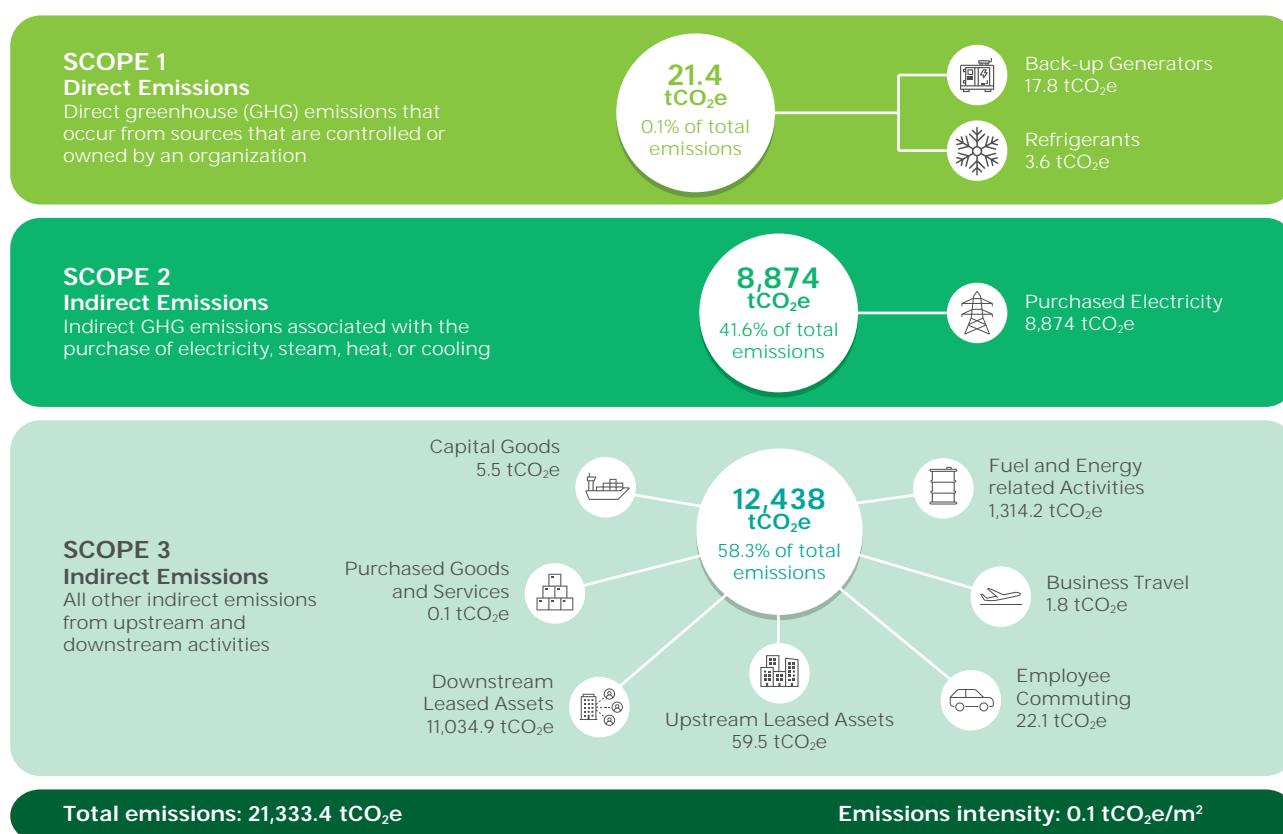


Figure 10: Total Scope 1, 2 and 3 emissions in FY2023

#### Notes:

- Figures stated may not add up due to rounding of decimals
- Total emissions and emissions intensity values include estimations of Menara NU2 and Lotuss Penang's electricity consumption values, using the average BEI of a typical office building in Malaysia of 210kWh/m<sup>2</sup> per year, stated by Suruhanjaya Tenaga

## SUSTAINABILITY STATEMENT

(cont'd)

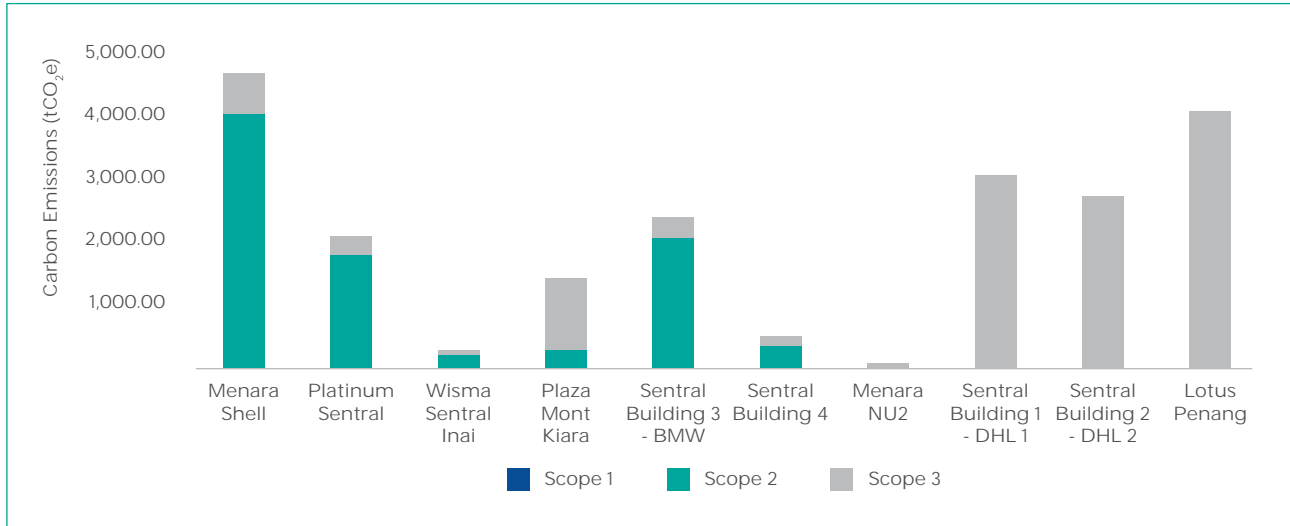


Chart 1: Total Carbon Emissions by Property for FY2023

**Notes:**

- Emissions values shown in the chart are in units of tCO<sub>2</sub>e
- Electricity consumption data from Menara NU2 and Lotuss Penang are estimated by using the average BEI of a typical office building in Malaysia which is 210kWh/m<sup>2</sup> per year, stated by Suruhanjaya Tenaga due to data unavailability
- Low emissions from Menara NU2 stem from SENTRAL vacating the premises in September 2023
- The scope 3 data and information provided utilised data assumptions and emission factors from third-party databases due to data unavailability. We will look to improve our data collection process further to further improve the accuracy of emissions value reported

In 2023, our downstream leased assets, which consist of emissions arising from tenants' purchased electricity for building operations of essential equipment and comfort of occupants, is SENTRAL's primary source of carbon emissions. However, the emissions values from Lotuss Penang and Menara NU2 were calculated based on estimations on the tenants' energy usage. Moving forward, we will work towards obtaining accurate and real-time data for Lotuss Penang to improve accuracy of our emissions profile. We will also review our historical data based on our updated methodology for improved tracking of reduction progress, aligning with GHG Protocol Standards.

### ENERGY MANAGEMENT

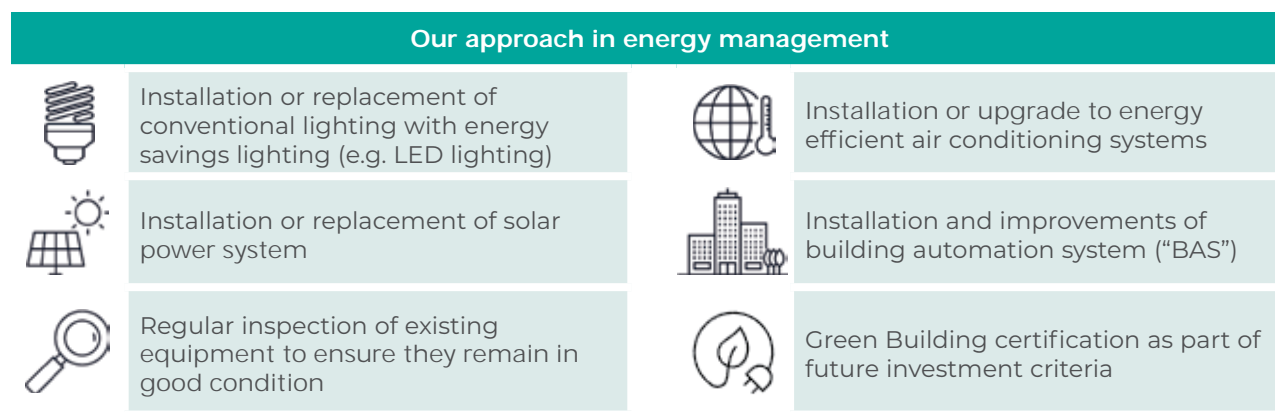
[GRI 3-3, 302-2, 302-3, 302-4; Bursa C4(a)]

As we continue to prioritize energy efficiency and sustainability, electricity remains the main source of energy for SENTRAL buildings, powering vital equipment and ensuring the well-being of our occupants. SENTRAL buildings prioritize dual power sources, backup generators, and energy-efficient systems to mitigate the impact of potential power outages on essential equipment and occupant comfort. We will continue to explore practical and affordable energy conservation opportunities to reduce our impact on the environment.

## SUSTAINABILITY STATEMENT

(cont'd)

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



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/buildings with green features, 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.

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 SENTRAL's buildings. We aim to establish our Energy Management Policy by 2024.

In FY2023, our key energy efficient initiatives are highlighted in Table 7 below:

No.	Building	Initiatives
1	Platinum Sentral	<ul style="list-style-type: none"> <li>Conducted due diligence and gap analysis by green building consultants to improve energy efficiency</li> <li>An Automatic Transfer Switch (ATS) was installed for the Electrical Switchboard to comply with MSC status and provide immediate changeover to an alternative electricity source when the main electrical feeders are not operational</li> </ul>
2	Sentral Building 3 - BMW	<ul style="list-style-type: none"> <li>Conducted due diligence and gap analysis by green Building consultants to improve energy efficiency</li> </ul>
3	Sentral Building 1 - DHL 1	<ul style="list-style-type: none"> <li>Changing over 1-unit ATS 4000 AMP and 2 units of 4000 AMP ACB to ensure efficient electricity usage</li> </ul>
4	Sentral Building 4	<ul style="list-style-type: none"> <li>One of the chillers' High-Speed Shaft was replaced to achieve energy-efficient chiller operation</li> </ul>
5	Plaza Mont' Kiara	<ul style="list-style-type: none"> <li>Lighting system upgraded to LED T8 lighting to reduce electricity consumption</li> <li>Air curtain at GF Block E was upgraded to minimize air conditioning coolness loss</li> </ul>

Table 7: FY2023 Energy Efficient Initiatives

## SUSTAINABILITY STATEMENT

(cont'd)

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.

While our goal was a 2% decrease from FY2022, we were able to achieve a 4% decrease in energy consumption in FY2023 for our portfolio buildings, reducing 793,354 kWh of energy consumption. The charts below show the energy consumption for each of our buildings:

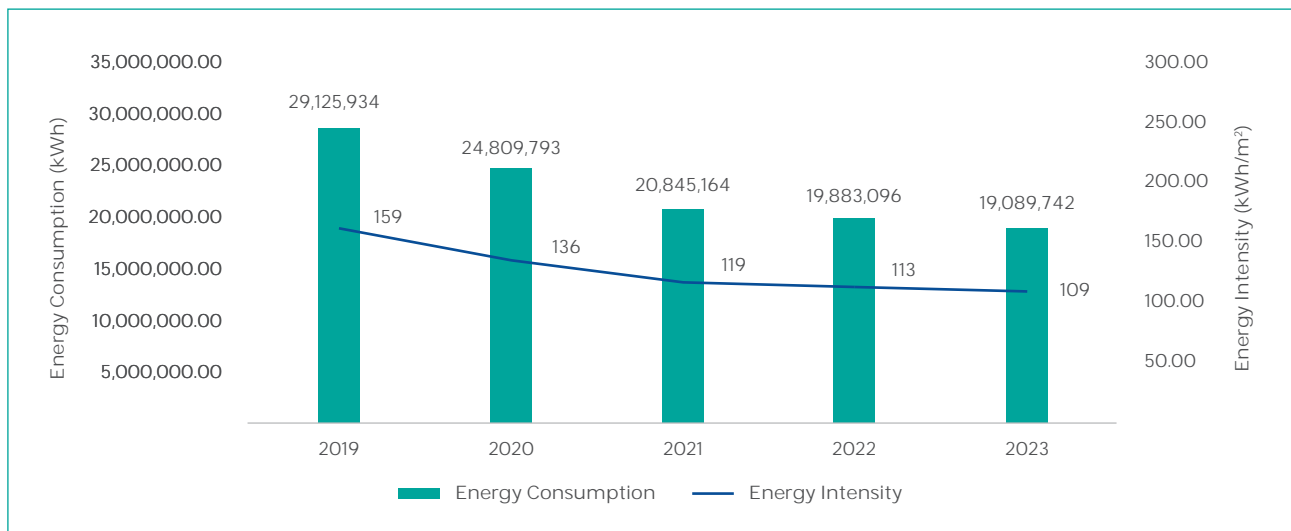


Chart 2: Total Energy Consumption and Intensity

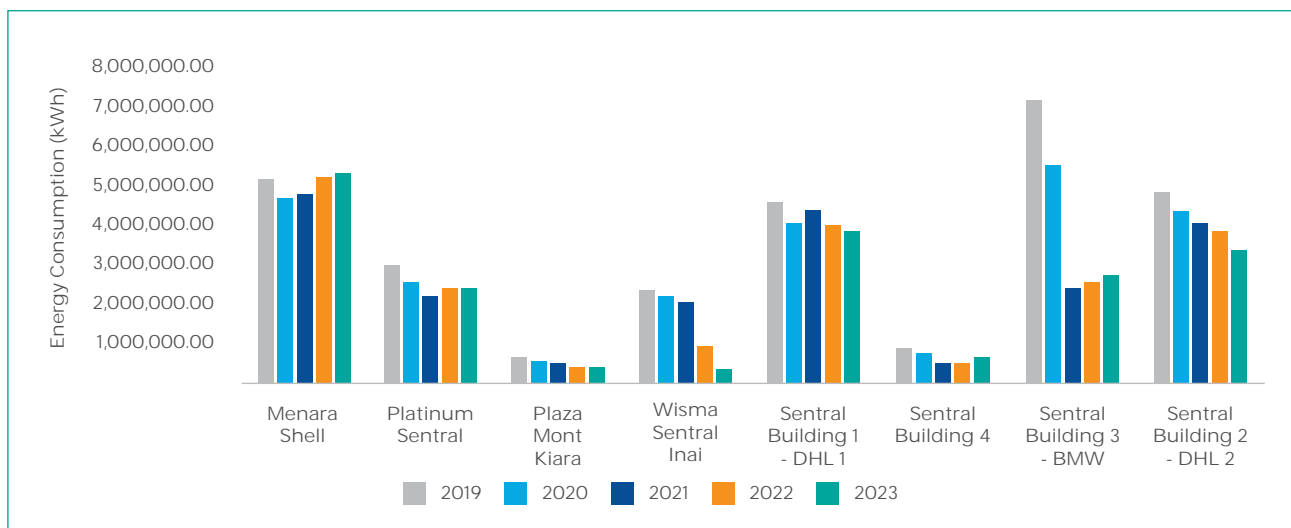


Chart 3: Total Energy Consumption by Property

# SUSTAINABILITY STATEMENT

(cont'd)

