



**SENTRAL
REIT**

**ANNUAL REPORT
2021**



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CORPORATE INFORMATION

MANAGER

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

REGISTERED ADDRESS OF THE MANAGER

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

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

PRINCIPAL PLACE OF BUSINESS OF THE MANAGER

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

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

BOARD OF DIRECTORS OF THE MANAGER

*Non-Independent
Non-Executive Directors*
Tan Sri Saw Choo Boon
(Chairman)

Dato' Dr. Low Moi Ing, J.P.
Dato' Michael Ong Leng Chun
Ann Wan Tee
Kwan Joon Hoe

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

SECRETARY OF THE MANAGER

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

Ho Ngan Chui
(MAICSA 7014785)
(SSM PC NO. 2020080017773)

BANKERS

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

WEBSITE

<https://sentralreit.com>

TRUSTEE

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

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

PROPERTY MANAGER

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

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

REGISTRAR

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

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

AUDITOR

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

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

TAX AGENT

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

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

INTERNAL AUDITOR

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

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

SALIENT FEATURES OF SENTRAL REIT (“SENTRAL”)

Category of Fund	Real Estate Investment Trust
Type of Fund	Income and growth
Termination Date / Duration of the Fund	The earlier of: <ul style="list-style-type: none"> a) The occurrence of any events listed in clause 26.2 of the Restated Deed of Trust dated 2 December 2019 as supplemented by the Supplemental Deed dated 24 December 2020; or b) The expiration of a period of twenty one (21) years after the death of the last survivor of the issue now living of his majesty, the current Yang Di Pertuan Agung in Malaysia or until such further period as the law may permit
Approved Fund Size	1,100,000,000
Investment Objective	To acquire and invest in commercial properties primarily in Malaysia with a view to provide long term growth and sustainable distribution of income to unitholders and to achieve long term growth in net asset value per unit of SENTRAL
Distribution Policy	Semi-annual distribution
Manager's Fee	<ul style="list-style-type: none"> • Base fee: 0.4% per annum of the total asset value (“TAV”) • Performance fee: 3% per annum of the net investment income • Acquisition fee: 1% of the acquisition price • Divestment fee: 0.5% of the disposal price
Trustee's Fee	0.03% per annum on the RM2.5 billion of the TAV and 0.02% per annum on the TAV in excess of RM2.5 billion
Financial Year End	31 December
Board Lot	100 units per board lot
Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Name	SENTRAL
Stock Code	5123
Date of Listing	8 January 2007

TRUST STRUCTURE

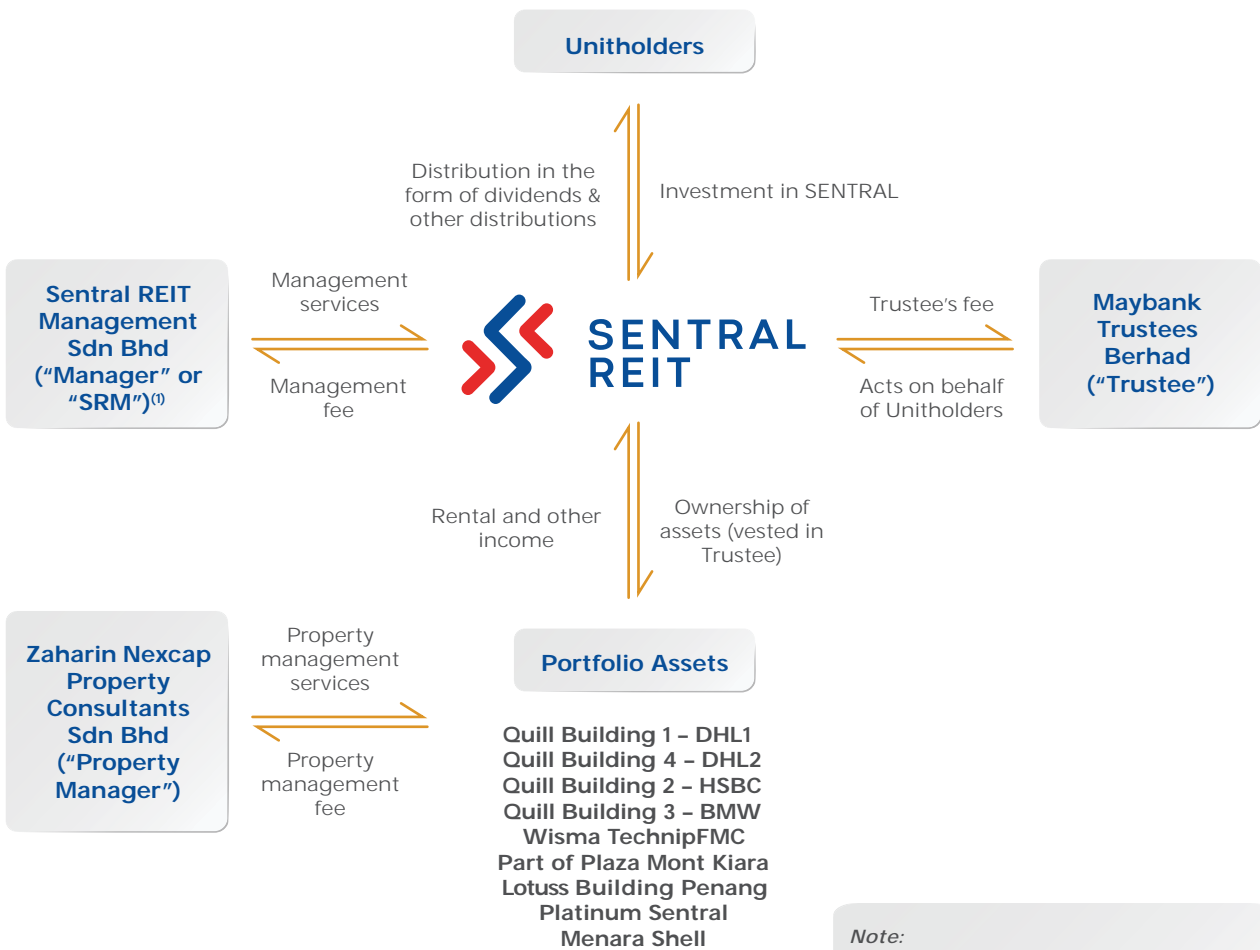
Background of SENTRAL

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

Investment Objective

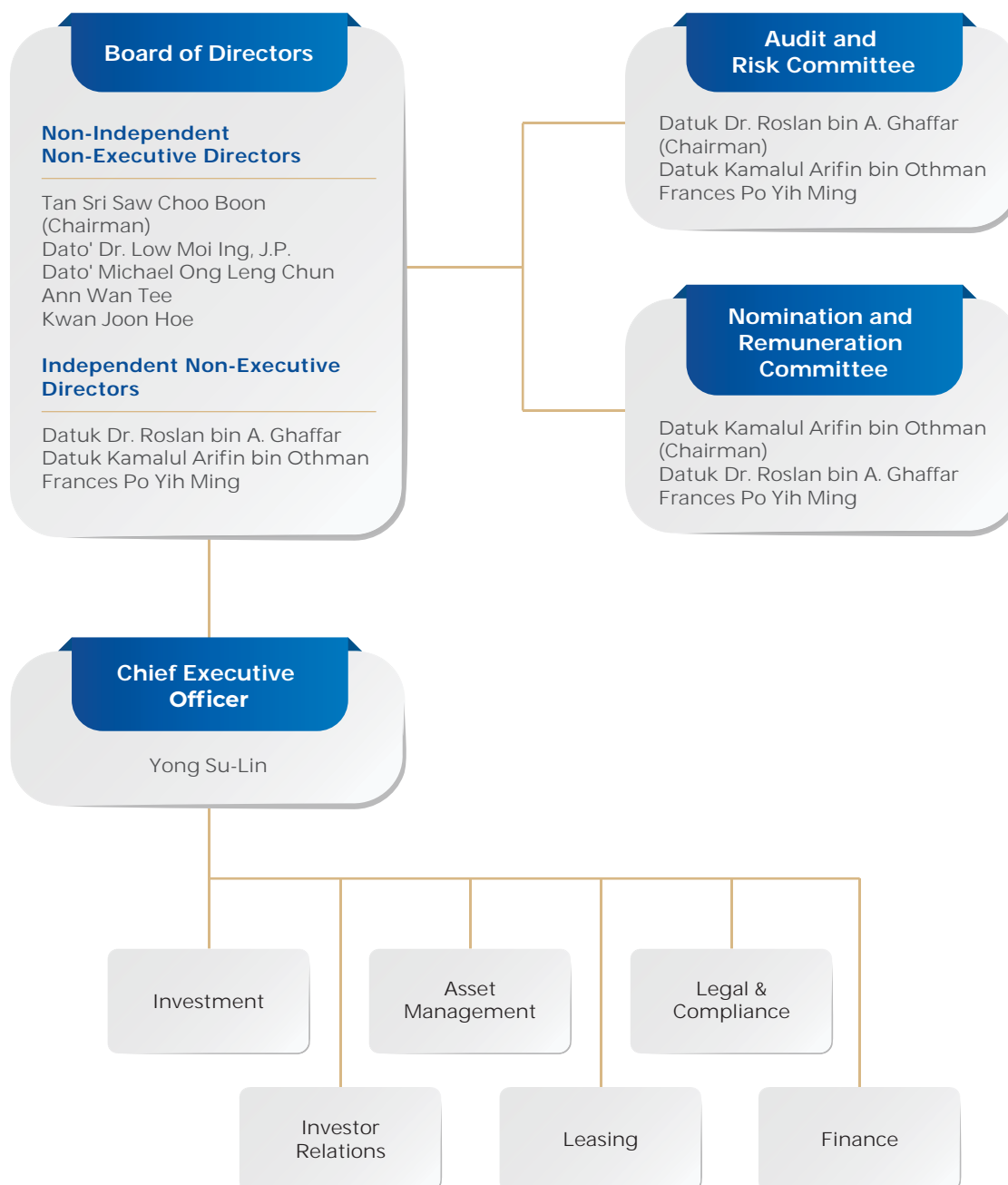
To acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value ("NAV") per unit.

SENTRAL Structure



Note:
⁽¹⁾ Shareholders of the Manager comprise of Malaysian Resources Corporation Berhad ("MRCB") (41%), Quill Resources Holding Sdn Bhd (39%), and Global Jejaka Sdn Bhd (20%).

ORGANISATION STRUCTURE OF THE MANAGER



PROFILE OF DIRECTORS OF THE MANAGER



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

Nationality/Age/Gender
Malaysian/76/Male

DATO' DR. LOW MOI ING, J.P.
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/61/Female



Date Appointed to the Board
22 January 2016

Board Committee Membership
Nil

No. of Board Meetings Attended in 2021
5/5

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

Present Directorships

- Wah Seong Corporation Berhad
- Sentral REIT Management Sdn Bhd

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

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

Date Appointed to the Board
12 June 2006

Board Committee Membership
Nil

No. of Board Meetings Attended in 2021
5/5

Academic/Professional Qualification/Professional Membership

- Doctor of Philosophy in Design, Millennium International University, State of Delaware, U.S.A (2010)
- Doctor of Philosophy in Entrepreneurship (Honoris Causa) (2010)

Present Directorships

- Quill Group of Companies ("Quill Group")
- Sentral REIT Management Sdn Bhd

Working Experience
Dato' Dr. Low Moi Ing, J.P. started her career with MAA Architect in 1981 and in 1986, set up Quill Design. The Quill Group was set up in 1988 and is involved in the investment of properties, which includes integrated property development, construction, interior design and architectural services. She is in charge of the Quill Group's strategic planning and jointly manages the finance, administration, legal, property development, building construction and renovation, procurement and project management of the Quill Group.

Dato' Dr Low is a director and substantial shareholder of Quill Land Sdn Bhd ("QLSB") and Quill Resources Holding Sdn Bhd ("QRHSB"). QLSB and QRHSB collectively hold substantial units in Sentral REIT and QRHSB is a substantial shareholder of Sentral REIT Management Sdn Bhd.

Awards

- Women Entrepreneur of the Year Award (2009) by Malaysia Business Leadership Awards 2009
- Masterclass Woman CEO of the Year Award (2010) by Malaysia Business Leadership Awards 2010
- International Leadership Award in Construction Sector by Middle East Business Leaders Summit and Awards 2010
- FIABCI Property Woman of the Year Award (2011) by FIABCI
- Woman Entrepreneur of the Year Award (2011) by the Asia Pacific Entrepreneurship Awards 2011
- Malaysian Chinese Women Excellence Award in Entrepreneur (2017) by Wanita MCA / Malaysia Chinese Women Enterprise Association (MCWEA)
- Malaysian Fujian Outstanding Entrepreneur Award (2017) by the Federation of Hokkien Associations of Malaysia

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



**DATO' MICHAEL
ONG LENG CHUN**
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/66/Male



ANN WAN TEE
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/51/Male

Date Appointed to the Board

12 June 2006

Board Committee Membership

Nil

No. of Board Meetings Attended in 2021

5/5

Academic/Professional Qualification/Professional Membership

- Chartered Architect (1982)
- Lembaga Akitek Malaysia (LAM) (1987)
- Corporate Member, the Royal Institute of British Architects (RIBA) (1984)
- Corporate Member, Pertubuhan Akitek Malaysia (PAM) (1987)
- Corporate Member, Institut Perakabentuk Dalaman (IPDM) (1995)

Present Directorships

- Quill Group of Companies ("Quill Group")
- Sentral REIT Management Sdn Bhd

Working Experience

Educated in the United Kingdom, Dato' Michael Ong graduated as a Chartered Architect in 1982 and practised in London until 1984 when he returned to Malaysia. He is one of the two founding partners of the Quill Group. The Quill Group was set up in 1988 and involved in the investment of properties, which includes integrated property development, construction, interior design and architectural services. The Quill Group's strength lies in the integration of IT services into the building environment and is currently practising the "Own, Build and Lease" model for its developments. Dato' Michael Ong is responsible for and has extensive experience in the design, detailing and construction of properties within the Quill Group.

Dato' Michael Ong is a director and substantial shareholder of Quill Land Sdn Bhd ("QLSB") and Quill Resources Holding Sdn Bhd ("QRHSB"). QLSB and QRHSB collectively hold substantial units in Sentral REIT and QRHSB is a substantial shareholder of Sentral REIT Management Sdn Bhd.

Date Appointed to the Board

31 March 2015

Board Committee Membership

Nil

No. of Board Meetings Attended in 2021

5/5

Academic/Professional Qualification/Professional Membership

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

Present Directorship

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

Working Experience

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

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

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



KWAN JOON HOE
*Non-Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/40/Male



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

Nationality/Age/Gender
Malaysian/70/Male

Date Appointed to the Board

31 March 2015

Board Committee Membership

Nil

No. of Board Meetings Attended in 2021

5/5

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.

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 2021

5/5

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 Directorships

- Box-Pak (Malaysia) Berhad
- Pricewaterhouse International Berhad
- Mieco Chipboard Berhad
- Sentral REIT Management Sdn Bhd

Working Experience

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

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

PROFILE OF DIRECTORS OF THE MANAGER

(cont'd)



**DATUK KAMALUL ARIFIN
BIN OTHMAN**

*Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/62/Male



FRANCES PO YIH MING

*Independent
Non-Executive Director*

Nationality/Age/Gender
Malaysian/63/Female

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 2021
5/5

Academic/Professional Qualification/Professional Membership

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

Present Directorships

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

Other Memberships/Appointments/Involvements

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

Working Experience

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

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

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

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 2021
5/5

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 tax partner of PricewaterhouseCoopers ("PwC") Malaysia until her retirement in July 2019.

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

ADDITIONAL INFORMATION:

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

THE MANAGEMENT TEAM OF THE MANAGER



From left to right :

Alex Low Kam Seng	<i>Manager, Asset Management</i>
Phuah Ngah Yuin	<i>Senior Executive, Finance</i>
Stephanie Tang Pit Yen	<i>General Manager, Investment and Asset Management</i>
Tracy Wong	<i>Senior Executive, Finance</i>
Shirley Tam Soot Lee	<i>General Manager, Finance</i>
Leong Foong Yin	<i>Senior Executive, Finance</i>
Chan Fong Hin	<i>General Manager, Asset Management</i>
Alice Yap Soh Ping	<i>Manager, Lease Administration</i>
Joyce Loh Mun Ching	<i>General Manager, Investment and Investor Relations</i>
Christie Pun Nyuk Len	<i>Senior Manager, Lease Administration</i>
Jean Wong Wen Looi	<i>Manager, Legal</i>



THE MANAGEMENT TEAM OF THE MANAGER

(cont'd)



YONG SU-LIN

48 years old, Female
Chief Executive Officer
Malaysian

Date of appointment as Chief Executive Officer:

9 July 2015

Length of service as CEO:

6 years and 7 months

Academic / Professional Qualification(s) / Professional Membership(s):

Bachelor of Arts in Finance degree from the University of Northern Iowa, USA

Present Directorship(s):

Nil

Working Experience:

She started her career in corporate banking, managing project financing and lending to property companies, small and medium enterprises, as well as large corporations. Prior to joining the CapitaLand Group and her secondment to SRM, she had six years of corporate advisory experience, working in one of the top five audit firms in Malaysia. In her career as a corporate consultant, she was involved in corporate advisory projects for various industry sectors.

In June 2006, Su-Lin joined CapitaLand and was part of the core team that spearheaded the listing of Quill Capita Trust, which subsequently renamed as MRCB-Quill REIT in April 2015 following the change in sponsors and is currently known as SENTRAL. She has been involved in the day-to-day operations of SENTRAL, and led the investment and investor relations functions as part of the core team since May 2006. She was appointed the Interim Chief Executive Officer on 1 June 2012 and was subsequently designated as Chief Executive Officer on 9 July 2015.

Other than as disclosed, she does not have any family relationship with any director and/or major unitholder of SENTRAL. She does not have personal interest in any business arrangements involving SENTRAL and has not been convicted of any offences within the past 10 years.

As at 31 December 2021, she holds 3,000 SENTRAL units.

MANAGEMENT DISCUSSION AND ANALYSIS

- FINANCIAL HIGHLIGHTS

Fund Performance	2021	2020	2019	2018	2017
Total Asset Value (RM)	2,180,376,227	2,227,662,488	2,213,704,358	2,271,385,292	2,288,392,194
Net Asset Value ("NAV") (RM)					
- Before income distribution	1,317,865,770	1,323,501,754	1,323,489,418	1,372,289,531	1,384,724,570
- After income distribution	1,275,208,806	1,284,381,674	1,287,370,331	1,331,025,885	1,340,295,770
Units in circulation	1,071,783,000	1,071,783,000	1,071,783,000	1,071,783,000	1,068,000,000
NAV per unit (RM)	1.2296	1.2349	1.2348	1.2804	1.2966
Highest NAV per unit (RM)	1.2458	1.2445	1.2801	1.3018	1.3281
Lowest NAV per unit (RM)	1.2053	1.2072	1.2348	1.2612	1.2799
Highest traded price per unit (RM)	0.95	1.00	1.12	1.25	1.35
Lowest traded price per unit (RM)	0.86	0.51	0.99	1.00	1.22
Distribution Per Unit ("DPU") (sen)	7.41	7.08	6.80	8.08	8.39
- Interim	3.43	3.43	3.43	4.23	4.23
- Final	3.98	3.65	3.37	3.85	4.16
Dates of Distribution					
- Interim	20-Sep-21	30-Sep-20	23-Sep-19	19-Sep-18	18-Sep-17
- Final	28-Feb-22	26-Feb-21	28-Feb-20	28-Feb-19	28-Feb-18
Effect of Income Distribution on NAV per unit					
- Before Distribution (RM)	1.2296	1.2349	1.2348	1.2804	1.2966
- After Distribution (RM)	1.1898	1.1984	1.2011	1.2419	1.2550
Closing price on the last trading day	0.905	0.875	1.00	1.06	1.25
Distribution yield (per annum) ^(a)	8.19%	8.09%	6.80%	7.62%	6.71%
MER ^(b)	1.10%	1.09%	1.06%	1.09%	1.07%
Average Total Returns					
- for 1 year ^{(c)(i)}	6.84%	6.55%	5.83%	6.85%	7.14%
- 3 financial years ^{(c)(iii)}	19.22%	19.23%	19.83%	18.80%	19.14%
- 5 financial years ^{(c)(iii)}	33.21%	31.18%	31.82%	34.28%	35.82%
Annual Total Returns ^(d) (RM)	84,485,957	80,954,941	72,107,547	84,653,758	88,006,515
Proposed final income distribution	42,656,964	39,120,080	36,119,087	41,263,646	44,428,800

(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 2021 divided by the weighted average unitholders capital for the financial year ended 2021.

(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 2021, SENTRAL's investment comprised ten (9) commercial buildings with four (4) located in Cyberjaya, four (4) in Kuala Lumpur and one (1) in Penang. The details of SENTRAL's properties are as follows.



**QUILL
BUILDING
1 – DHL 1**

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 19 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 2021 : RM135,000,000*
- Name of Valuer : C H Williams Talhar & Wong Sdn. Bhd.
- Occupancy as at 31 December 2021: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
 - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM868,303

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**QUILL
BUILDING
4 – DHL 2**

- Address / Location : 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 28552, Lot PT 40578, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 15 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 2021 : RM135,000,000*
- Name of Valuer: C H Williams Talhar & Wong Sdn. Bhd.
- Occupancy as at 31 December 2021: 100%
- Tenant : DHL Information Services (Asia-Pacific) Sdn. Bhd.
- Tenancy Period : 5+5 years from 1 January 2016
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Logistic Tenant
 - By Percentage of Gross Rental – 100% Logistic Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM917,879

Note:

* On 14 August 2008, the respective pieces of land on which Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial Public Offering of SENTRAL (then known as Quill Capita Trust). As such, the valuations of Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 have been carried out based on the amalgamated properties. The total valuation of the 2 properties amounted to RM135,300,000.

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**QUILL
BUILDING
2 – HSBC**

- 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, 18 years
- Description : 4-storey office building together with a sub-basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area : 184,453 sq. ft.
- Existing Use : Commercial Building
- Parking Space : 505 lots
- Date of Acquisition : 20 November 2006
- Acquisition Price : RM107,500,000
- Market Value as at 31 December 2021 : RM119,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2021: 100%
- Tenant : HSBC Electronic Data Processing (Malaysia) Sdn. Bhd.
- Tenancy Period : 5+3+3 years from 10 November 2014
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Banking Tenant
 - By Percentage of Gross Rental – 100% Banking Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM1,610,704

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**QUILL
BUILDING
3 – BMW**

- Address / Location : 3501, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : GRN 169506, Lot 33084, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 17 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 : Nil
- 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 2021 : RM74,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2021 : 80%

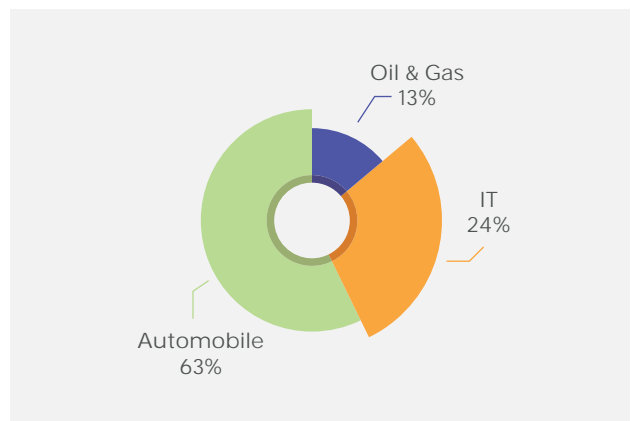
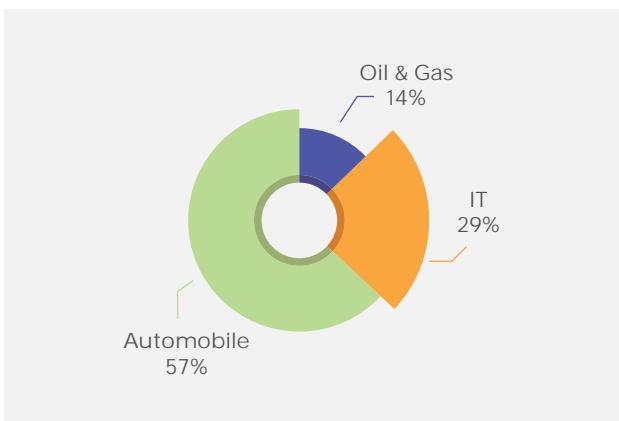
- Major Tenants and Tenancy Details:

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	PGS Data Processing & Technology Sdn. Bhd.
Tenancy Period	5+5+5+5 years from 1 January 2007
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 : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM2,465,330

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**WISMA
TechnipFMC**

- 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, 28 years
- Description : 12-storey office building with a mezzanine floor and three split-levels basement car park
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent
- Net Lettable Area : 233,021 sq. ft.
- Existing Use : Office Building
- Parking Space : 304 lots
- Date of Acquisition : 3 September 2007
- Acquisition Price : RM125,000,000
- Market Value as at 31 December 2021 : RM170,000,000
- Name of Valuer : CH Williams Talhar & Wong Sdn. Bhd.
- Occupancy as at 31 December 2021: 83%
- Tenants:
 - Technip Geoproduction (M) Sdn. Bhd.
Tenancy Period : 5+3 years from 1 January 2014 and 1+1 year from 1 November 2019
 - Technip Marine (M) Sdn. Bhd.
Tenancy Period : 2 years from 1 January 2020
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Oil & Gas Tenant
 - By Percentage of Gross Rental – 100% Oil & Gas Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM3,390,570

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, 19 years
- Description : An integrated stratified retail/ office commercial units located in Plaza Mont' Kiara within the ground floors of Blocks A & B and Blocks C & D, and at the basement and ground floor of Block E. The car park lots are located in Blocks A, B, C, D and E.
- Tenure : Term in Perpetuity
- Encumbrances : Charged to Hong Leong Investment Bank as security agent
- 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 2021 : RM115,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2021: 91%
- Tenants : Multi-tenanted retail tenants from various sectors, including banking, food & beverages, beauty & fashion, childcare, fitness and convenient marts
- Tenancy Period : ranging between 1 to 3 years period

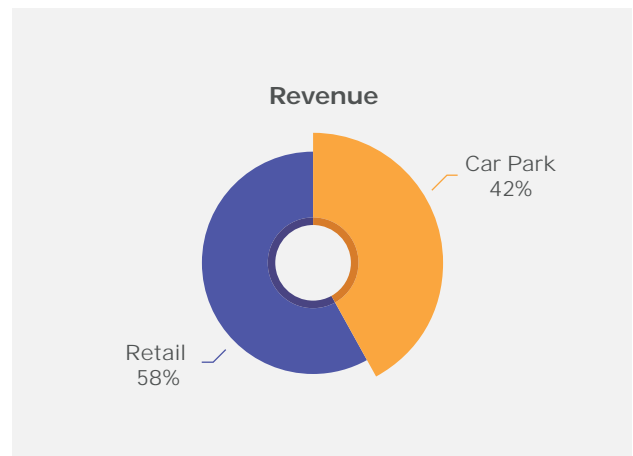
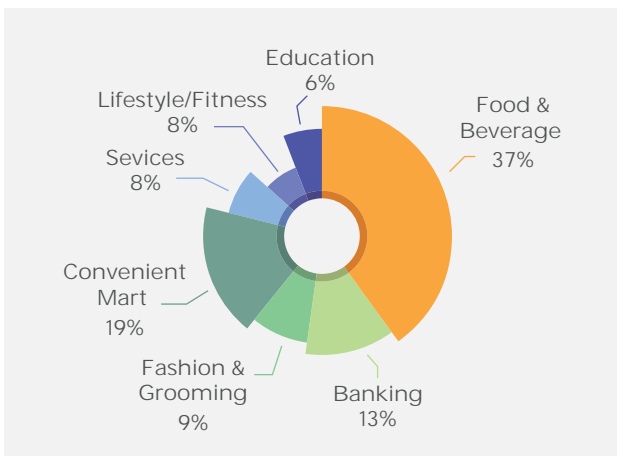
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**PART OF PLAZA
MONT' KIARA
(CONT'D)**

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



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM3,785,904

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

(cont'd)



**LOTUSS
BUILDING, PENANG**
(FORMERLY KNOWN AS
TESCO BUILDING, PENANG)

- Address / Location : 1, Lebuhraya 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, 17 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 2021 : RM140,000,000
- Name of Valuer : IVPS Property Consultant Sdn. Bhd.
- Occupancy as at 31 December 2021 : 100%
- Tenant : Lotuss Stores (Malaysia) Sdn. Bhd. (formerly known as Tesco Stores (Malaysia) Sdn. Bhd.)
- Tenancy Period : 29 October 2004 to 31 August 2032
- Trade Sector Analysis:
 - By Percentage of Occupied Net Lettable Area – 100% Retail Tenant
 - By Percentage of Gross Rental – 100% Retail Tenant
- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM619,399

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, 10 years
- Description: 5 blocks of 4 to 7 storey commercial building comprising office-cum-retail space, a multi-purpose hall and 2 levels of car park
- Tenure: Term in Perpetuity
- Encumbrances : Charged to Pacific Trustees Berhad as security agent
- Net Lettable Area: 482,913 sq. ft.
- Existing Use : Commercial building
- Parking Space : 634 lots
- Acquisition Price: RM740,000,000
- Date of Acquisition: 30 March 2015
- Market Value as at 31 December 2021: RM670,000,000
- Name of Valuer : Knight Frank Malaysia Sdn Bhd
- Occupancy as at 31 December 2021: 80%

- Major Tenants and Tenancy Details:

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

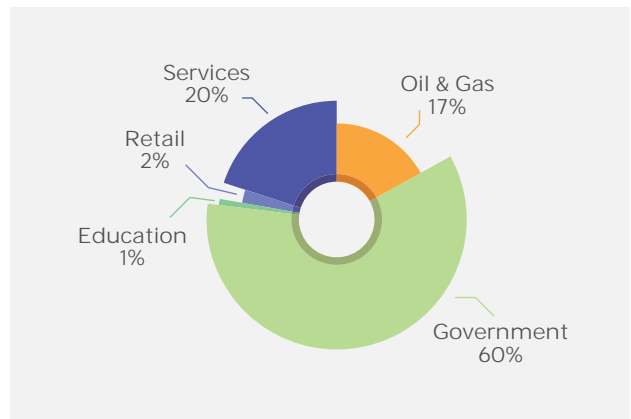
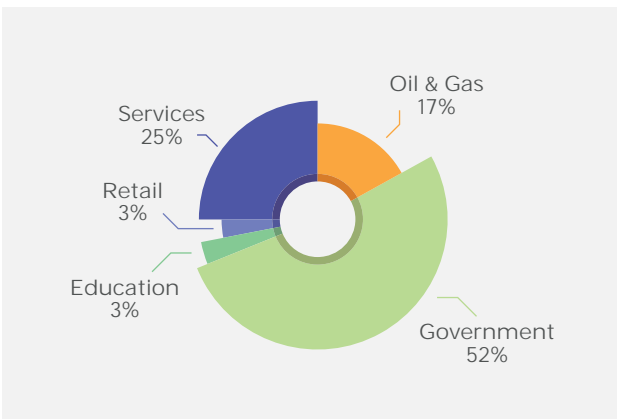
MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW (cont'd)



**PLATINUM
SENTRAL
(CONT'D)**

Trade Sector Analysis:

- By Percentage of Occupied Net Lettable Area
- By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM9,119,123

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, 8 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 : 915 lots
- Date of Acquisition : 22 December 2016
- Acquisition Price : RM640,000,000
- Market Value as at 31 December 2021 : RM658,000,000
- Name of Valuer : Nawawi Tie Leung Property Consultants Sdn. Bhd.
- Occupancy as at 31 December 2021: 92%

MANAGEMENT DISCUSSION AND ANALYSIS - PORTFOLIO OVERVIEW

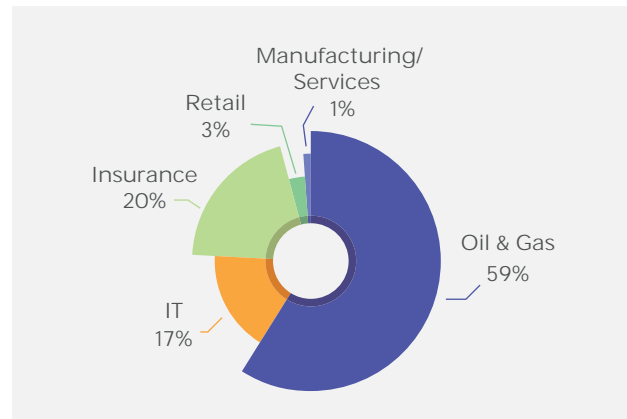
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- Major Tenants and Tenancy Details:

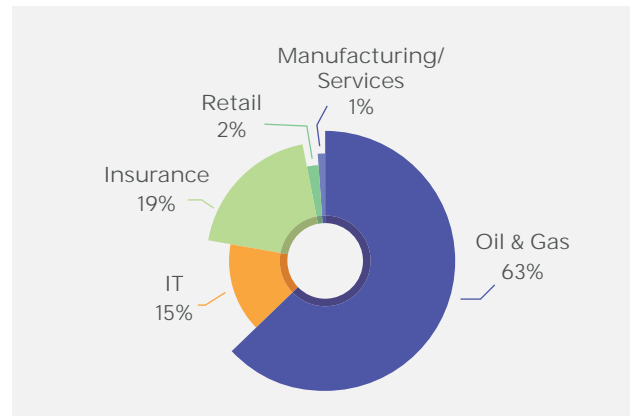
Tenant	Shell Malaysia Trading Sdn. Bhd.
Tenancy Period	15+5 years from 1 November 2013
Tenant	AmGeneral Insurance Berhad
Tenancy Period	3+3+1+1 years from 1 August 2015
Tenant	Google Services Malaysia Sdn. Bhd.
Tenancy Period	3+3+3+3+3 years from 1 June 2019 and 3+3+3+3+3 years from 1 April 2020
Tenant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

- Trade Sector Analysis:

- By Percentage of Occupied Net Lettable Area



- By Percentage of Gross Rental



- Property Manager : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure for the year : RM14,550,559

MANAGEMENT DISCUSSION AND ANALYSIS

- PORTFOLIO OVERVIEW

(cont'd)

Property Disposed During the Financial Year



**QUILL
BUILDING
5 – IBM**

- Address / Location : 3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor Darul Ehsan
- Title : HSD 30754, PT 43965, Mukim of Dengkil, District of Sepang, State of Selangor
- Property Type and Age : Commercial Building, 14 years
- Description : 5-storey office building together with one level of sub-basement and 1 ½ levels of basement car park
- Tenure : Term in Perpetuity
- Net Lettable Area : 81,602 sq. ft.
- Existing Use : Commercial building
- Parking Space : 304 lots
- Date of Acquisition by SENTRAL : 14 March 2008
- Acquisition Price : RM43,000,000
- Last Market Valuation Conducted as at 25 September 2020: RM40,000,000
- Name of Valuer : Knight Frank Malaysia Sdn. Bhd.
- Occupancy Prior to Disposal: Vacant
- Property Manager Prior to Disposal : Zaharin Nexcap Property Consultants Sdn. Bhd.
- Maintenance cost and capital expenditure (up to the date of Disposal): RM91,995
- Date of Disposal : 21 April 2021
- Disposal Price : RM45,000,000
- Purchaser : Deriv Services Sdn Bhd

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

OVERVIEW – 2021 OPERATING ENVIRONMENT

The battle against COVID-19 did not end in 2020. Although 2021 was expected to be the year of recovery, it had continued to disrupt lives and livelihoods throughout 2021. The COVID-19 pandemic continued to impact nations globally, hampering growth despite on-going vaccinations efforts. Retail, food & beverage, hospitality, tourism and travel-related industries were still among the hardest hit as authorities encourage “physical distancing” and consumers staying indoors. Nonetheless, with fiscal stimulus and accommodative financial conditions implemented to improve business and consumer sentiments, the global economy is projected to expand by 4.9% in 2022, with gradual improvements in both advanced and emerging and development.