Moving forward, we continue to target a 2% reduction year-on-year through various measures in enhancing our energy efficiency across SENTRAL's buildings, while also developing a carbon reduction target in the medium- and long-term. Table 8 depicts our planned initiatives for FY2024 in-line with our firm commitment towards energy reduction.

No.	Building	FY2024 Initiatives
1	Platinum Sentral	<ul style="list-style-type: none"> <li>Based on the gap analysis findings, SENTRAL will embark on green building improvements works focusing on energy efficiency</li> </ul>
2	Sentral Building 3 - BMW	<ul style="list-style-type: none"> <li>Based on the gap analysis findings, SENTRAL will embark on green building improvements works focusing on energy efficiency</li> <li>Upgrade basement carpark light fittings with energy saving LED lights</li> </ul>






Table 8: FY2024 Energy Efficient Initiatives

## WATER MANAGEMENT

[GRI 3-3,303-1, 303-5; Bursa C9(a)]

A consistent and adequate supply of high-quality water is crucial for all of SENTRAL's portfolio buildings and business operations. Any interruptions in water supply would directly affect our daily activities, leading to inconveniences and dissatisfaction among tenants and stakeholders. These disruptions can arise from unforeseen factors beyond SENTRAL's control as a service subscriber, including pollution of raw water sources or service downtime. The current water supply challenges have had a significant impact at the state level in Malaysia.

Recognizing this risk, we acknowledge our responsibility in ensuring efficient water consumption and conservation. The management has implemented measures to monitor and enhance the intensity of water usage in buildings, following the guidelines outlined in our Water Management Policy 2020. This commitment contributes to sustainable water management practices. SENTRAL's Water Management Policy underscores our dedication to optimizing water usage through meaningful goal-setting and collaborative solutions with stakeholders to ensure compliance and fair utilization. Our approach in water management are 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 systems 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		



## SUSTAINABILITY STATEMENT

(cont'd)

In FY2023, our key initiatives are highlighted in the table below to achieve our year-to-year target of 2% water consumption reduction.

No.	Building	FY2023 Initiatives
1	Platinum Sentral	Appointed green building consultants to carry out due diligence study and gap analysis which covers the study on water efficiency
2	Sentral Building 3 - BMW	Appointed green building consultants to carry out due diligence study and gap analysis which covers the study on water efficiency
3	Sentral Building 4	Installed new water tank to mitigate leakage and water wastage due to wear and tear

Table 9: FY2023 Water Management Initiatives

In FY2023, water consumption decreased across all SENTRAL's buildings, except for Platinum Sentral and Sentral Building 3 - BMW. Due to our water saving practices in our day-to-day operations, we have succeeded in reducing SENTRAL's overall water consumption by 18%, which exceeds our year-to-year target of 2% water consumption reduction.

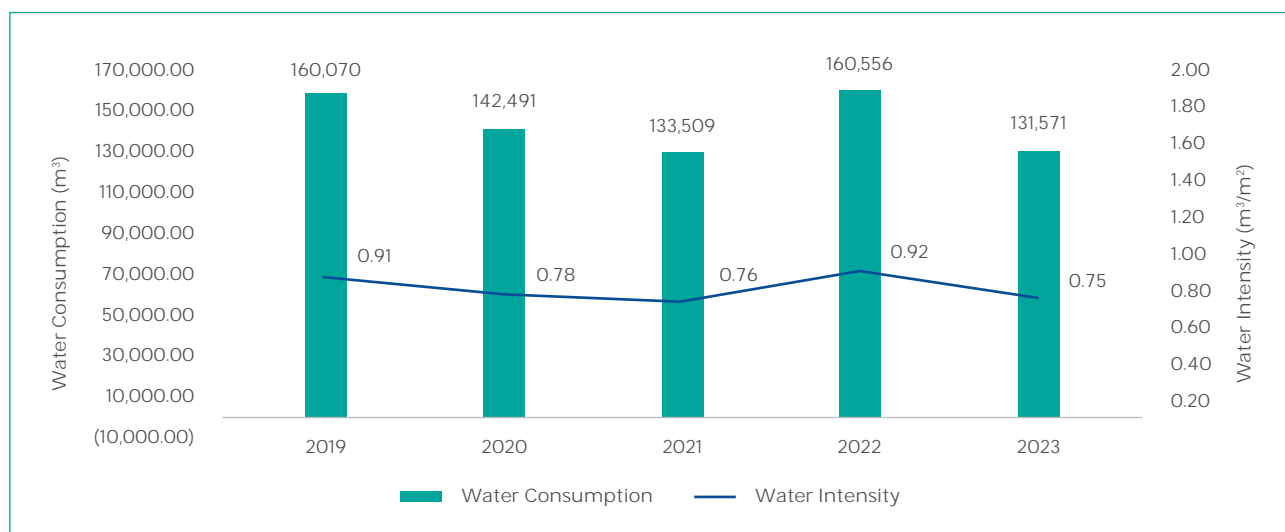


Chart 4: Total Water Consumption and Water Intensity

# SUSTAINABILITY STATEMENT

(cont'd)

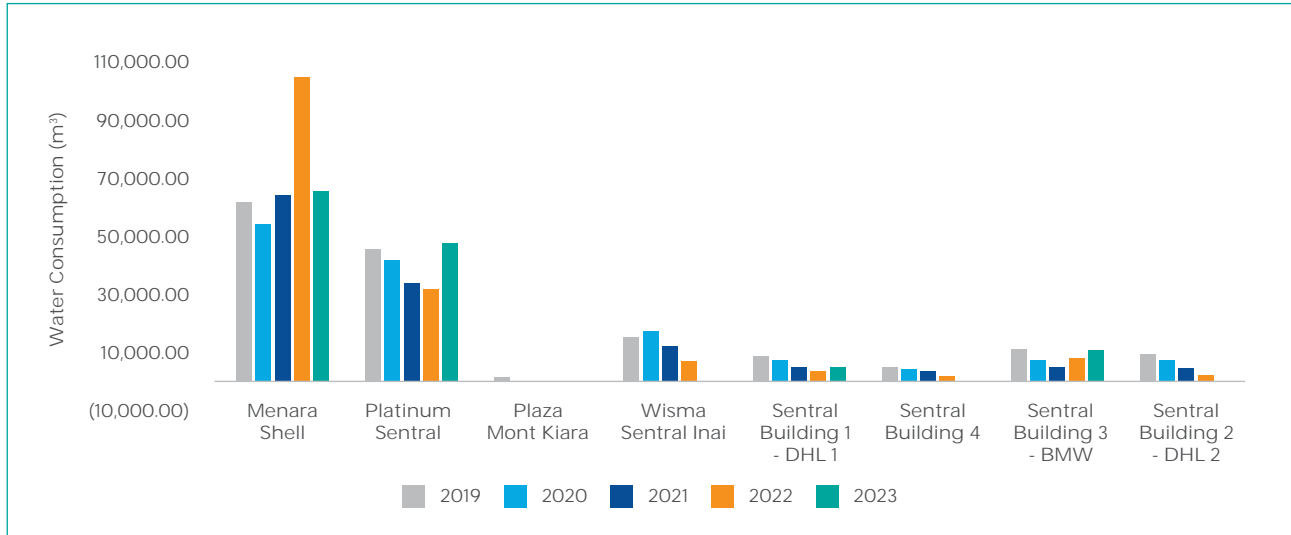


Chart 5: Total Water Consumption by Property

Moving forward, in tandem with our efforts to continuously achieve a 2% reduction in water consumption since FY2017, we will continue our efforts on water efficiency by maintaining our water consumptions year-on-year. Our commitments for FY2024 are illustrated in the table below:

No.	Building	FY2024 Initiatives
1	Platinum Sentral	<ul style="list-style-type: none"> <li>Based on the gap analysis findings, SENTRAL will embark on green building improvements works focusing on water efficiency</li> <li>Upgrade toilet with self-closing faucets</li> </ul>
2	Sentral Building 3 - BMW	<ul style="list-style-type: none"> <li>Based on the gap analysis findings, SENTRAL will embark on green building improvements works focusing on water efficiency</li> </ul>

Table 10: Future water management initiatives for FY2024

## WASTE MANAGEMENT

[GRI 3-3, 306-1, 306-2; Bursa C10]

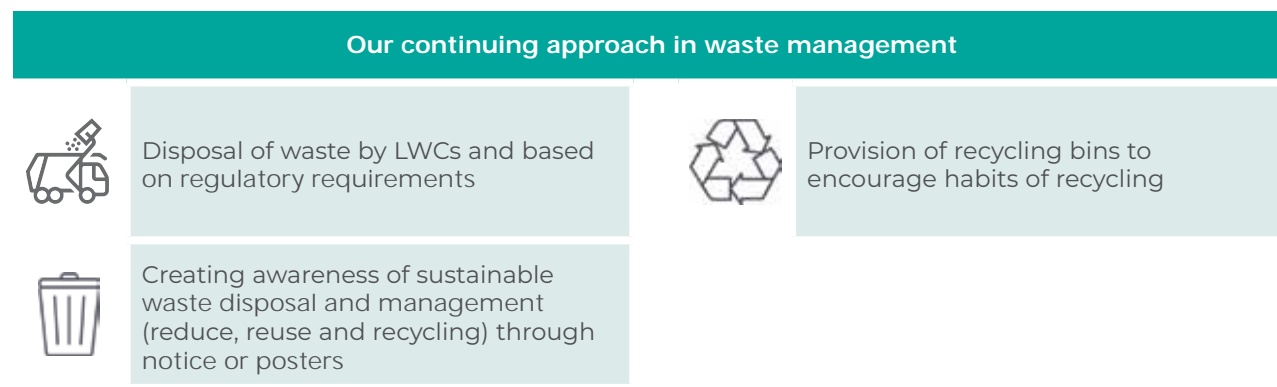
In light of the current focus on the circular economy, SENTRAL recognizes the importance of effective waste management and recovery as part of our commitment to sustainability and the communities we serve. Proper waste handling is crucial to avoid adverse impacts on the environment and society. It is also integral for maintaining our operating license and safeguarding against reputational and legal risks.

The primary source of waste from SENTRAL's operations stems from the food and beverage tenants ("F&B") within its premises. The property manager holds the responsibility of ensuring that waste is disposed of in compliance with legal regulations, and recyclables, such as paper waste, are collected by licensed waste contractors ("LWCs").

## SUSTAINABILITY STATEMENT

(cont'd)

LWCs conduct daily waste collection using centralized refuse chambers provided at each property in SENTRAL's portfolio, facilitating proper waste storage and segregation. At SENTRAL, our aim is to create a secure and pleasant environment for our tenants, emphasizing safe and responsible waste disposal practices to minimize health hazards. Our approach to waste management is illustrated in the figure below.



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 at high-traffic areas within SENTRAL's portfolio of 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.

For our FY2023 waste management activities, we have appointed green building consultants, who have conducted a thorough due diligence study and gap analysis for Platinum Sentral and Sentral Building 3 - BMW, encompassing a study of current waste management practices and providing recommendations to enhance waste reduction, reuse, recycling, and compliance with Green Building Organization requirements. We also aim to implement these recommendations across our other properties in the future. To assess the effectiveness of the waste management strategy in improving SENTRAL's environment impact, SENTRAL will work with its LWCs to collect and track data for waste disposed at landfill and waste diverted from landfill.

For a holistic approach to SENTRAL's waste management efforts, we are in the process of developing SENTRAL's Waste Management Policy which will serve as formal guidance for proper waste management activities across all buildings within SENTRAL's portfolio. We aim to establish our Waste Management Policy by 2024.

## SUSTAINABILITY STATEMENT

(cont'd)



## SOCIAL

## HEALTH AND SAFETY

[GRI 3-3, GRI 403-2, 403-5, 403-6, 403-9, 403-10; Bursa C5]

Since the emergence of COVID-19 pandemic, SENTRAL remains steadfast in its continuous support for its stakeholders. This includes SRM employees, tenants, contractors, visitors, and communities while on SENTRAL's premises. SENTRAL commits to remaining vigilant in monitoring and responding to unforeseen and unpredictable outbreaks as its stakeholders' safety, health, and well-being remain among SENTRAL's top priorities.

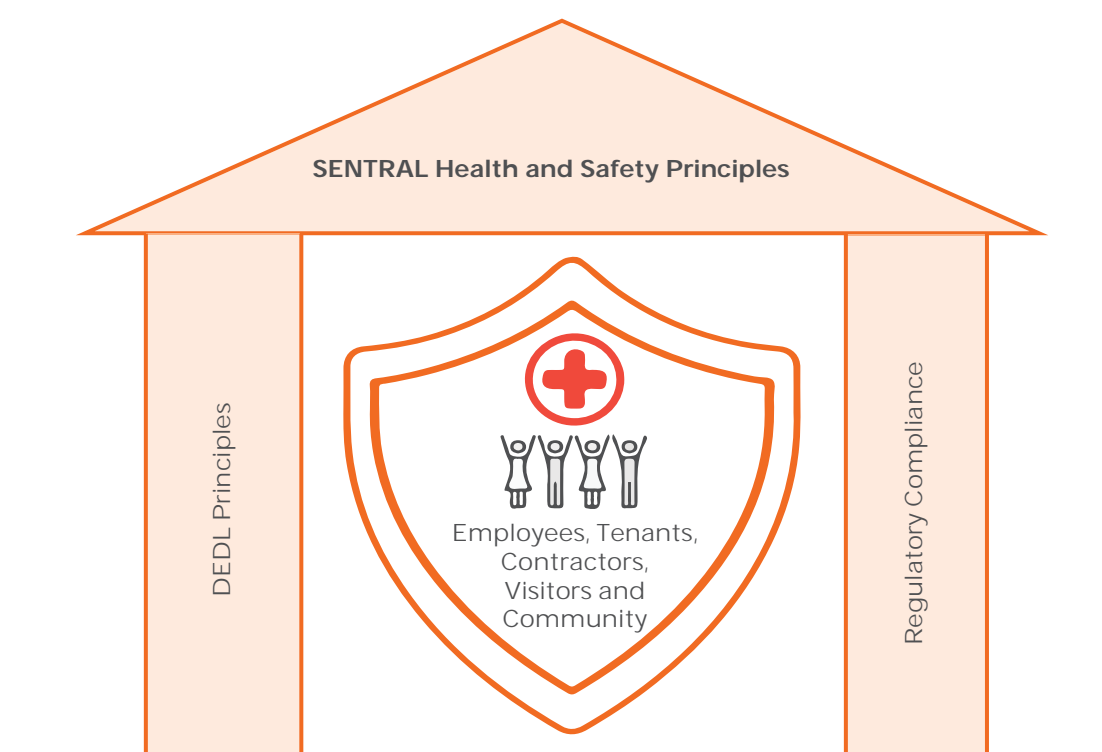


Figure 11: SENTRAL's Health and Safety Principles

SENTRAL's Health and Safety ("H&S") measures guide the management of all health and safety issues. Its H&S measures were developed based on our Develop, Engage, Deal, Lay ("DEDL") H&S Principles, referencing relevant laws and regulations such as the Occupational Safety and Health ("OSH") Act 1994 by the Department of Occupational Safety and Health ("DOSH"). All SRM employees, building management team and contractors are required to follow our H&S measures to mitigate or prevent H&S hazards.

Over and above, in FY2023 an internal control review by SENTRAL's internal audit team was conducted to ensure the adequacy of the internal controls and compliance with procedures of all H&S regulations and best practices. This review will be done periodically to ensure that potential areas for improvement in the effectiveness and efficiency of the processes can be identified so that SENTRAL will have effective H&S measures that is adhered to by all parties.

## SUSTAINABILITY STATEMENT

(cont'd)



Figure 12: SENTRAL's Health and Safety Principles

SENTRAL's approach to continually improve our H&S measures for all stakeholders is detailed in our DEDL H&S Principles, shown in Figure 12 above. Additionally, we ensure ongoing compliance with requirements set out by DOSH for commercial premises, including receiving periodic checks by DOSH representatives.

To ensure our people are abreast with the latest trends, knowledge and HSE regulations, we conduct periodic H&S training and refresher courses to all SRM employees.

	FY2023	FY2022	FY2021	FY2020
Number of employees trained on health and safety standards	0	19 <sup>1</sup>	0	0

<sup>1</sup> Discrepancy with 2022's total employee data is due to employee changes after the training was conducted

In addition, additional training for Emergency Respond Team ("ERT") members for each building will be mandated. These trainings or drills will be in relation to riots/demonstrations, bomb or terrorist threats and earthquakes in addition to the current trainings or drills on fire evacuation, Malaysian Fire and Rescue Department Fire Safety Seminar and ERT training conducted by the Fire and Rescue Department of Malaysia ("BOMBA").



# SUSTAINABILITY STATEMENT

(cont'd)

## Managing risks and hazards in SENTRAL's buildings

To ensure the health and safety of occupants within SENTRAL's portfolio of buildings, we necessitate the participation from all stakeholders to minimise exposure to health and safety risks and hazards. Here, we work closely with the building management team, tenants, and contractors to ensure safety controls are in place to ensure the well-being of our building occupants.

Stakeholders	Safety controls
SENTRAL, building management team and contractors	<ul style="list-style-type: none"> <li>Regular fire risk assessments performed regularly to identify and manage potential risks and hazards</li> <li>Monitoring of safety certifications for fire extinguisher, gondola, lift and escalator to ensure timely renewal</li> <li>Regular maintenance and repairs to ensure compliance with safe operating standards implemented by BOMBA</li> <li>Clear safety signages during refurbishment to provide awareness to all parties</li> <li>Regular safety briefings, 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</li> <li>Health and safety pre-qualification of contractors to ensure that they are in adherence to social, ethical, and environmental principles and regulations. The property managers are responsible for on-going monitoring of work in progress by these contractors</li> <li>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</li> </ul>
Tenants	<ul style="list-style-type: none"> <li>Establish ERTs trained in first aid and equipped with fire-fighting abilities to respond to health and safety incidents</li> <li>Conduct a risk assessment prior to any renovation and fit-out of the tenanted spaces</li> </ul>

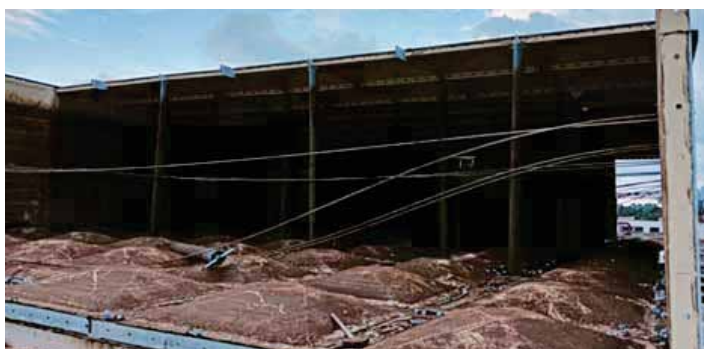


Figure 13, 14: Sentral Building 4 - Before HSE initiative

### Sentral Building 4

Installation of Fiberglass Reinforced Plastic (FRP) Water Tank for the purpose of preventing leaks and water wastage. Replacing a metal tank with an FRP tank also offers health benefits, as FRP is non-conductive, non-corrosive, and does not leave trace metal contamination.

## SUSTAINABILITY STATEMENT

(cont'd)



Figure 15: Sentral Building 4 – Finished installation works of new FRP Water Tank for HSE initiative



Figure 16: Platinum Sentral - After upgrading works

### Platinum Sentral

Upgrade of main entrance driveway leading to the building's main entrance lobby drop off to decrease the likelihood of accidents due to uneven road surface and water ponding.

### Health and safety grievances

In accordance with SENTRAL's H&S Principles, stakeholders are 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 listed in Table 11 below. No health and safety grievances were reported in FY2023.




Channel	Description
<b>Telephone</b> 	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
<b>Email</b> 	Grievances can be submitted in writing to the respective property manager's email which can be retrieved from the respective BMO
<b>Face-to-face Communication</b> 	We have physical point of contacts for stakeholders to escalate grievances directly to the property manager. We also have Auxiliary Police and security guard personnel on-duty for 24 hours at our main lobby counters to protect the property and prevent criminal activities

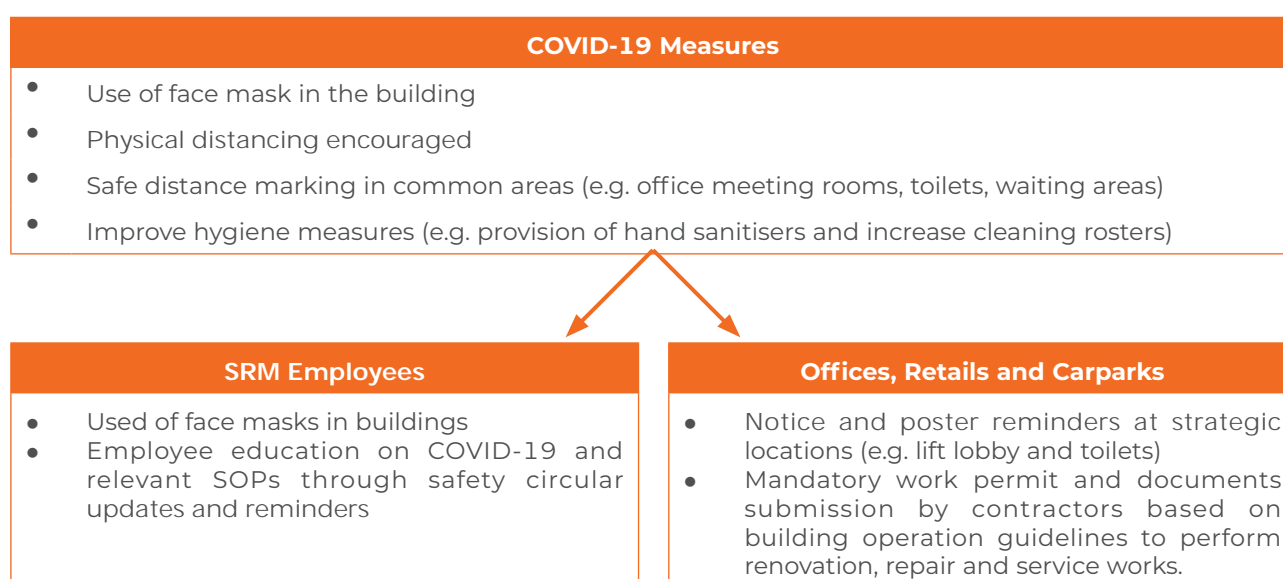
Table 11: Health and Safety Grievance Mechanisms

# SUSTAINABILITY STATEMENT

(cont'd)

## Ensuring Wellness Amid Uncertainty

At the end of 2023, Malaysia met with unanticipated spikes in Covid-19 outbreaks, coupled with other illnesses such as influenza. In light of this, we maintain our vigilance against potential outbreaks, concurrently navigating the path to economic recovery. We continue to uphold best practices regarding precautionary measures and controls to ensure the safety of SRM employees, tenants, visitors and communities. All our stakeholders are recommended to follow the latest Ministry of Health's COVID-19 SOP guidelines to mitigate any potential risk of exposure to COVID-19. Details of SENTRAL's COVID-19 measures which will be reactivated at the buildings if deemed necessary are illustrated below:



## Health and Safety initiatives in FY2023



### Emergency Response Team (ERT) Training for Property Management Staff

On 17<sup>th</sup> August 2023 ERT Training was conducted by BOMBA. The training program covered various aspects of emergency response, including but not limited to fire safety, evacuation procedures, fire aid, and crisis management. A total of 12 attendees from property management attended the training.

In FY2023, SENTRAL reported no cases 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 if necessary and OSHA Act to safeguard our stakeholders' health and safety.

## QUALITY OF ASSETS AND SERVICES [GRI 3-3]

As an office-focused REIT, the quality of SENTRAL's assets and accompanying services are core to its business. Tenant's satisfaction determines the success of SENTRAL's business and is also a key factor in attracting new tenants. As the Manager, we aim to provide attentive and customer-focused service that meets SENTRAL's tenants' needs and expectations.

## SUSTAINABILITY STATEMENT

(cont'd)

### Asset Enhancement

Our asset enhancement policy is centered on continual improvement, driving us to consistently elevate our buildings' functional and aesthetical characteristics, space planning and incorporating green features such as energy efficient fittings. Growing sentiment on incorporating green features into asset enhancement strategies is observed as tenants are increasingly conscious of their environmental impact.

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.

Menara Shell	Platinum Sentral
	
<ul style="list-style-type: none"> <li>Leadership in Energy and Environmental Design ("LEED") Platinum-certified</li> <li>Some of the key LEED certified features include:               <ol style="list-style-type: none"> <li>Rainwater Harvesting System</li> <li>Building Automation System</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Building and Construction Authority ("BCA") Green Mark Platinum-certified</li> <li>Some of the key certification features include:               <ol style="list-style-type: none"> <li>Rain Water Harvesting System</li> <li>Solar Panel System</li> </ol> </li> </ul>





Table 12: Portfolio Buildings with 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 in line with each building's Operations and Maintenance ("O&M") Manual.

## SUSTAINABILITY STATEMENT

(cont'd)

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

In FY2023, our AEIs are illustrated below with a total of RM 2,840,217 invested. This translates to a 20.1% decrease from the previous year, this adjustment reflects a strategic optimization of our resource in asset enhancement. Majority of AEIs in FY2023 were performed at Platinum Sentral which has been in operation for eleven (11) years. The execution of refurbishment and upgrading initiatives underscores SENTRAL's unwavering commitment to maintain asset quality and ensure wellbeing and safety of our valued tenants.