Malaysia's aspirations for greater economic development was also derailed due to the disruptions caused by COVID-19. While signs of economic recovery emerged in late 2020, the recovery momentum only picked up after the second quarter of 2021 with recovery in external demand and the gradual reopening of economic sectors. The growth momentum continued in the second half 2021 with the implementation of the National Recovery Plan, National COVID-19 Immunisation Programme and assistance packages to support the people and revitalise the economy. Moving on from this momentum, Malaysia's gross domestic product (“GDP”) rebounded 3.6% in the fourth quarter, while recording overall 3.1% growth in 2021.

(Source : Ministry Of Finance Budget 2022 - Economic Outlook 2022)

Since October 2021, lockdown restrictions were gradually eased to accelerate the re-opening of all business sectors. With most countries making the necessary move towards an endemic status, Malaysia would also need to adapt and follow suite, striking a balance between lives and economic recovery. Malaysia will need to have effective policies that can cater to this new normal and are crucial for recovery and growth.

The Malaysian economy is expected to grow between 5.5% and 6.5% in 2022, supported by significant improvement in global trade, stabilised commodity prices, containment of the pandemic, and gradual improvement in consumer and business sentiments. To achieve this, the Budget 2022 which has remained expansionary to stimulate the economy focuses on the following themes - driving economic recovery, rebuilding national resilience and catalysing reforms across the public and private sectors. In respect of the

property sector, the government has in Budget 2022 decided to eliminate Real Property Gains Tax (“RPGT”) on the disposal of real property in the 6th year onwards by individual citizens, permanent residents, and other companies. We believe that this will help spur the level of property transactions in the secondary property market which has been relatively subdued in recent years. In addition, Budget 2020 also contains measures to spur investment activities, especially in targeted Foreign Direct Investment (“FDI”) in selected industries, in start-ups and R&D in science, technology and innovation. This could augur well for the office/ industrial property sector should these FDIs commence operations in Malaysia. With the above in place, we are hopeful that the Malaysian economy will return to its pre-pandemic growth rates after mid-2022.

(Source : Ministry Of Finance Budget 2022 - Economic Outlook 2022)

Bank Negara Malaysia (“BNM”) has kept Malaysia's monetary policy accommodative in cushioning the adverse effects of the nationwide lockdown on the economy while simultaneously supporting recovery and ensuring that inflationary pressure remains manageable. The Overnight Policy Rate (“OPR”) was kept supportive at 1.75% in 2021. It is also expected that BNM's monetary policy will continue to remain supportive of economic recovery throughout 2022 and any change in monetary policy will be guided how the overall domestic inflation and domestic growth performs.

(Source : Ministry Of Finance Budget 2022 - Economic Outlook 2022)

The financial market was not spared with negatives dragging its performance. With the concerns about growth outlook of certain sectors, uncertain political climate due to changes in the government and the on-going pandemic, the Malaysian equity market had a rather choppy performance in 2021. The KLCI began the year on a softer amid bearish note and registered a decline towards the end the year at 1,567.53, erasing its YTD gains from previous year, as one of the worst performing benchmark of the ASEAN markets. Trading volumes did eventually normalised considerably towards the third quarter of the year propelled by positive net foreign funds' inflow and with technology counters being among the major index movers as the sector benefits from the robust demand for electrical & electronic products, as well as from chip shortages. Retail investors continue to be net buyers in the domestic equity market this year, with this trend likely to sustain in 2022 due to the current low interest rate environment.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

The increase in Malaysian bond yields and the possibility of the narrowing further of the yield spread between Malaysian Real Estate Investment Trust sector (“M-REIT”) and Malaysian bonds will likely render M-REITs as a less appealing avenue for yield play. Notwithstanding, the sector has still demonstrated resilience and continue to be an attractive sector and a suitable investment option. The current low interest rate environment remains favourable to M-REIT and although lagging behind its historical high of circa 6.5%, the M-REIT is still recording an average yields of 4%-5% at present. Equity Investors are likely to seize on opportunities by looking out for stocks with positive economic recovery prospects but we believe that exposure to defensive and high-dividend yield names would still be the preferred strategy in these volatile times.

Overall, the performance of the M-REIT sector on Bursa Malaysia Securities Berhad in comparison with the other equity sectors has been subdued in 2021. This is mainly due to investors’ concerns with key risk impacting the sector, such as the resurgence of the COVID-19 infection rates leading to prolonged lockdowns, slower than-expected economic recovery and delays in the national vaccination progress. Despite the above, the M-REIT sector managed to gain traction with some positive developments in 2021. The M-REIT investment landscape remained fairly active this year with several industrial M-REITs announcing their respective investment activities., while we also welcome the listing of a new office REIT in September 2021, thereby concluding a total number of 18 listed M-REITs to-date.

In anticipation of BNM maintaining a low interest rate environment in 2022, coupled with continued muted earnings growth, stocks with resilient yield and have capital preservations characteristics will continue to be favoured by investors. Therefore, we believe that M-REIT will remain attractive to investors in this current market environment and will encourage fund flows into the sector from investors looking for safe havens for investments. In addition, with the increased emphasis on strong corporate governance as an important investment consideration, we believe that well managed M-REIT players with strong fundamentals will continue to make the M-REIT sector an attractive investment option for investors who are looking for relatively low risk investment opportunities with sustainable income and capital growth.

In terms of the M-REIT’s business operations, 2021 continued to be uncertain times for this sector as most M-REITs experienced significant operating impact attributed to the COVID-19 pandemic and the resultant Movement Control Orders (“MCO”) and travel restrictions. These events have deeply

impacted the operations and earnings of M-REITs with high exposure to retail and hospitality, while to a certain degree the office segment as companies adjust to the “new normal” after 2 years of operating under a pandemic environment. The weak earnings generally were attributed to the rental assistance rolled out as well as weaker occupancy and rental reversions for the leases due for renewal.

During this trying times, the government vide Securities Commission of Malaysia (“SC”) had in 2020 provided temporary relief to listed M-REITs by increasing the gearing limit stipulated under the SC’s Guidelines on Listed Real Estate Investment Trust (“Listed REIT Guidelines”) from 50% to 60%. This relief measure will be granted until 31 December 2022 and during this period, M-REITs will have some cash flow flexibility to navigate the challenging operating environment caused by the COVID-19 pandemic.

The Klang Valley office market remained challenging in 2021 with the growing sense of uncertainty in the Klang Valley office market amid the unprecedented crisis. As at 3Q 2021, Klang Valley was estimated to have an existing stock of 112.7 million sq. ft. The volume of future office supply in Klang Valley is estimated at 10.4 million sq. ft. with concentration of supply in Kuala Lumpur scheduled for completion by 2023. Klang Valley occupancy rates were in a declining trend with an average of 74.3%. recorded in 3Q 2021, compared to 76.0% in the preceding quarter. Meanwhile, occupancy rates in Cyberjaya averaged at 73.4%, down 2.2% from the previous year. In the near term, the rental rates and occupancy levels of office buildings will continue to experience downward pressures as a result of imbalances in supply and demand, exacerbated by the unprecedented crisis. Overall, the Klang Valley office is seen to be sustaining the pandemic with landlords focusing on tenant retention by offering various incentives to remain competitive in the market. New purposed built office buildings with quality specifications that meet tenant’s requirements, located in established commercial areas with proximity to public transportations will likely secure better take-up rates upon completion. The Klang Valley office market will continue to remain a tenants’ market with ample supply from both existing and incoming supply. Notwithstanding, physical offices will continue to remain relevant and important as a driver of connectivity and productivity for businesses in spite of the pandemic. Improving business and consumer sentiments post COVID-19 would also be positive for the real estate sector.

(Source: Property Market Overview 2021 prepared by Knight Frank Malaysia Sdn. Bhd.)

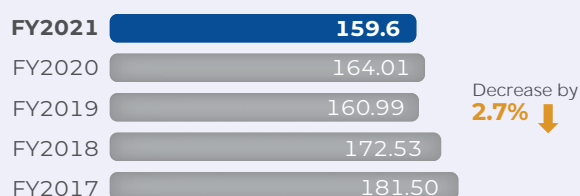
MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

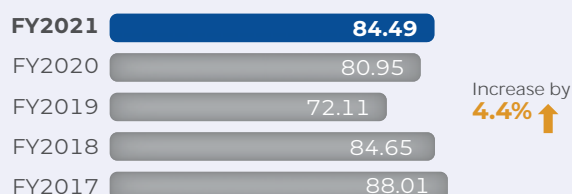
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FINANCIAL PERFORMANCE

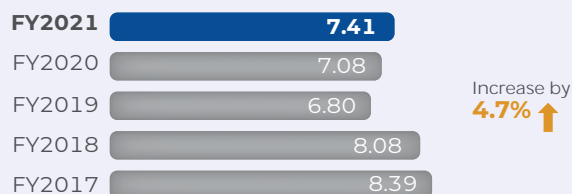
Gross Revenue (million)



Realised Net Income (million)



Distribution Per Unit (sen)



Distribution Yield (%)



Total Asset Value (billion)



For financial year ended 31 December 2021 ("FY2021"), SENTRAL recorded a gross revenue of RM159.60 million, representing a decrease of 2.7% as compared to RM164.01 million recorded in the preceding financial year ended 31 December 2020 ("FY2020"). Correspondingly, it recorded a net property income of RM122.65 million for FY2021, representing a decrease of 2.8% as compared to RM126.12 million recorded in the preceding financial year. The lower net property income recorded in FY2021 was mainly due to lower revenue contribution from recorded from Quill Building 3 – BMW, Plaza Mont Kiara and Platinum Sentral.

SENTRAL recorded a total realised income and distributable income of RM84.49 million for FY2021, an increase of 4.4% from the total realised income and distributable income of RM80.95 million for FY2020. The increase is mainly due to lower finance cost and the gain from the disposal of Quill Building 5, net of lower net property income. Correspondingly, the Realized Earnings Per Unit ("EPU") and distributable income per unit for FY2021 was 7.88 sen, which is approximately 4.4% higher compared to the EPU and distributable income per unit of 7.55 sen recorded in FY2020.

Taking into consideration the on-going uncertainties and challenging operating landscape, it was a positive year for SENTRAL with its financial performance meeting market consensus. The FY2021 result was underpinned by its stable portfolio occupancy rate and the ability of the Manager to manage operational cost and cash flows effectively during this pandemic. The Manager remained focused in deploying its planned marketing and asset management strategies in 2021 which is to concentrate on tenant retention, resulting in healthy weighted average lease expiry profile ("WALE") and average occupancy rate of 3.78 years and 90% respectively, as at 31 December 2021.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

FINANCIAL PERFORMANCE (cont'd)

Distribution to Unitholders (cont'd)

On 20 January 2022, the Board had declared a final Distribution Per Unit ("DPU") of 3.98 sen for the period from 1 July 2021 to 31 December 2021, which includes the distribution of gains from the disposal of Quill Building 5 which, was paid out to unitholders of SENTRAL on Monday, 28 February 2022. This final DPU of 3.98 sen, together with the interim distribution of 3.43 sen per unit for the period from 1 January 2021 to 30 June 2021, which was paid on 30 September 2021, amounted to a FY2021 DPU of 7.41 sen. The Trustee and the Board of the Manager did not recommend any further distribution for the FY2021.

On a year-on-year comparison, FY2021 DPU of 7.41 sen is 4.7% higher than the FY2020 DPU of 7.08 sen and this translates to a distribution yield of 8.19% based on the closing price of RM0.905 per unit as at 31 December 2021.

SENTRAL's unit price trading performance during the year was within a stable range with the unit price opening at RM0.87 in the beginning of the year and with a high of RM0.95 in February 2021 before retreating to RM0.905 at the end of 2021. Overall, SENTRAL recorded a total return of 11.6%, contributed by an appreciation in unit price of 3.4% and distribution yield of 8.19%.

BUSINESS PERFORMANCE

(A) Portfolio Highlights

As at 31 December 2021, SENTRAL's portfolio investment comprised nine (9) commercial buildings with five (4) located in Cyberjaya, four (4) in Kuala Lumpur, one (1) in Penang and it continued to receive steady income from these portfolio of assets in FY2021. 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 2021

Summarised below is the latest valuation of SENTRAL's portfolio of properties as at 31 December 2021:

Name of Properties	Valuation as at 31 Dec 2021 (RM'000)	Valuation as at 31 Dec 2020 (RM'000)	% of Investment
Quill Building 1-DHL 1 and Quill Building 4-DHL 2	135,000	135,000	6.5
Quill Building 2-HSBC	119,000	123,000	5.7
Quill Building 3-BMW	74,000	78,000	3.6
Wisma TechnipFMC	170,000	173,000	8.2
Part of Plaza Mont' Kiara	115,000	116,000	5.5
Quill Building 5-IBM*	-	40,000	-
Lotuss Building Penang	140,000	140,000	6.7
Platinum Sentral	670,000	675,000	32.2
Menara Shell	658,000	657,000	31.6
Total Investment Properties	2,081,000	2,137,000	100.0

Note:

* The disposal of Quill Building 5 was completed on 21 April 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

The annual valuation of SENTRAL's portfolio of properties was conducted at the close of FY2021. SENTRAL's total portfolio registered a portfolio value of RM2.081 billion for FY2021 compared to the Net Book Value as at 31 December 2021* of RM2.098 billion**, translating to a revaluation loss of RM15.701 million. The portfolio revaluation loss was mainly due to the devaluation of several properties in the portfolio.

* The Net Book Value as at 31 December 2021 (prior to the revaluation) for the properties comprise of the brought forward net book value as at 31 December 2020 together with asset enhancement related costs incurred during the year.

** Excludes the net book value of Quill Building 5.

The fair valuation loss on investment properties recognized in the Consolidated Statement of Comprehensive Income amounts to RM14.659 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 2021 valuation	(15,701)
Less: Unbilled lease income receivable	1,042
Fair value loss of investment properties (Unrealised)	(14.659)

Upon incorporating the fair value loss of investment properties, the total net asset value ("NAV") and NAV per unit (after income distribution) are RM1.318 billion and RM1.1898 per unit, respectively (FY 2020 total NAV and NAV per unit (after income distribution) is RM1.324 billion and RM1.1984 per unit respectively).

Property Portfolio Summary Information

Portfolio details	FY 2021	FY 2020
No of Assets – Commercial Real Estates ⁽¹⁾	9	10
Valuation of Investment Properties (RM'000)	2,081,000 ⁽³⁾	2,137,000 ⁽²⁾
Net Lettable Area ("NLA") (sq. ft.)	2,114,938 ⁽⁴⁾	2,196,540
Portfolio Occupancy rate (%)	90.0	90.0
Weighted Average Lease Expiry (years)	3.78	4.51
Renewal Rate (%)	66.0	85.0

Notes:

- 1) SENTRAL's composition of investment portfolio consist of only real estate assets.
- 2) After taking into account the accrued rental income of RM16.15 million as required under MFRS 140, paragraph 50, and the asset held for sale of RM40.0 million (Quill Building 5), the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.08 billion.
- 3) After taking into account the accrued rental income of RM15.11 million as required under MFRS 140, paragraph 50, the investment properties amount as shown in the Consolidated Statement of Financial Position is RM2.07 billion.
- 4) After taking into account the disposal of Quill Building 5 which was completed on 21 April 2021.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

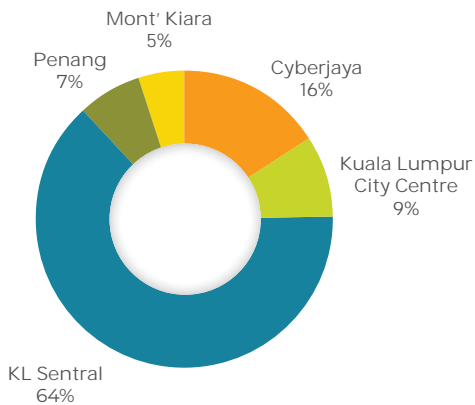
(cont'd)

BUSINESS PERFORMANCE (cont'd)

(A) Portfolio Highlights (cont'd)

Geographical Diversification (by Valuation)

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

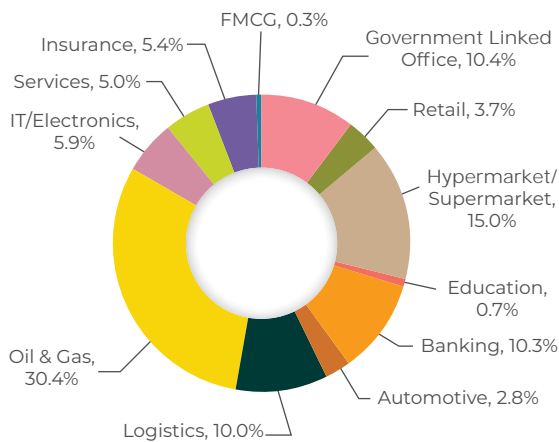


Klang Valley	77%
Cyberjaya	16%
Penang	7%

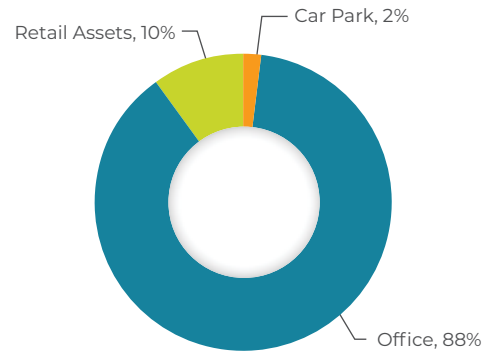
Note:

(1) Based on valuation dated 31 December 2021

A Well Balance Tenancy Mix (By Net Lettable Area)



Segmental Contributions (By Valuation)



Notes:

- (1) Office comprises Quill Buildings, Platinum Sentral, Menara Shell and Wisma TechnipFMC
- (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 2021

(B) Investment and Asset Management Strategies

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

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

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

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

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

1. Acquisition growth and portfolio management strategy

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

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

2. Active asset management strategy

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

- 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 FY2021

The Trustee, acting solely in the capacity as trustee for SENTRAL had on 12 November 2020 entered into a sale and purchase agreement with Deriv Services Sdn Bhd for the disposal of Quill Building 5 for a cash consideration of RM45 million ("Disposal").

Notwithstanding movement control measures imposed during the year, SENTRAL managed to complete the Disposal within the requisite timeline, on 21 April 2021. Part of the proceeds from the Disposal were utilised for the early repayment of RM40 million term loan drawn in 2008 for the acquisition of the said building. Retiring part of this term loan is in line with the SENTRAL's proactive capital management strategy to ensure that the Trust maximizes returns to unitholders and also to maintain a comfortable debt headroom to pursue growth or future acquisitions.

Save for the above, there were no other acquisitions and/or disposals in FY2021.

- 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;



MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(C) Review of Operation Activities

The office property market has been challenging and undoubtedly this was further exacerbated by the COVID-19 pandemic and the resultant slowing down of the economic. SENTRAL was also not spared from this prolonged challenging operating environment. One of the most compelling impacts of COVID-19 is how it has altered the way of doing business and how businesses operate. Major office occupiers in Klang Valley such as the oil & gas and financial services sectors continue to be cautious in its rental commitments amid weaker corporate earnings and subdued business sentiment caused by the prolonged COVID-19 pandemic. After experiencing the hard lessons learnt from the pandemic, many corporates are now likely to revisit their office space requirements, and ramp up the necessary information & technology ("IT") infrastructure and facilities that would enable remote working, to ensure the continuity and sustainability of their business operations.

While we have seen business owners putting on hold their business expansion plans and real estate decisions due to the pandemic in 2020, leasing activities have picked up momentum towards the third and fourth quarter of 2021. We believe that business operators now are more comfortable with the "new normal" requirements and have a better understanding of how to adjust their business operations, post pandemic. Specifically, with the increased requirements for physical distancing in the workplace, businesses had to rethink their operations model whereby some office operations had to be split into multiple sites (i.e. decentralisation), provide bigger working spaces to employees and/or initiate work from home options. Some of the key office trends noted during the year include:

- Reevaluation of office space requirements leading to potential downsizing of office space with adoption of hybrid working models (working from office and home). Work from home programmes would be something inevitable going forward;

- Decentralisation of business/office operations. This could support the demand for office spaces outside of the central business districts. Some financial services companies have already begun its decentralisation exercise in 2021;
- Increased demand and requirement for fully fitted office spaces to accommodate the tenants' immediate business needs;
- Requirements for more flexible tenancy duration to cater for changes in resource allocation;

While there is an increasing trend of corporations in Malaysia practicing remote/flexible work arrangements, this new normal will not eliminate the importance of office space. Many companies will still want to retain a physical presence in key locations within the city centre or in key business districts.

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

Almost all businesses have had a long and bumpy journey in 2021. The prolonged pandemic has left many businesses and economic sectors struggling to manage its cash flows and to stay afloat. However, with the easing of movement restrictions in line with the National Recovery Plan since the third quarter of 2021, more business activities and services had gradually resumed, subject to conditions and standard operating procedures ("SOP") set by the relevant authorities. The ability of tenants to ride out this pandemic is essential to the sustainability of SENTRAL's occupancy rate and income. With that in mind, we had continued with SENTRAL's tenant assistance programme to cater to the needs of affected tenants, mainly the SME retail tenants. Various forms of assistance i.e. rebates, payment deferment schemes, allowing tenants to swap cash security deposit with Bank Guarantees have been provided. The objective of these assistance is to elevate tenants' cash flow burdens due to the inability to operate during the MCO period and to ensure the sustainability of their operations in the longer run.

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

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

SENTRAL had approximately 440,000 sq. ft. or 22% of its total committed NLA due for renewal in 2021. Our leasing and asset management strategy throughout the year has confirmed a take-up rate of approximately 289,000 sq. ft. of NLA or approximately 66% of the total leases due in 2021. Correspondingly, SENTRAL recorded an average occupancy rate of 90% as at 31 December 2021 (2020: 90%) in terms of NLA and is above the Klang Valley office market average occupancy rate of 74.3% in 2021.

Moving forward, we expect competition in the Klang Valley office market to remain intense in a midst of a prolonged oversupply condition exacerbated by the pandemic. Competition from newer buildings offering competitive rental rates will be the key leasing risk to SENTRAL. To mitigate this, strong tenant management and tenant retention will continue to be the key focus in 2022, similar to the previous year. With the positive leasing outcomes achieved in 2021, we intend to continue to pursue our on-going marketing programmes and to adapt some of our leasing strategies to cater to the above-mentioned key office trends, with the aim to maintain a stable portfolio occupancy rate throughout 2022. We will also leverage on new and existing networks to market the available office spaces in SENTRAL's portfolio with the focus on bringing in new tenants from the IT, oil & gas, e-commerce, serviced office and shared services sectors.

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

Due to the MCO restrictions in 2021, we had to rescheduled certain less critical planned 2021 enhancement works to the following year. In its place, resources have been deployed on assessing the risk of COVID-19 impacting SENTRAL's portfolio of properties. This is vital in order to improve the quality and service delivery of SENTRAL's properties to meet the requirements of the new normal.

Safety was one of the key focus in our 2021 enhancement initiatives. Various safety features have been included in SENTRAL's buildings including upgrading of Menara Shell's car park lifts with new safety features and installation of energy efficient LED lighting for improve visibility in Plaza Mont Kiara car park. In addition to the above, major enhancement work was initiated in Menara Shell and progress work is expected to pick up speed in 2022 with the relaxation of the movement control restrictions. We will also resume improvement works planned for Platinum Sentral in 2022. Specifically, building safety will be prioritized with the upgrade of the outdoor courtyard wood deck areas which could be a potential safety hazard for tenants if upgrading works are not done to reinforce the wood decks. In addition, enhancement of the lighting system to provide better visibility at dark secluded areas at Levels 2 and 3 of Platinum Sentral will also be part of the safety enhancement for the building.

(D) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

BUSINESS PERFORMANCE (cont'd)

(D) Risk Management (cont'd)

Business Risk / Leasing Risk

Strong competition, poor economic and market conditions and over supply are some of the key factors that could result in master 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.

Prolonged COVID-19 Pandemic Lockdowns

The uncontained spread of COVID-19 and the pervasiveness of the virus has caused extended lockdowns in Malaysia, which has poised a significantly drag on business activities. This has led of a sharp decline in private consumption and consequently, has had a rippled effect on corporate earnings and financial markets. Therefore, the risk of resurgence or subsequent wave of new COVID-19 infections, would be a downside risk to SENTRAL. The prolonged COVID-19 pandemic would delay the expected economic recovery and consequently effect the performance of SENTRAL as tenants are unable to operate and consequently may lead to inability to service obligations under the tenancy agreements.

Credit Risk

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

To mitigate the credit/default risk which can lead to premature/early lease terminations by tenants effected by COVID-19, supporting SENTRAL tenants, especially the small and medium-sized enterprise tenants through these COVID-19 challenges remain our priority. Through our tenant assistance programme, we will provide assistance on a case to case basis and where necessary to the affected tenants.

Liquidity Risk

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

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

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

Interest Rate Risk

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

MANAGEMENT DISCUSSION AND ANALYSIS - OPERATIONAL OVERVIEW

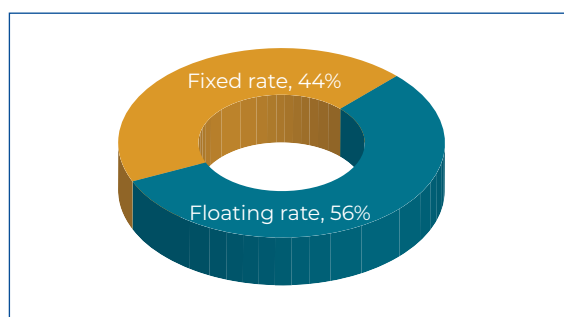
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BUSINESS PERFORMANCE (cont'd)

(D) Risk Management (cont'd)

Interest Rate Risk (cont'd)

However, in 2021 and subsequent to the refinancing of the RM260 million borrowings under Kinabalu Capital Sdn Bhd and the early redemption of RM40 million term loan under Trusmadi Capital Sdn Bhd, a sizeable portion of SENTRAL's borrowings were kept on floating interest rate.



We have kept 56% of the borrowings on floating rate in anticipation of continued low OPR by BNM, which will aid in lowering SENTRAL's overall financing cost. It is expected that Malaysia's monetary policy will continue to remain supportive of economic recovery throughout 2022 and any change in monetary policy will be guided how the overall domestic inflation and domestic growth performs.

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.

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 of SENTRAL's reputation.

As part of the requirements set out in the Listed REIT Guidelines, SENTRAL 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 report to the Audit Committee on a quarterly basis.

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

OUTLOOK AND PROSPECTS

The expected growth trajectory for Malaysia in 2022 is based on further expansion in global and domestic economic activities, fuelled by broader vaccine coverage and a further improvement in goods trade amid a slower recovery in services trade.

Almost all economic sectors are projected to expand on the supply side, led by the services and manufacturing sectors. The real estate and business services subsector is expected to decline by 5.1% in 2021. The annual performance was weighed down by the 10.5% contraction in the first half due to slower leasing and renting of properties and lower demand for professional services. However, the subsector is anticipated to improve marginally by 0.6% in the second half following the reopening of economic sectors and property companies' aggressive adoption of digital marketing. The expected improvement is also attributed to the extension of the RPGT exemptions as well as stamp duty exemptions and price discounts under the Home Ownership Campaign. The real estate and business services subsector is projected to rebound by 8.6% in 2022, mainly driven by business services provided particularly to property and financial-related activities.

(Source: Ministry of Financial Budget 2021 - Economic Outlook 2021)

MANAGEMENT DISCUSSION AND ANALYSIS

- OPERATIONAL OVERVIEW

(cont'd)

OUTLOOK AND PROSPECTS (cont'd)

The Kuala Lumpur office market down cycle is expected to persist in 2022 as future supply of office space continue to come on steam, coupled with weak absorption rates which was exacerbated by the pandemic. We expect to see these pressures on the Klang Valley office market be alleviated with the eventual improvement in the economy and the gradual improvement in consumer and business sentiments in 2022. Leasing activities are expected with pick up momentum as businesses resume operations under the “new normal” requirements, after having gained a better understanding of how to adjust its business operations, post pandemic. Leasing enquiries picked up after the third quarter of 2021 with office developments within the fringes of Central Kuala Lumpur such as KL Sentral, Mid Valley and Bangsar South still being the preferred choices. Leasing activities in these areas during the year have been encouraging, notwithstanding the on-going pandemic. 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, business process outsourcing sector (“BPO”), IT and technology based sectors continue to be prevalent and encouraging, as compared to the banking and oil & gas sectors which have traditionally bolstered the demand for the Klang Valley office space.

Many organisations have started to revamp existing operating workflow to cater for hybrid working options and to embrace technology in their business operations. This may benefit co-working operators, which are able to offer flexible contract arrangements as organisation rethink and adapt to alternative work models in this challenging business environment. Physical distancing measures may lead to a reversal of open office trends and opting for decentralised offices.

With the influx of new buildings with newer specifications, it is vital that landlords focus on asset management and enhancement initiatives that emphasises in adapting existing office buildings to meet the new normal requirements and specification required by tenants. Such initiatives together with leasing strategies that are centred on tenant retention will be essential for landlords to retain existing tenant,

improve their market competitiveness and to attract new occupiers. If Malaysia eases into an endemic environment in the future, where living with COVID-19 is imperative, health and safety measures will also be the centre of workplace planning. Landlords will have to ensure that their buildings continue to be fitted with the necessary facilities, health and safety features and carry out regular disinfecting and necessary preventive measures/SOPs to mitigate the risk of COVID-19 infections.

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

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

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

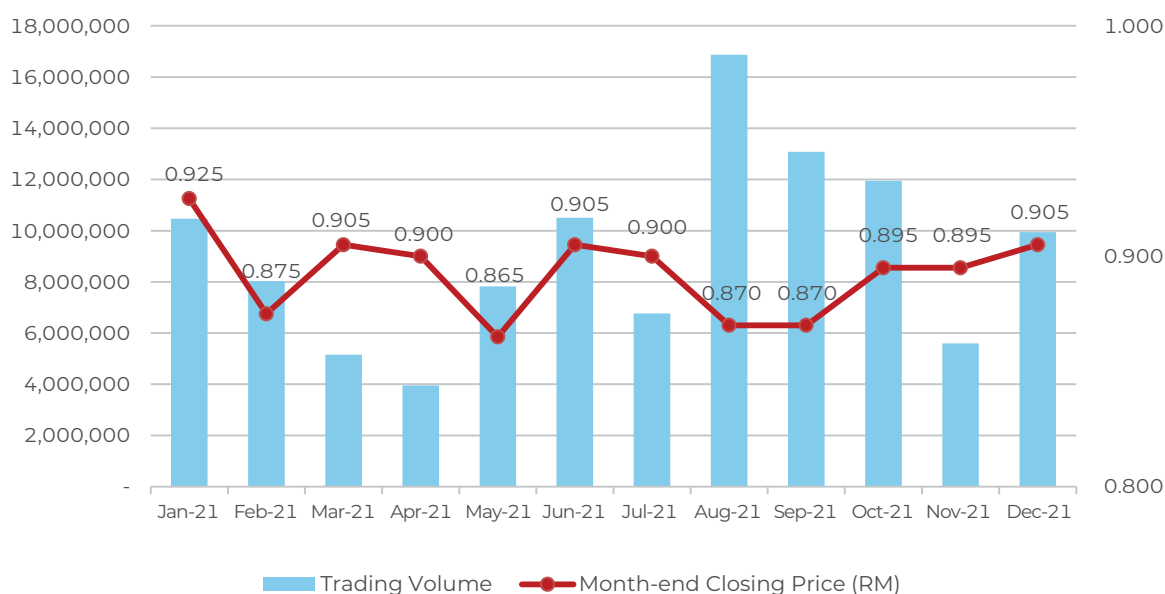
MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(A) Trading Performance

Unit Price Performance

SENTRAL's Monthly Trading Performance for 2021

Monthly Trading Performance for 2021



	Trading Volume	Month-end closing Price (RM)
Jan-21	10,466,600	0.925
Feb-21	8,029,100	0.875
Mar-21	5,155,900	0.905
Apr-21	3,953,600	0.900
May-21	7,823,200	0.865
Jun-21	10,504,800	0.905
Jul-21	6,766,100	0.900
Aug-21	16,873,600	0.870
Sep-21	13,078,100	0.870
Oct-21	11,945,800	0.895
Nov-21	5,596,900	0.895
Dec-21	9,943,000	0.905

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

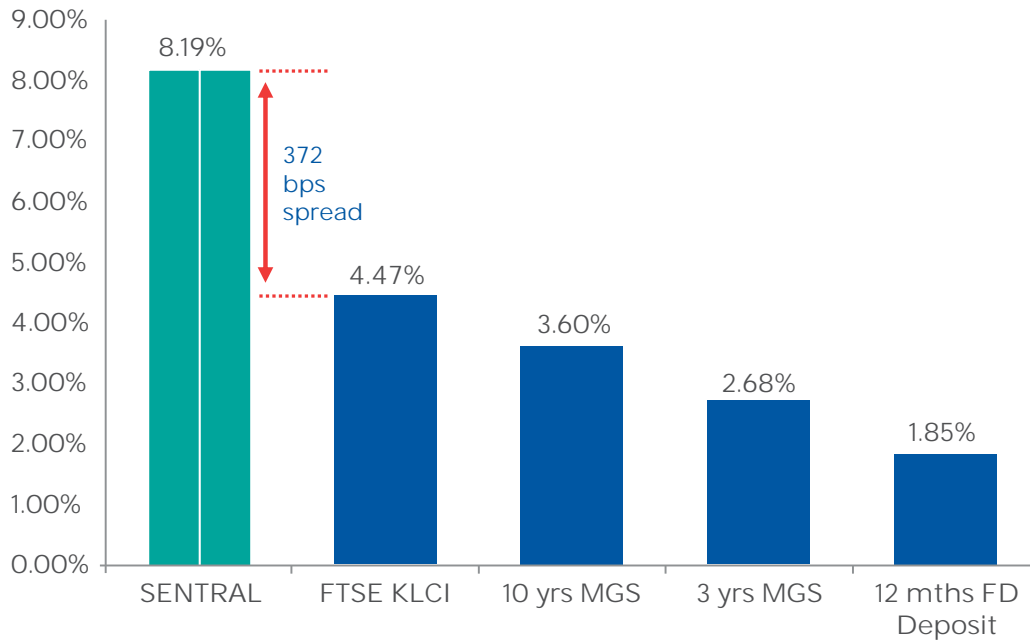
(A) Trading Performance (cont'd)

SENTRAL's Unit Price versus Performance Benchmarks

- 8 January 2007 (from Listing Date) to 31 December 2021



Comparative Yields



Source:

- 1) Rates for 5-yrs MGS & 10-yrs MGS rate was obtained from HSBC Daily Commentary Report dated 31 December 2021.
- 2) 12 months FD rate is from Maybank.
- 3) Dividend Yield of FTSE Bursa Malaysia KLCI as at 31 December 2021 is from Bloomberg.