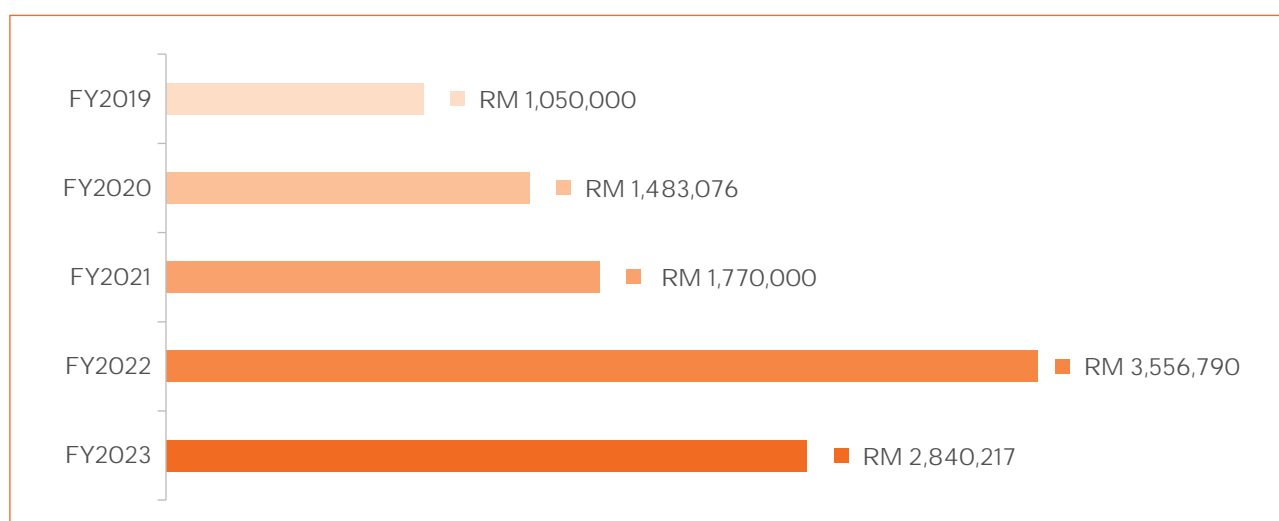


Chart 6: SENTRAL's Asset Enhancement Investments



## SUSTAINABILITY STATEMENT

(cont'd)

### Platinum Sentral

1. Refurbishment and upgrade of landscape and external retail areas at West Courtyard.
2. Painting works of common area at Blocks B & C.
3. Upgrade of driveway leading to the building's main entrance lobby drop off.



Figure 17: Platinum Sentral - West Courtyard after upgrading works



Figure 18: Platinum Sentral - Blocks B & C - after upgrading works



Figure 19: Platinum Sentral - Main entrance lobby drop off - upgrading works in progress



## SUSTAINABILITY STATEMENT

(cont'd)

### Menara Shell

1. Level 5 external perimeter landscape area upgrading.



*(Before upgrade)*



*(After upgrade)*

*Figure 20-22: Menara Shell - Level 5 upgrading of external perimeter landscape area*

## SUSTAINABILITY STATEMENT

(cont'd)

### Plaza Mont' Kiara

1. Upgrade of basement carpark lighting from fluorescent to LED lights.
2. Installation of new air curtain system at Block E Ground Floor area.



(Before upgrade of car park lighting)




(After upgrade of car park lighting)

Figure 23-26: Plaza Mont' Kiara - Upgrade of basement car park lighting from fluorescent to LED lights.

# SUSTAINABILITY STATEMENT

(cont'd)

<b>Sentral Building 3</b>  1. Gap analysis for Green Building Certification	N/A
<b>Sentral Building 4</b>  1. Installation of new FRP Water Tank	 <p>Figure 27: Sentral Building 4 – Finished installation works of the new FRP Water tank</p>

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 FY2024 are as follows:

No.	Building	FY2024 Initiatives
1	Plaza Mont' Kiara	<ul style="list-style-type: none"> <li>Installation of new directory signages</li> </ul>
2	Platinum Sentral	<ul style="list-style-type: none"> <li>Upgrade of toilets located at tenants' premises</li> <li>Modernization of lifts</li> <li>Green building upgrade</li> </ul>
3	Sentral Building 1	<ul style="list-style-type: none"> <li>Upgrade water features at ground floor lobby entrance</li> <li>Road resurfacing works</li> </ul>
4	Sentral Building 3	<ul style="list-style-type: none"> <li>Green building upgrade</li> </ul>
5	Menara Shell	<ul style="list-style-type: none"> <li>New air-conditioning system at M&amp;E rooms</li> <li>CCTV system upgrade</li> <li>Repainting of carpark</li> </ul>

Table 13: Asset Enhancement Initiatives for FY2024

## Tenant Engagement and Satisfaction

To foster enduring and loyal tenancy relationships, as well as to cultivate new connections, we are dedicated to regular and meaningful engagements with SENTRAL's 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 since October 2022.

## SUSTAINABILITY STATEMENT

(cont'd)

As tenant satisfaction is SENTRAL's top priority, we actively stay attuned to their needs and implemented our Tenant Complaints Policy. The policy outlines SENTRAL's approach in managing tenant's feedback and complaints with the aim to resolve feedbacks and complaints at the first point of contact. All complaints will also be brought up to the Asset Control Group ("ACG") during monthly meetings on operational matters to improve tenant satisfaction. SENTRAL's complaints management process is illustrated below:

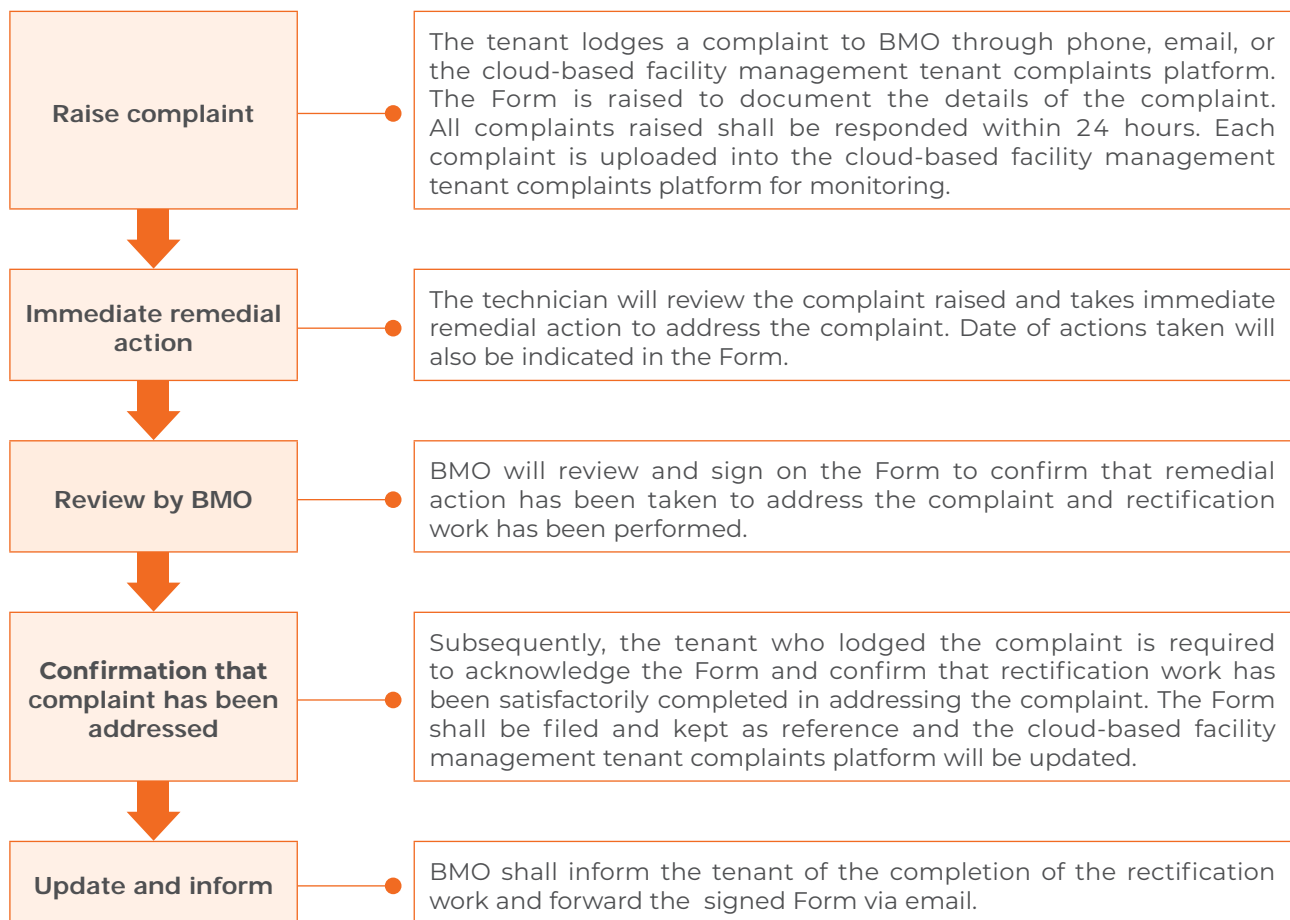


Figure 28: SENTRAL's Complaint Management Process

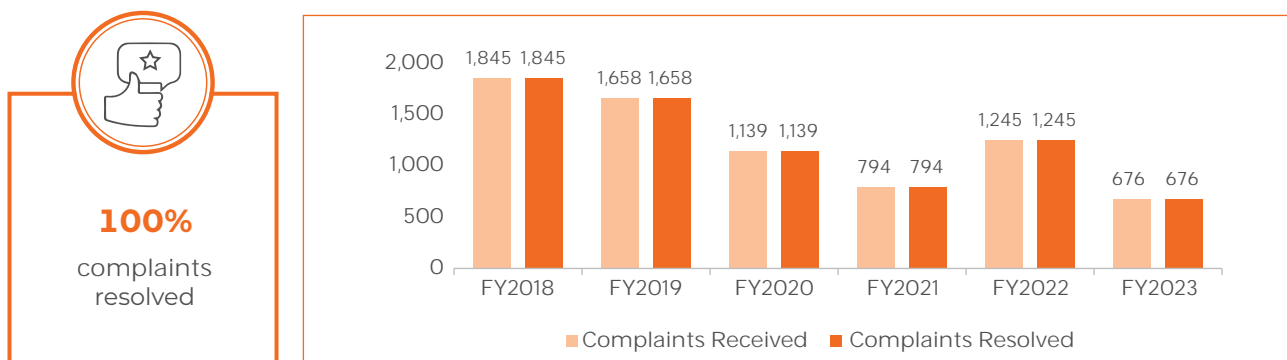


Chart 7: Number of Complaints Received and Resolved



## SUSTAINABILITY STATEMENT

(cont'd)

In FY2023, SENTRAL received a notable reduction of 45.7% in complaints, receiving 676 cases compares to the 1,245 recorded in FY2022. Additionally, we are pleased to announce the successful resolution of all complaints received during the financial year. Surpassing our FY2022 target of 3% reduction in complaints, we are proud to uphold our commitment to tenant satisfaction. Moving forward, we will maintain a proactive approach in our daily and weekly operational and maintenance activities to consistently deliver high-quality service.

### Embracing Innovation and Technology

As a REIT, we are open to adopting innovation and technology to navigate the dynamic real estate landscape. Recognizing the transformative potential of technological advancements, the new digital age necessitates leveraging on cutting-edge tools for enhanced operational efficiency to stay ahead of market trends and to gain competitive advantage.

We will continue to invest in technology to embrace innovation, increase operational efficiency, improve tenant experience and safety measures in FY2024.

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 pertinent 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 C3, C5, C6]

Our business thrives on the dedication, hard work and commitment of our employees. Their capabilities allow us to create value for our stakeholders, delivering exceptional services and the continual growth of the business. 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.



Figure 29: SRM Employees



# SUSTAINABILITY STATEMENT

(cont'd)

## Diversity and Equal Employment

At SRM, we are committed to fostering diversity and inclusion, ensuring a fair and non-discriminatory work environment for all. We believe that skills, talents, and innovation from a diverse perspective would enable SENTRAL to thrive to meet its business needs. We ensure this by nurturing a workplace environment where employees feel respected, valued, and supported regardless of backgrounds.

Our commitment to diversity, inclusiveness and equal opportunities is reflected in our General Policies, Code of Conduct of the Employee Handbook and Sexual Harassment Policy. In accordance with the policy, SRM's recruitment practices do not tolerate any harassment nor discrimination.

Indicators	FY2023	FY2022	FY2021	FY2020	FY2019
Total number of employees	21	20	19	18	18
Total number of workers	27	27	30	36	37
Number of new hires	5	5	1	1	1
Employee turnover	4	4	0	1	1

Table 14: 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 charts below illustrate SRM's employee distribution by gender, age group and category.

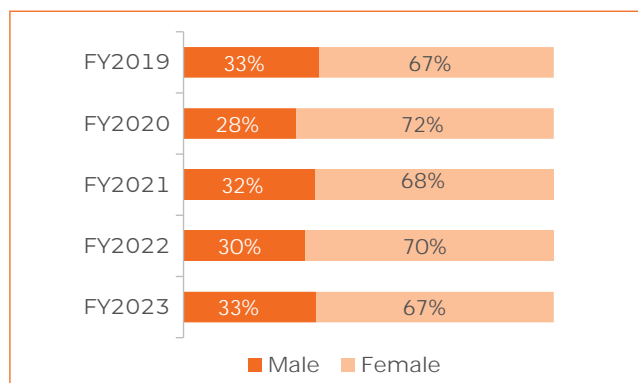


Chart 8: Employee Gender Diversity

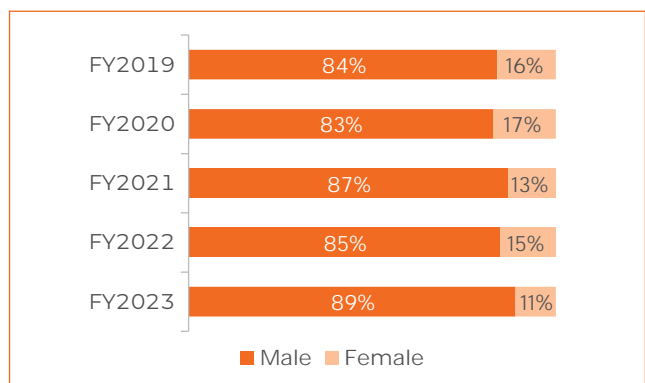


Chart 9: Worker Gender Diversity

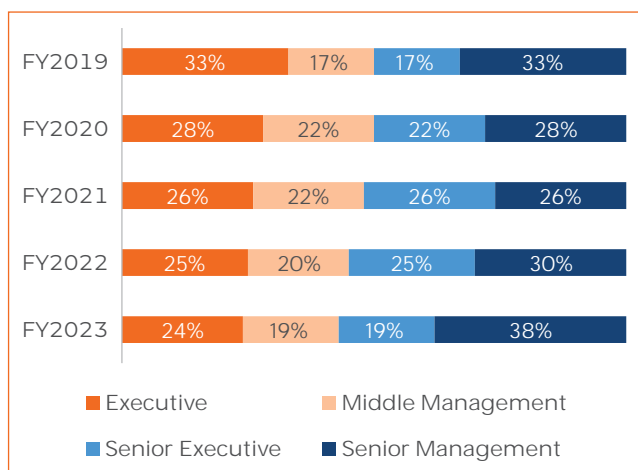


Chart 10: Employee Diversity Per Category

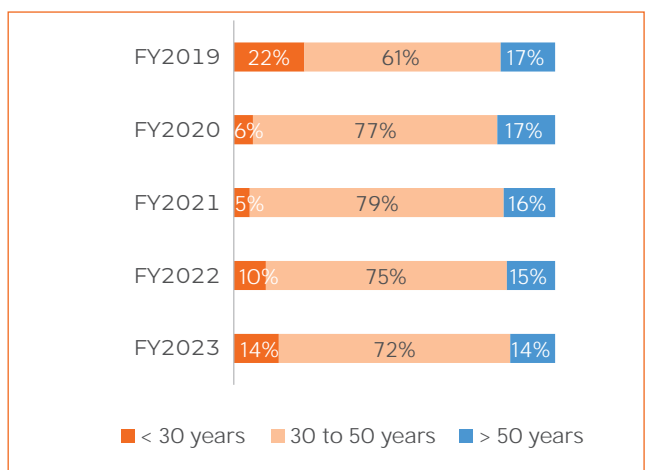


Chart 11: Employee Age Diversity

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

## SUSTAINABILITY STATEMENT

(cont'd)

For FY2023, there were no incidents reported on discrimination or harassment as we continue to achieve our target of zero grievance reported.

### Employees' benefits and remuneration

SRM'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
Medical and Insurance	<ul style="list-style-type: none"> <li>• Group term life insurance (including dependent)</li> <li>• Disability and invalidity insurance</li> <li>• Surgical and hospitalisation insurance</li> </ul>
Leaves	<ul style="list-style-type: none"> <li>• Annual leave</li> <li>• Medical leave</li> <li>• Parental leave</li> <li>• Maternity leave</li> <li>• Compassionate leave</li> <li>• Prolonged illness leave</li> <li>• Family care leave</li> <li>• Examination leave</li> </ul>
Wellness	<ul style="list-style-type: none"> <li>• Outpatient and health screening</li> <li>• Discount on Dental Charge for SENTRAL's staff in collaboration with Senyum Dental Clinic</li> </ul>
Flexible work arrangement	<ul style="list-style-type: none"> <li>• Staggered working hours</li> <li>• Work from home ("WFH") arrangements on a weekly rotational basis during the pandemic</li> </ul>
Subsidy and reimbursement	<ul style="list-style-type: none"> <li>• Professional membership subsidy</li> <li>• Petrol subsidy (applicable to selected level / grade of employees only)</li> <li>• Parking subsidy</li> <li>• Mobile phone bill reimbursement</li> </ul>
Payroll	<ul style="list-style-type: none"> <li>• Mid-month payroll initiative</li> </ul>

Table 15: SRM'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 FY2023, none of our employees took the above-mentioned parental leaves.

Remuneration at SRM is also structured to be competitive, incentive-based and fair. Our compensation packages encompass bonuses beyond basic salaries to reward employee performance. Performance reviews are conducted annually to assess our employees' performance and achievements against set KPIs and to optimise our employees' potential if necessary. In FY2023, 100% of our permanent employees received their performance appraisal.

We are also committed to supporting employees who are identified to be underperforming during their performance appraisal. A performance improvement plan (PIP) was implemented aimed 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 FY2023.

## SUSTAINABILITY STATEMENT

(cont'd)

### Employee engagement

SRM practices an open-door policy to facilitate two-way dialogue between employees and management in efforts to foster an engaged and motivated workforce. Avenues for employees to escalate their concerns is further enshrined in our Grievance Procedure. Here, further investigations may be initiated and more importantly, issues will be handled promptly and resolved fully 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 SRM and 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") and Integrity Department ("IDD"). All communications at this junction in respect of HR policies, complaints, 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 IDD via [\[whistleblowing@mrcb.com\]](mailto:whistleblowing@mrcb.com) or [\[whistleblowing@sentralreit.com\]](mailto:whistleblowing@sentralreit.com)
6. For sexual harassment cases, staff may follow the procedures detailed in MRCB's Sexual Harassment Policy under the oversight of IDD
7. IDD has introduced new channel to access company policies electronically. This is a new form of communication initiated by the IDD to provide staff easy accessibility to updated policies or new guidelines

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

In FY2023, 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 staff 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. Collaboration between SBM Malaysia ("SBM") and SRM for SBM's Life Day Program. SBM partially sponsored the cost for purchasing trees for SENTRAL's landscape upgrade at Platinum Sentral's West Courtyard. A joint tree planting ceremony was held on 27 July 2023 for this collaborative green initiative between landlord and tenant
5. CSR Program collaborating with Good Shepherd Service for its Sponsor-A-Child Education Fund for rural indigenous children in Sabah and ENUMA Literacy Lab Project in Sabah

## SUSTAINABILITY STATEMENT

(cont'd)



Figure 30,31: Birthday Cake Cutting Gathering for Employees



Figure 32,33: Staff Recognition Farewell Luncheon



Figure 34,35: Festive Lunch/Dinner Celebrations



Figure 36,37: Collaboration with SBM Malaysia for their Life Day Program



## SUSTAINABILITY STATEMENT

(cont'd)



Figure 38,39: Staff participating in CSR Program event in collaboration with Good Shepherd Service

In addition, while there are no restrictions on large physical gatherings and office visits, we continue to emphasize the importance of prioritising online meetings when the need arises.

In FY2023, we report 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 ensure our employees are well-versed in the latest industry developments by investing in upskilling our employees. 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 and United Nations Global Compact (UNGC) Academy learning portal to improve and broaden the employees' understanding of sustainability. MRCB group also introduced the new Group-wide Policy Acknowledgement Application ("PAP"), which serves as a single point for all employees to be informed and/or updated with the MRCB group's policies. Under the PAP, each employee is also required to acknowledge that they have read the said policies accordingly.

As we transition to a digital era, we are committed to ensuring that our employees are equipped to embrace the continued growth of the digital age. In FY2023, we have resumed physical training in combination with online training as similar in FY2022.

Our training programmes conducted in FY2023 are illustrated below:




	Sustainability Learning for employees of all levels in collaboration with UNGC Academy.
	Integrity Awareness Program - "Integrity Begins with us"
	E-learning platform via e-LATih by HRD Corp.

Figure 40: Trainings Conducted in FY2023



# SUSTAINABILITY STATEMENT

(cont'd)



Figure 4.1: MRCB Group Training and Development Policies

Moreover, our management and staff actively participate in a diverse array of physical and online training programs provided by reputable training and consultancy organizations. These include courses from CKM Advisory Sdn Bhd, Securities Industry Development Corporation (SIDC), Malaysian Institute of Accountants (MIA) Online Training Course, Certified Public Accountant (CPA) Training Course as well as Market and Economic Updates by reputable financial institutions and banks. The goal is to empower our employees in advancing their technical and functional skills, facilitating the acquisition and maintenance of professional qualifications and relevant competencies.

We prioritize the well-being of our employees, demonstrating our commitment through the provision of health and well-being programs in partnership with our healthcare provider. Quarterly emails are disseminated to employees, furnishing them with information and updates on the program's features. This platform serves as an encouragement for staff to seek assistance when needed, covering various aspects, such as:

**Sexual Harassment Awareness:** Actively promoting awareness and education on sexual harassment to foster a safe and respectful workplace environment.

**Continuation of Health and Wellness Program with Medkad:** Collaboration with Medkad was steadfast, offering a comprehensive health and wellness program. Regular emails provide tips on controlling high-potential diseases and updates on effectively managing staff medical costs.

In FY2023, we have invested a total of approximately RM24,000 for training programmes and all employees underwent a total of 759.78 training hours which works out to an average of 36.2 training hours per employee. This marks a 9.4% increase from FY2022, attributed to a comprehensive multi-pronged training approach. This included mandatory sessions addressing sustainability issues aligned with the UN Global Impact, updates on company policies, and anti-fraud, bribery, and corruption protocols. With the uplift of COVID-19 restrictions, our employees were able to attend physical trainings and industry events which were longer durations, as opposed to online trainings in the prior year which were typically shorter duration. 100% 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.

## SUSTAINABILITY STATEMENT

(cont'd)

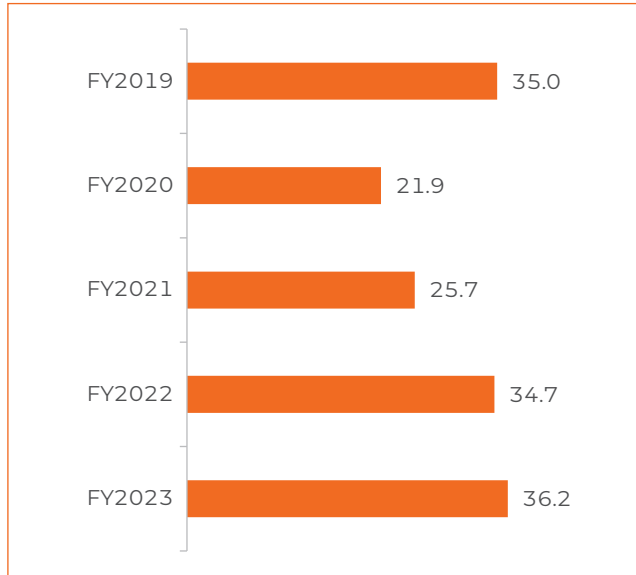


Chart 12: Average Hours of Training Per Employee

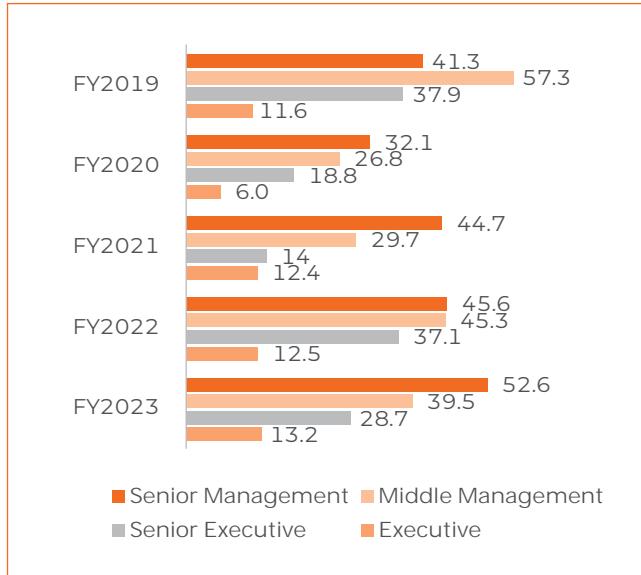


Chart 13: Average Hours of Training Per Employee Category

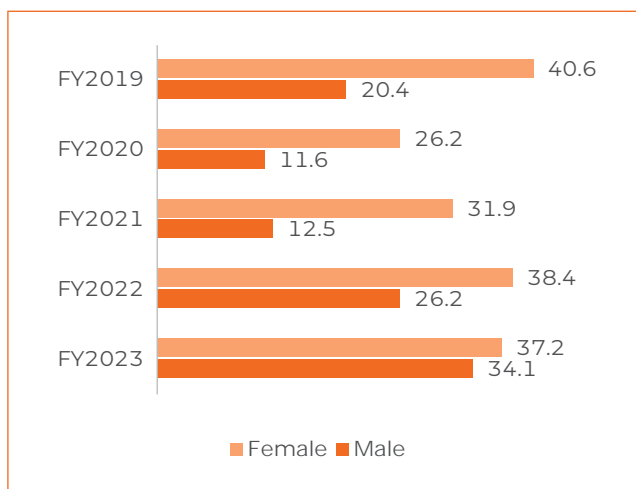


Chart 14: Average Hours of Training by Gender

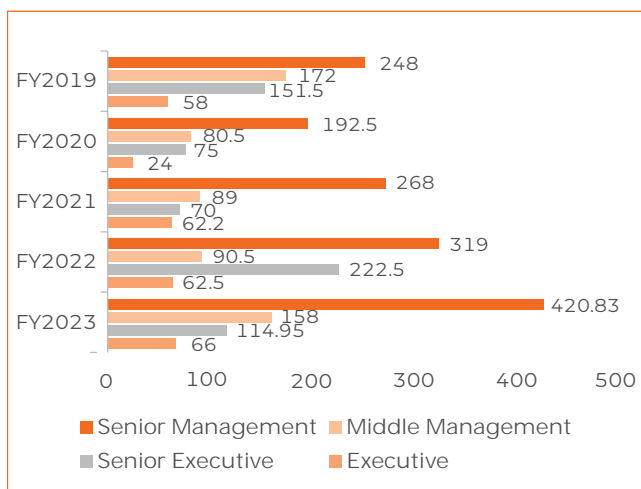


Chart 15: Total Hours of Training by Employee Category

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

SENTRAL's annual community partnership and activities are carried out by the Manager. At SRM, we embrace a commitment to the welfare and advancement of the community where we operate. We actively participate in initiatives that contribute to the community's well-being and growth. In line with our dedication to community service, our primary focus for FY2023 was to persist in our support and collaboration with welfare organizations and children's homes. Our efforts concentrated on education and empowerment projects, specifically designed to uplift children from lower-income families, marginalized backgrounds, and underprivileged communities.