MANAGEMENT DISCUSSION AND ANALYSIS

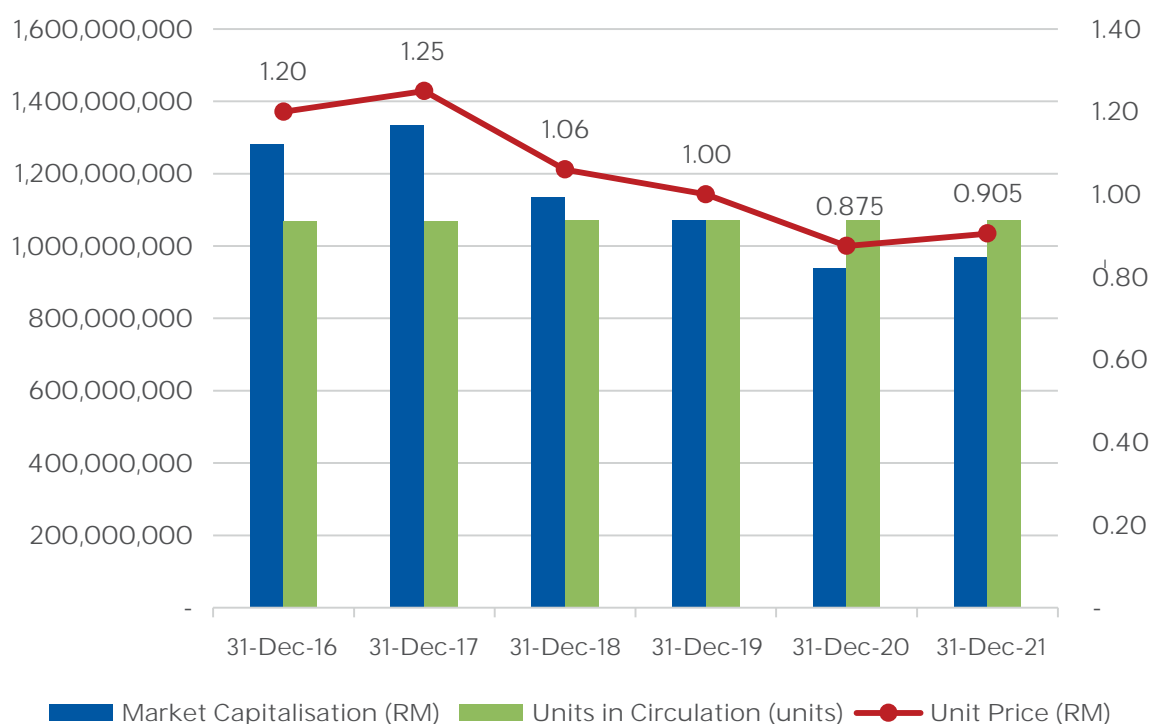
- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(A) Trading Performance (cont'd)

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

Market Capitalisation, Unit Price and Units in Circulation

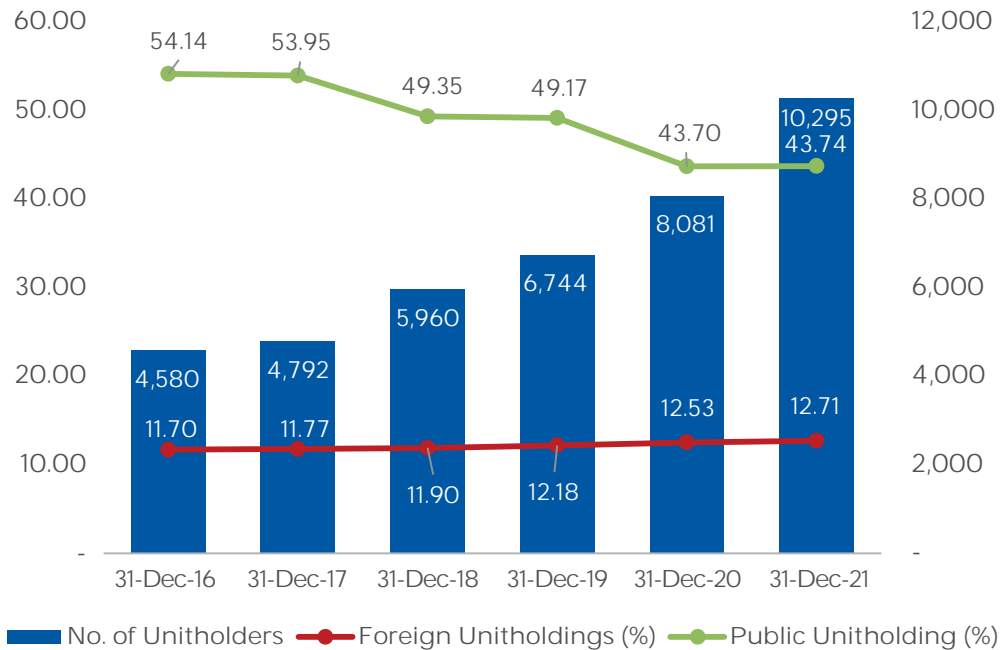


MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(A) Trading Performance (cont'd)

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



(B) Investor Relations Initiatives (“IR”)

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"> ■ Quarterly financial earnings releases ■ Corporate exercise announcements 	<ul style="list-style-type: none"> ■ Institutional investors ■ Analysts
Property Tours^	<ul style="list-style-type: none"> ■ Group tour ■ One-on-one tour 	<ul style="list-style-type: none"> ■ Institutional investors ■ Analysts
Conferences*	<ul style="list-style-type: none"> ■ Investors conferences ■ Industry conferences ■ Non-deal roadshows 	<ul style="list-style-type: none"> ■ Institutional investors ■ Analysts
Corporate website and investor relation portal	<ul style="list-style-type: none"> ■ https://sentralreit.com ■ Corporate announcements ■ IR enquiry contact 	<ul style="list-style-type: none"> ■ Institutional investors ■ Retail investors ■ Analysts ■ Media

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(B) Investor Relations Initiatives (“IR”) (cont’d)

Communication Channel	Medium of Communication	Stakeholders
Research coverage	<ul style="list-style-type: none"> ■ 6 research coverage reports 	<ul style="list-style-type: none"> ■ Institutional investors ■ Retail investors ■ Analysts ■ Media
Media engagement	<ul style="list-style-type: none"> ■ Media briefings ■ Media releases 	<ul style="list-style-type: none"> ■ Media ■ Public
Annual General Meetings*	<ul style="list-style-type: none"> ■ Reporting of financial performance 	<ul style="list-style-type: none"> ■ All unitholders ■ Public
Publications	<ul style="list-style-type: none"> ■ Annual reports ■ Company Presentations 	<ul style="list-style-type: none"> ■ All unitholders ■ Analysts ■ Media ■ Public

* These events were held virtually in compliance with the COVID-19 physical distancing requirements.

^ Not conducted in 2021 due to COVID-19.

Unitholders’ Meetings

Ninth Annual Unitholders’ Meeting

In the midst of the on-going COVID-19 pandemic, SENTRAL’s 9th Annual General Meeting (“9th AGM”) was held on 7 April 2021 and conducted entirely via remote participation and electronic voting. The online 9th AGM was conducted in accordance with the practices that have already been adopted by other internationally developed capital markets.

During the 9th AGM, unitholders’ approval was sought for the proposed authorisation and issuance of new units (“Proposed Unitholders’ Mandate”) pursuant to Clause 6.59(1A) of the Listing Requirements, as well as to brief Unitholders about SENTRAL’s financial results for FY2020. We are pleased to report that the resolution for the Proposed Unitholders’ Mandate was duly passed.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

- TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

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

Research Coverage in 2021

In 2021, SENTRAL was covered by 6 research houses. Below is a summary of the reports published for SENTRAL's 4Q 2021 results:

Coverage	Rating	Target Price (RM per unit)
RHB Research Institute	Buy	1.02
Hong Leong Investment Bank Research	Buy	0.95
Maybank IB Research	Buy	1.25
CGS CIMB Research	Buy	1.00
UOB Kay Hian Research	Buy	1.00
Kenanga Research	Market Perform	0.90

(C) Corporate Social Responsibility ("CSR")

SENTRAL's CSR initiatives are carried out by the REIT Manager – SENTRAL Management Sdn Bhd ("SRM"). In the wake of COVID-19 pandemic, our efforts in FY2021 have remained focused on supporting the welfare of needy children while also extending our support to the B40 and underprivileged communities for their basic needs.

Specifically, SRM's community sponsorship in 2021 were focus on the following two themes:

1. Supporting and facilitating children's online learning

The closure of schools due to the COVID-19 pandemic has disrupted the children's day to day learning. With the move to online learning, many children from the B40 communities are not equipped with the necessary hardware and software to participate in the school's online learning platform. Therefore, to support the children's online learning, the following sponsorships were completed during the year:

Donation of RM40,000 in cash to Yayasan Ozanam

Yayasan Ozanam is a non-profit organization set up to provide and care for poor, abandoned, underprivileged and single parent children. The RM40,000 cash donation to Yayasan Ozanam was utilized to provide more digital equipment and software/applications as well as improving the delivery of online school lessons and e-learning programs (i.e. internet subscription) at Yayasan Ozanam's children homes, Ozanam Service Centre, and Children of FINS, (friends in need from B40 income families) under the umbrella of Yayasan Ozanam.

Donation of RM45,000 in cash to Persatuan Kebajikan Kanak-Kanak Kajang ("PKKKK")

PKKKK is a registered voluntary non-government organization set up in 2010 with aim to provide free tuition classes and meals to the school going children from the poor, underprivileged families based in Semenyih and Kajang. The centre has become the only source for many of its students to access their daily online school lessons. However, with limited number of computers available, PKKKK was unable to accommodate the increase usage by its students. Therefore, the RM45,000 cash donation to PKKKK was utilised for various essential needs namely, the purchase new computers, teacher's salary, rent and utility expenses.

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

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

2. Distribution of food to the needy B40 communities

Many of the B40 breadwinners suffered loss of income/jobs due the lockdown restrictions. This has resulted in the inability to put food on the table for these families. During the year, the following sponsorships were completed:

Donation of RM50,000 to Grace Community Services ("GCS") for Food Aid Program

GCS is a non-profit organization founded to serve the needs the underprivileged and the marginalized community who need assistance, regardless of race or religion mainly in the Klang area. Donation of RM50,000 to GCS was utilised to fund the purchase of monthly essential food packs worth RM72 each for 230 families, for 3 months i.e. from October 2021 to December 2021. Under GCS's Food Aid Program, each family will receive a food pack consisting of rice, cooking oil, flour, noodles, milk, sugar, and other non-food supplies. Most of the beneficiaries are from the B40 group with large family dependents of between 3 and 6 members, single parents i.e. the widowed, aged, separated, and divorced or unemployed and dependent on welfare aid.

Donation of RM41,360 to Pit Stop Community Café ("Pit Stop")

Pit Stop operates a soup kitchen and prepares and packs meals for distributions to the various community centres in KL city center. Some of these community centres include:

- Anjung Singgah – a homeless transit center located at Jalan Hang Lekiu, Kuala Lumpur
- Pertubuhan Kesihatan dan Kebajikan Umum Malaysia (PKKUM) an outreach center at Jalan Chow Kit, Kuala Lumpur; and
- Rumah Kanak Kanak Trinity, Section 7, Petaling Jaya

SRM's donation under Pit Stop's community initiatives were utilised to fund the purchase of the following:

- Raw food and vegetable produce for the meal preparation at Pit Stop's soup kitchen's at Jalan Tun H. S. Lee for the period from June 2021 to December 2021.
- Buns as part of the dinner pack distribution to the street communities organized by Pit Stop, delivered twice weekly from June 2021 to December 2021.

All the sponsorship items above were purchased from SENTRAL's retail tenants.

Food donation of approximately RM21,400 to B40 communities in Lembah Pantau and Batu Adun

Many B40 communities continue to face hardship with the prolong lockdown. SRM has reached out to several community' leaders in Kuala Lumpur and identified several areas with high concentration of B40 communities. These B40 communities have been affected by the lockdown as the residents are unable to work or find suitable vocations to survive during the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS - TRADING PERFORMANCE AND INVESTOR RELATION

(cont'd)

(C) Corporate Social Responsibility (“CSR”) (cont'd)

2. Distribution of food to the needy B40 communities (cont'd)

In view of the dire need for assistance, the following once off food donations were initiated:-

- Distribution of 200 food baskets and 400 packs of chicken rice for residents at Jalan Kubur, Project Perumahan Rendah (“PPR”) Kerinchi, PPR Pantai Ria and Taman Bukit Angkasa.
- Distribution of 200 food baskets and 500 packs of chicken rice to communities at PPR Batu Muda, Taman Koperasi Polis 2, Bandar Baru Sentul and Kampung Batu Muda.

All the sponsorship items above were also purchased from SENTRAL's retail tenants.

Food Sponsorship of approximately RM1,500 to Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (“PPKKCTM”)

PPKKCTM is a home for handicapped and disable children located at Plot 13488, Jalan Jenjarum, Taman SEA, Petaling Jaya. It houses up to 138 children of all races. This sponsorship to the centre involves a once off distribution of bento meals and supply of essential such as milk, shower wash, disinfectants, children's face masks and laundry detergent.

PROPERTY MARKET UPDATES

PROPERTY MARKET OVERVIEW 2021 PREPARED BY KNIGHT FRANK MALAYSIA SDN BHD FOR SENTRAL

MARKET INDICATIONS

The COVID-19 pandemic continues to disrupt lives, economies and societies. The destructive impact of the prolonged pandemic, which has led to the country being placed under various phases of Movement Control Order (MCO) since 18 March 2020 to contain the spread of the novel coronavirus, is reflected in the country's poor economic performance for 2020, it registered an annual contraction of 5.6% compared to a 4.3% growth in 2019.

Year 2021, started on a more challenging note as MCO 2.0 was implemented and a state of emergency was announced in January as part of the containment measures of the COVID-19 pandemic. The economy contracted 0.5% in 1Q2021 as measures such as travel restrictions, enforced business closures and restricted social activities left many businesses and economic sectors struggling to stay afloat.

In 2Q2021, the economy expanded by 16.1% supported mainly by the improvement in domestic demand and continued robust exports performance. The re-imposition of strict containment measures following the surge in infections, however, led to sharper economic contraction with gross domestic product (GDP) shrinking 4.5% in the third quarter of 2021.

Malaysia's economic recovery in 2021 will be underpinned by the effective implementation of the National Immunisation Programme to curb the spread of COVID-19. The government's earlier GDP projection of between 6.0% and 7.5% for 2021 has been revised lower to between 3.0% and 4.0% following re-imposition of movement control orders and full lockdown since January 2021 (MCO 2.0, MCO 3.0 and FMCO) to rein in resurgence of COVID-19 cases.

To date, multiple economic stimulus packages totalling some RM530 billion have been unveiled to mitigate the adverse impact of the pandemic on the economy, business and society. The latest package, PEMULIH (National People's Well-Being and Economic Recovery Package) worth RM150 billion together with a RM10 billion fiscal injection, was announced on 28 June 2021.

The country's unemployment rate was recorded at 4.7% in 3Q2021, a slight decline from 4.8% in 2Q2021, driven by a slightly larger increase in employment relative to labour force expansion. For 2021, Malaysia's labour market is expected to register at 4.6% amid growing challenges due to the prolonged pandemic.

Malaysia's inflation moderated to 2.2% in 3Q2021 (2Q2021: 4.1%), primarily due to the dissipating base effect from fuel prices and the implementation of a three-month electricity bill discount effective July 2021. For the whole year of 2021, Bank Negara Malaysia (BNM) has projected that headline inflation will average between 2.0% and 3.0%.

The Business Conditions Index (BCI) improved by 9.5 points to settle at 97.0 points in 3Q2021 from 87.5 points in 2Q2021 mainly due to improved sales as well as domestic and external orders. The index expanded 10.7 points on the year, reflecting a slow recovery from the prolonged COVID-19 pandemic (3Q2020: 86.3 points).

The central bank cut the overnight policy rate (OPR) by 25 basis points to 1.75% on 7 July 2020, its fourth revision in 2020 to provide a more accommodative monetary environment to support the country's economy.

IMPACT OF COVID-19 ON MALAYSIA: RETAIL PERFORMANCE

Since 2012, the country's retail sales growth has been moderating, registering a miniscule growth rate of 1.4% in 2015. The upward adjustments in fuel prices and electricity tariffs, coupled with the implementation of the goods and services tax (GST) in April 2015, have collectively led to higher living cost.

Retail sales growth continued to remain lacklustre in the subsequent years, before peaking at 3.9% in 2018; a sluggish performance despite the three-month tax holiday following the Government's decision to zeroise the GST in June 2018.

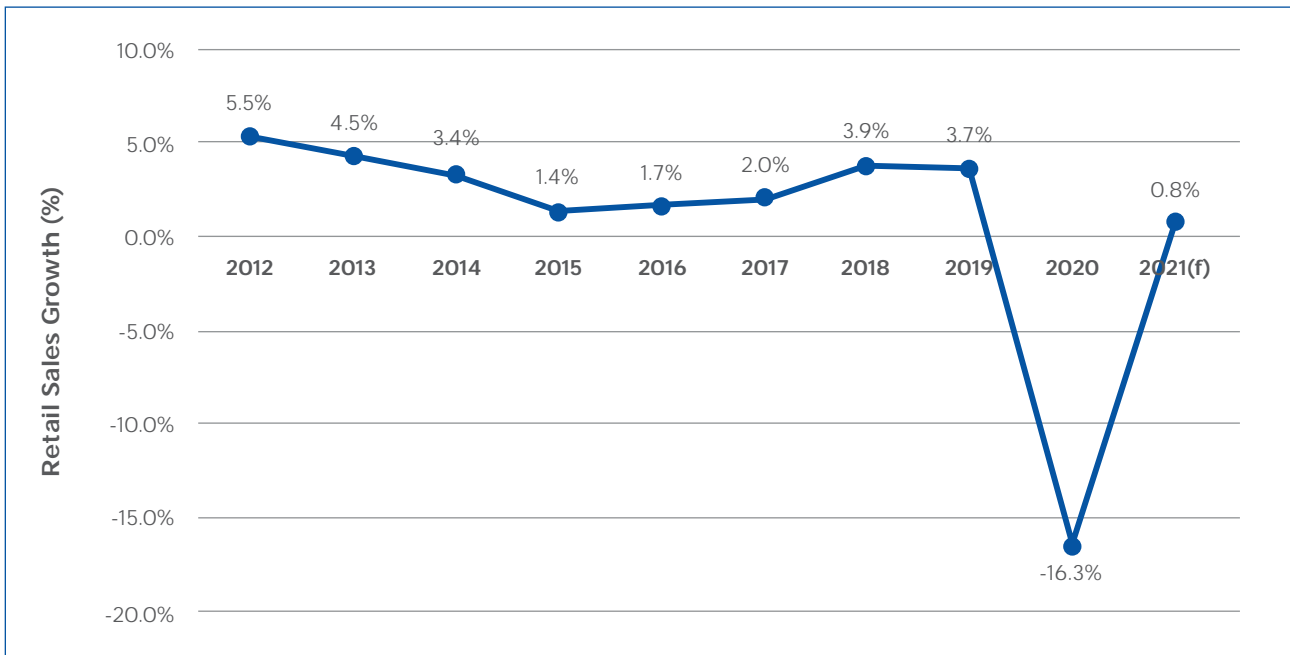
PROPERTY MARKET UPDATES

(cont'd)

IMPACT OF COVID-19 ON MALAYSIA: RETAIL PERFORMANCE (cont'd)

The onset of the COVID-19 pandemic in early 2020, leading to the country been placed under various phases of MCO since 18 March 2020, has severely impacted the economy, as majority of business activities slowed or came to a complete halt. Malaysia's retail industry registered its worst performance in two decades with sales growth contracting 16.3% on the year (2019: 3.7%).

Malaysia - Retail Sales Growth, 2012 to 2021(f)



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

Note: (f) = Forecast

During the second quarter of 2021, the Malaysian retail industry recorded a positive retail sales growth of 3.4%, mainly due to the low base effect a year earlier (1Q2021: -9.9%). In 2Q2020, the retail industry suffered a y-o-y contraction of 30.9% due to business closures. Taking into consideration the lower sales growth in the first half of the year and the revision of third quarter estimate (3Q2021(e): -15.1%), Retail Group Malaysia (RGM) had revised downwards the country's 2021 retail sales growth projection from 4.0% to 0.8%.

The MIER Consumer Sentiments Index (CSI) picked up 13.7 points on the quarter to record at 98.9 points in 1Q2021 (4Q2020: 85.2 points); its tenth quarter high since 4Q2018 before plummeting to 64.3 points in 2Q2021 due to weakened current finances and lacklustre employment outlook. In 3Q2021, the CSI rebounded to record at 101.7 points, above the 100-point optimism threshold since 3Q2018. The index, which is at its highest level since 3Q2013, signifies consumers' optimism for better income and employment opportunities following further easing of COVID-19 movement restrictions.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW

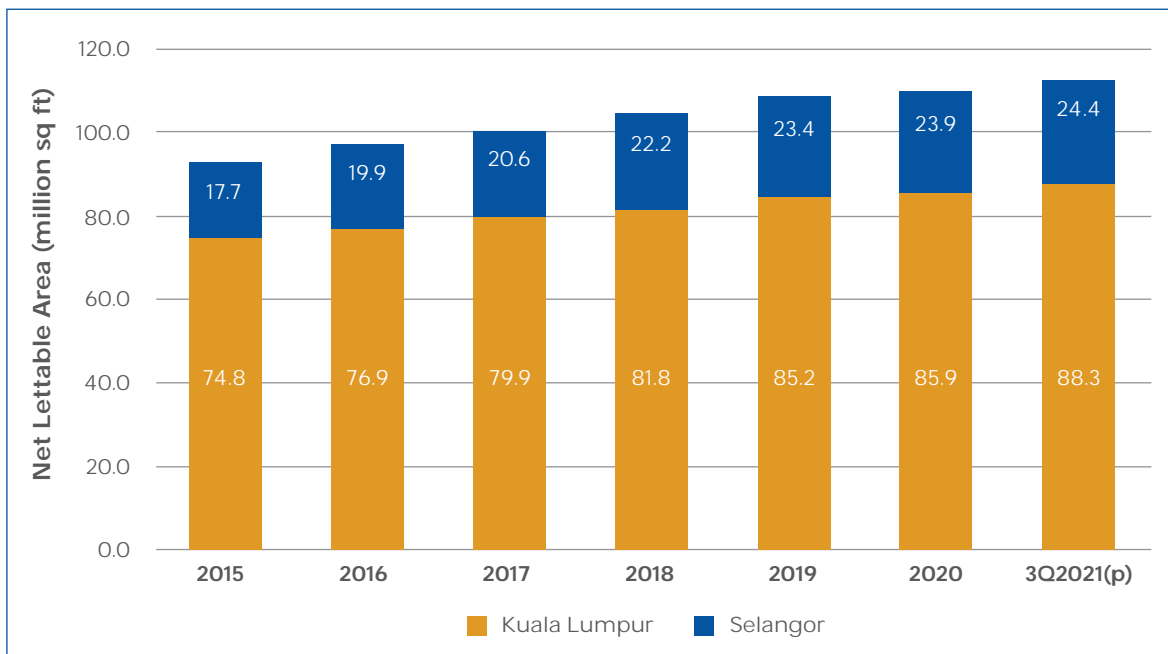
1.0 GREATER KUALA LUMPUR/KLANG VALLEY

1.1 Supply: Existing and Future

The existing supply of purpose-built office space in Greater Kuala Lumpur / Klang Valley, has been increasing at a steady pace over the years. As of 3Q2021(p), its cumulative existing supply stands at circa 112.7 million sq ft.

Kuala Lumpur saw the completions of TS Law Tower, Permata Sapura, Menara Great Eastern 2 and Menara IQ @ TRX with a total additional office space of circa 1.7 million sq ft in 2Q2021 and Plaza Conlay @ Conlay 301 (Tower 1) with circa 606,000 sq ft NLA in 3Q2021. Meanwhile, notable office completion in Selangor during the year include Imazium @ Uptown with NLA of circa 450,000 sq ft.

Greater KL/Klang Valley: Cumulative Supply of Purpose-Built Office Space, 2015 to 3Q2021^(p)



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

In the supply pipeline is circa 10.4 million sq ft of space with scheduled completions by 2023. The bulk of incoming office supply at circa 8.3 million sq ft (79.5%) will be from Kuala Lumpur whilst the remaining space of circa 2.1 million sq ft (20.5%) will come from Selangor.

A total of 10 office buildings are due for completion by the first half of 2022 with five in KL City; two in KL Fringe; and the remaining three in Selangor. The upcoming office buildings in the capital city include Affin Tower @ TRX, PNB 1194, The Stride Strata Office, UOB Tower 2, Merdeka 118 Tower while in KL Fringe, they are The MET Corporate Towers and Aspire Tower. The remaining three upcoming buildings in Selangor are Quill 9 Annex as well as Block G and HCK Tower, both located within Empire City.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

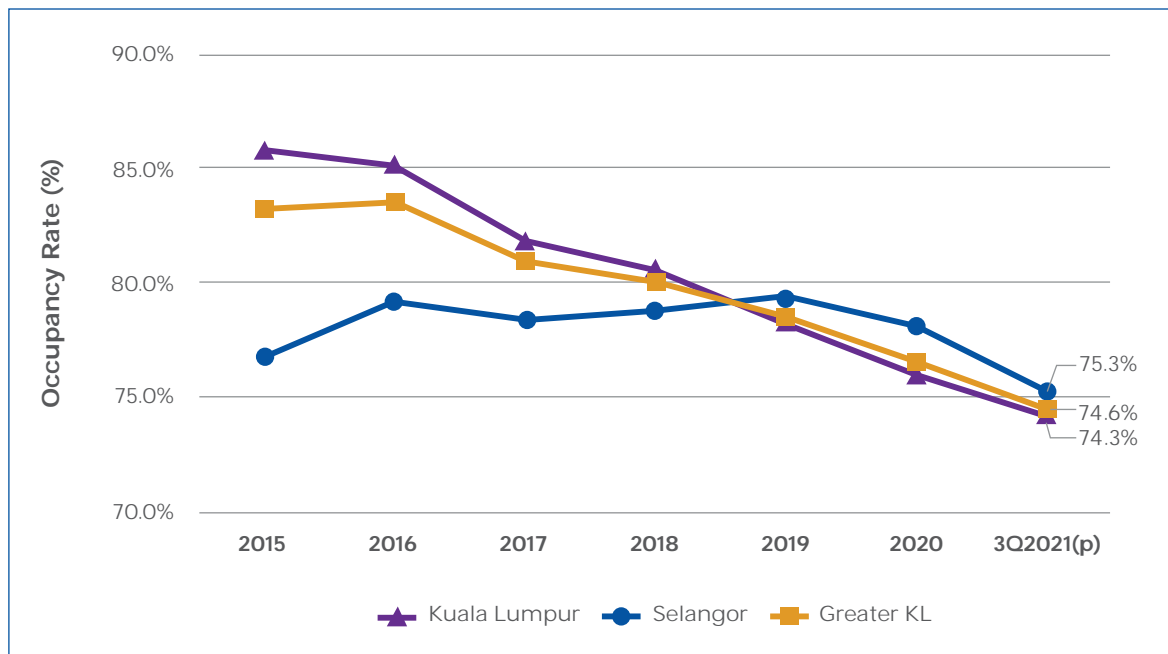
1.0 GREATER KUALA LUMPUR/KLANG VALLEY (cont'd)

1.2 Occupancy Rates

In 3Q2021, the overall occupancy rate of office space in Kuala Lumpur declined further to post at 74.3% (2020: 76.0%), impacted by the coronavirus pandemic.

Similarly, the occupational demand in Selangor also posted a fall to record at 75.3% in 3Q2021 (2020: 78.2%).

Greater KL/Klang Valley: Occupancy Trend for Purpose-Built Office Space, 2015 to 3Q2021^(p)



Source: Knight Frank Research

The overall occupancy rates for the sub-markets of Petaling Jaya, Subang Jaya and Cyberjaya declined by 3.8%, 2.0% and 2.2% to record at 74.7%, 79.1% and 73.4% respectively (2020: Petaling Jaya – 78.5%, Subang Jaya – 81.1% and Cyberjaya – 75.6%) while for Shah Alam, it was marginally lower by 0.7% to record at 79.5% (2020: 80.2%).

1.3 Rental Rates

The average rental rate of office space in Kuala Lumpur declined to RM6.39 per sq ft per month in 3Q2021(p) (2020: RM6.60 per sq ft per month). Moving forward, the scheduled completions of more office buildings in the next one to two years will further widen the supply – demand gap. With existing and newly completed buildings competing for the same pool of tenants, this will heighten competition in the tenant-led office market.

PROPERTY MARKET UPDATES

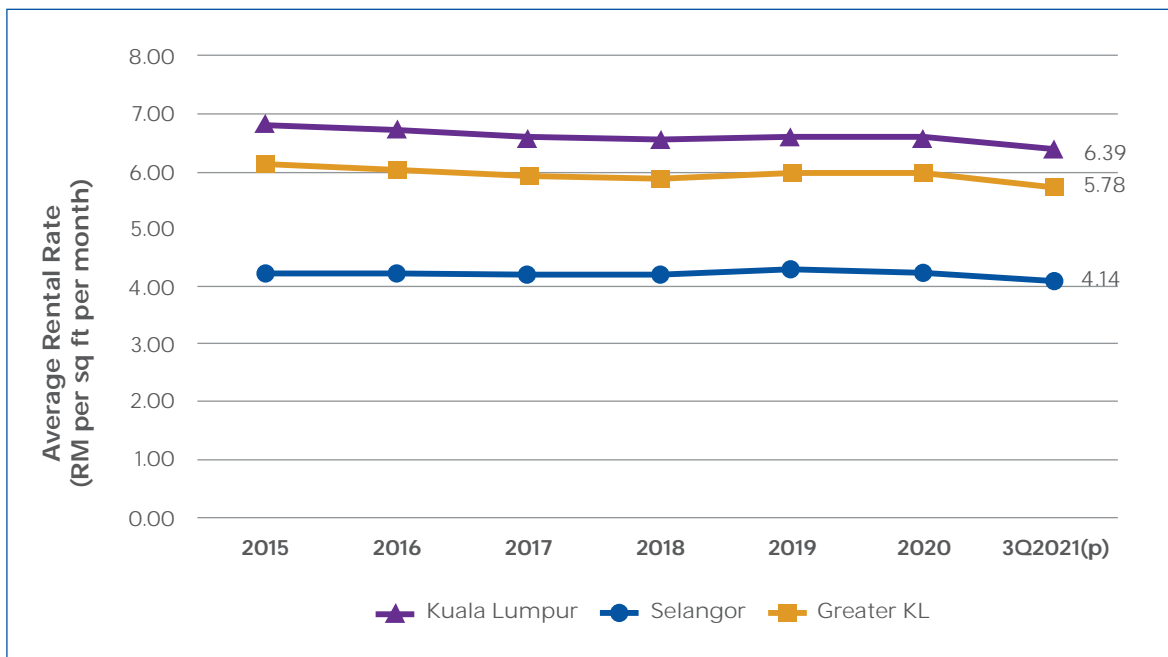
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OFFICE MARKET OVERVIEW (cont'd)

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

1.3 Rental Rates

Greater KL/Klang Valley: Average Rental Rates, 2015 to 3Q2021^(p)



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

Similarly, the average office rent in Selangor was under pressure and was quoted at RM4.14 per sq ft per month in 3Q2021(p) (2020: RM4.28 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 RM4.40 per sq ft; RM4.17 per sq ft; RM3.45 per sq ft and RM3.80 per sq ft respectively.

1.4 Capital Values

In 2020, notable office transactions in Greater Kuala Lumpur / Klang Valley include Menara Guoco, The Pinnacle Sunway, UOA Corporate Tower, Quill Building 5 and Menara MIDF with total value of circa RM1.58 billion.

Meanwhile, there is only one notable office transaction in 2021.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

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

1.4 Capital Values (cont'd)

Greater KL/Klang Valley: Notable Office Transactions, 2020 & 2021

Transaction Date	Building Name	Locality	Tenure	Estimated NLA (sq ft)	Consideration (RM)	Analysis (RM per sq ft)
2020						
March 2020	Menara Guoco ⁽¹⁾	Damansara Heights	Freehold	232,133	242,100,000	1,043
June 2020	The Pinnacle Sunway ⁽²⁾	Bandar Sunway	Leasehold	576,864	450,000,000	780
September 2020	UOA Corporate Tower ⁽³⁾	Bangsar South	Leasehold	732,871	700,000,000	955
November 2020	Quill Building 5 ⁽⁴⁾	Cyberjaya	Freehold	81,602	45,000,000	551
November 2020	Menara MIDF ⁽⁵⁾	Jalan Raja Chulan	Freehold	160,000	141,000,000	881
2021						
September 2021	Balai Berita ⁽⁶⁾	Bangsar	Freehold	327,310	156,397,500	478

Source: Knight Frank Research

Notes:

- (1) Menara Guoco: MTrustee Berhad, the trustee of Tower REIT ("Trustee"), entered into a conditional sale and purchase agreement with DC Offices Sdn Bhd for the acquisition of the 19-storey office building for a cash consideration of RM242.1 million. The building, with a gross floor area and net lettable area of 310,183 sq ft and 232,133 sq ft respectively, is 97.1% occupied and has a gross rental income of approximately RM15.6 million for the FYE 30 June 2019.
- (2) The Pinnacle Sunway: Sunway REIT Management Sdn Bhd (SRSB), the manager of Sunway Real Estate Investment Trust (Sunway REIT), had on 29 June 2020 entered into a conditional sale and purchase agreement for the acquisition of The Pinnacle Sunway for RM450 million. The deal was made via RHB Trustees Bhd, the trustee of Sunway REIT, with Sunway Integrated Properties Sdn Bhd and Sunway Pinnacle Sdn Bhd, both of which are wholly-owned indirect subsidiaries of Sunway Bhd. The 24-storey office building with GBI-certified and MSC-status is 100% occupied at the point of sale.
- (3) UOA Corporate Tower: RHB Trustees Berhad, the trustee of UOA REIT ("Trustee"), entered into a conditional sale and purchase agreement with Distinctive Acres Sdn Bhd and Paramount Properties Sdn Bhd for the acquisition of a stratified 38-storey office building with a penthouse level for a cash consideration of RM700mil. The property has gross floor area (GFA) and net lettable area (NLA) of 959,764 sq ft and 732,871 sq ft respectively.
- (4) Quill Building 5: Sentral REIT Management Sdn Bhd (formerly known as MRCB Quill Management Sdn Bhd), being the manager of Sentral REIT (formerly known as MRCB-Quill REIT) (SENTRAL), announced that Maybank Trustees Berhad, acting solely in the capacity as trustee for SENTRAL, had on 12 November 2020 entered into a sale and purchase agreement with Deriv Services Sdn Bhd for the proposed disposal of Quill Building 5 for a cash consideration of RM45 million. The 5-storey office building with 1 level of sub-basement and 1 ½ level of a basement car park has a gross floor area of 227,039 sq ft and net lettable area of 81,602 sq ft.
- (5) Menara MIDF: Permodalan Nasional Berhad (PNB) signed the sale and purchase agreement (SPA) to dispose of Menara MIDF to Singapore-based JD Hospitality Sdn Bhd at a cash disposal price of RM141 million. The 21-storey building has a gross floor area (GFA) of 190,000 sq ft and net lettable area (NLA) of 160,000 sq ft.
- (6) Balai Berita: Media Prima Bhd had, on 3 September 2021, entered into a conditional sale and purchase agreement with PNB Development Sdn Bhd for the proposed acquisition of two (2) pieces of freehold land and the buildings erected thereon, for a total purchase consideration of RM156,397,500 to be satisfied entirely by cash. The total land size and total net lettable area of the buildings erected thereon are approximately 151,814 sq ft and 327,310 sq ft respectively.

PROPERTY MARKET UPDATES

(cont'd)

OFFICE MARKET OVERVIEW (cont'd)

2.0 OFFICE MARKET OUTLOOK

In mid-June 2021, the government had introduced the four-phase National Recovery Plan (NRP) as an exit strategy from the COVID-19 crisis. The progress and speed of the national immunisation programme, which kicked off on 24 February 2021, coupled with the on-going fiscal and monetary support are key to the country's economic recovery.

Although more economic sectors and businesses are allowed to reopen under Phase 4 of the NRP (effective 18 October 2021), it is anticipated that it will take some time for the office market to be back to pre-pandemic era as a number of companies, especially MNCs, are still evaluating their future workplace strategy.

Remote and hybrid working models are still in consideration while physical office space remains important for purposes of collaboration and to ensure high productivity.

The growing sense of uncertainty in the office market amid the unprecedented crisis as well as the need to preserve cash and reduce capital expenditure will result in lower level of leasing / transactional activity as businesses and occupiers review or put on hold their real estate decisions. Thus, co-working or flexible space may be a good option for new occupiers and businesses looking to expand to navigate in the near term before committing to a longer-term plan.

Prior to the COVID-19 pandemic, strong expansion in the co-working, technology and shared services sectors together with active "flight to quality" hinted positive development in the corporate office market in 2020. However, the scenario changed during the pandemic where co-working or flexible space faced challenging times as well. The occupiers, mainly SMEs, struggle to cope with the economic downturn with many companies downsizing and some unfortunately ceasing business operations.

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

In the near term, the rental rates and occupancy levels of office buildings in Malaysia, especially in Klang Valley where there is also an imbalance in supply and demand, will continue to experience downward pressure. Additionally, as companies downsize and relocate during the pandemic, plenty of fit-out units are left behind in the market. Landlords, therefore, are ready to negotiate for more competitive rents, thus, resulting in declining rental trend in KL City. On the other hand, KL Fringe managed to stabilise its occupancy as landlords are forthcoming to negotiate rentals to retain tenants.

Overall, the Kuala Lumpur office market is seen to be sustaining the pandemic with landlords continuing to offer incentives such as rent-free period, refurbishment cost amortization, flexible tenancy terms and space usage to remain competitive in the market.

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

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

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW

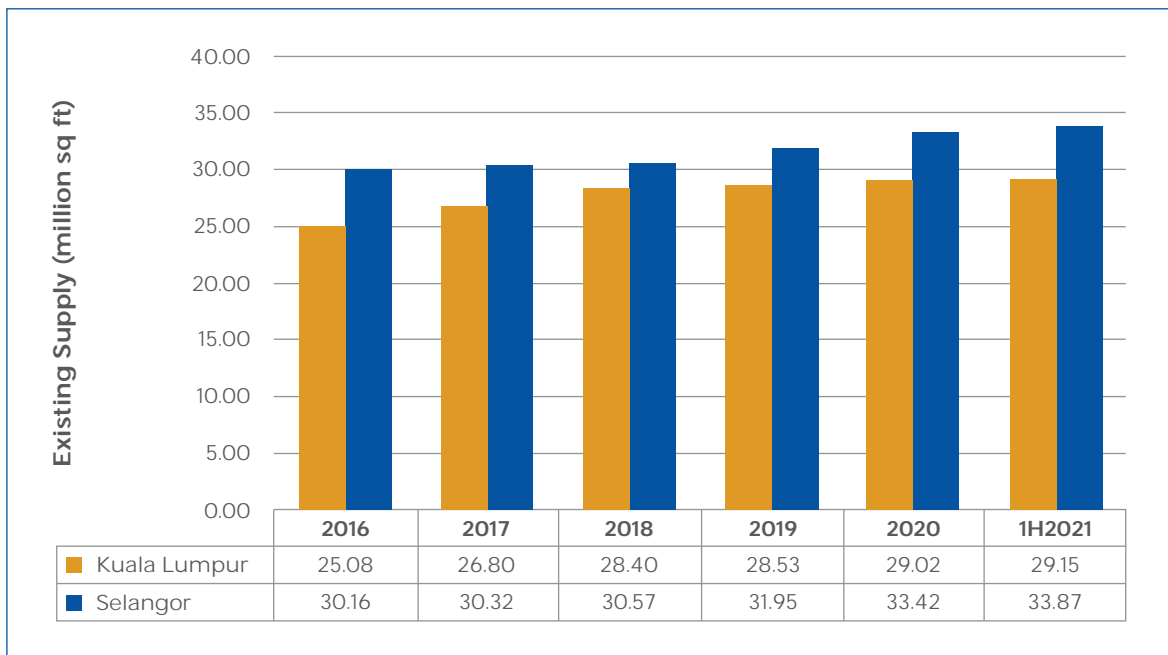
3.0 GREATER KUALA LUMPUR/KLANG VALLEY

3.1 Supply

The existing cumulative supply of retail space in Kuala Lumpur currently stands at circa 29.15 million sq ft. The bulk of retail supply comes from KL Fringe with about 18.37 million sq ft (63.0%) while KL City accounts for the remaining 10.77 million sq ft (37.0%) of space.

Meanwhile, the cumulative supply of retail space in Selangor stood at circa 33.87 million sq ft as of 1H2021, following the completion of Setia City Mall Phase 2 with approximately 450,000 sq ft NLA.

Greater KL/Klang Valley: Cumulative Supply of Retail Space, 2016 to 1H2021



Source: Knight Frank Research

Note: Putrajaya supply is included in Selangor

Pavilion Bukit Jalil, which is scheduled to open on 3 December 2021, will add circa 1.80 million sq ft of space to the existing retail stock. Together with another ten upcoming retail developments, five each in Kuala Lumpur and Selangor, the retail stock in Klang Valley will increase by circa 8.57 million sq ft by 1H2022.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.1 Supply (cont'd)

Greater KL/Klang Valley: Retail Centres/Retail Components Scheduled for Completion/Opening, 2H2021 & 1H2022

Name of Development	Location	Locality/State	Expected Completion/Opening	Estimated Net Lettable Area (sq ft)
Pavilion Bukit Jalil	Bukit Jalil	Kuala Lumpur	2H 2021	1,800,000
Retail Component of Lot 91 @ KLCC	KLCC	Kuala Lumpur	1H 2022	73,000
Mitsui Shopping Park Lalaport	Bukit Bintang			840,000
The Exchange TRX	TRX			1,300,000
118 Mall	City Centre			1,000,000
Pavilion Damansara Heights	Damansara Heights			1,170,000
Retail Component of Pacific Star	Petaling Jaya	Selangor		240,000
Retail Component of Datum Jelatek	Ampang			326,000
EcoHill Walk Mall	Semenyih			170,000
KSL Esplanade Mall	Klang			650,000
IOI City Mall Phase 2	Putrajaya			1,000,000
			Total	8,569,000

Source: Knight Frank Research

3.2 Occupancy

The average occupancy rate of shopping centres in Kuala Lumpur peaked at 89.8% in 2014 and has since continued to downtrend. Despite recording a slight improvement in 2019 at 83.4% (2018: 82.8%), the average occupancy level declined to 82.0% in 3Q2021 following the adverse impact of the prolonged COVID-19 pandemic.

Similar to the trend in Kuala Lumpur, the average occupancy rate of shopping centres in Selangor peaked at 87.9% in 2015 before declining to 79.2% in 3Q2021.

It is encouraging to note that the average occupancies for Kuala Lumpur and Selangor have continued to hover above the 80.0% threshold despite the high supply pipeline of retail space coming into the market coupled with the challenging business operating environment.

PROPERTY MARKET UPDATES

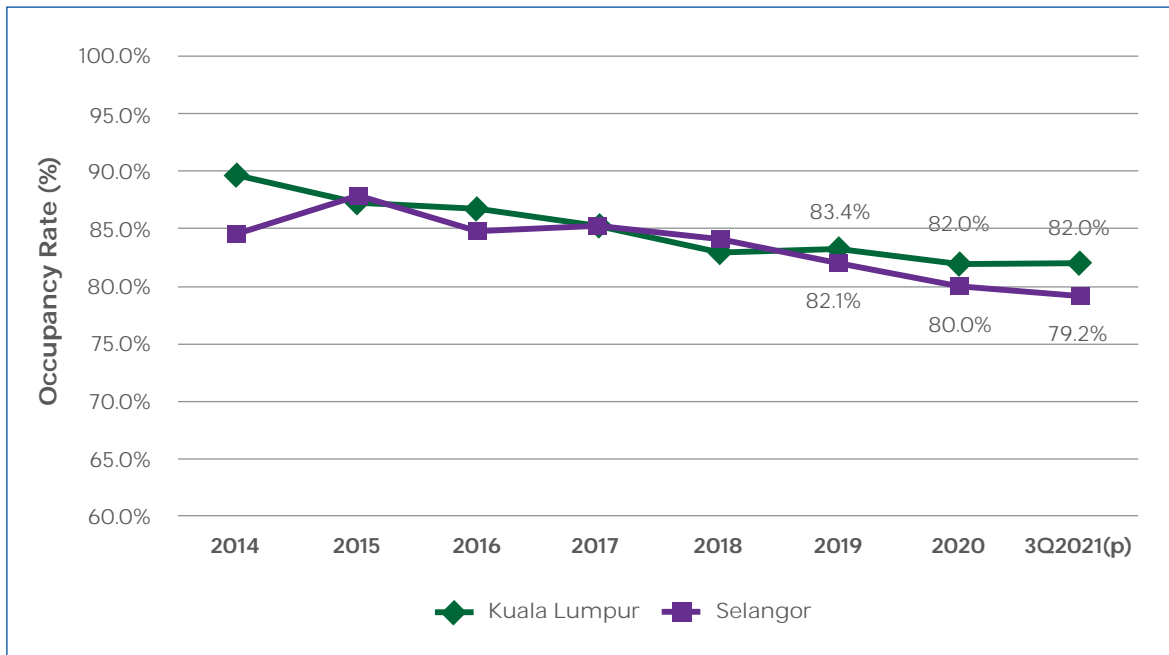
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RETAIL MARKET OVERVIEW (cont'd)

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

3.2 Occupancy (cont'd)

Greater KL/Klang Valley – Average Occupancy Rates of Shopping Centres, 2014 to 3Q2021^(p)



Source: NAPIC

Note: (p) = Preliminary data

3.3 Rental Rates

Kuala Lumpur's premier shopping destination, namely Suria KLCC, command high rental rates ranging from RM36.54 per sq ft to RM213.84 per sq ft per month. In KL Fringe, rentals at popular shopping centres such as Mid Valley Megamall and The Gardens Mall currently range between RM15.00 per sq ft and RM80.00 per sq ft per month.

During the review period, the lower band of rental rates of selected shopping centres in Selangor range from about RM4.12 per sq ft to RM25.00 per sq ft per month while the rental rates in the upper band are from RM8.40 per sq ft to RM50.00 per sq ft per month.

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

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.3 Rental Rates (cont'd)

Greater KL/Klang Valley: Rental Levels of Retail Space in Selected Shopping Centres, 2020 to 1H2021

Retail Development	Location	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
				2020	1H2021
KL Sentral, Kuala Lumpur					
Suria KLCC	Jalan Ampang	Concourse (LG)	151 - 4,047	42.55 - 223.00	46.00 - 213.84
		Ground	301 - 2,928	41.64 - 165.47	41.64 - 152.44
		1	215 - 904	96.62 - 113.84	96.62 - 113.84
		2	323 - 1,819	36.54 - 89.23	36.54 - 100.54
		3	205 - 1,679	50.64 - 100.94	49.19 - 100.94
		4	570 - 2,368	47.59 - 60.09	45.39 - 62.79
Mid Valley City, Kuala Lumpur					
Mid Valley Megamall	Mid Valley City	Lower Ground	1,076 - 1,851	25.00 - 35.65	25.00 - 35.65
		Ground	560 - 958	45.00 - 80.00	45.00 - 80.00
		1	398 - 883	33.35 - 38.00	33.35 - 38.00
		2	431 - 700	23.35 - 25.00	23.35 - 25.00
		3	420 - 969	15.00 - 21.00	15.00 - 21.00
The Gardens Mall	Mid Valley City	Lower Ground	517 - 926	27.00 - 40.00	27.00 - 40.00
		Ground	1,001 - 1,819	31.50 - 38.15	31.50 - 38.15
		1	1,485 - 1,862	23.50 - 30.00	23.50 - 30.00
		2	1,098 - 1,658	18.50 - 21.00	18.50 - 21.00
		3	2,077 - 2,777	17.00 - 18.00	17.00 - 18.00
Selangor					
1 Utama Shopping Centre	Bandar Utama	Lower Ground	323 - 1,981	11.88 - 36.74	12.00 - 50.00
		Ground	1,345 - 2,669	19.50 - 35.00	14.00 - 34.00
		1	560 - 1,378	18.70 - 34.10	13.00 - 37.00
		2	463 - 1,830	19.00 - 22.00	7.00 - 31.00
The Mines	Seri Kembangan	1 (Fashion)	172 - 1,647	10.41 - 20.69	10.41 - 20.69
		1 (Food)	560 - 1,604	7.50 - 17.80	7.50 - 17.80
		2 (Fashion)	667 - 2,099	8.30 - 17.85	8.30 - 17.85
		3 (Fashion)	786 - 1,776	5.40 - 8.40	5.40 - 8.40
		3 (Food)	474 - 3,907	5.85 - 14.77	5.85 - 14.77
		3 (Others)	775	23.85	23.85
		4(Telco)	527 - 1,991	9.00 - 19.00	9.00 - 19.00
IOI City Mall	Putrajaya	LG (East Wing)	366 - 1,313	17.19 - 33.00	17.00 - 37.00
		LG (Centre Court)	344 - 3,143	27.19 - 45.18	25.00 - 44.00
		LG (West Wing)	226 - 3,380	9.75 - 36.19	14.30 - 36.19
		G (East Entrance)	861 - 5,974	6.00 - 22.19	4.12 - 26.00
		G (Centre Court)	1,076 - 2,809	9.75 - 18.00	9.00 - 18.00
		L1 (East Wing)	1,539 - 2,508	7.50 - 12.00	7.50 - 12.00
		L1 (Centre Court)	549 - 1,615	17.69 - 43.18	15.50 - 43.00
		L1 (West Wing)	452 - 3,832	9.40 - 10.50	5.00 - 16.00
		L2 (East Wing)	538 - 1,152	20.19 - 23.19	18.00 - 23.19
		L2 (Centre Court)	484 - 1,163	19.50 - 32.19	18.00 - 32.19
		L2 (West Wing)	484 - 1,023	17.19 - 22.19	16.00 - 22.19

Sources: NAPIC/Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values

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

Greater KL/Klang Valley: Notable Transactions of Shopping Centres, 2015 to 1H2021

Date of Transaction	Building Name	Location	Estimated NLA (sq ft)	Consideration (RM)	Price (RM/sq ft)	Purchaser
Selangor						
2018	SStwo Mall ⁽¹⁾	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 ⁽²⁾	SS16/1, Subang Jaya	350,000	570,000,000	1,629	Pelaburan Hartanah Bhd (PHB)
2015	da:mén USJ Shopping Mall ⁽³⁾	USJ 1, Subang Jaya	420,920	486,844,000	1,157	Pavilion REIT
2015	Tropicana City Mall ⁽⁴⁾	SS20, Petaling Jaya	448,248	540,000,000	N/A	CapitaMalls Malaysia Trust
2015	Subang Avenue	SS16, Subang Jaya	213,354	139,500,000	654	Sime UEP Properties Bhd and Subang Mall Property
Kuala Lumpur						
2020	Setapak Central ⁽⁵⁾	Danau Kota, Setapak	512,806	318,000,000	620	Frasers Property Gold Pte. Ltd.
2019	Pavilion Bukit Jalil ⁽⁶⁾	Bukit Jalil	1,839,914	1,480,000,000	804	Regal Path Sdn Bhd
2017	Elite Pavilion Mall ⁽⁷⁾	Bukit Bintang	241,929	580,000,000	2,397	Pavilion REIT
2015	Intermark Mall	Jalan Tun Razak	225,014	160,000,000	711	Pavilion REIT
2015	Sooka Sentral	KL Sentral	97,210	90,800,000	934	Cardiac Vascular Sentral Kuala Lumpur

Source: Knight Frank Research

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

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

3.4 Capital Values (cont'd)

Notes:

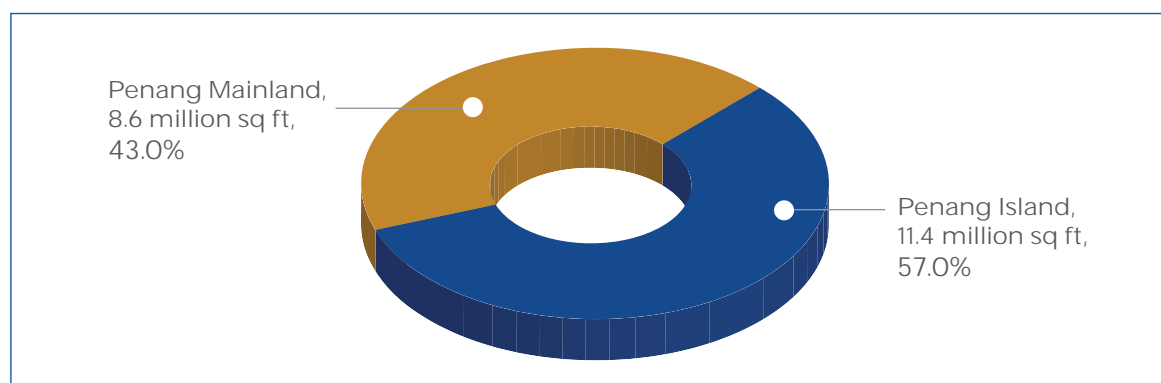
- (1) The Puchong-based DK Group of Companies has completed the deal at the end of July. The deal is done between AsiaMalls Sdn Bhd and DK Group of Companies. The mall which was shut down five years ago is set to reopen as a healthcare centre with Life Care Diagnostics Medical Centre as its new tenant.
- (2) Empire Shopping Gallery: The 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) The development of Pavilion Bukit Jalil Mall is still on-going as of 30 June 2021 with expected completion by 2H2021. Payment of consideration is to be paid according to the stages stipulated in the schedule of payment appended in the announcement. The mall is scheduled to open on 3 December 2021.
- (7) 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 20.1 million sq ft as of 3Q2021 (source: NAPIC). Penang Island accounted for 57.0% share (11.4 million sq ft) of the total supply while the remaining 43.0% share (8.6 million sq ft) are located in Penang Mainland.

Penang - Existing Supply of Shopping Centres, Arcades and Hypermarkets. 3Q2021^(p)



Sources: NAPIC/ Knight Frank Research

PROPERTY MARKET UPDATES

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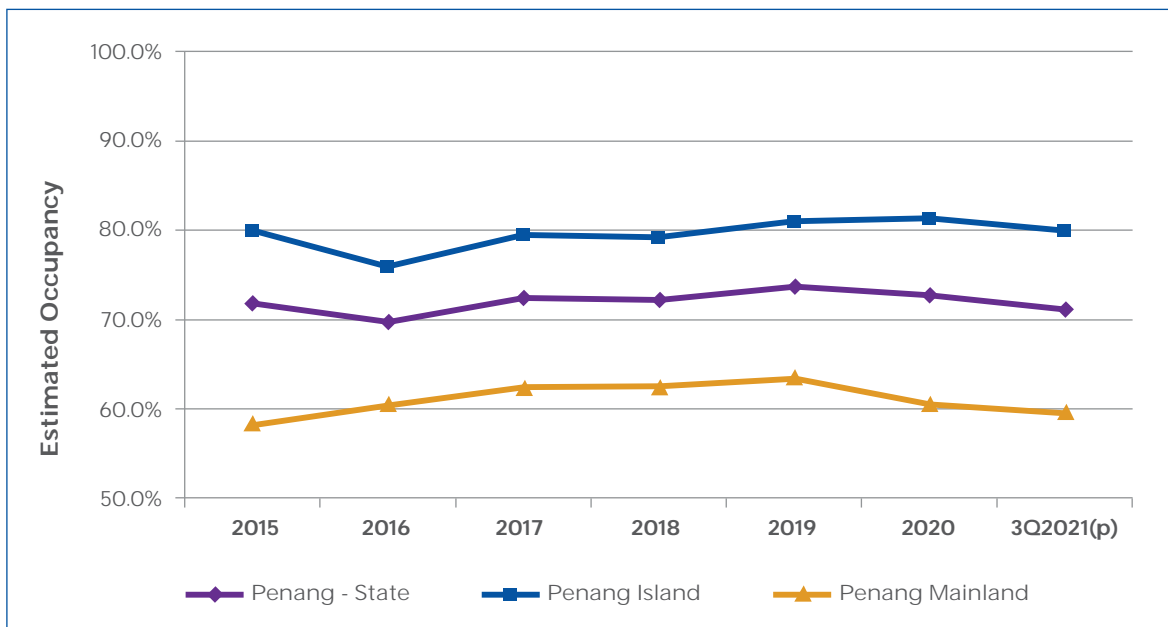
RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.2 Occupancy

The average occupancy rate of retail space (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable since 2015 and it peaked at 73.8% in 2019.

Penang – Average Occupancy Rate of Shopping Centres, Arcades & Hypermarkets, 2015 to 3Q2021



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

In 3Q2021, however, the overall average occupancy rate dipped to 71.2% amid the unprecedented pandemic. Higher vacancies in the localities of Kepala Batas and Bukit Mertajam led to an overall decline in the occupancy of Penang Mainland, dropping from 60.6% in 2020 to 59.7% (2020: 60.6%) while in Penang Island, it also declined to record at 79.9% (2020: 81.3%).

4.3 Rental Rates

In 1H2021, the rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island were marginally lower.

The rental rates range from as low as RM1.80 per sq ft to as high as RM48.50 per sq ft per month, depending on factors such as location and building condition of the mall, floor level and size of retail lots amongst others.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

4.0 PENANG (cont'd)

4.3 Rental Rates (cont'd)

Penang - Rental Rates of Selected Shopping Centres, 2H2020 to 1H2021

Shopping Centre	Floor	Built-up Area (sq ft)	Analysis of Rental Rate (RM per sq ft / month)	
			2H2020	1H2021
Gurney Plaza	Ground Floor	215 – 5,393	13.70 – 53.85	12.35 – 47.85
	First Floor	140 – 14,564	12.10 – 46.95	17.35 – 37.70
	Second Floor	140 – 9,182	4.90 – 51.95	4.00 – 48.50
	Third to Fourth Floor	140 – 7,492	1.25 – 31.45	1.80 – 32.35
Gurney Paragon	LG	312 – 2,260	6.75 – 12.35	4.80 – 12.90
	First Floor	2,573 – 3,294	12.75 – 31.75	10.35 – 22.65
	Second Floor	603 – 1,905	12.75 – 27.35	15.85 – 21.05
	Third to Sixth floor	323 – 8,902	4.35 – 19.40	4.15 – 17.40
1st Avenue	Ground Floor	484 – 1,001	10.05 – 32.80	10.05 – 35.00
	First to Second Floor	388 – 4,801	3.30 – 10.95	5.00 – 10.95
	Third to Fourth Floor	1,367 – 9,096	4.90 – 7.40	5.00 – 7.40

Sources: NAPIC/Knight Frank Research

5.0 RETAIL MARKET OUTLOOK

The recovery of Klang Valley's retail industry has been hindered by the prolonged periods of lockdown since March 2020. Malaysia's gross domestic product (GDP) growth for 2021, has been revised downwards to range between 3.0% and 4.0% while the country's retail sales growth forecast for 2021 has also been lowered to 0.8% from an earlier projection of 4.0%.

The prolonged strict containment measures on the various economic sectors (including non-essential retail) have led to concern of increasing retail closures due to the inability to fulfil monthly obligations (rental, salary and debt). This is despite the government's multiple economic stimulus packages totalling RM530 billion, which include, among others, wage subsidy programmes, grants, utilities reduction, etc.

Encouraged by the accelerated vaccination rate and decreasing trend of daily COVID-19 cases, Klang Valley returns to a semblance of normalcy as it entered Phase 4 of the National Recovery Plan (NRP) on 18 October 2021. The recovery of the retail sector, however, is expected to be gradual although footfalls to shopping centres have improved, supported by consumers' pent-up desire to go out and about following long periods of lockdown. Consumers generally remain prudent and cautious towards their spending and travel plans.

The rental and occupancy levels of Klang Valley's retail market are expected to experience further downward pressure in the short to mid-term, with expiry of the COVID 19 Act 2020 on 31 December 2021 coupled with the high supply pipeline of retail space and weak demand.

PROPERTY MARKET UPDATES

(cont'd)

RETAIL MARKET OVERVIEW (cont'd)

5.0 RETAIL MARKET OUTLOOK (cont'd)

There, however, continues to be windows of opportunities for retailers amid the pandemic-riddled economy, including record low interest rates and attractive leasing packages from landlords (rent-free periods, rental concessions, financial/marketing assistance), as tenant retention remains a priority.

Spurred by changing consumer preferences, we continue to see openings and expansions of selected business segments including grocery, convenience store and home improvement. To spur the local retail scene, the government has allocated RM33 million towards the “buy local” campaigns in the tabling of Budget 2022, as well as to continue the Shop Malaysia Online and Go-eCommerce Onboarding campaigns, with an allocation of RM250 million.

The COVID-19 pandemic has created lasting impact, as retail premises are expected to continuously embrace strict standard operating procedures by health officials, placing security, health and hygiene at the forefront.

Supported by nation's high population of digital consumers, the surge in e-commerce and accelerated digital transformation will transcend the pandemic. Driven by structural changes including shifting consumer behaviour and flexible working arrangements, retailers and stakeholders are expected to further enhance their omnichannel strategies to provide consumers with a seamless shopping experience, in both physical and digital platforms.

Following the rise in popularity of convenience services which include, among others, home delivery, buy-online-pickup-in-store (BOPIS), drive-through pickup, as well as financial services such as e-wallets, e-payments and buy-now, pay-later (BNPL), investment in digitalisation and automation are likely to accelerate. As COVID-19 moves into an endemic phase, the adoption of technological innovation in retail will create a convenient yet safe retail experience, reassuring consumers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Sentral REIT Management Sdn Bhd (“SRM” or the “Manager”) as the manager of Sentral REIT (“SENTRAL” or the “REIT”) presents this Corporate Governance Overview Statement, outlining the corporate governance approach, focus areas and priorities for the financial year ended 31 December 2021.

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

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

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on the updated prescribed format so as to provide a detailed account on the application of SENTRAL’s corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2021. The Corporate Governance Report is made available on SENTRAL’s corporate website, <https://sentralreit.com/> as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Securities (“Listing Requirements”) and are narrated with reference to the guidance provided in Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

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

As a testament to the Board’s commitment to pursuing better practices promulgations, SENTRAL has also taken note of the observations on disclosure practices as availed by the Securities Commission in its Corporate Governance Monitor 2021 as well as the expectations set out by Bursa Securities.

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

CORPORATE GOVERNANCE APPROACH

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

SENTRAL’s approach to corporate governance is premised on:

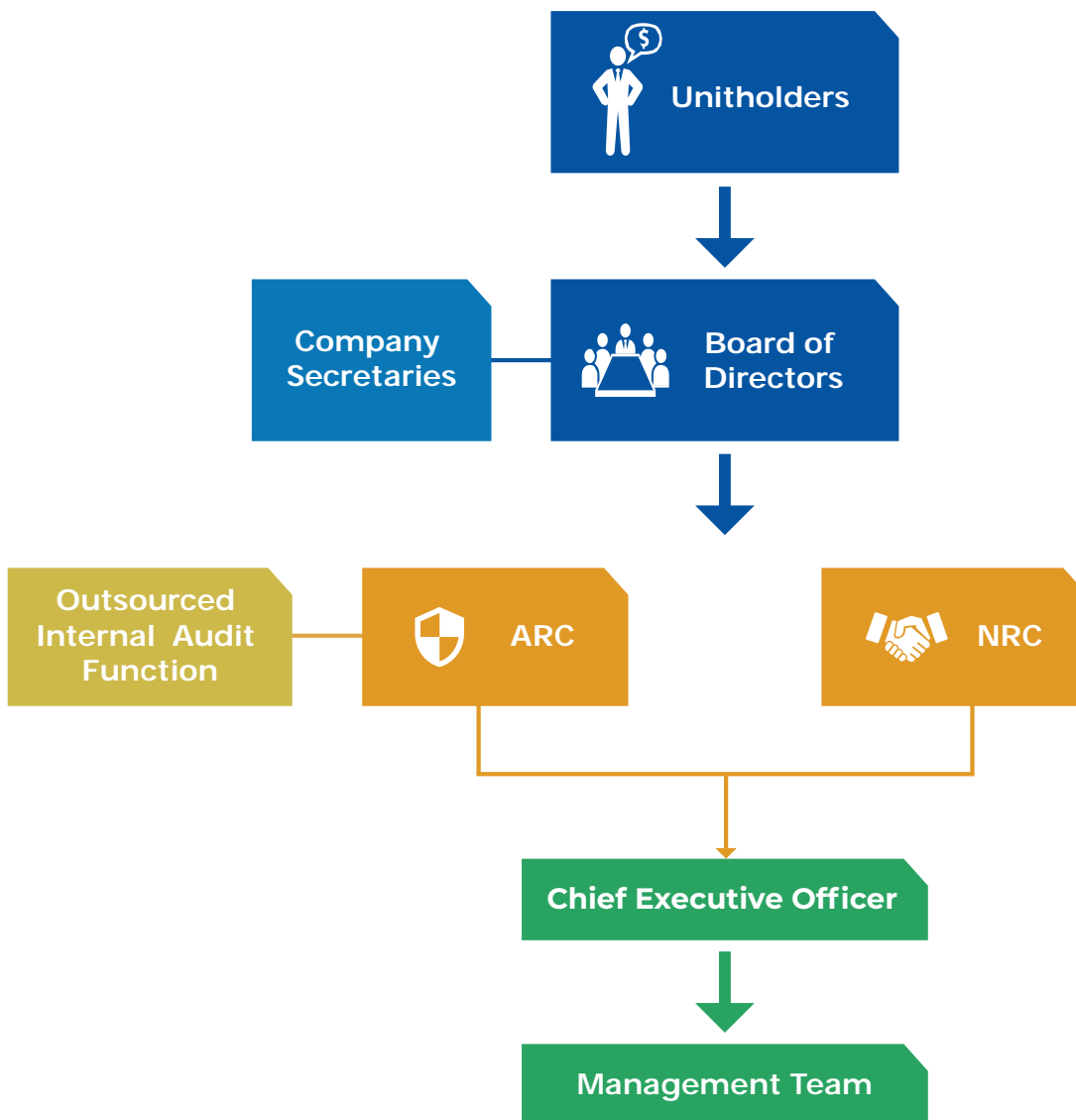
- driving sustainable value for Unitholders over the long-term through the alignment of the interests of SENTRAL’s Unitholders with that of the Board and Management of SRM;
- promoting the long-term growth and profitability of SENTRAL whilst prudently managing risks; and
- meeting stakeholder expectations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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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.