In FY2023, we have collaborated with 3 non-profit organization on the following projects.

## SUSTAINABILITY STATEMENT

(cont'd)

Good Shepherd Services	Yayasan Ozanam	Persatuan Kebajikan Kanak-Kanak Kajang
<p><b>1. Sponsor-A-Child Education Fund:</b></p> <p>The financial aid will directly provide support to 51 students from rural indigenous communities located in the districts of Keningau, Telupid, Kota Marudu, Beluran, Ranau and Tawau in Sabah to enable the students access to education.</p> <p><b>2. ENUMA Literacy Lab Program</b></p> <p>To narrow the literacy gap among the rural indigenous children of Sabah, SRM provided a grant to Good Shepherd Services to set up ENUMA Literacy Lab using the ENUMA Digital Learning App. This program will run for 2 years at a primary school in Sook district, Keningau for students aged between 5 and 8 years to tackle learning challenges interactively. The project will benefit 92 students consisting of Pre-school, Primary 1, Primary 2 and Special Needs children.</p>  <p>Figure 42: Launching of ENUMA Literacy Program at a Primary School in Sook District, Keningau</p>	<p>Granted educational support to 6 students from the Children's Home under the Organization. These students are pursuing degree/diploma courses at local universities/ colleges, with the grant intended to cover their tuition fees and living expenses.</p>	<p>SRM extended donation to Persatuan Kebajikan Kanak-Kanak Kajang, covering 12 months' worth of operational costs for the center. The facility currently serves 40 students aged 5 to 17, offering tuition services, along with the provision of complimentary meals once a day, before or after school.</p>  <p>Figure 43,44: Tuition Session for Students at PKKK</p>

## SUSTAINABILITY STATEMENT

(cont'd)

In FY2023, we have invested RM 197,095 in the community, which has positively impact 189 individuals. We remain committed to contributing to those in need and have aimed to allocate RM200,000 in FY2024.

	FY2023	FY2022	FY2021	FY2020	FY2019
Total amount invested in the community (RM)	197,368	131,000	200,000	186,512	197,368
Total number of beneficiaries	Approximately 189 individuals	1,056 individuals	Approximately 630 families 317 individuals	Approximately 230 families 180 individuals	136 individuals

Table 16: Total Amount Invested and Total Number of Beneficiaries in the Community

## SUSTAINABILITY STATEMENT

(cont'd)

## SUSTAINABILITY PERFORMANCE REPORT BASED ON BURSA SECURITIES' PRESCRIBED STANDARD FORMAT

Indicator	Measurement Unit	2019	2020	2021	2022	2023
<b>Bursa (Anti-corruption)</b>						
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category						
Senior Management	Percentage	100	100	100	100	100
Middle Management	Percentage	100	100	100	100	100
Senior Executive	Percentage	100	100	100	100	100
Executive	Percentage	100	100	100	100	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	-	100	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	0	0
<b>Bursa (Community/Society)</b>						
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	195,000	186,512	200,000	131,100	197,368
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	136	410	947	1056	189
<b>Bursa (Diversity)</b>						
Bursa C3(a) Percentage of employees by gender and age group, for each employee category						
Age Group by Employee Category						
Senior Management Under 30	Percentage	0	0	0	0	0
Senior Management Between 30-50	Percentage	80	80	80	83	87
Senior Management Above 50	Percentage	20	20	20	17	13
Middle Management Under 30	Percentage	0	0	0	0	0
Middle Management Between 30-50	Percentage	75	75	75	75	75
Middle Management Above 50	Percentage	25	25	25	25	25
Senior Executive Under 30	Percentage	0	0	0	0	0
Senior Executive Between 30-50	Percentage	100	100	100	100	100
Senior Executive Above 50	Percentage	0	0	0	0	0
Executive Under 30	Percentage	20	20	20	40	60
Executive Between 30-50	Percentage	60	60	60	40	20
Executive Above 50	Percentage	20	20	20	20	20
Gender Group by Employee Category						
Senior Management Male	Percentage	17	20	20	33	37
Senior Management Female	Percentage	83	80	80	67	63
Middle Management Male	Percentage	0	25	25	25	25
Middle Management Female	Percentage	100	75	75	75	75
Senior Executive Male	Percentage	0	0	20	20	25
Senior Executive Female	Percentage	100	100	80	80	75
Executive Male	Percentage	67	60	60	40	40
Executive Female	Percentage	33	40	40	60	60



# SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Measurement Unit	2019	2020	2021	2022	2023
<b>Bursa (Diversity)</b>						
Bursa C3(b) Percentage of directors by gender and age group						
Male	Percentage	87	75	75	75	87
Female	Percentage	13	25	25	25	13
Under 30	Percentage	0	0	0	0	0
Between 30-50	Percentage	25	13	13	13	13
Above 50	Percentage	75	87	87	87	87
<b>Bursa (Energy management)</b>						
Bursa C4(a) Total energy consumption	Megawatt (mWh)	29,125.93	24,809.79	20,845.16	19,886.1	19,089.74
<b>Bursa (Health and safety)</b>						
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	32	0	0	19	0
<b>Bursa (Labour practices and standards)</b>						
Bursa C6(a) Total hours of training by employee category						
Senior Management	Hours	248	193	268	319	421
Middle Management	Hours	172	81	89	91	158
Senior Executive	Hours	152	75	70	223	115
Executive	Hours	58	24	62	63	66
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	39	39	42	60	67
Bursa C6(c) Total number of employee turnover by employee category						
Senior Management	Number	0	0	0	1	1
Middle Management	Number	0	0	0	0	0
Senior Executive	Number	0	1	0	1	1
Executive	Number	1	0	0	2	2
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	0	0
<b>Bursa (Supply chain management)</b>						
Bursa C7(a) Proportion of spending on local suppliers	Percentage	80	76	100	95	91
<b>Bursa (Data privacy and security)</b>						
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	0	0
<b>Bursa (Water)</b>						
Bursa C9(a) Total volume of water used	Megalitres	160.07	142.491	133.509	160.556	131.571

No Assurance

(\*) Restated

## SUSTAINABILITY STATEMENT

(cont'd)

## SUSTAINABILITY KEY PERFORMANCE INDICATORS

## Economic

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Direct economic value generated and distributed</b>						
<b>Value generated</b>						
Revenue, finance income, gain on divestment of investment property	RM	164,687,987	167,980,858	166,461,106	150,906,023	163,668,083
Less: Property operating expenses	RM	(30,769,769)	(29,456,543)	(28,523,531)	(24,275,211)	(28,941,832)
Less: Other operating expenses	RM	(922,599)	(919,578)	(819,240)	(1,332,106)	(1,388,212)
Total Value Generated	RM	132,955,619	137,604,737	137,118,336	125,298,706	133,338,039
<b>Reconciliation:</b>						
Total realized income net of taxation	RM	72,107,547	80,954,941	84,485,957	73,625,238	74,221,484
Finance costs	RM	38,976,163	34,750,696	30,920,952	30,425,280	37,632,722
Manager's fees	RM	12,760,955	12,796,372	12,616,534	12,220,533	12,532,231
Trustee's fees	RM	676,287	665,681	664,577	649,354	654,678
Quit rent and assessment	RM	8,474,667	8,437,047	8,430,316	8,378,301	8,296,925
Total Value Generated	RM	132,995,619	137,604,737	137,118,336	125,298,706	133,338,039
<b>Payments to the Manager and Trustee</b>						
Manager's fees	RM	12,760,955	12,796,372	12,616,534	12,220,533	12,532,231
Trustees' fees	RM	676,287	665,681	664,577	649,354	654,678
<b>Payments to Government</b>						
Quit rent and assessment	RM	8,474,667	8,437,047	8,430,316	8,378,301	8,296,924
<b>Payments to Providers of Capital</b>						
Income distribution	RM	72,881,244	75,882,237	79,419,121	73,095,601	72,436,401
Finance costs	RM	38,976,163	34,750,696	30,920,952	30,425,280	37,632,722
Economic value retained	RM	(773,697)	5,072,704	5,066,836	529,637	1,785,083
Total Value Distributed	RM	132,955,619	137,604,737	137,118,336	125,298,706	133,338,039

# SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Business ethics</b>						
Percentage of operations under management assessed for corruption-related risks	%			100	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
<b>Percentage of employees who have received training on anti-corruption by employee category</b>						
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
<b>Regulatory Compliance</b>						
Incidences of non-compliance to relevant laws and regulations		0	0	0	0	0
<b>Data privacy</b>						
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	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Supply chain management</b>						
Proportion of spending on local suppliers	%	80	76	100	95	91
Local procurement expenditure	RM	8,629,868	8,539,554	2,386,183	5,170,000	9,838,478
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%	%	99.9%	100%	100%	100%	100%

**Environmental**

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Energy and Carbon Footprint</b>						
<b>Energy consumption outside of the organisation</b>						
Sentral Building 1 - DHL 1	kWh	4,595,957	4,042,295	4,377,662	4,006,600	3,857,102
Sentral Building 2 - DHL 2	kWh	4,815,665	4,338,986	4,029,696	3,851,905	3,387,960
Sentral Building 3 - BMW	kWh	7,181,163	5,508,689	2,405,305	2,551,113	2,745,928
Sentral Building 4	kWh	909,089	752,079	496,152	501,066	632,280
Wisma Sentral Inai	kWh	2,368,990	2,210,968	2,065,371	935,329	333,327
Plaza Mont Kiara	kWh	664,039	543,245	493,707	412,939	399,648
Menara Shell	kWh	5,176,661	4,699,918	4,771,616	5,206,562	5,323,017
Platinum Sentral	kWh	2,962,583	2,544,944	2,205,655	2,417,582	2,410,480
Total energy consumption	kWh	29,125,934	24,809,793	20,845,164	19,883,096	19,089,742
Energy intensity	kWh/m <sup>2</sup>	159	136	119	113	109
Reduction of energy consumption	kWh	2,682,107	4,316,141	3,964,629	1,025,001	793,354

# SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Energy and Carbon Footprint</b>						
<b>GHG Emissions</b>						
<b>Scope 2</b>						
Sentral Building 1 - DHL 1	tCO <sub>2</sub>	2,689	2,365	2,566	2,344	
Sentral Building 2 - DHL 2	tCO <sub>2</sub>	2,817	2,538	2,362	2,254	
Sentral Building 3 - BMW	tCO <sub>2</sub>	4,201	3,223	1,412	1,492	2,081
Sentral Building 4	tCO <sub>2</sub>	532	440	295	293	375
Wisma Sentral Inai	tCO <sub>2</sub>	1,386	1,293	1,213	547	253
Plaza Mont Kiara	tCO <sub>2</sub>	388	318	293	242	303
Menara Shell	tCO <sub>2</sub>	3,028	2,749	2,796	3,046	4,035
Platinum Sentral	tCO <sub>2</sub>	1,733	1,489	1,295	1,414	1,827
Total Scope 2	tCO <sub>2</sub>	17,039	14,514	12,232	11,632	8,874
GHG Intensity	tCO <sub>2</sub> e/ m <sup>2</sup>	0.09	0.08	0.07	0.07	0.06
<b>Water Management</b>						
<b>Water Consumption</b>						
Sentral Building 1 - DHL 1	m <sup>3</sup>	8,693	7,539	5,111	3,778	4,961
Sentral Building 2 - DHL 2	m <sup>3</sup>	9,506	7,453	5,189	2,319	258
Sentral Building 3 - BMW	m <sup>3</sup>	11,841	7,943	5,284	8,328	11,091
Sentral Building 4	m <sup>3</sup>	4,745	4,543	3,914	1,407	513
Wisma Sentral Inai	m <sup>3</sup>	15,350	17,625	12,597	7,205	517
Plaza Mont Kiara	m <sup>3</sup>	882	490	496	358	380
Menara Shell	m <sup>3</sup>	61,849	54,831	66,427	104,907	65,930
Platinum Sentral	m <sup>3</sup>	45,845	41,903	34,491	32,254	47,921
Total Water Consumption	m <sup>3</sup>	160,070	142,491	133,509	160,556	131,571
Water intensity	m <sup>3</sup> / sqm	0.91	0.78	0.76	0.92	0.75

## Social

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Health and Safety</b>						
Number of employees trained on health and safety standards		9 – First Aid Training 23 – Fire safety training	0	0	19	0
Number of work-related fatalities		0	0	0	0	0
Lost time incident rate		0	0	0	0	0



## SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Quality of Assets and Services</b>						
Percentage of properties certified against Green Building Certification (%)	%	12.5%	12.5%	12.5%	12.5%	12.5%
Asset enhancement investments	RM	1,050,000	1,483,076	1,770,000	3,556,790	2,840,217
Number of complaints received		1,658	1,139	794	1,245	676
Number of complaints resolved		1,658	1,139	794	1,245	676
Percentage of complaints resolved	%	100	100	100	100	100
<b>Employee Management</b>						
<b>Employment Type</b>						
Employees		18	18	19	20	21
Workers		37	36	30	27	27
<b>Employee Type</b>						
Permanent		11	11	11	8	7
Contract		7	7	8	12	14
Permanent	%	61	61	58	40	33
Contract	%	39	39	42	60	67
<b>Employee count</b>						
Total number of employees		18	18	19	20	21
Number of new hires		1	1	1	5	5
Employee turnover		1	1	0	4	4
<b>Employee Turnover by Employee Category</b>						
Executive		1	0	0	2	2
Senior Executive		0	1	0	1	1
Middle Management		0	0	0	0	0
Senior Management		0	0	0	1	1
<b>Employee Gender Diversity by Employee Category</b>						
<b>Executive</b>						
Male		4	3	3	2	2
Female		2	2	2	3	3
Male	%	67	60	60	40	40
Female	%	33	40	40	60	60

# SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employee Management</b>						
<b>Employee Gender Diversity by Employee Category</b>						
<b>Senior Executive</b>						
Male		0	0	1	1	1
Female		3	4	4	4	3
Male	%	0	0	20	20	25
Female	%	100	100	80	80	75
<b>Middle Management</b>						
Male		0	1	1	1	1
Female		3	3	3	3	3
Male	%	0	25	25	25	25
Female	%	100	75	75	75	75
<b>Senior Management</b>						
Male		1	1	1	2	3
Female		5	4	4	4	5
Male	%	17	20	20	33	37
Female	%	83	80	80	67	63
<b>Total</b>						
Male		6	5	6	6	7
Female		12	13	13	14	14
Male	%	33	28	32	30	33
Female	%	67	72	68	70	67
<b>Employee Age Diversity by Employee Category</b>						
<b>Executive</b>						
< 30 years old		1	1	1	2	3
30-50 years old		3	3	3	2	1
> 50 years old		1	1	1	1	1
< 30 years old	%	20	20	20	40	60
30-50 years old	%	60	60	60	40	20
> 50 years old	%	20	20	20	20	20
<b>Senior Executive</b>						
< 30 years old		0	0	0	0	0
30-50 years old		4	4	5	5	4
> 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

## SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employee Management</b>						
<b>Employee Age Diversity by Employee Category</b>						
<b>Middle Management</b>						
< 30 years old		0	0	0	0	0
30-50 years old		3	3	3	3	3
> 50 years old		1	1	1	1	1
< 30 years old	%	0	0	0	0	0
30-50 years old	%	75	75	75	75	75
> 50 years old	%	25	25	25	25	25
<b>Senior Management</b>						
< 30 years old		0	0	0	0	0
30-50 years old		4	4	4	5	7
> 50 years old		1	1	1	1	1
< 30 years old	%	0	0	0	0	0
30-50 years old	%	80	80	80	83	87
> 50 years old	%	20	20	20	17	13
<b>Total</b>						
< 30 years old		4	1	1	2	3
30-50 years old		11	14	15	15	15
> 50 years old		3	3	3	3	3
< 30 years old	%	22	6	5	10	14
30-50 years old	%	61	77	79	75	72
> 50 years old	%	17	17	16	15	14
<b>Board Diversity by Gender</b>						
Male		7	6	6	6	7
Female		1	2	2	2	1
Male	%	87	75	75	75	87
Female	%	13	25	25	25	13
<b>Board diversity by Age group</b>						
30-50 years old		2	1	1	1	1
> 50 years old		6	7	7	7	7
30-50 years old	%	25	13	13	13	13
> 50 years old	%	75	87	87	87	87

# SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Employee Management</b>						
<b>Worker diversity - Gender</b>						
Male		31	30	26	23	24
Female		6	6	4	4	3
<b>Human Rights</b>						
Number of substantiated complaints concerning human rights violation		0	0	0	0	0
<b>Learning and development hours</b>						
Executive		58	24	62	62.5	66
Senior Executive		151.5	75	70	222.5	114.95
Middle Management		172	80.5	89	90.5	158
Senior Management		248	192.5	268	319	420.83
Total hours		629.2	372	489.2	694.5	759.78
<b>Parental Leaves Utilisation</b>						
Maternity Leave		0	0	0	0	0
Paternity Leave		0	0	0	0	0
<b>Community Partnership and Activities</b>						
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	197,368
Total number of beneficiaries of the investment in communities		136 individuals	Approximately 230 families 180 individuals	Approximately 630 families 317 individuals	1,056 individuals	189 individuals

## SUSTAINABILITY STATEMENT

(cont'd)

## BURSA 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	110
		C1 (b)	Percentage of operations assessed for corruption-related risks	205-1	110
		C1 (c)	Confirmed incidence of corruption and action taken	205-3	110
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	160
		C2(b)	Total number of beneficiaries of the investment in communities	201-1	160
Diversity	Diversity and equal employment	C3(a)	Percentage of employees by gender, age group for each employee category	405-1 405-2	152
		C3(b)	Percentage of directors by gender and age group	405-1	74
Energy management	Energy and carbon footprint	C4(a)	Total energy consumption	302-1	134
Health and safety	Health and safety	C5(a)	Number of work-related fatalities	403-9	143
		C5(b)	Lost time incident rate	403-9	162,166
		C5(c)	Number of employees trained on health and safety standards	403-5 404-1	140,162,166
Labour practices and standards	Employee engagement	C6(a)	Total hours of training by employee category	404	157,158, 162,170
		C6(b)	Percentage of employees that are contractors or temporary staff	401	162,167
		C6(c)	Total number of employee turnover by employee category	401-1	152,167
		C6(d)	Number of substantiated complaints concerning human rights violation		156,162,170
Supply chain management	Supply chain management	C7(a)	Proportion of spending on local suppliers	204-1	127,162,165



# SUSTAINABILITY STATEMENT

(cont'd)

Bursa Sustainability Matters	Sentral's Material Matter	Bursa indicators		GRI	Location (Page)
Common Sustainability Matters					
Data privacy and security	Data privacy	C8(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	125,164
Water	Water management	C9(a)	Total volume of water used	303-3 303-4 303-5	136, 162, 166
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	131
		C11(b)	Scope 2 emissions in tonnes of CO2e	305-2 302-1	131,166
		C11(c)	Scope 3 emissions in tonnes of CO2e (at least on business travel and employee commuting)	305-3	131
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		167
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)

<b>Statement of use</b>	Sentral REIT has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	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	3-5,102				
	2-2 Entities included in the organisation's sustainability reporting	105				
	2-3 Reporting period, frequency and contact point	105				
	2-4 Restatements of information	There is no restatements of information.				
	2-5 External assurance	105				
	Activities and Workers					
	2-6 Activities, value chain and other business relationships	125				
	2-7 Employees	151,152				
	2-8 Workers who are not employees	151,152				
	Governance					
	2-9 Governance structure and composition	106-108				
	2-10 Nomination and selection of the highest governance body	78,79, 106-108				
	2-11 Chair of the highest governance body	106-108				
	2-12 Role of the highest governance body in overseeing the management of impacts	106-108				
	2-13 Delegation of responsibility for managing impacts	106-108				

# 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	76, 106-108				
	2-15 Conflicts of interest	78,79,109				
	2-16 Communication of critical concerns	108				
	2-17 Collective knowledge of the highest governance body	6-9, 75, 81-83, 107				
	2-18 Evaluation of the performance of the highest governance body	80,110				
	2-19 Remuneration policies	83, 110				
	2-20 Process to determine remuneration	93				
	2-21 Annual total compensation ratio	Information not disclosed due to confidentiality constraints.				
	Strategy, Policies and Practices					
2-22 Statement on sustainable development strategy	100-108					
2-23 Policy commitments	109-112					
2-24 Embedding policy commitments	109-112					
2-25 Processes to remediate negative impacts	109,110					
2-26 Mechanisms for seeking advice and raising concerns	109,110					
2-27 Compliance with laws and regulations	111,112					
2-28 Membership associations	102					
Stakeholder Engagement						
2-29 Approach to stakeholder engagement	112-115					
2-30 Collective bargaining agreements	152					

## 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	116				
	3-2 List of material topics	117,118				
Material Topics: Economic						
GRI 201: Economic Performance						
GRI 3: Material Topics	3-3 Management of material topics	122				
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	123,163				
GRI 204: Procurement Practices						
GRI 3: Material Topics	3-3 Management of material topics	125,126				
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	127,162, 165				
GRI 205: Anti-corruption						
GRI 3: Material Topics	3-3 Management of material topics	109				
GRI 205: Anti- Corruption	205-2 Communication and training about anti- corruption policies and procedures	110,164				
	205-3 Confirmed incidents of corruption and actions taken	110, 161, 164				
Material Topics: Environmental						
GRI 302: Energy						
GRI 3: Material Topics	3-3 Management of material topics	132-135				
GRI 302: Energy	302-1 Energy consumption within the organization	134, 162, 165				
	302-2 Energy consumption outside of the organisation	134,162, 165				
	302-3 Energy intensity	134,162, 165				
	302-4 Reduction of energy consumption	134,162, 165				

# 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	135-137				
GRI 303: Water and Effluent	303-1 Interactions with water as a shared resource	135				
	303-5 Water consumption	135, 162,166				
GRI 305: Emissions						
GRI 3: Material Topics	3-3 Management of material topics	131				
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	131, 132, 166				
	305-2 Energy indirect (Scope 2) GHG emissions	131, 132, 166				
	305-3 Other indirect (Scope 3) GHG emissions	131, 132, 166				
	305-4 GHG emission intensity	131, 132, 166				
GRI 306: Waste						
GRI 3: Material Topics	3-3 Management of material topics	137,138				
GRI 306: Waste	306-1 Waste generation and significant waste- related impacts	137,138				
	306-2 Management of significant waste- related impacts	137,138				
	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	125,127				
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	151-158				
GRI 401: Employment	401-1 New employee hires and employee turnover	152, 162, 167				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	153				
	401-3 Parental leave	153,170				
GRI 402: Labour/Management Relations						
GRI 3: Material Topics	3-3 Management of material topics	154				
GRI 402: Labour/Management Relations	402-1 Minimum notice periods regarding operational changes	154				
GRI 403: Occupational Health and Safety						
GRI 3: Material Topics	3-3 Management of material topics	139-143				
GRI 403: Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation	139-143				
	403-5 Worker training on occupational health and safety	140,162, 166				
	403-6 Promotion of worker health	142,143				
	403-9 Work-related injuries	143,162, 166				
	403-10 Work-related ill health	143,162, 166				
GRI 404: Training and Education						
GRI 3: Material Topics	3-3 Management of material topics	156,157				
GRI 404: Training and Education	404-1 Average hours of training per year per employee	158				
	404-2 Programs for upgrading employee skills and transition assistance programs	156,157				
		404-3 Percentage of employees receiving regular performance and career development reviews	153			

# SUSTAINABILITY STATEMENT

(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
GRI 405: Diversity and Equal Opportunity						
GRI 3: Material Topics	3-3 Management of material topics	152				
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	73, 152, 161, 167-170				
GRI 406: Non-Discrimination						
GRI 3: Material Topics	3-3 Management of material topics	152				
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	153				
GRI 413: Local Communities						
GRI 3: Material Topics	3-3 Management of material topics	158-160				
GRI 413: Local Communities	413-1 Operations with local community engagement, impacts assessments, and development programs	159-160, 170				
GRI 414: Supplier Social Assessment						
GRI 3: Material Topics	3-3 Management of material topics	125-127				
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	124,125				
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	125,162, 164				

## THE MANAGER'S REPORT

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

### **SENTRAL, the Manager and their principal activities**

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

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

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

### **Investment objective and strategies**

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

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

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

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

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

### **Reserves and provisions**

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

## THE MANAGER'S REPORT

(Cont'd)

### Directors

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

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

### Directors' benefit

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

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

### Directors' interests

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

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

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

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

## THE MANAGER'S REPORT

(Cont'd)

### Issuance of new units

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

### Utilisation of proceeds raised from issuance of new units

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

### Soft commission

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

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

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

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

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

### Manager's responsibility for the annual audited accounts

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

### Other statutory information

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



## THE MANAGER'S REPORT

(Cont'd)

### Other statutory information (cont'd)

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

### Auditors

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

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



**Tan Sri Saw Choo Boon**  
Director



**Ann Wan Tee**  
Director

Kuala Lumpur, Malaysia  
22 February 2024

## STATEMENT BY MANAGER

We, Tan Sri Saw Choo Boon and Ann Wan Tee, being two of the directors of the Manager, Sentral REIT Management Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 189 to 245 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Trust Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2023 and its financial performance and cash flows for the year then ended.