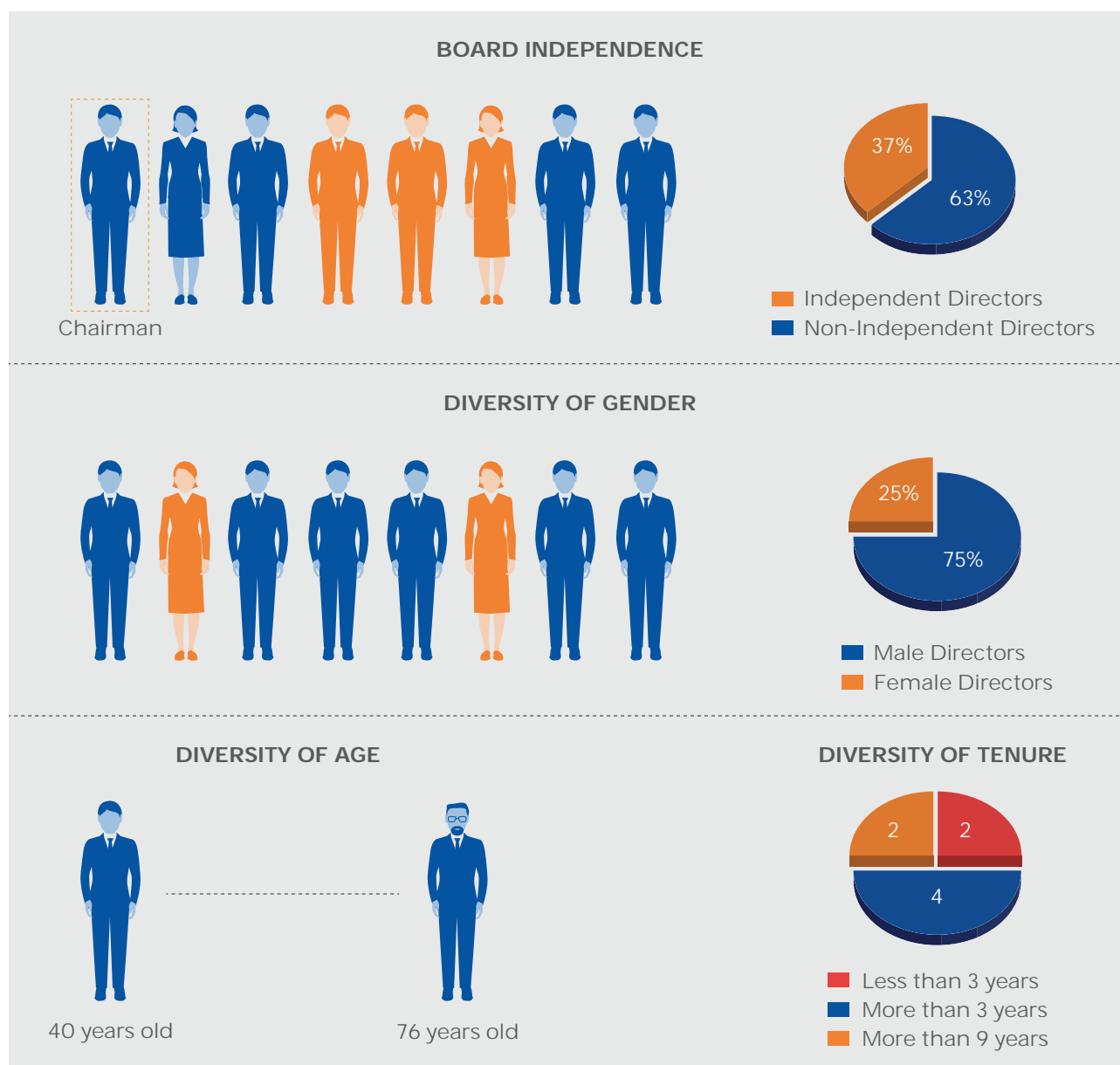
In order to discharge its oversight and governance roles and responsibilities, the Board has established two (2) Board Committees, namely, the Audit & Risk Committee ("ARC") and the Nomination & Remuneration Committee ("NRC"). The Board retains collective oversight over the Board Committees and is regularly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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

OUR GOVERNANCE AT A GLANCE



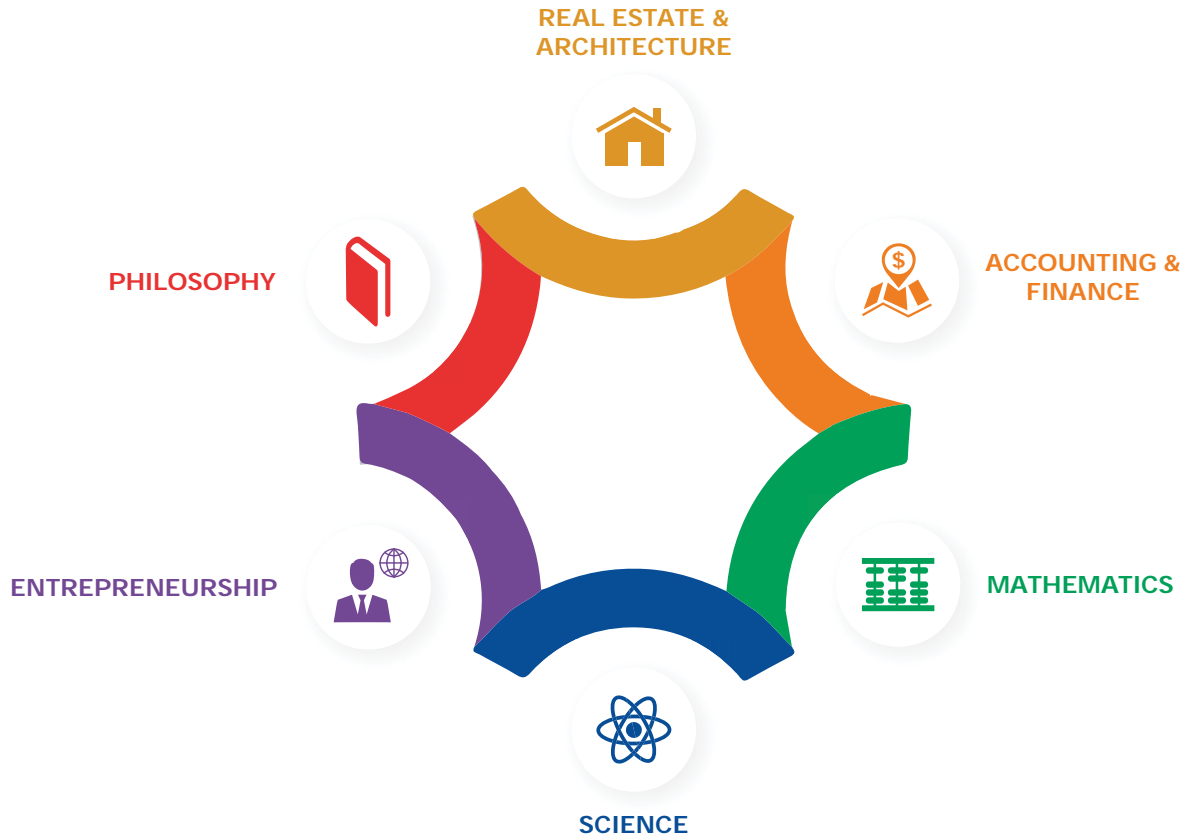
The Board is of the view that the current configuration epitomises an appropriate fit with the present scope and scale of SENTRAL's business operations. The wealth of experience and diverse set of skills enable the Directors to provide valuable perspectives in order to exercise robust oversight of SENTRAL's strategic objectives. The Board is composed of members with diverse experience and multi-disciplinary expertise from the domains of real estate and architecture, accounting and finance, mathematics, science, entrepreneurship and philosophy 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 MCGG for the financial year ended 31 December 2021, save for the following:

- Practice 5.2 (At least half the Board to comprise a majority of Independent Directors);
- Practice 5.9 (Board to comprise 30% women Directors);
- Practice 5.10 (Disclosure of company policy on gender diversity in Annual Report);
- Practice 7.1 (The Board has a remuneration policy and procedures document); 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 MCGG and as a higher order practice, the Manager has adopted the following Step Up Practices:

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and responsibilities of the Board

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

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



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

The Board and Board Committees are supported by two qualified and experienced joint Company Secretaries, who provide the Board with periodic updates on the latest regulatory developments. The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA") with the officers being Mohamed Noor Rahim Bin Yahaya and Ho Ngan Chui respectively. The Company Secretaries also advise and support the Board in upholding high standards of corporate governance and facilitate the flow of information from Management to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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



The roles, responsibilities and authorities of the Board, Board Committees, individual Directors and Company Secretaries are clearly outlined in the Board Charter, which serves as an authoritative governance document and induction literature. As mentioned, the Board Charter is made available on the 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 five times to hold discussions on key matters pertaining to the SRM and SENTRAL.

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

Director	Board	ARC	NRC
Non-Independent Non-Executive Directors			
Tan Sri Chaw Choo Boon	5	-	-
Dato' Dr Low Moi Ing, J.P.	5	-	-
Dato' Michael Ong Leng Chun	5	-	-
Ann Wan Tee	5	-	-
Kwan Joon Hoe	5	-	-
Datuk Dr Roslan bin A. Ghaffar	5	4	4
Datuk Kamalul Arifin bin Othman	5	4	4
Frances Po Yih Ming	5	4	4
Legend:			

■ Board/Board Committee Chairman

■ Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

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

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

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

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



In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution. The Board appreciates the fact that SENTRAL's internal and external stakeholders should be well informed on the Manager's sustainability strategies, priorities, targets as well as overall performance and accordingly, the Sustainability Statement provides a detailed articulation on this front. The Board also keeps itself apprised with contemporaneous sustainability developments through capacity building efforts and the proactivity as well as responsibility of the Board on this front are evaluated through the 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 2021, the Board comprises three (3) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors. The Board is cognisant that this practice falls short of Practice 5.2 of the MCCG which stipulates that at least half the Board should comprise Independent Directors. Currently, the Board comprises exclusively of Non-Executive Directors. Non-Executive Directors are external to the day-to-day operational duties of the Manager. 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 SRM and SENTRAL operates in. The Board is cognisant of the clear and compelling need for members who appreciate disruptions to business, understand the challenges and oversee what changes are needed to ensure sustainability.

Within the domain of gender, the Board presently has 25% female representation on the Board. The Board is aware that this is marginally lower than the 30% yardstick as propounded in the MCCG. However, the proportion trails only slightly behind the average benchmark reported by the top 100 companies¹ whereby women hold approximately 25.5% of the board positions. The Board is committed to not only bridging this shortfall but will endeavour to join the 37% of top 100 companies which have met the 30% target as stipulated in the MCCG as a higher order corporate governance aspiration. To this end, the Board through the NRC shall remain steadfast in continuously identifying and assessing suitably qualified female candidates for nomination.

Board Evaluation

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

¹ Companies or issuers on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Directors' Training and Continuing Education Programmes

The list of training programmes in the course of continuing professional education attended by the Directors of the Manager are outlined below:

Attended by	Date	Particulars of training programmes attended
Tan Sri Chaw Choo Boon	27 January 2021	Legal Guidelines on Digital Assets
	17 March 2021	Economic Outlook 2021: Investing at the Right Time and Sector
	14 April 2021	Digital Acceleration and Innovation for Business Recovery and Growth
	20 April 2021	Navigating the Next Stage of Malaysia's Development
	28 April 2021	Asian Provident Funds
	16 & 17 June 2021	SRI 2021 - Paving the Way for Profitability through Sustainability
	2 September 2021	Adapting to the New Normal – Lessons for the Board
	22 & 23 September 2021	Business Foresight Forum 2021 – Transformative Innovation Reshaping Business Realities in Extraordinary Times
Dato' Dr Low Moi Ing, J.P.	27 July 2021	2021 Malaysian Housing & Property Summit "Resetting and Rebuilding the Housing and Property Industry in the New Normal"
Dato' Michael Ong Leng Chun	18 – 20 November 2021	Business & Tax Conference: Moving Forward into 2022
Ann Wan Tee	2 September 2021	Adapting to the New Normal – Lessons for the Board
	22 & 23 September 2021	Business Foresight Forum 2021 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
	6 October 2021	Case Discussion: Post Section 17A Malaysian Anti-Corruption Commission (MACC) Implementation
Kwan Joon Hoe	2 September 2021	Adapting to the New Normal – Lessons for the Board
	22 & 23 September 2021	Business Foresight Forum 2021 – Transformative Innovation: Reshaping Business Realities in Extraordinary Times
	6 October 2021	Case Discussion: Post Section 17A Malaysian Anti-Corruption Commission (MACC) Implementation
Datuk Dr Roslan bin A. Ghaffar	7 July 2021	Corporate Liability on Corruption under MACC Act 2009 – Implications of Section '17A & Developing Adequate Procedures
	2 September 2021	Adapting to the New Normal – Lessons for the Board
	29 September 2021	The Updated Malaysian Code of Corporate Governance 2021 – Implications to the Companies, its Directors, Management, Company Secretaries & Auditors
Datuk Kamalul Arifin bin Othman	15 & 16 March 2021	Nominating and Remuneration Committees – Beyond Box-Ticking & Enhancing Effectiveness
	1 June 2021	Implementing Amendments in the Malaysia Code of Corporate Governance Confirmation
	2 September 2021	Adapting to the New Normal – Lessons for the Board

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Attended by	Date	Particulars of training programmes attended
Frances Po Yih Ming	12 January 2021	Risk, Strategy and Governance – How Integrated Thinking Can Support Boards in Creating Long-Term Value
	15 January 2021	Primer on Climate Governance
	4 February 2021	The Return on Experience Webinar series Reinventing the Customer journey
	15 & 16 March 2021	MIA Audit Committee Conference 2021 Agility, Empathy and Resilience: How the Audit Committee will Thrive in the New Normal
	22 to 26 March 2021	ICDM PowerTalk Series
	14 April 2021	Monitoring Your Organisation's Anti-Corruption Compliance Program MACC Section 17A
	22 April 2021	ASEAN Leaders programme: Conversations that matters – New ways of working
	28 April 2021	MIA Women Leadership conference
	21 May 2021	The Future of Work
	1 June 2021	Implementing Amendments in the Malaysian Code on Corporate Governance
	8 - 10 June 2021	MIA International Accountants Conference 2021 – Navigating a Sustainable Future with Agility and Resilience
	22 June 2021	Round table with Ministry of Finance : Low emission pathways for Malaysia
	23 - 25 June 2021	FinanceforChange conference 2021 – The Time is Now: Choose a Brighter Future
	22 July 2021	Directors' Duties and Climate Change
	18 August 2021	MICG: Getting it right at the Board - <i>what does it take?</i>
	2 September 2021	Adapting to the New Normal – Lessons for the Board
	15, 17 & 24 September 2021	<u>PwC Asia Pacific Risk Symposium</u> <ul style="list-style-type: none"> • Managing Risk on digital adoption • Cyber, managed security services (MSS) and data protection • Responsible AI
	22 & 23 September 2021	Business Foresight Forum 2021 – Transformative Innovation Reshaping Business Realities in Extraordinary Times
	15 November 2021	Budget Seminar 2022
	29 November 2021	Audit Oversight Board conversation with Audit Committee
10 December 2021	Fraud Risk Management Workshop 2021 (PwC)	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Remuneration

The NRC assists the Board in developing a remuneration framework for Directors and Senior Management. The NRC ensures 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. The remuneration policy stipulations are encapsulated within the Terms of Reference of the NRC.

As an incremental measure and as a commitment to better corporate governance practices, the Board had during the year, engaged KPMG Management & Risk Consulting Sdn Bhd to conduct a remuneration benchmarking exercise for its Non-Executive Directors and facilitate the formulation of a Remuneration Policy and Procedures for Directors and Senior Management document.

A fair remuneration package is instrumental in attracting, retaining and motivating Directors and Senior Management personnel as well as ensuring goal alignment. Within this context, the Manager has adopted a remuneration framework that takes into consideration the structure of the Manager and the complexities of the competitive REIT industry. The NRC assesses and determines the suitability of the remuneration packages for Directors and Senior Management, prior to apprising the Board.

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

As for Senior Management, the components of remuneration packages have been structured to link rewards to individual and corporate performance including sustainability considerations whilst for the Non-Executive Directors, the remuneration packages are based on their position in the Board, participation in boardroom activities and specific skills or expertise that they bring. Independent Non-Executive Directors are compensated competitively but not excessively to the extent that they become "dependent" Directors.

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Committee

On 5 August 2021, the Audit Committee was renamed as 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 Committee has a Terms of Reference, which sets out its key roles and responsibilities. The Terms of Reference was updated to incorporate the expanded role of the Committee and is disclosed in SENTRAL's website. The expanded role of the Committee includes reviewing the effectiveness of the risk management framework adopted and the risk management processes employed and providing assurance to the Board on the adequacy and effectiveness of the risk management framework.

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

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

CORPORATE GOVERNANCE

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

Risk Management and Internal Audit

In an increasingly complex and ever-evolving marketplace, it has become imperative to have a robust yet dynamic risk management and internal control framework to stay ahead of disruptive forces that are inherent in the core businesses of SENTRAL. The Board as aided by the ARC performs periodic review and closely monitors the resilience of the risk management and internal control framework to ensure its adequacy and effectiveness. Risk assessments are tabled to the ARC as well as the Board with the items being prioritised in terms of risk severity vis-à-vis the likelihood of that risk materialising. 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.

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 82 to 85 of the Annual Report.

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

Communication with Stakeholders

The Manager is committed in keeping all of 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 the SENTRAL's corporate website. The website is intuitively set up to ensure that pertinent information such as recent announcements, quarterly financial results as well as copies of recent notices and minutes of general meetings are easily accessible to all stakeholders.

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

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



Mail

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



Telephone

(603) 2786 8080
(603) 2780 7988



Email

General Enquiries:
enquiries@sentralreit.com
Investor Relations Enquiries:
joyce.loh@sentralreit.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Conduct of General Meeting

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

On 7 April 2021, SENTRAL conducted its ninth (9th) AGM in a virtual manner through live streaming from the broadcast venue at KL Sentral Room, Level 30, Menara Allianz Sentral, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur. The Chairman, CEO, Company Secretary, external auditors and independent scrutineers were present at the broadcast venue while all other Directors attended the AGM via video conferencing.

The notice for the AGM was provided 40 days in advance to enable Unitholders to make adequate preparation. Unitholders were able to log on and participate remotely as well as pose queries online via the technology platform provided by the poll administrators, Boardroom Share Registrars Sdn Bhd. All resolutions tabled during the AGM are voted by poll and the results and procedures were validated by Boardroom Corporate Services Sdn Bhd, an independent scrutineer.

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

Focus areas during the year (2021)

In 2021, the corporate governance focus areas of the Manager constituted the following:



Cyber Technology

As highlighted in the Global Risks Report 2022 (17th ed.) published by the World Economic Forum, the growing dependency placed upon digital tools has rapidly intensified due to strategic pivots made necessary by pandemic-induced complications. As a result, cybersecurity threats have increased in prevalence – in 2020, malware and ransomware attacks increased by a whopping 358% and 435% respectively according to the report.

The Manager is attuned this global trend towards digitalisation as seen by its increased reliance and use of remote working tools and disruptive digitisation technology. As a safeguard against cybersecurity breaches, the Manager has placed a concerted emphasis on email privacy and protection of tenant data information during the year. Periodic reminders on cyber security and information technology protocols are sent to ensure all employees are informed of the importance of practicing safe data security practices.

In the near future, SENTRAL is also planning to introduce an automated system that would link the facilities management system to the central office to reflect and track real time issues.



Reinforcing Board Configuration and Dynamics

Following the externally-facilitated Board Evaluation Exercise in 2020 by KPMG Management & Risk Consulting Sdn Bhd, the Board had substantiated concrete action plans to address the findings of the exercise. Specifically, the Board had, during the year, instituted plans to recalibrate SRM’s Board size in line with SENTRAL’s footprint and succession planning consideration.

Moving forward, Board composition along the lines of Board-level independence, gender diversity and casting a wider net through use of external sources for potential Board nominees remain a key focus area for the Manager as further elucidated in the subsequent section.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

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Corporate governance priorities (2022 and beyond)

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



Boardroom Composition

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

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

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

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

With respect to Board-level gender diversity, the Board recognises that there is an evidence-based business case for introducing diversity in gender to the boardroom which ultimately may benefit the Manager's efforts in achieving its strategic objectives. In this regard, the Board through the NRC will continuously endeavour to achieve the stipulated 30% female director target as put forth in the MCCG. Notwithstanding this, the Board is steadfast in its view that overriding priority will always be given to enhancing the overall strength of the Board and sourcing the best candidates for the Manager as a whole.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)



Boardroom Policy & Procedures

The Board is cognisant of the need to keep boardroom policies and procedures current in line with the relevant updated authoritative promulgations.

One such promulgation are the latest updates to the MCCG which came into effect in April 2021. Another fundamental component in the corporate governance algorithm comes in the form of the updated Listing Requirements of Bursa Securities, particularly with regards to the fit and proper criteria for Directors which shall take effect in 2022.

The Board shall endeavour to imbue all necessary updates accordingly, particularly in the Board Charter, Terms of Reference of Board Committees as well as through stand-alone policy documents with a view of achieving better corporate governance outcomes.



Environmental, Social & Governance Considerations

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

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

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

AUDIT AND RISK COMMITTEE REPORT

During the year under review, the Audit Committee was renamed as Audit & Risk Committee (“ARC”) with effect from 5 August 2021 to reflect its roles and responsibilities in overseeing the risk management governance of Sentral REIT (“SENTRAL”). The Board has reviewed and updated the Terms of Reference of the ARC to be in line with the latest requirements and recommendations of the applicable practices and guidance of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the best practices recommended in the Malaysian Code of Corporate Governance (“MCCG”).

The ARC is led by Datuk Dr Roslan bin 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 MCCG, which recommends that ARC should comprise solely of Independent Directors.

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

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

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

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

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

AUDIT AND RISK COMMITTEE REPORT

(cont'd)

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

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

In its review of the audited financial statements for the financial year ended 31 December 2021, and based on its discussions with the management and where required, in consultation with the external auditors, the ARC is of the view that the financial statements are fairly presented, and conform to generally accepted accounting principles in all material aspects.

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

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

MEETINGS AND ATTENDANCE

For the financial year ended 31 December 2021, a total of four (4) ARC meetings were held and the attendance of the members at the ARC meetings was as follows:

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

HOW THE ARC SPENT ITS TIME IN 2021

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

Financial results

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

AUDIT AND RISK COMMITTEE REPORT

(cont'd)

HOW THE ARC SPENT ITS TIME IN 2021 (cont'd)

Internal Audit

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

External Audit

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

Risk Management

- i) Deliberated and decided that a risk oversight function should be set up to establish a structured risk management function for SENTRAL. Initiatives proposed include the enhancement of a risk awareness culture and the development of a Risk Management Framework.
- ii) Reviewed and deliberated the Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control, and recommended to the Board for inclusion in the Annual Report.

Related Party Transactions

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

INTERNAL AUDIT FUNCTION

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

- Reviewed internal controls systems and ascertain the extent of compliance with the established policies, procedures and statutory requirements; and
- Identified areas to improve operation controls and processes.

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

AUDIT AND RISK COMMITTEE REPORT

(cont'd)

RELATIONSHIP WITH THE EXTERNAL AUDITOR AND INTERNAL AUDITOR

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) of Sentral REIT Management Sdn Bhd (“the Manager”), as the manager of Sentral REIT (“SENTRAL”), has adopted the relevant corporate governance disclosure under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”). In addition, the Board also observes the provisions of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia (“Securities Commission”). Further information on SENTRAL’s corporate governance framework is also set out on pages 63 to 77. These efforts are all part of the Board’s recognition that a strong corporate governance framework is important. The Board also recognises that an effective corporate governance culture is critical to the Manager’s performance and consequently to the success of SENTRAL. The Board is committed to maintain a sound system of risk management and internal control with a view to safeguard the interest of the Unitholders, its investment and SENTRAL’s assets and to provide the following statement, which outline the nature and scope of internal control of the Manager during the financial year ended 31 December 2021.

BOARD RESPONSIBILITY

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

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

The internal audit review undertaken by BDO Governance for the financial year 2021 and the findings arising from the review reported to the ARC include the following:

- (i) internal control review ("ICR") on tenancy management to collection of rentals; and
- (ii) review of related party transactions for the financial year 2021 for compliance with established internal policies and procedures and applicable provisions of the Listing Requirements and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission ("SC REIT Guidelines") relating to related party transactions

and when required, undertake investigations as directed by the ARC. All findings and conclusion, including the recommended action plans, arising from the ICR, which was executed based on a risk-based approach, for financial year 2021 were tabled to the ARC. The reviews were conducted based on an internal audit plan developed together by the management and BDO Governance based on an entity risk assessment thereafter presented to ARC for approval.

The cost incurred for the internal audit function in respect of the financial year 2021 is RM43,000 (excluding services tax and disbursements) and is borne by the Manager.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

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

- (c) At the beginning of every financial year, the Board reviews and approves the yearly budget and yearly asset enhancement works prepared by the management. The yearly budget which amongst others will entail revenue to be generated by SENTRAL and operating expenses, trust expenses and capital expenditure to be incurred by SENTRAL. The management prepares management report on a quarterly basis to update and explain any major variation to the Board on SENTRAL's financial results against the yearly budget approved by the Board at the beginning of the financial year, the status of major asset enhancement works carried out on the properties that has been approved by the Board, the status of expiry/renewal of tenancies/leases and other operational matters;
- (d) A risk management framework that provides a structure and framework under an Operation Manual in managing and accessing risk which includes amongst others, policies and procedures for the acquisition of property, financial and operational reporting, continuing listing and compliance obligations. The Operation Manual is subject to periodic review and provides a structured context for the Manager and personnel to undertake a review of the past performance and to profile the current and future risks facing their area of responsibility;
- (e) There is a set of risk management and internal control system which sets out the approval/authority limits imposed on directors and management for operating and capital expenditure, investments and divestments, bank borrowings, lease renewals and other operational matters. A set of authorized signatories were also established for cheque signatories' arrangements. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board Committees. Appropriate delegation of authority is also provided at management level to facilitate operational efficiency. Further, the Board and its committees operate within a clearly defined terms of reference with delegation of responsibilities clearly set out;
- (f) Internal control procedures to ensure that related party transactions are undertaken in compliance with the SC REIT Guidelines, the Listing Requirements and the Trust Deed; and are carried out on arm's length basis and on normal commercial terms, which are in the best interests of the Unitholders of SENTRAL. The Manager incorporates into its annual internal audit plan, a review of all related party transactions. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor related party transactions have been complied with;
- (g) In order to deal with any potential conflict of interest situations that may arise, the Manager's policy is that any such related party transaction, dealing, investment and appointment carried out for and on behalf of SENTRAL are to be executed on terms that are best available to SENTRAL and which are no less favourable to SENTRAL than on arm's length transactions between independent parties;
- (h) Whistle-blowing Policy and Anti-Bribery and Corruption Policy to provide employees of the Manager with well-defined procedures and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to SENTRAL and the Manager, and for independent investigation of any reports by employees and appropriate follow up action. The Whistle-blowing Policy is established to promote fraud awareness and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible be protected from reprisal; the Anti-Bribery and Corruption Policy is aimed at providing guidance to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business;
- (i) Scheduled regular meetings of the Board and ARC with representation from the management provide the key to systematic monitoring of SENTRAL's activities and for identifying, evaluating and managing the significant risks faced by SENTRAL. The Chief Executive Officer is entrusted to manage the daily operations of the Manager and SENTRAL and holds the responsibility of leading the respective heads of departments towards achieving the identified objectives; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

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

- (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 2021 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 2021 under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the interest of the Unitholders, its investment and SENTRAL's assets.

STATEMENT ON DIRECTORS' RESPONSIBILITY

For preparing the Annual Audited Financial Statements

In accordance with Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Directors") of Sentral REIT Management Sdn Bhd, is responsible to ensure that the financial statements for the financial year ended 31 December 2020 have been prepared and drawn out in accordance with the applicable Financial Reporting Standards in Malaysia, applicable provisions of the Restated Deed of Trust Constituting Sentral REIT ("SENTRAL") dated 02 December 2020, as amended by Supplemental Deed dated 24 December 2020 and the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, so as to give a true and fair view of the financial position of SENTRAL as at 31 December 2021 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 2021, 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

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INTRODUCTION OF SUSTAINABILITY TO SENTRAL AND MESSAGE FROM THE CEO

At SENTRAL, we believe that economic, environmental and social (“EES”) performance is crucial for long-term business success. A focus on sustainability allows us to maintain our social license to operate, provides a competitive advantage, enhances business resilience through continuous review and improvement on our business strategy and internal processes. We continue to take a conscientious approach towards embedding EES considerations within our business operations as we believe that purpose versus profits should not be a choice but instead go hand-in-hand in creating value for all of our stakeholders.



“ CEO’s Message

We are pleased to publish SENTRAL’s fifth Sustainability Report. This report encapsulates our policies, practices, objectives of all sustainability matters and corresponding sustainability performance for the period from 1 January 2021 to 31 December 2021.

SENTRAL’s primary objective is to ensure that its asset portfolio provide Unitholders with long-term and sustainable distribution of income, achieving long-term growth in the net asset value per Unit. In line with this objective, we are focused on integrating sustainable practices into our business operations and consider salient sustainability issues as part of the formulation of our strategies. As we continue to pursue growth and improvements in SENTRAL’s performance, we will continue to ensure that a sustainable business that upholds strong corporate governance, embraces environment/green and social initiatives, and looks out for the best interests of our stakeholders.

The Board assumes overall responsibility on SENTRAL’s sustainability strategy and achievement of its long-term performance. The Board is also involved in the review and selection of environmental, social and governance (“ESG”) matters based on their significance to the business and its stakeholders. The material matters for SENTRAL’s FY2021 sustainability reporting are similar to the those disclosed in its FY2020’s sustainability reporting post validation process. We will continue to refine our sustainability framework annually to adapt to the even changing business landscape.

From its emergence in 2020, the COVID-19 pandemic has continued to disrupt global economies and impacted communities, changing the way businesses operate and individuals live, work and play, throughout FY2021. These impacts have further magnified the importance of imbedding sustainability goals in SENTRAL’s business operations. With this in mind, we will continuously address key sustainability risks and incorporate suitable strategies and policies to ensure that our day-to-day business operations remain robust.

Despite the pandemic, we are pleased that SENTRAL has continued to achieve stable financial and operational performance in 2021. With the continued support of our staff and various stakeholders, we are pleased to highlight the key sustainability initiatives implemented during this financial year, as follows:

- The health and safety of our employees, customers and the community during the pandemic remains our top priority. We implemented additional measures at our offices and facilities to keep our employees safe and ensure business continuity including periodic COVID-19 testing. Our working premises fully comply with the government’s regulations for safe distancing and contact tracing.
- Following the recommendations by the Ministry of Health, the Group has implemented split-team work arrangements and provided upgrades of technology and tools to facilitate employees working from home. Reminders to continue to remain vigilant and observe the current SOPs that were also in placed as part of efforts to promote health and safety and building a socially responsible community.
- Together with Kementerian Wilayah Persekutuan (KWP), Kementerian Kesihatan Malaysia (KKM) and Kementerian Sains, Teknologi dan Inovasi (MOSTI), the Group had successfully conducted the Mobile Vaccination Program for employees who wish to be vaccinated with the aim of achieving herd immunity against COVID-19. We are pleased to report that all SRM staff have been fully vaccinated.

SUSTAINABILITY STATEMENT

(cont'd)

- To support the physical and mental well-being of our employees during the pandemic, the Group launched MRCB Wellbeing, a comprehensive and personalized employee assistance programme that can help improve staff physical and mental health.
- Achieved our targets of 2% reduction in energy and water consumption by achieving a reduction of 16% and 6.3% respectively from FY2020.
- We believe in doing our part for the community – be it in good or challenging times. As a responsible corporate citizen, we are committed to take care of and give back to the community in which we operate in. We have implemented community projects which focus on improving the lives of children and women from underprivileged background. This year, we have also extended our aid programmes to the B40 communities whose livelihoods have been affected by the pandemic.

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



SENTRAL's Response to COVID-19

The COVID-19 pandemic created an unprecedented uncertainty and changed the world as we know it. Countless individuals, communities, businesses and economies have been impacted by it. Even so, global developments have been positive in FY2021, as the vaccination drive has led to the reopening of economies, creating business growth and opportunities, including for Malaysia.

While focusing on economic recovery, our responsibility and focus remains on our people's health. We have been proactively ensuring that our employees, tenants, visitors and communities are safe and healthy by adopting robust health and safety measures across our offices and buildings.

SENTRAL still maintains its Business Continuity Plan ("BCP") to ensure business viability and continual operations. SENTRAL's BCP focuses on the following key areas:



We are continuously closely monitor the pandemic situation and adhering to the Malaysian government's enforcements on public health measures. Further information of SENTRAL's response to the COVID-19 pandemic is available in the Management Discussion and Analysis section and respective material matter sections of this Annual Report.

SUSTAINABILITY STATEMENT

(cont'd)

ABOUT SENTRAL

[GRI 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 three shareholders, namely, Quill Resources Holding Sdn Bhd ("QRH"), a company within the Quill Group of Companies, 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 at 31 December 2021, SENTRAL owns 9 commercial properties in Malaysia with a combined value of RM2.081 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.

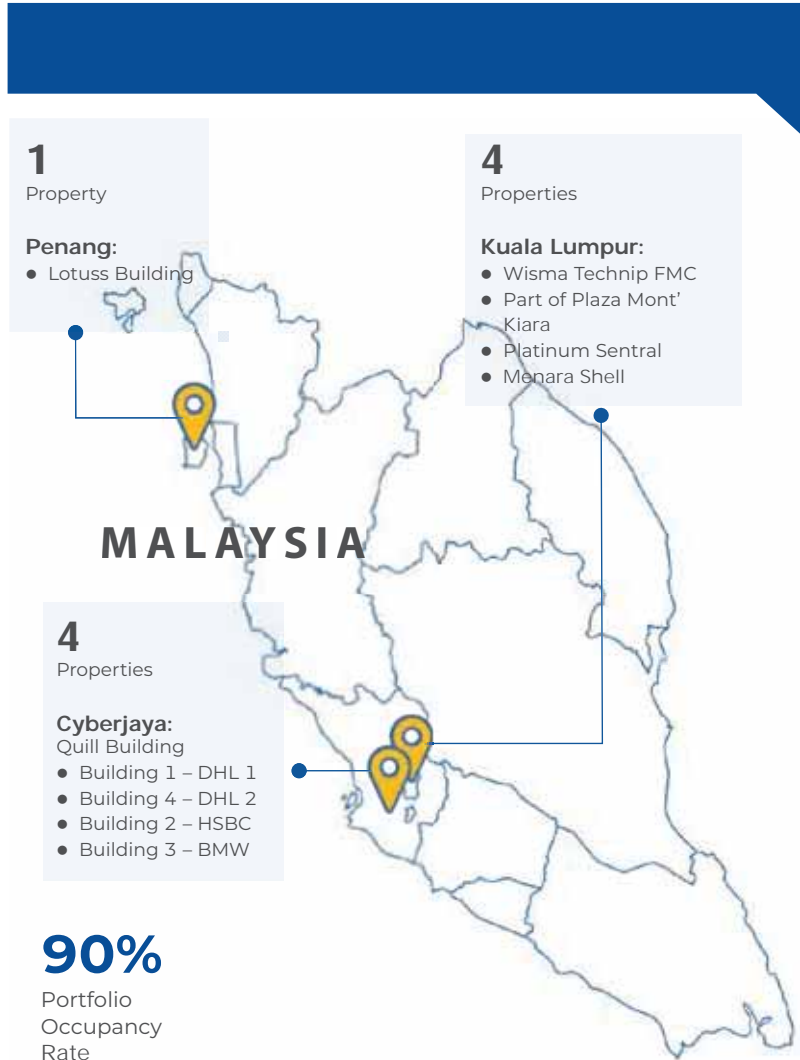
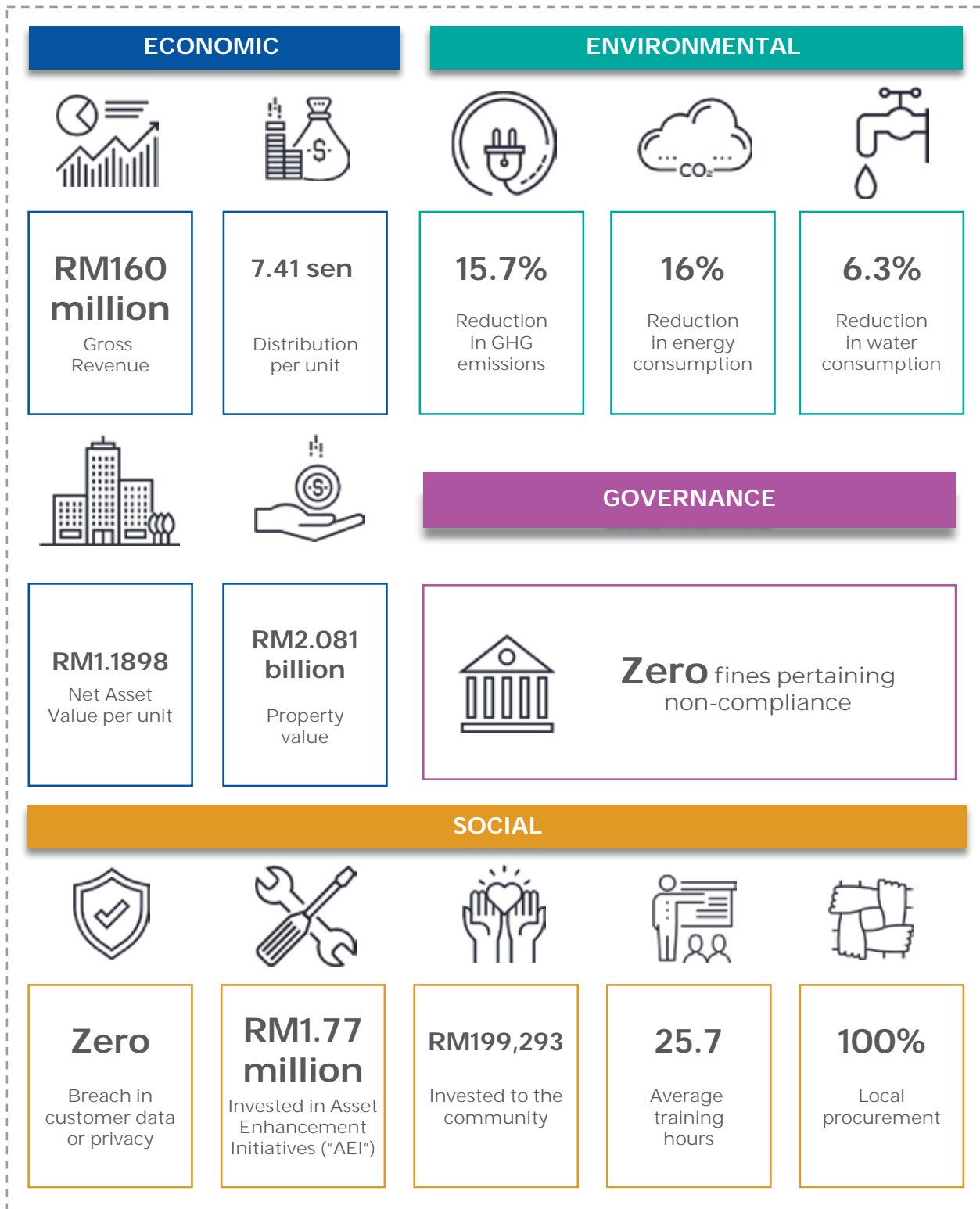


Figure 1: Location of commercial properties

SUSTAINABILITY STATEMENT

(cont'd)

SUSTAINABILITY HIGHLIGHTS



SUSTAINABILITY STATEMENT

(cont'd)

ABOUT THIS STATEMENT

[GRI 2-3, 2-5]

Our fifth Sustainability Statement ("Statement") for 1 January 2021 to 31 December 2021 ("FY2021") serves to communicate our sustainability initiatives and performance for the financial year and will be published on 28 February 2022. This Statement covers all SENTRAL's operations in Malaysia for which we have direct managerial control. This excludes Lotuss Building Penang which is fully self-managed by the tenant. Information reported about employees are referred to as the employees of the Manager.

For each material matter, we have included an overview of our approach and initiatives over the reporting period, including our performance against defined targets and KPIs. This is to give readers a clear understanding on how we are addressing our most material impacts.

In FY2021, we enhanced our narrative to include SENTRAL's value creation. SENTRAL's value creation accounts for value created for SENTRAL and our stakeholder groups through embarking on sustainability initiatives. This year, we have aligned our sustainability efforts to the global framework United Nations Sustainable Development Goals ("SDGs") to support Malaysia's commitment in implementing the 2030 Agenda for Sustainable Development.

Reporting Framework

Our Statement has been prepared in accordance with the Global Reporting Initiatives ("GRI") Standards: Core Option, Bursa Malaysia's Sustainability Reporting Guide (2nd edition) and Listing Requirements and the United Nations 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
General Manager, Investment and Investor Relations

Phone : +603 2859 7175
Email : joyce.loh@sentralreit.com

SUSTAINABILITY GOVERNANCE

[GRI 2-9, 2-13, 2-14]

Governance Structure

Our approach to sustainability is supported by our corporate governance structure as this serves as the cornerstone for SENTRAL's long-term success. Here, a strong corporate governance structure is vital to SENTRAL's business performance and is necessary to preserve the unitholders' best interests. We ensure that our procedures and processes are aligned to the Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission Malaysia ("SC") through our corporate governance framework illustrated in Figure 2, supported by comprehensive guidelines, policies, procedures, effective training and communications.

SUSTAINABILITY STATEMENT

(cont'd)

Strengthening SENTRAL's Corporate Governance

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

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

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

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

Kindly visit our website at <https://sentralreit.com> for our complete Corporate Governance Report and Corporate Governance Overview Statement on pages 63 to 77 of the Annual Report.

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

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

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

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

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

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

Figure 2: Corporate Governance Framework

The Board is SENTRAL's highest decision-making body and is primarily responsible and accountable for incorporating sustainability into daily business operations to secure long-term growth. This includes monitoring of EES risks and opportunities.

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

SUSTAINABILITY STATEMENT

(cont'd)

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

The Sustainability Working Committee (“SWC”) oversees and monitors the implementation of SENTRAL’s sustainability initiatives, sets management goals and updates on SENTRAL’s sustainability performance to the CEO. Executives from various departments assist the SWC, which allows for improved administration of sustainability efforts. Figure 3 illustrates the roles and duties of our sustainable governance in detail.

Sustainability Governance Structure



Figure 3: Sustainability Governance Structure

SUSTAINABILITY STATEMENT

(cont'd)

Business Ethics

[GRI 2-23, 2-26, 3-3, 205-2, 205-3]

At SENTRAL, we are dedicated to conducting business in a responsible and transparent manner, aligned with our core organisational values illustrated in Figure 4 as we believe that a successful business relies on its good reputation. Our core organisational values shape our various policies and practices in relation to work conduct and the highest standard of business ethics. All our employees are required to work in accordance with these values and policies and to treat society with dignity and respect.

Our Anti-Bribery and Corruption Policy (“ABC Policy”), adopted on 1 June 2020 with reference to the Guidelines on Adequate Procedures (“GAP”) issued by the Prime Minister’s Department, underlines our commitment on anti-bribery and -corruption. This is further solidified by SENTRAL’s safeguards against breach of ethical business conduct through its Whistleblowing Policy. Concerns can be emailed to whistleblowing@sentralreit.com.



Figure 4: Organisational Values

For more information on our internal controls and processes relating to ethical business behaviour, kindly view our Corporate Governance Overview Statement on pages 63 to 77 and our Corporate Governance Report FY2021 as well as policies on our website [<https://sentralreit.com/investor-relations/corporate-governance/>].

Code of Business Ethics	ABC Policy	Whistleblowing Policy
<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>	<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 our tenants and suppliers to reinforce high ethical behaviour across our supply chain.</p> <p>Our ABC policy is available on our website.</p>	<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>

Table 1: Policies Relating to Governance at SENTRAL

SUSTAINABILITY STATEMENT

(cont'd)

FY2021 initiatives	
Anti-Bribery and Corruption	<ul style="list-style-type: none"> • Communication of ABC Policy and quarterly email reminders sent to employees and property managers to ensure constant awareness on compliance • Requested property service providers to sign declarations stating that they have read and understood Policy terms, and that they will abide by the requirements and provisions set out in the ABC Policy.
Due Diligence Assessment	<ul style="list-style-type: none"> • On-going yearly due diligence assessment including but not limited to document verification and interview with property business associates that have business engagement with SENTRAL. • Due diligence assessment is conducted on all property business associates before including into SRM's panelist.

In FY2020, we established an email reporting channel [whistleblowing@sentralreit.com] so that our employees, customers and vendors can anonymously report any information regarding violations of the ABC Policy and raise concerns in good faith and in confidence, without fear of reprisals. All concerns can be raised in writing directly to CEO and Chairman of SRM.

Owing to any change in law or business operation, we intend to continue periodically assess any exposure to bribery or corruption risks that may affect our business, review and when appropriate, update our anti-bribery and corruption objectives as well as undertake routine assessments on the effectiveness of our controls in attaining those objectives. Compliance audits are to be undertaken at SENTRAL to verify that ABC Policy is observed.

When any individuals or organisations bound by our policies fail to fulfil our standards, we take corrective actions where necessary, which may include dismissal or contract termination. We are pleased to report that there were no reported incidents pertaining to bribery and corruption, including whistleblowing, in FY2021.

For more insights on SENTRAL's risk assessment practices, kindly refer to our Statement on Risk Management and Internal Control on pages 82 to 85 and Corporate Governance Overview Statement on pages 63 to 77 of this report. These sections reference SENTRAL's Corporate Governance Report FY2021.

Regulatory Compliance

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

Responsible leadership also encompasses adherence measures for local laws and regulations on environmental and social matters. We constantly review and remain abreast of any changes in the regulatory environment to fulfil compliance and secure our license to operate. Our efforts are primarily focused on prevention of breaches from occurring in the first place.

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

Trainings and workshops for employees play an important role in prevention of compliance infractions. Our employees are given the option to attend trainings organised by Bursa Securities, SC, Malaysian Institute of Accountants and renowned law firms to stay abreast with any changes in regulations.

SUSTAINABILITY STATEMENT

(cont'd)

SENTRAL's regulatory compliance considerations also extend to human rights, which feature principally in good labour practices. Our human rights risks are not restricted within our business operations and may occur anywhere along our value chain. We adopt a comprehensive approach at SENTRAL to manage implications of human rights risks throughout our value chain along with strengthening partnerships with key stakeholders who share our commitment to human rights. As part of our efforts, we have included the principles of anti-modern slavery in all our service agreements since 2019 in which both SENTRAL and service providers shall comply with local laws and regulations. In fourth quarter of 2021, we expanded our commitment to include this clause in all our new tenancy agreements.

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

<p>Malaysian Anti-Corruption Commission (MACC) Act 2009 <i>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.</i></p>
<p>MACC (Amendment) Act 2018 <i>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</i></p>
<p>Malaysian Employment Act 1955 <i>Prohibits exploitative labour practices</i></p>
<p>Income Tax Act 1967 and Public Rulings <i>Imposition of income tax that includes collection and recovery of tax, tax refund, offences and penalties, and exemptions, remissions and other relief</i></p>
<p>Children and Young Persons (Employment) Act 1966 <i>Prohibits the employment of children under the age of 14</i></p>
<p>Occupational Safety and Health Act 1994 <i>Protects the safety, health and welfare of persons at work</i></p>
<p>Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007 <i>Prohibit in child labour, slavery, servitude and forced or compulsory labour and human trafficking</i></p>
<p>Personal Data Protection Act 2010 <i>Regulates the processing of personal data in regard to commercial transactions</i></p>
<p>Environmental Quality Act 1974 <i>Relates to the prevention, abatement, control of pollution and enhancement of the environment</i></p>
<p>Construction Industrial Development Board Act 1994 <i>Minimum requirements for engaging contractors and sub-contractors on construction works contracts</i></p>
<p>Electricity Supply Act 1990 (PW4) <i>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</i></p>
<p>Drinking Water Quality Standards 1985 <i>Refers to the standards for drinking water quality</i></p>

We are delighted to report that there were zero incidences of non-compliance with relevant laws and regulations in FY2021. Kindly refer to pages 63 to 77 of our Annual Report for more information of our Corporate Governance and compliance matters.

SUSTAINABILITY STATEMENT

(cont'd)



STAKEHOLDER ENGAGEMENT

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

We believe regular proactive and meaningful stakeholder engagements allows us to obtain insights that helps to drive our business priorities and deliver long-term value to all our stakeholders. We are committed to continuously improve initiatives and services to better serve all our stakeholder groups.





Our key stakeholders are internal and external individuals, groups and organisations who have influence or are influenced by SENTRAL's decisions, policies and goals. A summary of our stakeholder engagement outcome in FY2021 is illustrated in Table 2:

Stakeholder Engagement Table

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Analysts and Media 	<ul style="list-style-type: none"> To proactively provide information to allow analysts to disseminate accurate information to the investment community 	<ul style="list-style-type: none"> One-on-one meetings Analyst briefing Investor conferences 	<ul style="list-style-type: none"> Profitability and financial health of SENTRAL SENTRAL's business direction and strategy Timely and transparent disclosure of information and announcements 	<ul style="list-style-type: none"> Improved responsiveness towards feedback and queries Timely update on SENTRAL's business activities and/or related matters through a dedicated Investor Relations ("IR") personnel 	<ul style="list-style-type: none"> Sustainable Business Growth and Financial Performance Regulatory Compliance
Employees 	<ul style="list-style-type: none"> To provide fair and equal opportunities To provide employee development and career progression 	<ul style="list-style-type: none"> Employee survey Annual employee appraisals One-on-one meetings Team meetings 	<ul style="list-style-type: none"> Career progression Employee welfare and benefits Profitability and financial health of SENTRAL Job security 	<ul style="list-style-type: none"> Transparent, open and consistent approach to appraisals Transparent communication on business performance and job security Training and team building Flexible work arrangement such as remote working as part of Health & Safe measures Open door policy to express concerns 	<ul style="list-style-type: none"> Sustainable Business Growth and Financial Performance Employee Management Health and Safety

SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
 <p>Tenants</p>	<ul style="list-style-type: none"> To engage existing customers to ensure tenant satisfaction and high retention rate To forge new relationships with potential tenants 	<ul style="list-style-type: none"> Direct feedback from tenants at all stages of the tenancy Regular meetings and discussions 	<ul style="list-style-type: none"> Health, safety and well-being Quick response by management to feedbacks Data privacy Quality of assets and services 	<ul style="list-style-type: none"> Scheduled maintenance for each property Established building procedures and measures including health and safety due to COVID-19 Timely response to tenant's queries 	<ul style="list-style-type: none"> Sustainable Business Growth and Financial Performance Health and Safety Quality of Assets and Services Data Privacy
 <p>Government, Regulators and Local Authorities</p>	<ul style="list-style-type: none"> To seek clarification on the guidelines under their purview To ensure compliance and proper administration of the legislations and local authorities' regulations affecting the operations of the REIT 	<ul style="list-style-type: none"> Consultation meetings together with consultants, advisors and industry associations Seminars and workshops 	<ul style="list-style-type: none"> Compliance to legislations and guidelines affecting the REIT industry including health and safety compliance for COVID-19 Refining and updating legislations through consultations with industry players 	<ul style="list-style-type: none"> Appointed professional consultants and advisors during consultations sessions Adherence and report on compliance Monitored compliance through internal assessment 	<ul style="list-style-type: none"> Regulatory Compliance Employee Management Health and Safety
 <p>Unitholders</p>	<ul style="list-style-type: none"> To proactively provide up to date disclosures and information to allow unitholders to make informed decisions on their investments 	<ul style="list-style-type: none"> Annual general meeting ("AGM") Annual reports SENTRAL's website Announcements on Bursa Securities Interactions with IR personnel 	<ul style="list-style-type: none"> Profitability and financial health of SENTRAL Timely and transparent disclosure of information and announcements Annual distribution payouts 	<ul style="list-style-type: none"> Sound investment and capital management strategy Robust corporate governance procedures Update on business strategies and direction 	<ul style="list-style-type: none"> Sustainable Business Growth and Financial Performance
 <p>Investment Community</p>	<ul style="list-style-type: none"> To engage existing and potential investors to provide information which allows these investors to make sound investment decisions concerning SENTRAL 	<ul style="list-style-type: none"> One-on-one meetings Investor conferences Annual reports SENTRAL's website 	<ul style="list-style-type: none"> Profitability and financial health of SENTRAL Timely and transparent disclosure of information and announcements Accessibility to management or IR team 	<ul style="list-style-type: none"> Improved responsiveness towards feedback and queries through a dedicated IR personnel 	<ul style="list-style-type: none"> Sustainable Business Growth and Financial Performance

SUSTAINABILITY STATEMENT

(cont'd)




Stakeholder	Engagement Objectives	Engagement Method	Stakeholder's Interests and Concerns	SENTRAL's Response	Relevant Material Matter
Local Community 	<ul style="list-style-type: none"> To give back to the community in which we operate, specifically to improve the welfare of needy children To contribute funds to meet the immediate needs of at least one children's NGO To involve all staff in the fund-raising event 	<ul style="list-style-type: none"> Partnerships and collaborations with local communities through CSR programmes 	<ul style="list-style-type: none"> To provide sustained support after the completion of each CSR project Financial assistance to NGOs and those in needs 	<ul style="list-style-type: none"> Monetary contribution to the underserved community Adherence to SOPs on safety and hygiene during the MCO period 	<ul style="list-style-type: none"> Community Partnership and Activities
Industry Associations 	<ul style="list-style-type: none"> To be a contributing member to the industry sectors' professional objectives 	<ul style="list-style-type: none"> Consultation and feedback sessions 	<ul style="list-style-type: none"> Fair representation of industry's needs through consultation and lobbying with government authorities like SC and Bursa Securities 	<ul style="list-style-type: none"> Active membership involvement and contribution 	<ul style="list-style-type: none"> Regulatory Compliance
Vendors 	<ul style="list-style-type: none"> To have fair, proper and transparent dealings with vendors 	<ul style="list-style-type: none"> One-on-one meetings 	<ul style="list-style-type: none"> Fair and transparent selection of vendors Timely payment to vendors Potential business opportunities for vendors Competitive rates 	<ul style="list-style-type: none"> Professional approach in reviewing proposals from vendors Communication of ABC Policy Adhere to strict payment cycles and procedures 	<ul style="list-style-type: none"> Quality of Assets and Services Anti-corruption

Table 2: Stakeholder Engagement Table

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

SUSTAINABILITY STATEMENT

(cont'd)

MATERIALITY ASSESSMENT

[GRI 2-12, 3-1, 3-2]

Materiality Assessment

Understanding the current sustainability landscape and challenges that will impact SENTRAL's overall direction, strategy and value to our stakeholders is paramount to our business resilience and maintain competitive advantage. Our material matters are matters which are of the utmost importance to SENTRAL and our stakeholders.

We have continuously monitored EES opportunities, risks and trends affecting the REIT industry and considered both internal and external factors shaping our business. In FY2020, we undertook a complete materiality assessment and will do so once every three years or when necessary if SENTRAL's operations or external operating landscape substantially changes. This year, we conducted our annual materiality review and validated the outcome with our CEO and Board. Our materiality assessment process is detailed in Figure 5.

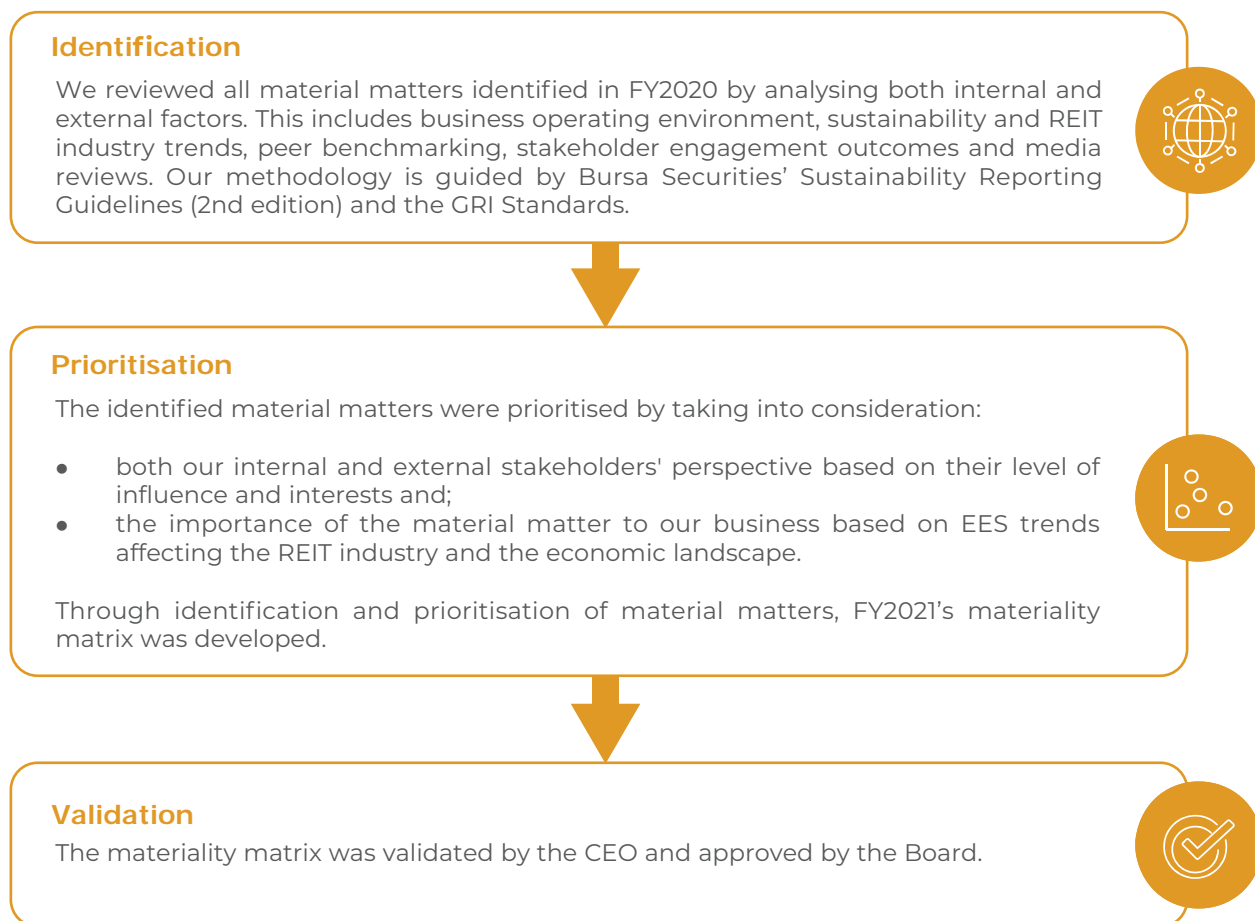


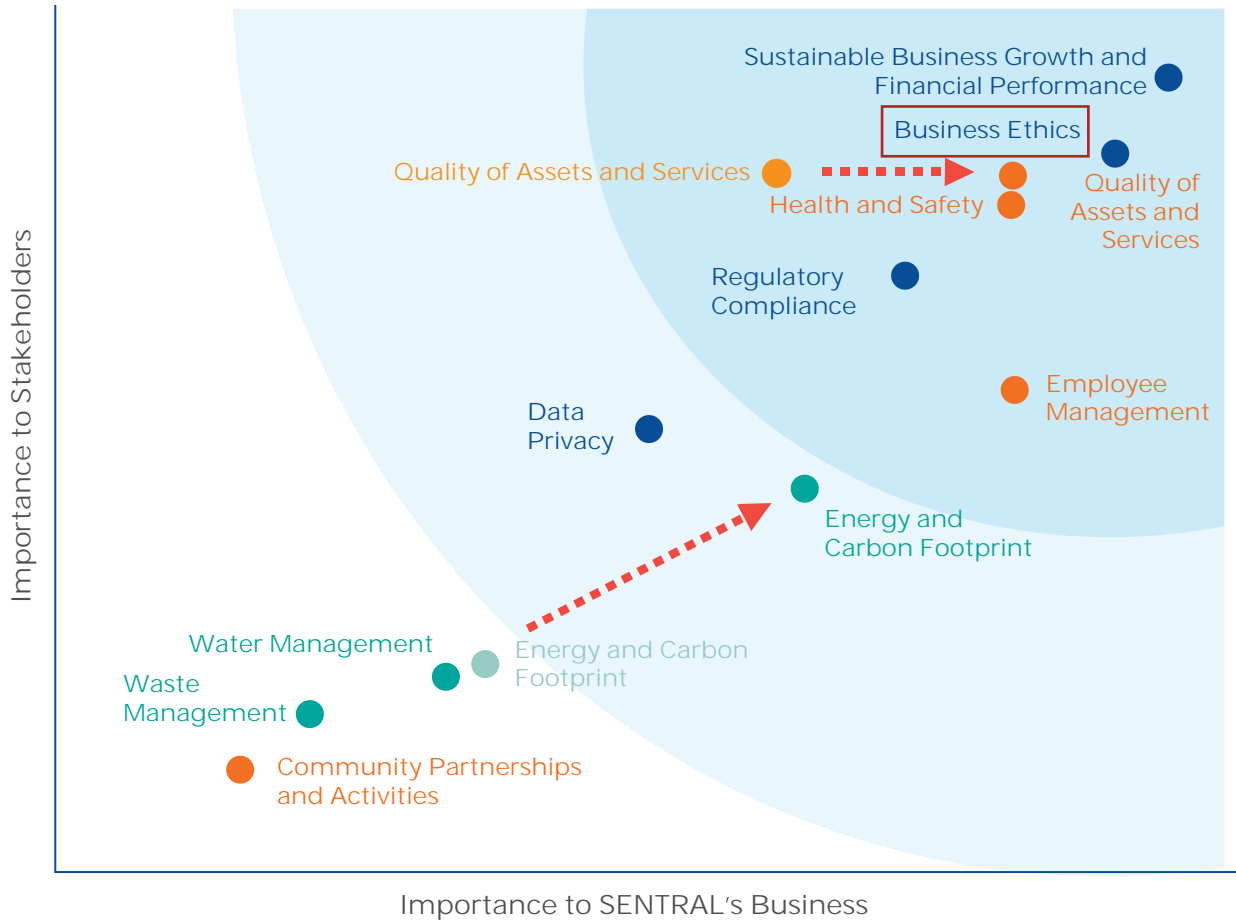
Figure 5: Materiality Assessment Process

SUSTAINABILITY STATEMENT

(cont'd)

Materiality Matrix

Through our annual materiality assessment review, we have identified eleven material matters for FY2021 which formed the focus of our Sustainability Statement. The material matters remained the same as FY2020 and the changes are reflected in Table 3 below.



High priority
 Medium priority
 Low priority
 Economic
Environmental
Social
Name change

- - - - - ▶ Key changes in priority from FY2020 to FY2021

SUSTAINABILITY STATEMENT

(cont'd)

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

Table 3: SENTRAL's Materiality Matters and Their Definitions

SUSTAINABILITY STATEMENT

(cont'd)

Alignment to United Nations Sustainable Development Goals (UN SDGs)

This year, we enhanced our sustainability commitments by aligning our existing sustainability programmes to the UN SDGs. We aim to making valuable contributions to meeting the national and global sustainability agenda through our business. Contributing to the UN SDGs is also beneficial for the good of society, the environment and sustainable economic growth.

We identified five (5) UN SDGs through mapping our material matters and sustainability initiatives on where we believe we can have the most meaningful impact to our business and stakeholders.

United Nations SDGs	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	11 SUSTAINABLE CITIES AND COMMUNITIES 	13 CLIMATE ACTION 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
SENTRAL's FY2021 Material Matters	<ul style="list-style-type: none"> ● Energy and Carbon Footprint 	<ul style="list-style-type: none"> ● Sustainable Business Growth and Financial Performance ● Health and Safety ● Quality of Assets and Services ● Employee Management ● Energy and Carbon Footprint 	<ul style="list-style-type: none"> ● Sustainable Business Growth and Financial Performance 	<ul style="list-style-type: none"> ● Energy and Carbon Footprint 	<ul style="list-style-type: none"> ● Business Ethics (previously Anti-Corruption) ● Regulatory Compliance ● Employee Management ● Data Privacy







Legend: ● Economic ● Environmental ● Social

SUSTAINABILITY STATEMENT

(cont'd)




SENTRAL's Value Creation Model

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

Capital	Input	Business Activities	Output	Outcome
Financial 	<ul style="list-style-type: none"> Market capitalisation: RM969.96 million Total Borrowing: RM805.65 million Investment Properties: RM2.081 billion Equity: RM1.32 billion Average cost of debt (%): 3.55% p.a. 	 <p>Leasing Strategy</p> <p>Proactive leasing strategies to ensure stabilisation of portfolio occupancy and income</p>	<ul style="list-style-type: none"> Gross Revenue: RM159.60 million Realised Net Income: RM84.49 million 	<p>Unitholders and Investment Community</p> <ul style="list-style-type: none"> Distribution Per Unit: 7.41 sen Economic Value Distributed: RM137.12 million <p>Tenants</p> <ul style="list-style-type: none"> Enhanced tenants' experience
Manufactured 	<ul style="list-style-type: none"> Diverse portfolio of high-quality assets: <ul style="list-style-type: none"> 7 Commercial Buildings 1 Office Building 1 Commercial Lot including Car Parks Total Asset Value: RM2.180 billion Management services RM1.77 million spent on management services / building enhancement 	 <p>Capital Management Strategy</p> <p>Ongoing cost management to ensure optimisation of SENTRAL'S overall weighted average cost of debt</p>	<ul style="list-style-type: none"> 90% tenant occupancy rate Tenant retention rate: 66% of Committed Net Lettable Area 2 buildings with green ratings 	<p>Employees</p> <ul style="list-style-type: none"> Zero complaints received from employees Comprehensive health and safety measures to safeguard employee's safety and wellbeing <p>Local Community</p> <ul style="list-style-type: none"> 5 outreach activities during MCO/ pandemic/ floods to support the B40 community vide food distribution initiatives with no-profit organisations Improved engagement and positive relationship with stakeholders
Intellectual 	<ul style="list-style-type: none"> Management skills and expertise Cyber solutions for data protection Robust governance structures Rights and licenses for business operations 	 <p>Asset Management Strategy</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>	<ul style="list-style-type: none"> Fully comply with regulatory requirements Awards and Recognition Zero substantiated complaints concerning cybersecurity breaches and losses of customer data 	<p>Vendors</p> <ul style="list-style-type: none"> Promoting the development of the local ecosystem


SUSTAINABILITY STATEMENT

(cont'd)

Capital	Input	Business Activities	Output	Outcome
Human 	<ul style="list-style-type: none"> Total number of employees/workers: 19 employees/30 workers SENTRAL's culture and value Approximately RM23,500 invested in learning and development, and employee engagements activities 	 <p>Acquisition Growth and Portfolio Management Strategy</p> <p>Adjustment of the portfolio mix through acquisition or sale with the objective of maximising total returns to unitholders</p>	<ul style="list-style-type: none"> Average training hours: 25.7 hours/employee Diverse, skilled and engaged workforce 2 company-wide engagement activities held virtually in 2021 2 Covid-19 infections 	<p>Environment</p> <ul style="list-style-type: none"> Energy and emissions reduction by 15.8% Water consumption reduce by 6.3% <p>Industry Associations, Governments, Regulators and Local Authorities</p> <ul style="list-style-type: none"> Compliance with relevant laws and regulations
Social and relationship 	<ul style="list-style-type: none"> Strong relationships with key stakeholders 93 vendors engaged Proactive engagements with stakeholders 		<ul style="list-style-type: none"> Retail tenant assistance: PMK – Average 3.25 months Platinum Sentral and Menara Shell (retail tenants only – Average 8.75 months) Local suppliers and contractors: 100% of total suppliers 100% of budget spent on local suppliers Percentage of service providers underwent performance appraisal: 100% of suppliers 100% of suppliers achieved higher than minimum score rating of 60% Delivered social benefits through CSR activities Monetary contributions to communities: RM199,293 Donated 1010 food packages for 630 families during Covid-19 	

SUSTAINABILITY STATEMENT

(cont'd)

Capital	Input	Business Activities	Output	Outcome
<p>Natural</p> 	<ul style="list-style-type: none"> • Resource consumption: <ul style="list-style-type: none"> - Energy consumption - Water management - Waste management • Green-certified buildings: <ul style="list-style-type: none"> - Menara Shell is Leadership in Energy and Environmental Design (LEED) Platinum-certified - Platinum Sentral is Building and Construction Authority (BCA) Green Mark Platinum-certified 		<ul style="list-style-type: none"> • Total energy consumption: 20.85 mil kWh • Total energy intensity: 118.80 kWh/sqm • Total carbon emissions: 12,232 tCO₂ • Total carbon intensity: 0.07 tonnes/sqm • Total water consumption: 133,509 m³ • Total water use intensity: 0.76 m³/sqm 	

SUSTAINABILITY STATEMENT

(cont'd)



Sustainable Business Growth and Financial Performance

[GRI 3-3, 201-1]

While COVID-19 impacted businesses and economies in 2020, this year has seen the beginnings of recovery. Similarly, SENTRAL remains committed to creating sustained financial growth and value for stakeholders. We strive to provide our unitholders with a consistent distribution of income from our present and future portfolios, guided by our four core strategic initiatives as depicted in Figure 6.