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



**Tan Sri Saw Choo Boon**  
Director

Kuala Lumpur, Malaysia  
22 February 2024



**Ann Wan Tee**  
Director

## STATUTORY DECLARATION

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

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



**Teh Wan Wei**

Before me,  
Commissioner of Oath



## TRUSTEE'S REPORT

To the Unitholders of Sentral REIT

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

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

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

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

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



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

# INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SENTRAL as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the applicable provisions of the Deed and Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

### *Basis for Opinion*

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

### *Independence and other ethical responsibilities*

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

### *Key Audit Matters*

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

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

### *Valuation of Investment Properties*

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

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT  
(Cont'd)

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

*Key Audit Matters (cont'd)*

*Valuation of Investment Properties (cont'd)*

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

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

*Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT  
(Cont'd)

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Sentral REIT  
(Cont'd)

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

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

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

### OTHER MATTERS

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



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

Kuala Lumpur, Malaysia  
22 February 2024



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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

(Cont'd)

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

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

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

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

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

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

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

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023  
(Cont'd)

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

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

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

# CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 December 2023

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

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 1. SENTRAL, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

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

## 2. TERM OF SENTRAL

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.2 Changes in accounting policies

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

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

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

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

#### 3.3 Standards issued but not yet effective

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

### 3.4 Basis of consolidation

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

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

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

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

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

### 3.5 Plant and equipment

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.6 Sales tax

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

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

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

#### 3.7 Investment properties

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.8 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

#### 3.9 Financial assets

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.9 Financial assets (cont'd)

##### (i) Financial assets at amortised cost

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

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

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

##### (ii) Financial assets at FVOCI

###### Debt instruments

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

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

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

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

###### Equity instruments

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.9 Financial assets (cont'd)

##### (iii) Financial assets at FVTPL

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

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

##### (iv) Financial assets: derecognition

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

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

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

#### 3.10 Impairment of financial assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

### 3.10 Impairment of financial assets (cont'd)

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

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

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

### 3.11 Cash and cash equivalents

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

### 3.12 Financial liabilities

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

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

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

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

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

#### (ii) Other financial liabilities

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.12 Financial liabilities (cont'd)

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

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

#### 3.13 Offsetting of financial instruments

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

#### 3.14 Borrowing costs

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

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

#### 3.15 Revenue and other income

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

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

##### (i) Rental income

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

##### (ii) Utilities recovery and others

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

##### (iii) Car park operations

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.15 Revenue and other income (cont'd)

##### (iv) Reinstatement settlement sum on expired tenancies

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

##### (v) Interest income

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

#### 3.16 Leases - as lessor

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

#### 3.17 Income taxes

##### (i) Current income tax

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

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

##### (ii) Deferred tax

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.17 Income taxes (cont'd)

##### (ii) Deferred tax (cont'd)

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

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

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

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

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

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

#### 3.18 Current versus non-current classification

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

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

All other assets are classified as non-current.



## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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

A liability is classified as current when:

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

All other liabilities are classified as non-current.

#### 3.19 Provisions

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

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

#### 3.20 Fair value measurement

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

#### 3.20 Fair value measurement (cont'd)

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

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

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

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

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

#### 3.21 Non-current asset classified as asset held for sale

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

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

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 4.1 Critical judgements made in applying accounting policies

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

##### Operating lease commitments – as lessor

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

#### 4.2 Key sources of estimation uncertainty

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

##### Fair valuation of investment properties

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 5. REVENUE

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

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

## 6. PROPERTY OPERATING EXPENSES

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 7. FINANCE INCOME

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

### 8. MANAGER'S FEES

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 9. TRUSTEE'S FEE

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

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

## 10. FINANCE COSTS

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

## 11. INCOME TAX EXPENSES/(CREDIT)

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

### 12. EARNINGS PER UNIT ("EPU")

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 13. DISTRIBUTION TO UNITHOLDERS

Distribution to the unitholders is from the following sources:

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 14 PLANT AND EQUIPMENT

	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Total RM
<b>At 31 December 2023</b>				
<b>Cost</b>				
At 1 January/31 December 2023	6,000	652,705	40,008	698,713
<b>Accumulated depreciation</b>				
At 1 January 2023	5,998	616,161	40,006	662,165
Depreciation charge for the financial year (Note 6)	-	24,671	-	24,671
At 31 December 2023	5,998	640,832	40,006	686,836
<b>Net carrying amount</b>	<b>2</b>	<b>11,873</b>	<b>2</b>	<b>11,877</b>
<b>At 31 December 2022</b>				
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
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
<b>Net carrying amount</b>	<b>2</b>	<b>36,544</b>	<b>2</b>	<b>36,548</b>

### 15. INVESTMENT PROPERTIES

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

## 15. INVESTMENT PROPERTIES (cont'd)

The breakdown of investment properties is as follows:

Description of properties	Date of acquisition	Tenure of Land	Cost of investment	Carrying value as at 31 December 2023	Fair value as at 31 December 2023	Fair value as % of NAV	Carrying value as at 31 December 2022	Fair value as at 31 December 2022
			RM'000	RM'000	RM'000		RM'000	RM'000
<u>Commercial buildings</u>								
Sentral Building 1 ("SB1") (formerly known as Quill Building 1 - DHL 1)	20-Nov-06	Freehold	109,100	134,701	135,000	9.97	134,724	135,000
Sentral Building 2 ("SB2") (formerly known as Quill Building 4 - DHL 2)	20-Nov-06							
Sentral Building 4 ("SB4") (formerly known as Quill Building 2 - HSBC)	20-Nov-06	Freehold	107,500	105,739	108,000	7.98	108,000	108,000
Sentral Building 3 ("SB3") (formerly known as Quill Building 3 - BMW)	20-Nov-06	Freehold	59,400	71,688	71,000	5.25	72,076	71,000
Wisma Sentral Inai (formerly known as Wisma Technip)	3-Sep-07	Freehold	125,000	154,000	154,000	11.38	153,700	153,700
Part of Plaza Mont' Kiara	3-Sep-07	Freehold	90,000	112,947	113,000	8.35	112,950	113,000
Lotuss Building, Penang ("Lotuss")	7-Nov-08	Freehold	132,000	134,937	145,000	10.71	129,538	140,000
Platinum Sentral	30-Mar-15	Freehold	740,000	670,430	673,000	49.72	666,370	670,000
Menara Shell	22-Dec-16	Freehold	640,000	672,578	672,500	49.69	669,816	670,000
Menara CelcomDigi	11-Dec-23	Leasehold	450,000	450,000	450,000	33.25	-	-
			2,453,000	2,507,020	2,521,500	153.06	2,047,174	2,060,700

## NOTES TO THE FINANCIAL STATEMENTS

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

### 15. INVESTMENT PROPERTIES (cont'd)

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 15. INVESTMENT PROPERTIES (cont'd)

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### 16. LEASE RECEIVABLES

	2023 RM	2022 RM
<b>Current</b>		
Lease receivables	-	91,788

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

### 17. TRADE AND OTHER RECEIVABLES

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 17. TRADE AND OTHER RECEIVABLES (cont'd)

### (a) Trade receivables

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

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

#### Ageing analysis of trade receivables

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

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

#### Receivables that are neither past due nor impaired

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

#### Receivables that are past due but not impaired

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

Trade receivables from tenants are secured by security deposits.

## NOTES TO THE FINANCIAL STATEMENTS

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

### 17. TRADE AND OTHER RECEIVABLES (cont'd)

#### (a) Trade receivables (cont'd)

##### Receivables that are impaired

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

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

The movement of allowance accounts is as follows:

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

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

#### (b) Sundry receivables

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 18. DEPOSITS, CASH AND BANK BALANCES

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

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

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

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

	2023 %	2022 %
Deposits with licensed financial institutions	3.75	2.90

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 19. TRADE AND OTHER PAYABLES

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

#### (a) Trade and other payables

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

#### (b) Amount due to the Manager

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 19. TRADE AND OTHER PAYABLES (cont'd)

### (c) Deferred lease income

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

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

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

## 20. BORROWINGS

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### 20. BORROWINGS (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 20. BORROWINGS (cont'd)

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 20. BORROWINGS (cont'd)

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

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

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

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

- (ii) **RM170 million in nominal value of CP/MTNs ("Issue 2") issued on 6 March 2017**

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

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

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

- (iii) **RM130 million in nominal value of MTNs ("Issue 3") issued on 4 March 2022**

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 20. BORROWINGS (cont'd)

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

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

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

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

	2023	2022
	%	%
RM130 million nominal value MTN	4.13	4.18

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 20. BORROWINGS (cont'd)

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

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

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

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

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

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

	2023	2022
	%	%
RM130 million nominal value MTN	4.37	-

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 20. BORROWINGS (cont'd)

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### 20. BORROWINGS (cont'd)

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 20. BORROWINGS (cont'd)

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 20. BORROWINGS (cont'd)

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(Cont'd)

## 20. BORROWINGS (cont'd)

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 21. DEFERRED TAX LIABILITIES

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

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

### 22. SECURITY DEPOSITS

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

### 23. UNITHOLDERS' CAPITAL

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 23. UNITHOLDERS' CAPITAL (cont'd)

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

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

## 24. INVESTMENTS IN SPEs

Details of SPEs are as follows:

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### 25. COMMITMENTS

#### (a) Capital commitments

Capital expenditure as at reporting date is as follows:

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

#### (b) Non-cancellable operating lease commitments

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

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

### 26. NET ASSET VALUE PER UNIT

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

### 27. UNITHOLDINGS BY THE MANAGER

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 28. UNITHOLDERS RELATED TO THE MANAGER

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

The Manager's directors' direct unitholding in SENTRAL:

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

The Manager's directors' indirect unitholding in SENTRAL:

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

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

(b) Resigned on 19 January 2023.

(c) Resigned on 19 January 2023.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 29. MANAGEMENT EXPENSE RATIO

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

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

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

### 30. RELATED PARTIES TRANSACTIONS

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 30. RELATED PARTIES TRANSACTIONS (cont'd)

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 30. RELATED PARTIES TRANSACTIONS (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 30. RELATED PARTIES TRANSACTIONS (cont'd)

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

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

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

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

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

## 31. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Determination of fair value

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

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

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

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

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

Financial instruments not carried at fair value

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

#### (b) Fair value measurement

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

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

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

#### Level 3 fair value

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

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

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### (a) Interest rate risk

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

#### Sensitivity analysis for interest rate risk

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

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

### (b) Credit risk

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

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

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

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

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

\* Trade and other receivables exclude prepayments.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

#### (c) Liquidity risk

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

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

#### Analysis of financial instruments by remaining contractual maturities

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

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

\* Trade and other payables excludes deferred lease income.

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

#### (d) Market risk

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

# NOTES TO THE FINANCIAL STATEMENTS

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

## 33. CAPITAL MANAGEMENT

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

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

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

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

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

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

## 34. SEGMENTAL REPORTING

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

## ANALYSIS OF UNITHOLDINGS

As at 7 February 2024

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

### DISTRIBUTION OF UNITHOLDINGS AS AT 7 FEBRUARY 2024

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

### LIST OF TOP 30 UNITHOLDERS AS AT 07 FEBRUARY 2024

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

## ANALYSIS OF UNITHOLDINGS

As at 7 February 2024  
(Cont'd)

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

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



## ANALYSIS OF UNITHOLDINGS

As at 7 February 2024  
(Cont'd)

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

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

### SUBSTANTIAL UNITHOLDERS AS AT 7 FEBRUARY 2024

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

### UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 7 FEBRUARY 2024

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

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

# NOTICE OF TWELFTH ANNUAL GENERAL MEETING



## SENTRAL REIT

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

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting ("12<sup>th</sup> AGM") of Sentral REIT will be held virtually through live streaming from the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 3 April 2024 at 10.00 a.m. or any adjournment thereof for the following purposes:

### AGENDA

#### As Ordinary Business:

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

*(Please refer to Explanatory Note 1)*

#### As Special Business:

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

*Ordinary Resolution*

2. Proposed authority to allot and issue new units of Sentral REIT

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

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

- (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 TWELFTH ANNUAL GENERAL MEETING

(Cont'd)

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

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

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

### BY ORDER OF THE BOARD

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

### Mohamed Noor Rahim bin Yahaya

MAICSA 0866820 / SSM PC No. 202008002339

### Ho Ngan Chui

MAICSA 7014785 / SSM PC No. 202008001773

Company Secretaries

Kuala Lumpur  
29 February 2024

### Notes:

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

# NOTICE OF TWELFTH ANNUAL GENERAL MEETING

(Cont'd)

7. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd, the management company of Sentral REIT ("Manager") at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 12<sup>th</sup> 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 12<sup>th</sup> AGM will act as your proxy.

## Explanatory Notes on Ordinary and Special Business:

### 1. Item 1 of the Agenda

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

### 2. Item 2 of the Agenda – Proposed Authority

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

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

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

## PERSONAL DATA PRIVACY NOTICE

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

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

# ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT



## SENTRAL REIT

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

## ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT (“SENTRAL”) FOR THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“12<sup>TH</sup> AGM”)

### MODE OF MEETING

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

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

### UNITHOLDERS ENTITLED TO PARTICIPATE AND VOTE

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

## ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

### RPEV

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

(hereinafter referred to as "**Virtual Meeting Portal**")




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

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



## ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

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

# ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

## LODGEMENT OF PROXY FORM FOR THE 12<sup>TH</sup> AGM

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

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

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

## PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE ONLINE 12<sup>TH</sup> AGM

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

## PRESENTATION AT THE ONLINE AGM

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

## ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

### PROCEDURE OF THE ONLINE AGM

The Login User Guide for participation, posing questions and voting at the 12<sup>th</sup> 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 12<sup>th</sup> AGM proceedings is allowed without the prior written permission of SENTRAL or Sentral REIT Management Sdn Bhd, the management company of SENTRAL.**

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

### DOOR GIFTS

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

### ANNUAL REPORT 2023

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

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

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

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

# ADMINISTRATIVE NOTES TO UNITHOLDERS OF SENTRAL REIT

(Cont'd)

## GENERAL ENQUIRIES

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

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

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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 Twelfth Annual General Meeting ("12<sup>th</sup> AGM") of Sentral REIT to be held virtually through live streaming from the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203 Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 3 April 2024 at 10.00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1	Proposed Authority		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Signature of Unitholder

\* DELETE IF NOT APPLICABLE

**Notes:**  
**Proxy**

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





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Affix  
Stamp

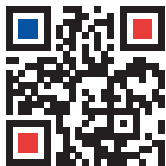
The Company Secretary  
**Sentral REIT Management Sdn Bhd**  
(The Manager of Sentral REIT)

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

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<https://sentralreit.com>



**Sentral REIT Management Sdn Bhd**

Company No. 200601017500 (737252-X)

G27A, Level 3A, Block B, Platinum Sentral,  
Jalan Stesen Sentral 2, Kuala Lumpur Sentral,  
50470, Kuala Lumpur.

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Fax : +603 2780 0098