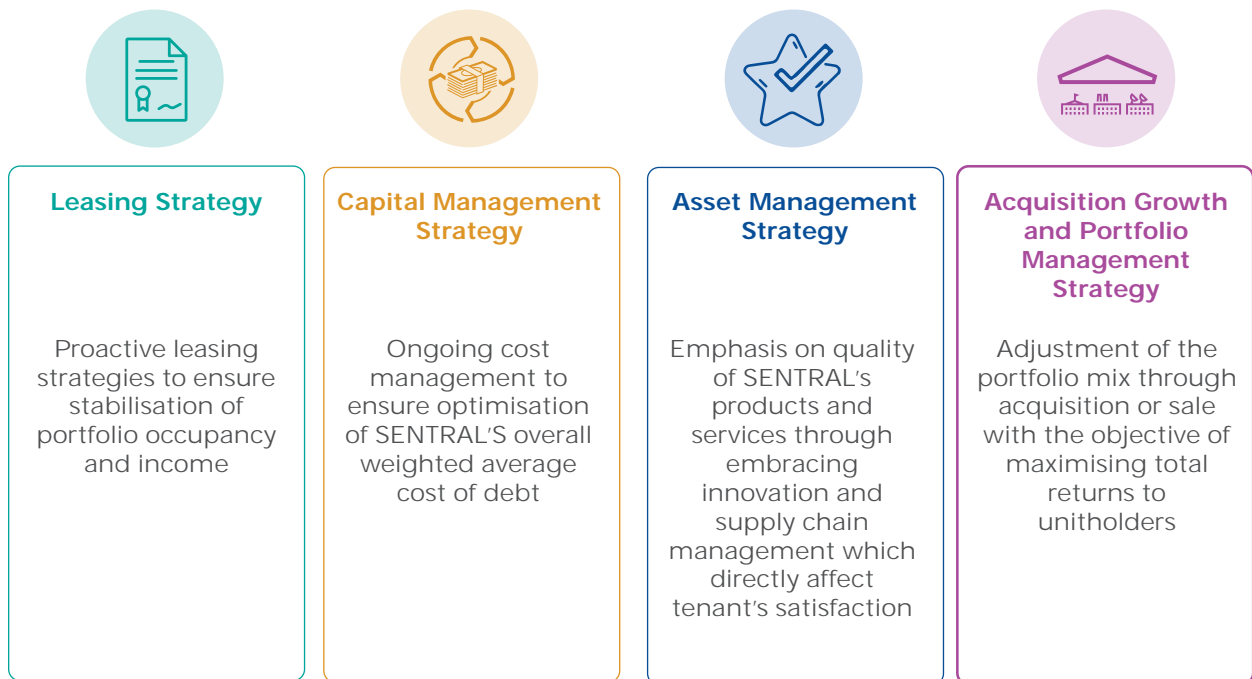


Figure 6: SENTRAL's Four Key Strategic Initiatives

SENTRAL charted a strong financial position and maintained its financial health in FY2021. In FY2021, we contributed a realised revenue of RM160.65 million in FY2021. We attained a Distribution Per Unit of 7.41 sen this fiscal year which was large 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 12 to 46 for further information on our economic performance.

SUSTAINABILITY STATEMENT

(cont'd)

In RM	FY2021	FY2020	FY2019	FY2018
Value Generated				
<i>Revenue, finance income, gain on divestment of investment property</i>	166,461,106	167,980,858	164,687,987	179,041,503
<i>Less: Property operating expenses</i>	(28,523,531)	(29,456,543)	(30,769,769)	(31,594,183)
<i>Less: Other operating expenses</i>	(819,240)	(919,578)	(922,599)	(948,463)
Total Value Generated	137,118,336	137,604,737	132,955,619	146,498,857
Reconciliation:				
<i>Total realised income net of taxation</i>	84,485,957	80,954,941	72,107,547	84,653,758
<i>Add:</i>				
<i>Finance costs</i>	30,920,952	34,750,696	38,976,163	39,774,798
<i>Manager's fees</i>	12,616,534	12,796,372	12,760,955	13,253,725
<i>Trustee's fees</i>	664,577	665,681	676,287	685,921
<i>Quit rent and assessment</i>	8,430,316	8,437,047	8,474,667	8,130,655
Total Value Generated	137,118,336	137,604,737	132,995,619	146,498,857
Payments to the Manager and Trustee				
<i>Manager's fees</i>	12,616,534	12,796,372	12,760,955	13,253,725
<i>Trustees fees</i>	664,577	665,681	676,287	685,921
Payments to government				
<i>Quit rent and assessment</i>	8,430,316	8,437,047	8,474,667	8,130,655
Payments to providers of capital				
<i>Income distribution</i>	79,419,121	75,882,237	72,881,244	86,600,067
<i>Finance costs</i>	30,920,952	34,750,696	38,976,163	39,774,798
<i>Economic value retained</i>	5,066,836	5,072,704	(773,697)	(1,946,309)
Total Value Distributed	137,118,336	137,604,737	132,995,619	146,498,857

Table 4: Direct Economic Value Generated and Distributed

Data Privacy

[GRI 3-3, 418-1]

Digitalisation and connectivity has become a global imperative in light of COVID-19. Therefore, it is paramount that we have a secure network that protects such connections. Malicious hackers and online scammers have taken advantage of the COVID-19 pandemic situation whereby millions of people are ever more reliant on working online, leading to an upswing of cybercrime.

At SENTRAL, we are conscious of our duty to our stakeholders in securing our network and safeguarding their personal data which builds the foundation of their trust and confidence in us. SENTRAL's cybersecurity partly falls under the purview of the MRCB IT helpdesk. Here, cybersecurity matters are reported for furthering monitoring suspicious activity, followed by any required steps to manage issues.

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

SUSTAINABILITY STATEMENT

(cont'd)

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

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

Table below depicts our data privacy initiatives for FY2021:

Ongoing initiatives	
Data Privacy Regulatory Compliance	<ul style="list-style-type: none"> • Our employees are subject to the Personal Data Protection Act 2010 ("PDPA") where they are required to sign a declaration to acknowledge to treat the personal and confidential information of others in a responsible manner at all times • Third parties are required to read, understand and acknowledge a Non-Disclosure Agreement ("NDA") where there is sensitive information required from the other party • A standard personal data clause has been included in all of our tenancy and service agreements • Consent must be obtained prior to personal data collection and processing
Data Protection Awareness	<ul style="list-style-type: none"> • Regular email reminders and monthly editorial messages are disseminated by our IT helpdesk to alert our employees on spam or phishing emails, potential cyber-attack and updates of passwords for all systems • Conducted online security awareness training for all employees • Perform regular system backups • Short video clips are play at TV located at lift lobby periodically to remind all employees must not leave their laptops or computers unattended to avoid access by unauthorised • MRCB's IT department will also quarantine suspicious email before releasing to staff
Data Security Controls	<ul style="list-style-type: none"> • Keep abreast with the Antivirus software • Set up user access rights for system usage and firewall by IT department • Perform cybersecurity and IT risk and control assessments to allow identification and timely response to information security threats, such as quarantining suspicious emails before releasing to staff
Physical Data Management	<ul style="list-style-type: none"> • All of our physical data are stored on premises in our data warehouse centre • We have shifted to more operationally comprehensive cloud-based digital filing of data since beginning of FY2021 • We have implemented the use of Yardi, a cloud-based accounting, finance and leasing system, which facilitates the uploading of soft copies of all documents, tenancies, agreements, acting as another source of backup of our physical data • Moving forward, we plan to implement Yardi System for facility management as well, integrating both system facility management and accounting system. Beyond data security, this consolidation of data management is targeted at improving tenant satisfaction

There were no substantiated complaints of cybersecurity breaches or customer data thefts in FY2021. Moving forward, we strive to maintain this outcome by enforcing rigorous compliance and continue to enhance our cybersecurity capabilities.

SUSTAINABILITY STATEMENT

(cont'd)








SENTRAL's environmental management practices are meant to manage our impacts created via consumption, organisational activities and investments. Our continued tracking and monitoring of our environmental impact is targeted at gauging the efficiency of our management initiatives to ensure minimisation of such negative impacts while in operation.

Energy and Carbon Footprint

[GRI 3-3, 302-2, 302-3, 302-4, 305-2, 305-4]

Climate change is an increasingly material global agenda, including in real estate. According to the International Energy Agency, it is estimated that 28% of global greenhouse gas (GHG) emissions come from building operations.¹ Increased GHG emissions lead to rising average global temperatures, in turn resulting impacting weather conditions in the long-term which can be extreme: heatwaves, heavy rainfall and drought, among others. In this regard, efforts to decarbonise and reduce emissions should, and is, seen as an investment in the future. At COP26, Malaysia updated its Nationally Determined Contributions to reduce economy-wide carbon intensity (against GDP) by 45% by 2030. The country is also committed to become a carbon-neutral nation by 2050. At SENTRAL, we reflect this global view through our commitment to energy management.

Our approach in energy management is illustrated in the diagram below

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

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

Since 2019, SENTRAL has introduced multiple initiatives across our portfolio to minimise operational energy consumption and carbon emissions. These include carbon reduction and avoidance approaches consisting of energy efficiency measures and use of renewables such as solar energy respectively.

¹ Tracking Buildings 2020 – Analysis - IEA

SUSTAINABILITY STATEMENT

(cont'd)

Our two green buildings, Menara Shell and Platinum Sentral, also contribute to reducing our environmental footprint as they are built with better ventilation and natural lighting, resulting in lower energy consumption and water consumption. In FY2021, our key energy efficient initiatives are highlighted in Table 5 below.

No.	Building	FY2021 Initiatives
1	Menara Shell	<ul style="list-style-type: none"> - Improved Building Automation System algorithm programme to optimise the sequence functioning of building air-conditioning system to improve energy efficiency - Replaced LED lighting at toilets - Installed new rooftop Motorised Fire Damper (“MFD”) - Optimised cooling system through air-conditioning system upgrades: <ul style="list-style-type: none"> o Partial replacement of system’s motorised valves and cable networks o Maintenance and improvements of Primary Air Handling Unit (“PAHU”) o Reprogramming, recalibration and recommissioning of sensor and control systems o Full replacement of Air Handling Units pressure gauge manifolds
2	Plaza Mont Kiara	- Installed energy-saving LED lighting for car parks
3	Platinum Sentral	- Replaced LED lighting for Block D toilets

Table 5: FY2021 energy efficient initiatives

This year, we achieved our target of 2% energy consumption reduction by achieving a reduction of 16% from FY2020. This is mostly due to government’s MCO which necessitates working from home and cessation of building operations for a given amount of time.

Figures 7 to 10 below depicts information on energy consumption and intensity as well as carbon emissions.

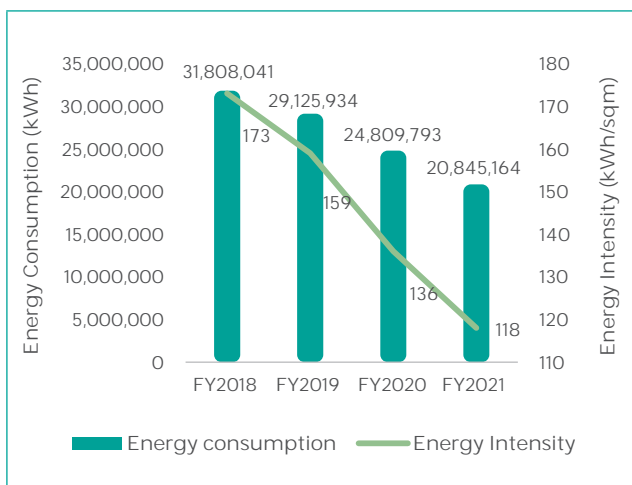


Figure 7: Total energy consumption and intensity

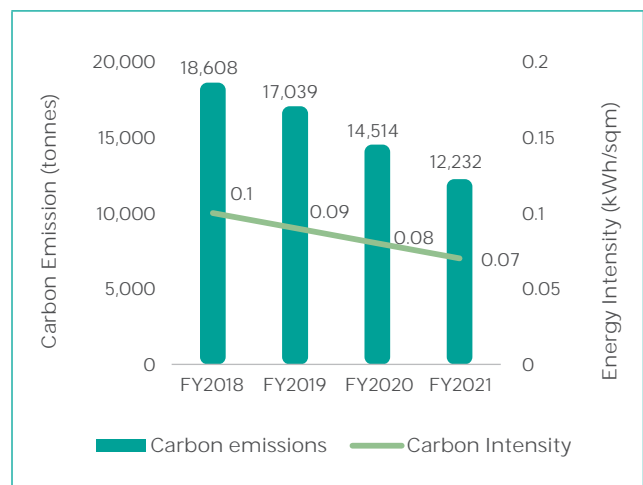


Figure 8: Total carbon emissions and intensity

SUSTAINABILITY STATEMENT

(cont'd)

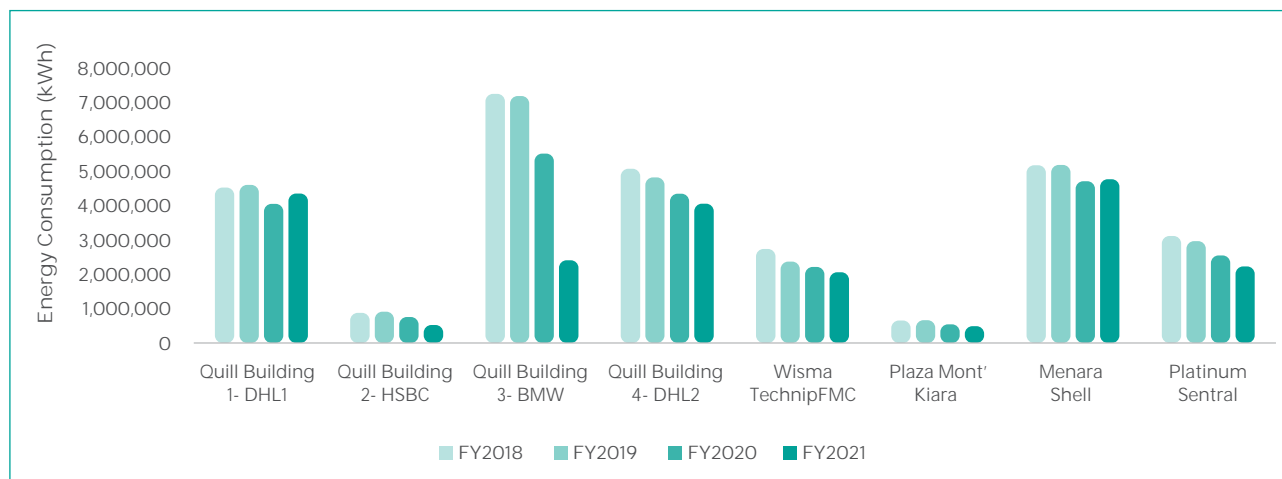


Figure 9: Total energy consumption by property

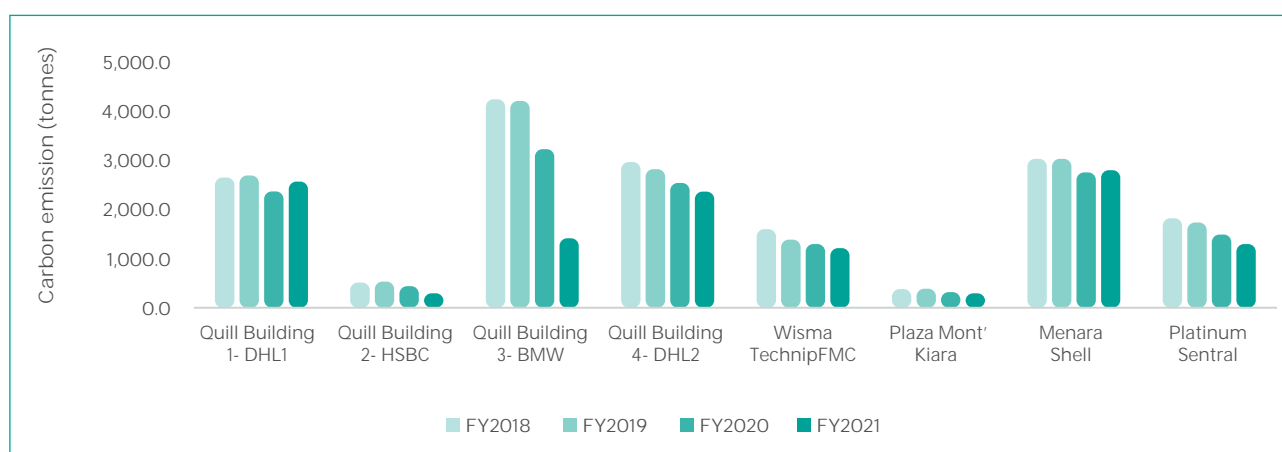


Figure 10: Total carbon emissions by property

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

We are in the midst of developing our Energy Management Policy to serve as the formal guidance for the execution of SENTRAL's energy conservation and management activities. We intend to roll out this Policy to all buildings by FY2022.

Moving forward, we continue to target a 2% reduction year-on-year through our various measures in enhancing our energy efficiency across our buildings. Table 6 depicts our planned initiatives for FY2022 in-line with our firm commitment towards energy reduction.

No.	Building	FY2022 Initiatives
1	Platinum Sentral	- Installation of LED building lighting for Level 3 Atrium and Block D F&B Courtyard
2	Menara Shell	- Installation of LED lighting in toilets

Table 6: FY2022 energy efficient initiatives

SUSTAINABILITY STATEMENT

(cont'd)

Water Management






[GRI 3-3,303-1, 303-5]

SENTRAL consumes water for our building operations, sourcing purchased water from water service providers prior to discharge via the sewerage system.

Water management remains an important aspect of efficient operations. Our portfolio buildings could be affected by supply disruptions and causes inconveniences to stakeholders, including our tenants. Such disruptions are caused by factors beyond the control of SENTRAL as a service subscriber, which include pollution of raw water sources or service downtime.

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

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 system and fittings to ensure they maintain in good condition		Installation or replacement of conventional water fittings with water efficient fittings including sensor taps
	Repair and replace old pipes, fittings and other equipment where necessary		

In FY2021, our key initiatives are highlighted in the table below and we have also achieved our target of 2% year-on-year reduction in overall water consumption by achieving 6.3% of reduction for FY2021.

No.	Building	FY2021 Initiatives
1	Menara Shell	- Currently implementing replacement of restroom water fittings with self-closing taps, water tap sensors and water flush valve systems, with a view to complete process by 2022

Table 7: FY2021 water management initiatives

SUSTAINABILITY STATEMENT

(cont'd)

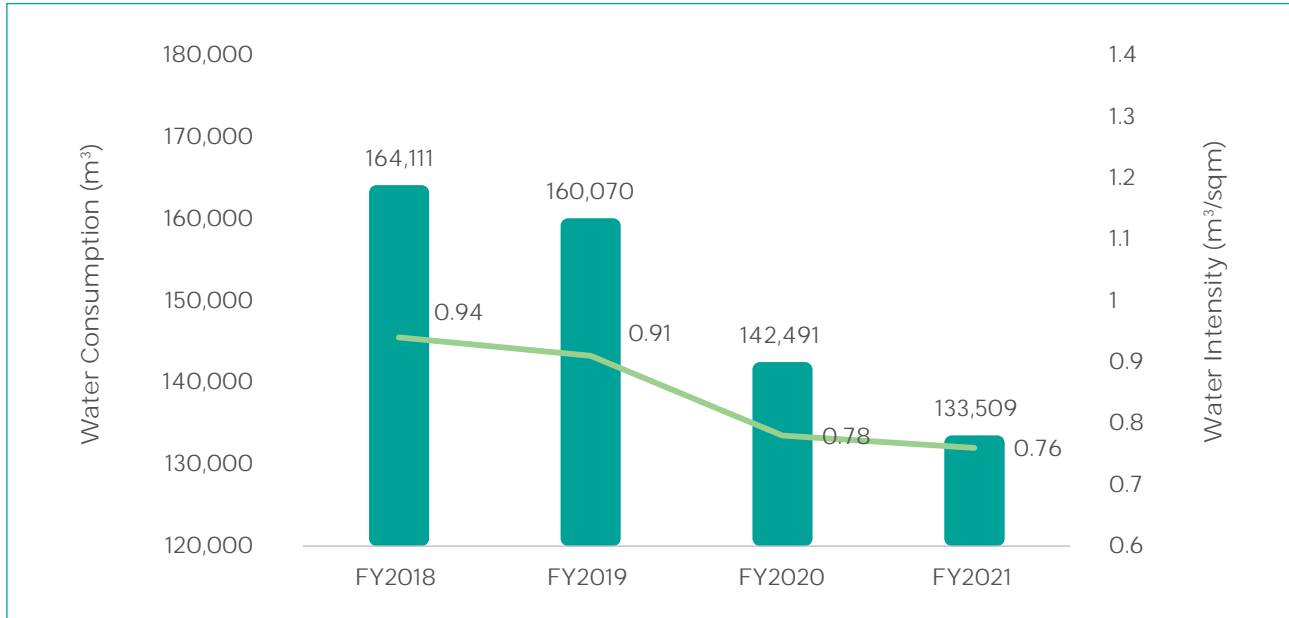


Figure 11: Total water consumption and water intensity

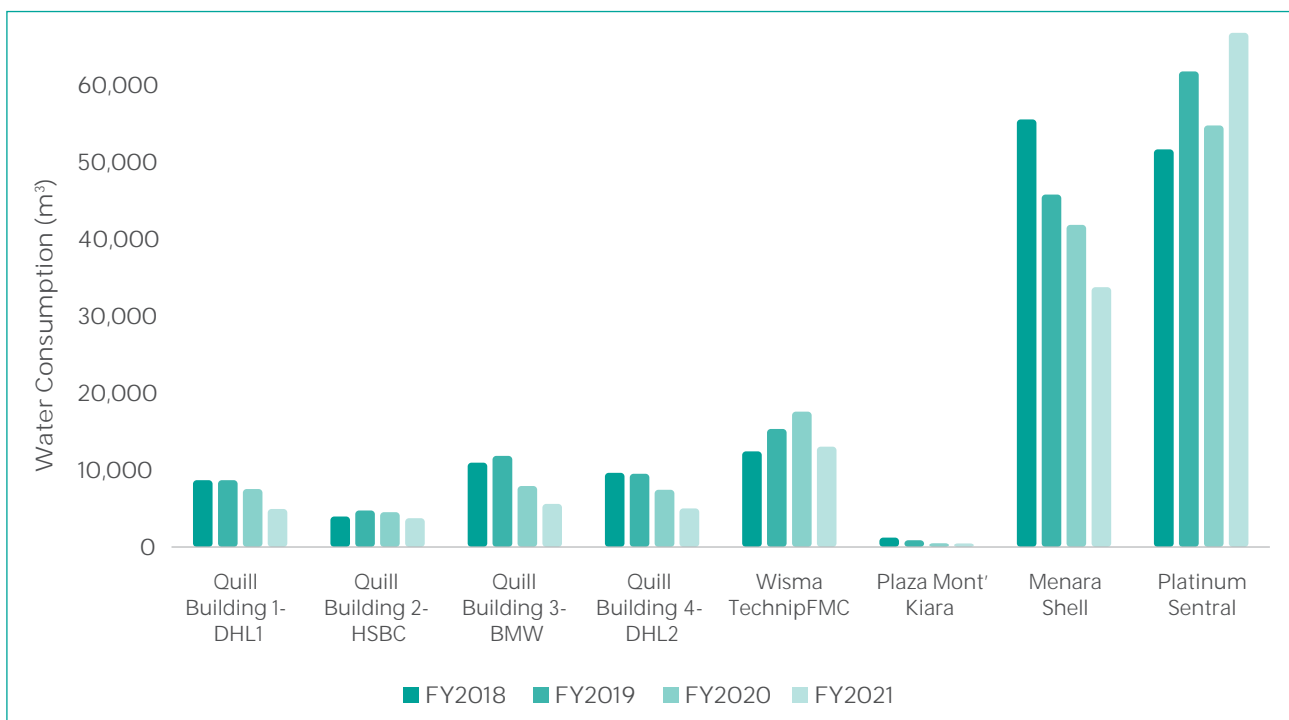


Figure 12: Total water consumption by property

The increase in water consumption for Wisma Technip FMC is due to faulty meter readings in FY2018 and FY2019 that contributed to lower water consumption reading in FY2018 and FY2019

SUSTAINABILITY STATEMENT

(cont'd)

Moving forward, we intend to continue our efforts in improving water efficiency across our buildings to achieve our target of 2% reduction year-on-year. Our commitments for FY2022 are illustrated in the table below.

No.	Building	FY2022 Initiatives
1	Platinum Sentral	Upgrading Roof Rainwater Drainage System at Atrium area
2	Quill Buildings 1 and 4	Installation of new water filtration systems to ensure clean water quality for consumption purposes.

Table 8: Future water management initiatives




Waste Management

[GRI 3-3, 306-2]

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

Daily waste collection by LWCs is conducted through the use of centralised refuse chambers provided at every portfolio property to cater for waste storage and segregation.

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

Our continuing approach in waste management			
	Disposal of waste by licensed waste contractors and based on regulatory requirements		Provision of recycling bins to encourage habits of recycling
	Creating awareness of sustainable waste disposal and management through notice or posters		

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

SUSTAINABILITY STATEMENT

(cont'd)



Figure 13: Recycling bin placed in Platinum Sentral

As part of awareness-raising on responsible waste management, recycling bins have been placed in common areas such as lift lobbies and high traffic areas to encourage recycling among employees, tenants and visitors. Environmental awareness notices and posters are also displayed to encourage tenants and visitors to reduce, reuse and recycle waste. Notices and posters are displayed in building washrooms to encourage lesser usage of paper hand towels. In addition to our ongoing initiatives, we installed automatic jet air hand dryers to replace paper hand towels at Menara Shell for FY2021, hence reducing waste generation.

SUSTAINABILITY STATEMENT

(cont'd)



Health and Safety

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

COVID-19 has created greater has necessitated measures to protect from exposure to spread of the pandemic, while raising stakeholder awareness on health and safety as a broader concern. Our stakeholders' safety, health and well-being still maintain as one of our top priority. This includes our employees, tenants, contractors, visitors and communities while on premises.



Figure 14: SENTRAL's Health and Safety Principles

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

SUSTAINABILITY STATEMENT (cont'd)



Figure 15: SENTRAL's Health and Safety Principles

Our DEDL Health and Safety Principles, shown in Figure 15 above, details our approach to continually improve our approach to health and safety for all stakeholders. Additionally, we ensure ongoing compliance with requirements set out by the Department of Occupational Safety and Health ("DOSH") for offices, including receiving periodic checks by DOSH representatives.

Managing risks and hazards in our buildings

Health and safety risks as well as hazards in SENTRAL's operations are centred around occupant safety and health. In this regard, stakeholder participation is necessary in ensuring minimal exposure to such risk. Here, we work closely with our building management team, tenants and contractors to ensure safety controls are in place to safeguard the health and safety of our tenants, visitors and communities.

Stakeholders	Safety controls
SENTRAL, building management team and contractors	<ul style="list-style-type: none"> • Regular fire risk assessments performed regularly to identify and manage potential risks and hazards • Monitoring safety certifications for fire, lift and escalator to ensure timely renewal • Maintenance and repairs to ensure compliance with safe operating standards implemented by the Fire and Rescue Department of Malaysia ("BOMBA") • Clear safety signage during refurbishment to provide awareness • Regular on-site inspections or spot checks as well as risk mitigation, if required, by the property manager to ensure the building is well maintained in compliance with the OSH Act • Health and safety pre-qualification of contractors and on-going monitoring of work in progress • Yearly safety measures such as major service and maintenance work of high tension and low voltage electrical panel at the building to mitigate electrical and fire hazards by competent persons
Tenants	<ul style="list-style-type: none"> • Establish Emergency Response Teams trained in first aid and equipped with fire-fighting abilities to respond to health and safety risks • Tenants are also required to conduct a risk assessment prior to any renovation and fit-out of the tenanted spaces

SUSTAINABILITY STATEMENT

(cont'd)



Figure 16: Termite infestation prevention for landscaped garden



Figure 18: Major service and maintenance work of high tension and low voltage electrical panel at the building



Figure 17: Annual fire drill and evacuation exercise



Figure 19: Thermography scanning of all the electrical panels at the building

Health and safety grievances

In adherence to our Health and Safety Principles, stakeholders are also provided channels to raise concerns regarding health, hygiene and safety protection matters, to which effective responses are planned. Every incident will be acknowledged, reviewed, handled and followed up to achieve closure or reach a suitable conclusion. No health and safety grievances were reported were FY2021.

Our grievance mechanisms are illustrated in Table 9 below.

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

Table 9: Health and Safety Grievance Mechanisms

SUSTAINABILITY STATEMENT

(cont'd)

Protecting our people during the COVID-19 crisis

Malaysia continues to remain exposed to the COVID-19 pandemic which began in 2020. In meeting government COVID-19 spread prevention and control measures, we have adopted various precautionary measures and controls to ensure the safety of our employees, tenants, visitors and communities while continuing to monitor developments around the pandemic.

An Emergency Response Plan was established and communicated to all employees and tenants to facilitate operations and movement in times of crisis. All our stakeholders are required to follow the Ministry of Health's COVID-19 SOP guidelines to mitigate any potential risk of exposure to COVID-19. Details of our COVID-19 measures are illustrated below.

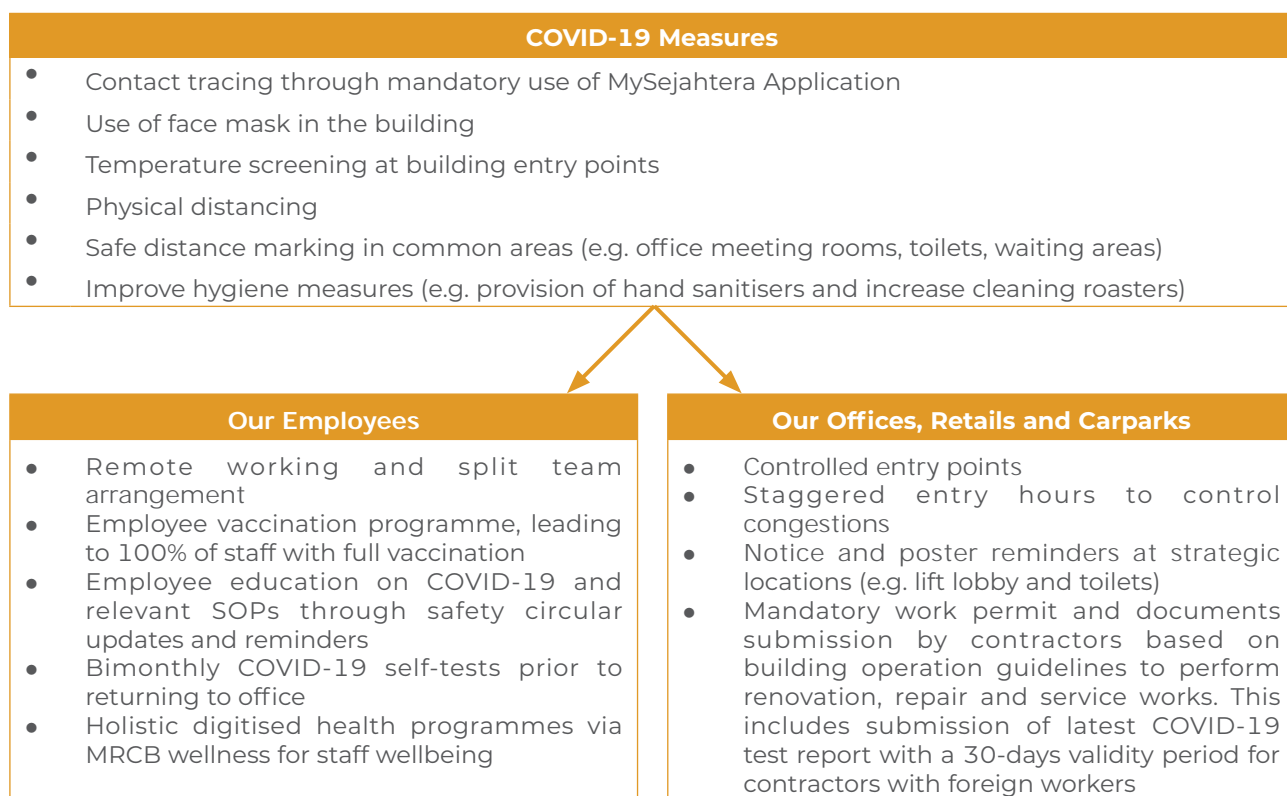


Figure 20: Provision of hand sanitisers and contact tracing using MySejahtera Application



Figure 21: Physical distancing measures in building lifts

SUSTAINABILITY STATEMENT

(cont'd)



Figure 22: Temperature screening at car park entrance at Platinum Sentral



Figure 23: Physical distancing measures in building lobby

Health and Safety initiatives in FY2021

International Fire Conference and Exhibition Malaysia

On 11 November to 13 November 2021, the triennial International Fire Conference and Exhibition Malaysia ("IFCEM") was held at Kuala Lumpur Convention Centre, with the theme of 'Fire Safety: Gateway to New Decade'. IFCEM is a regional conference and trade fair for stakeholders involved in fire and rescue services, civil protection, as well as safety and disaster management.

As building managers, SENTRAL employees' participation was not only educational professionally, but informative for SENTRAL on current developments of the aforementioned aspects.



Figure 24: International Fire Conference and Exhibition 2021

Menara Shell

Safety Day – Health, Safety, Security and Environment ("HSSE") Forum 2021

On 15 September 2021, Shell Malaysia organised a Health and Safety online forum to discuss unsafe working conditions at home and workplace, and steps to avoid and minimise hazards as a result of poor physical environment. The forum includes Shell Malaysia employees, business partners and safety partners (including SENTRAL).

Other key topics include addressing concerns during the onset of COVID-19 and taking sensible and effective measures to ensure workplace safety and improve morale and productivity.

Our commitment towards ensuring our people's health and safety at Menara Shell is underpinned by our involvement with tenants' OSH Management committees since April 2019, namely Shell and AmGeneral. The committees are a platform for our tenants and management to work together to solve health and safety issues.

SUSTAINABILITY STATEMENT

(cont'd)

Platinum Sentral

In FY2021, the management conducted a few hazard mitigation activities to ensure the wellbeing and safety of the building occupants. The activities include:

- *Termite prevention to reduce risk of termite infestation at landscape garden area. Activities conducted include scheduled professional inspections and installation of in-ground monitoring stations to detect termite presence.*
- *Routine cleaning of building perimeter pavement which includes removal of algae, clearing trash and other hazard from drains*
- *Conduct safety measures every 2 years to mitigate electrical and fire hazard by HSE officer*
- *Periodic service and maintenance work of high tension and low voltage electrical panels which includes thermography scanning of all the electrical panels at the building. This helps to detect heat losses and air leakage in building envelopes*

For FY 2021, SENTRAL reported no case of fatalities, work-related injuries and any incidence of non-compliance with regulations concerning health and safety . We will remain focused on complying with the COVID-19 SOP and OSHA Act to safeguard our stakeholders' health and safety.

Quality of Assets and Services

[GRI 3-3, 204-1]

As a commercial properties-focused REIT, the quality of our assets and accompanying services are core to our business. Our business success is directly impacted by our tenant 's satisfaction and is also a key factor in attracting new tenants.

As the Manager, we aim to provide value-adding services that meet our tenants' needs on the ground through: asset enhancement, innovative ideas, technology including digitalization, and management of supply chain.

Asset Enhancement

Guided by our asset enhancement policy, we aim to continuously enhance our buildings' functional and aesthetical characteristics, space planning and design with an awareness of environmental friendliness to ensure that our tenants are in a safe, secure, clean and comfortable environment.

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

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

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

Figure 25: SENTRAL's Asset Enhancement Initiatives

Our AEIs for FY2021 are illustrated below with a total of RM1,770,000 invested, reflecting a 19% increase from FY2020.

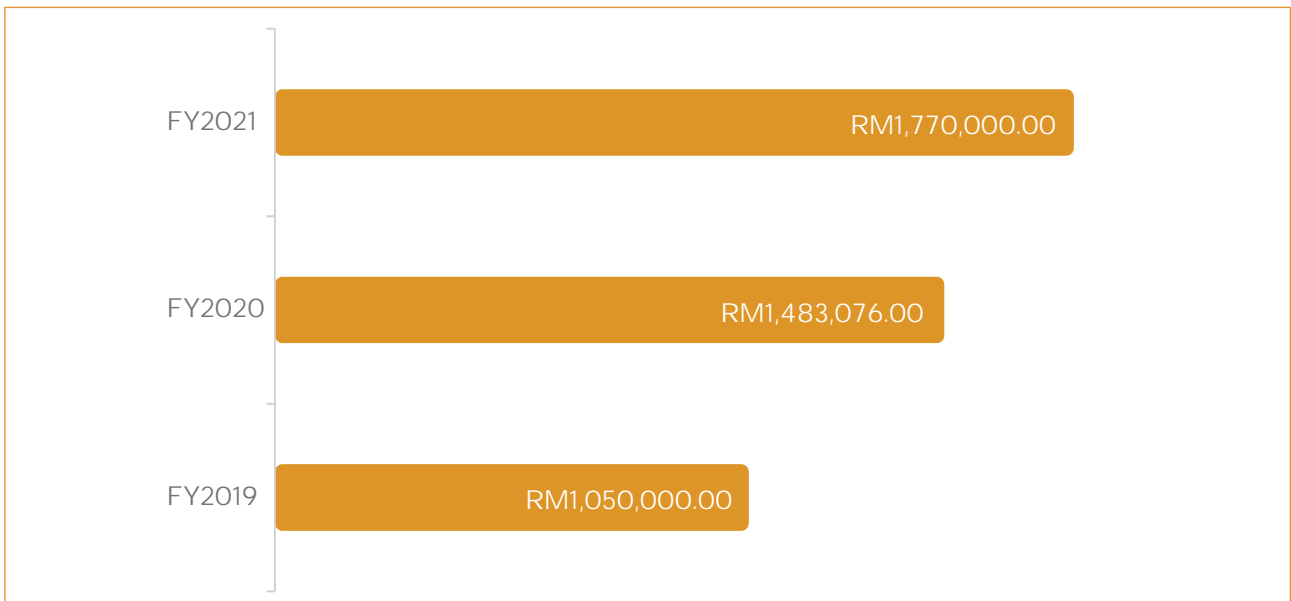


Figure 26: SENTRAL's Asset Enhancement Investments

SUSTAINABILITY STATEMENT

(cont'd)

Menara Shell

- Enhanced Air-Conditioning and Mechanical Ventilation (ACMV) into Building Automation System which helps to improve overall energy efficiency
- Upgraded Fan Assist Terminal inside tenant premises for energy efficient optimum air circulation
- Installed elevator lock device systems to improve safety



Figure 27: Implementation of fully cashless parking system



Figure 28: Installed energy efficient LED lighting

Plaza Mont Kiara

- Installed energy efficient LED lighting at the carparks for a brighter view and more energy efficient
- Implementation of fully cashless parking system to improve users' convenience and payment process efficiency



Figure 29: Upgrade staircase with anti-slip tiles



Figure 30: Replacement of underground domestic piping

Quill Buildings 1 and 4

- Upgrade main entrance staircases with anti-slip tiles to enhance safety
- Replacement of underground domestic piping



Figure 31: Upgrade of roof rainwater drainage system

Platinum Sentral

- Upgraded roof rainwater drainage system to be collected into Level 1 storage tanks



Figure 32: Upgrade of washroom in buildings

Menara Shell

- On-going improvement works for toilets

SUSTAINABILITY STATEMENT

(cont'd)

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 FY2022 are as follow:

No.	Building	FY2022 Initiatives
1	Quill Buildings 1 and 4	<ul style="list-style-type: none"> - Installation of anti-theft perimeter fencing to enhance the building's security features - Upgrading of LV room ATS 4000 Amp change over for MSB1/MSB2
2	Platinum Sentral	<ul style="list-style-type: none"> - Upgrading of timber flooring at courtyards B and D - Installation of new structure to replace the water feature at the main entrance - Repainting of the interior walls at Level 3 Atrium area
3	Menara Shell	<ul style="list-style-type: none"> - Replanting of trees at Level 5 terrace - Upgrading of flooring at main lobby and driveway area

Table 10: Asset Enhancement Initiatives for FY2022

Supply Chain Management

We maintain a strong relationship with our suppliers and contractors, also known as our Property Business Associates, to ensure compliance with local regulations and adhere to high quality, environmental, health and safety standards. Our property managers are responsible for selecting, appointing, and managing our suppliers, contractors and service providers.

Our suppliers and contractors are only appointed upon meeting a set of criteria guided by our Service Provider Pre-Qualification Policy and Services Contractor Evaluation Policy, indicated in Figure 33. 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. All suppliers must conduct their businesses in accordance with the highest standards of ethical behavior.

In FY2021, an online training session was provided to all property managers, emphasising the Pre-Qualification and Due Diligence Assessment on our Property Business Associates. With effect from FY2022, online briefing will be conducted annually with property managers, and may include additional sessions for updates and ensuring compliance as deemed necessary.

These policies apply to all our properties except for Lotuss Building Penang as it is fully managed by the tenant.

Facility Manager Management

We are planning to roll out Facility Manager App in second quarter of 2022 for all SENTRAL properties, except Lotuss Building Penang for better real time monitoring of the operation and maintenance of each building, and to improve collaboration, efficiency, accountability and transparency between tenant, property manager and the Manager. The property manager will also be able to access to real time work status through the Facility Manager Mobile App which is very convenient for the property managers to perform a status check any time, anywhere.

SUSTAINABILITY STATEMENT

(cont'd)

Service Provider Pre-Qualification Policy

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

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

Service Contractor Evaluation Policy

For existing and newly appointed suppliers and contractors, on-going evaluation and monitoring process is conducted to ensure the service quality meets our requirements and to identify opportunities for improvement such as delivery, quality, pricing etc. A standard performance appraisal is conducted annually to re-evaluate the performance of service contractors against a defined set of criteria. Details of our standard performance appraisal are illustrated in Figure 33.

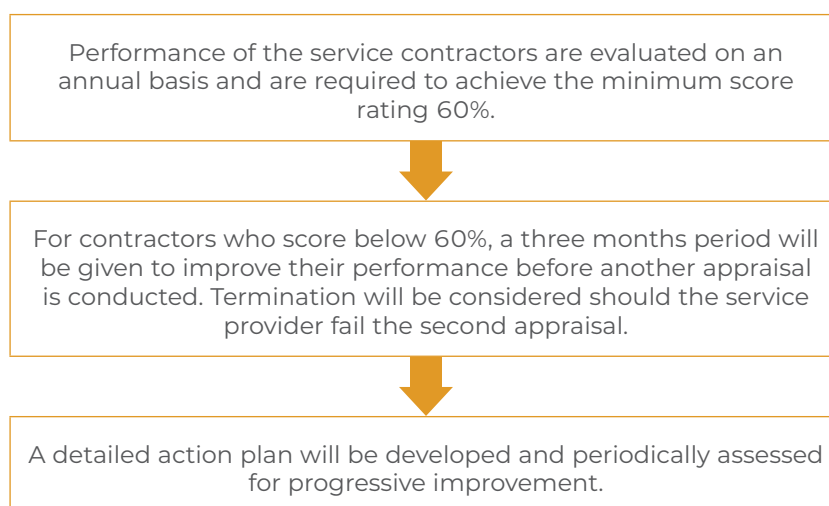


Figure 33: Standard Performance Appraisal

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

Table 11: Percentage of services providers underwent performance appraisal and achieved higher than minimum 60% score

SUSTAINABILITY STATEMENT

(cont'd)

In line with the government's aim of developing economic opportunities, we prioritise sourcing from local suppliers and contractors where feasible. This allows us to contribute to supporting local businesses and minimise our environmental footprint. Local suppliers and contractors refer to companies registered in Malaysia. In FY2021, we spent a total of **RM2,386,183.80** on local suppliers and contractors, which is a total of 100% of our procurement budget. Therefore, while our overall expenditure decreased, it was fully spent on local suppliers, reflecting our sourcing priorities.

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

Table 12: Percentage of Local Hiring and Procurement Budget

As we progress into FY2022, we strive to maintain a minimum of 75% of locally sourced products and services for our buildings. We are committed to continue exploring ways to strengthen our supplier and service provider relationships through meaningful engagements.

Tenant Engagement and Satisfaction

Tenant satisfaction is key to sustaining our business performance and we are committed to building strong tenant relationship through regular and meaningful engagements. Tenants' feedbacks are collected through regular briefings, sharing sessions, informal communications and via our Tenant Feedback/Complaint forms ("Form").

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

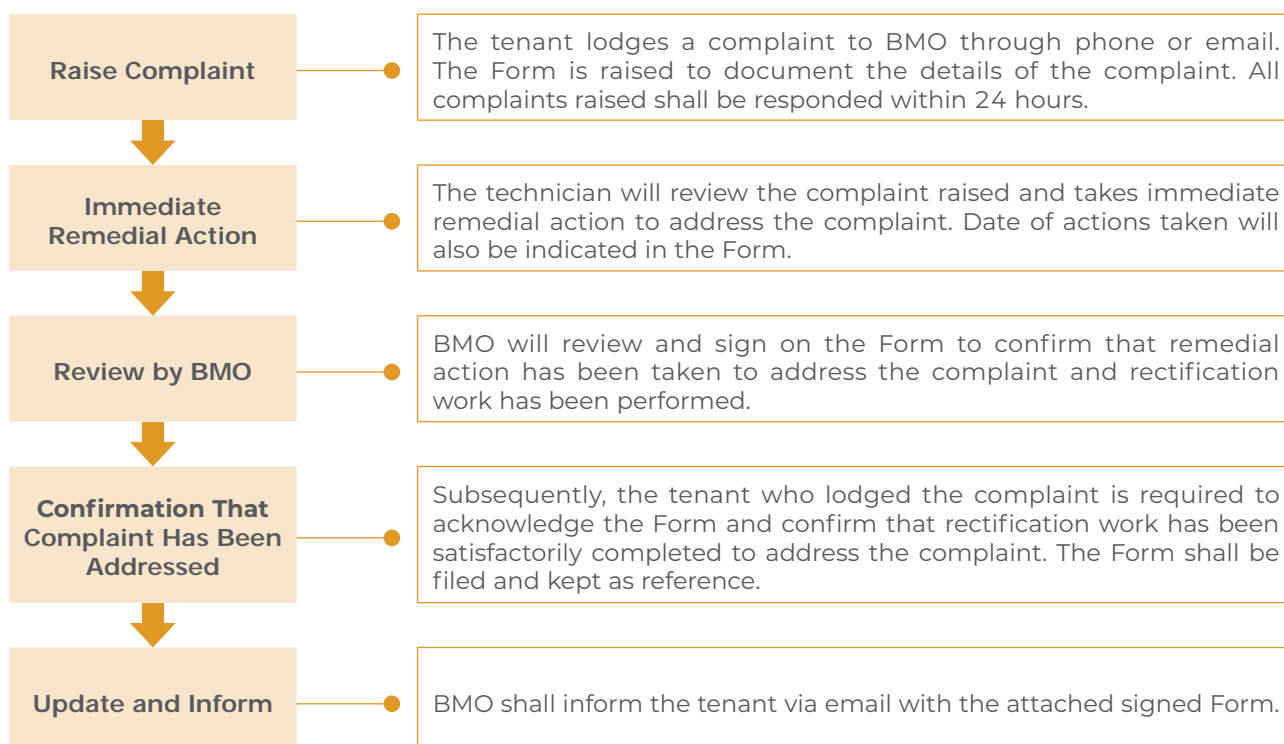


Figure 34: CENTRAL's Complaint Management Process

SUSTAINABILITY STATEMENT (cont'd)

To track complaints raised more efficiently, we have implemented the Computerised Maintenance Monitor System (“CMMS”) in Menara Shell since 2019. Benefits of the CMMS system are illustrated in Figure 35.

Benefits of CMMS system:

- Reduce downtime and repair costs
- Prevent duplication of rectification works through data that was previously inputted
- Track maintenance records of work orders
- Analyse data and detect recurring problems
- Manage work orders efficiently
- Eliminate paperwork
- User friendly and enhance productivity

Figure 35: Benefits of CMMS system

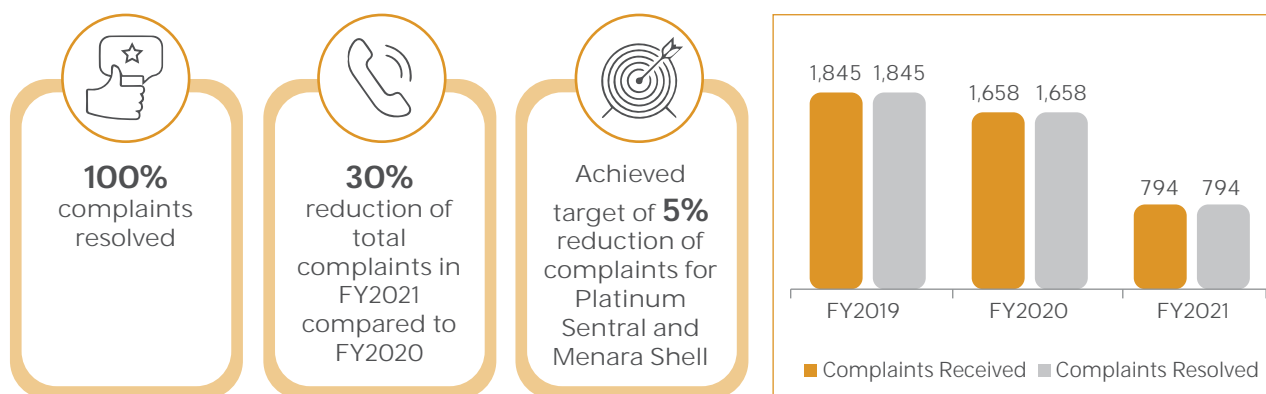


Figure 36: Number of Complaints Received and Resolved

In FY2021, we received a 30% reduction in complaints, 794 as compared to 1,139 in FY2021. We successfully resolved all complaints received during the financial year. We are also proud to achieve our target to reduce 5% of complaints for Platinum Sentral by achieving a 28% reduction.

Menara Shell recorded a 40% decrease in complaints received for FY2021, also meeting the 5% reduction target set. We aim to further reduce the number of complaints for Platinum Sentral by 5% and will continue to practice more proactive engagement to deliver on tenant satisfaction in our daily and weekly operational and maintenance work.

Embracing Innovation and Technology

With our competitive environment increasingly influenced by technological change and the challenges caused by COVID-19, we invested in technology to embrace innovation, increase operational efficiency, improve tenant experience and safety measures since FY2020.

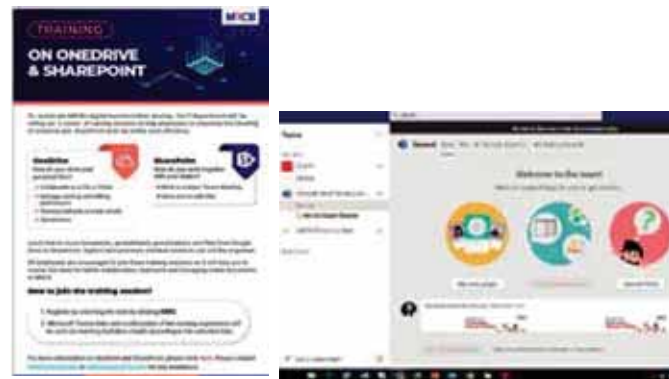
SUSTAINABILITY STATEMENT

(cont'd)



Temperature screening technology

Installation of Facial Recognition Reader with temperature screening and infrared temperature screening in Menara Shell's and Platinum Sentral's key entrances to ensure any personnel with a fever (37.4°C or more) are restricted from entry into the buildings. This provides assurance to our tenants and visitors that strict operating procedures are in place to safeguard building occupants' safety.



Workplace technology

During the COVID-19 lockdown, we have undergone trainings to utilise cloud technology, communication and video conferencing tools such as Microsoft Teams and ShareDrive to support the transition towards remote work environments. These platforms enable continuous communication and engagement among employees to conduct daily business operations.

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

Employee Management

[GRI 2-7, 2-30, 3-3, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 406-1]

SENTRAL is supported by its employees. The delivery of our services and continued growth of our business is dependent upon the capacity of our employees. In turn, SENTRAL supports the culture, talent and leadership development, as well as fulfillment of employees' needs in order to deliver on our strategic priorities.

Diversity and Equal Employment

We believe that diversity and inclusion can be key to achieving our objectives, as we seek to attract the right skills and talents to meet the business needs of SENTRAL. Additionally, a diverse and inclusive company can help create a work environment where employees feel respected, valued and supported regardless of backgrounds.

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

SUSTAINABILITY STATEMENT

(cont'd)

Indicators	FY2021	FY2020*	FY2019	FY2018
Total number of employees	19	18	18	18
Total number of workers	30	36	37	36
Number of new hires	1	1	1	1
Employee turnover	5	1	1	2

Table 13: SRM's Employee Data

* Data for FY2020 was misstated as 17 total number of employees and no new hires. Amendment was made this year to reflect the immediate replacement of one employee that resigned.

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

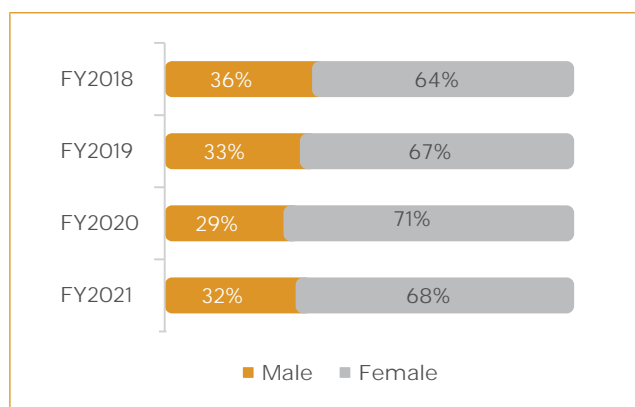


Figure 37: Employee Gender Diversity

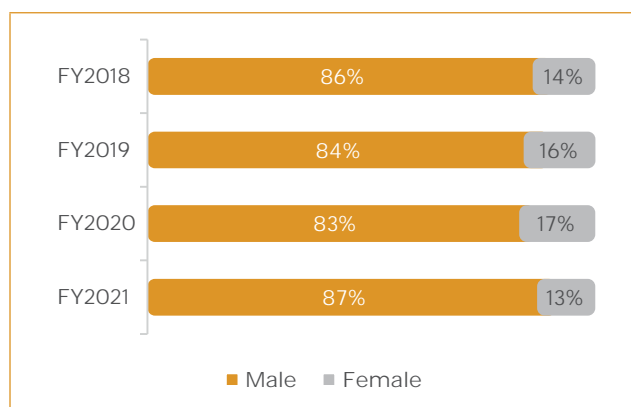


Figure 38: Worker Gender Diversity

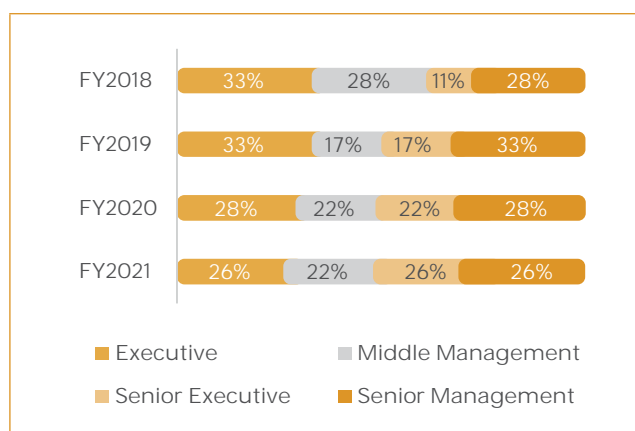


Figure 39: Employee Diversity Per Category*

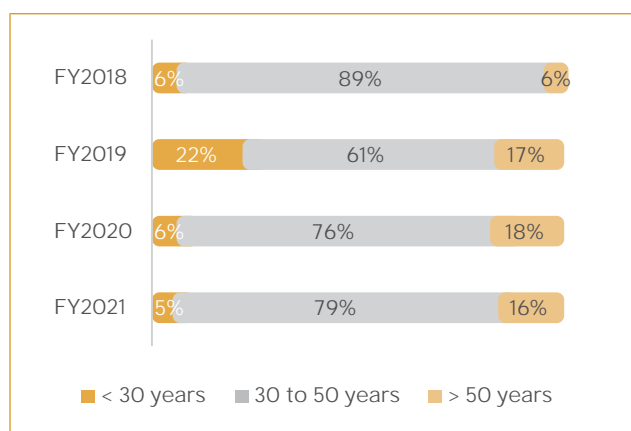


Figure 40: Employee Age Diversity

* Data was mislabeled for FY2018 and misstated for FY2020. Legend has been amended to reflect correct labeling for FY2018, while data disclosure has been corrected for FY2020.

For FY2021, no incident on discrimination or harassment was reported.

SUSTAINABILITY STATEMENT

(cont'd)

Employees' benefits and remuneration

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

Types of benefits	Detail of benefits
Insurance	<ul style="list-style-type: none"> Group term life insurance (including dependent) Disability and invalidity insurance Surgical and hospitalisation insurance
Leaves	<ul style="list-style-type: none"> Annual leave Parental leave Maternity leave Compassionate leave Prolonged illness leave Family care leave Examination leave
Wellness	<ul style="list-style-type: none"> Outpatient and health screening
Flexible work arrangement	<ul style="list-style-type: none"> Staggered working hours Work from home ("WFH") arrangements on a weekly rotational basis during the pandemic
Subsidy and reimbursement	<ul style="list-style-type: none"> Professional membership subsidy Petrol subsidy (applicable to selected level/grade of employees only) Parking subsidy Mobile phone bill reimbursement

Table 14: SENTRAL's Employee Benefit Schemes

In support of working parents, we provide the flexibility of shorter working hours for pregnant employees with 90 days paid maternity leave and five days paid paternity leave to promote work-life balance of dual-earner families.

In FY2021, none of our employees took the aforementioned leaves.

Types of Family Leave	FY2021	FY2020	FY2019
Maternity Leave	0	0	0
Paternity Leave	0	0	0

Table 15: Number of Employees Who Took Family Leaves

Remuneration at SENTRAL is also structured to be competitive, incentive-based and fair. Our compensation packages encompass bonuses and equity-based plans (only applicable to selected grade/level of employees only) beyond basic salaries to reward employee performance. Performance reviews are conducted annually to assess our employees' performance and achievements against set key performance indicators and optimise our employees' potential if necessary. In FY2021, 100% of our permanent employees receive their performance appraisal.

SUSTAINABILITY STATEMENT

(cont'd)

Employee engagement

Communication at work is critical to fostering an engaged and motivated workforce.

SENTRAL practices an open doors policy to allow room for conversations to take place. Avenues for employees to escalate their concerns is further enshrined in our Grievance Policy and Procedure. Here, further investigations may be initiated and more importantly, issues will be handled promptly and resolved to the fullest extent possible to maintain a harmonious employer-employee relationship. In FY2021, we report no validated cases of non-compliance with employment regulations or acts concerning employee rights, as well as no unresolved grievance cases requiring escalation to the CEO or chairman.

In view of COVID-19 and the requirements to comply with SOPs as well as physical distancing measures, employee social activities were not organised for FY2021. We aim to continue our efforts in our employee participation in our Corporate Social Responsibility (“CSR”) programmes in FY2022 or when permissible under local regulations. This includes our English Programme for the children of Rumah Ozanam Klang St. Bernadette’s Home and Rumah SVP Klang Home and food aid distribution to the B40 community.

During the MCO period where WFH arrangements were implemented, we conducted regular engagements through various methods to allow our employees to express their issues and concerns, enabling the management to provide an appropriate response in addressing their needs. This includes individual or group counselling services provided by MRCB Group, email communications and WhatsApp Chat Groups.

Training and Education

Talent development at SENTRAL is requisite to meeting our business needs. Our training and development plans are guided by MRCB Group’s training and development policies. Employees are provided access to MRCB Group’s diverse training platforms and programme including e-Learning, which presents a great opportunity for our employees to develop skills. For FY2021, online training was expanded via employee exposure to e-LATih programme by government agency HRD Corp, which lists more than 300 courses.

Digitalisation is now both an imperative and an opportunity in the wake of COVID-19. We are committed to ensure our employees are equipped to embrace the new digital age, which aligns with our aspiration to nurture a workforce of the future. In FY2021, all our trainings continued to be conducted online and focused on providing the know-how to employees on the available technology, applications and software rolled out by the Group to facilitate remote working arrangements due to the imposition of the MCO. Our training programmes conducted in FY2021 are illustrated below:

	Microsoft Teams: Power User Training
	OneDrive and SharePoint Online Training
	Corporate and Directors' Liability under the Malaysian Anti-Corruption Commission Act 2009 and SRM's Anti-Corruption Policy
	Environment, Safety & Health Online Training
	MRCB Wellbeing Programme – Educational features of this online holistic health programme by MRCB Group comprise employee guidance on caring for physical and mental well-being via assistance by coaches while pursuing personalised health plans.

Figure 41: Trainings Conducted in FY2021

SUSTAINABILITY STATEMENT

(cont'd)

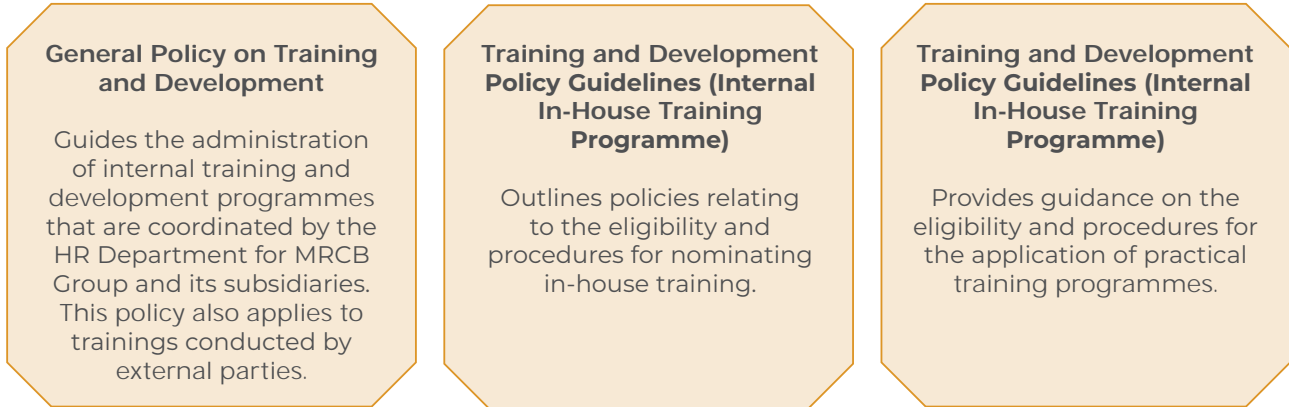


Figure 42: MRCB Group Training and Development Policies

Furthermore, employees are also encouraged to enroll into online training courses developed by various reputable training or consultancy organisation including CKM Advisory Sdn Bhd, Securities Industry Development Corporation (“SIDC”), Malaysian Institute of Accountants (“MIA”) Online Training Course, Certified Public Accountant (“CPA”) Training Course and others. This is to empower our employees to extend their learning of technical and functional skills to obtain and/or maintain professional qualifications and relevant competencies. Due to the pandemic, we have to put on hold our yearly compulsory health and safety trainings which includes first aid training and Cardiopulmonary Resuscitation (“CPR”) training.

In FY2021, we have invested a total of approximately RM23,500 for training programmes and all employees underwent a total of 489.2 training hours which works out to an average of 25.7 training hours per employee. 88% of the 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. The decrease in training hours is mainly due to the impact of COVID-19 where physical trainings were put on hold.

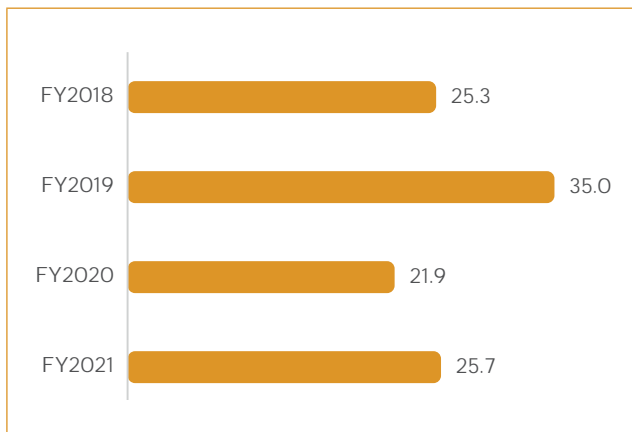


Figure 43: Average Hours of Training Per Employee

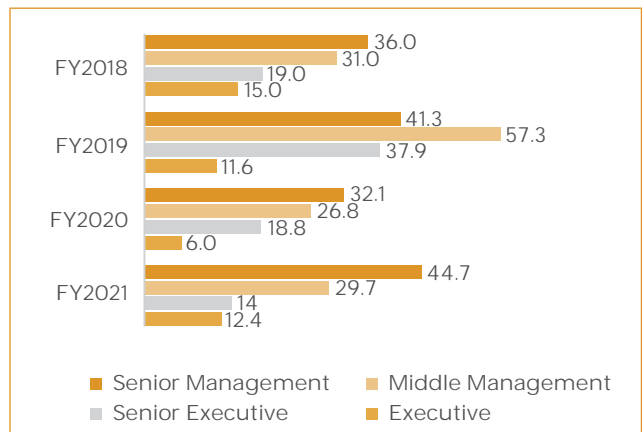


Figure 44: Average Hours of Training Per Employee Category

SUSTAINABILITY STATEMENT

(cont'd)

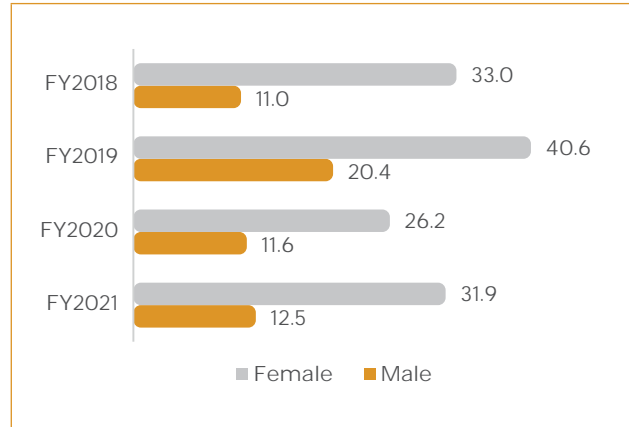


Figure 45: Average Hours of Training by Gender

Community Partnership and Activities

[GRI 3-3, 413-1]

In the spirit of giving back to the community, our CSR programmes for FY2021 mainly target to aid children’s welfare, women’s empowerment, and support for B40 families through charity, employee volunteerism and partnerships.

We focused on channeling financial donations to support children’s learning as well as food distribution to lower income communities. We collaborated with several welfare providers and community to deliver on the sponsorship themes.

“We would like to thank you for the support for the past 3 years, which has helped us reach out to many children in this area.”

Persatuan Kebajikan Kanak Kanak Kajang

“We expressed our heartfelt thanks and gratitude to SENTRAL for the continuous support of Grace in assisting the underprivileged. We are greatly honored to be in partnership with SENTRAL in caring for them.”

Grace Community Services

“Over the past few years, our partnership with SENTRAL has enabled us to reach out to the marginalised more effectively. With the support of SENTRAL, we pushed ahead on empowerment efforts, the best way to beat the poverty cycle: education is an important aspect of empowerment.”

Yayasan Ozanam

SUSTAINABILITY STATEMENT

(cont'd)

Our support for children's learning in FY2021



Figure 46: Computers provided to Kajang Children's Welfare Centre

- **RM45,000** contributed to Kajang Children's Welfare Centre (*Persatuan Kebajikan Kanak-kanak Kajang*) to fund the centre's operational costs for 6 months.
- Bought 6 computers to enable children access to online classes.



Figure 47: Provision of internet subscription to lower income students for online learning

- **RM40,000** contributed to Ozanam Service Centre Taman Sentosa for new computers.
- 8 months' internet subscription for 36 students from lower income communities to enable access to online learning.

Our support for food distribution to lower income communities in FY2021



Figure 48: Food baskets for community centre in Lembah Pantai



Figure 49: Box meals for community centre in Batu

- **RM50,000** to support the Grace Community Services Food Aid programme in buying essential groceries for 230 B40 families for 3 months.
- **RM21,400** to buy 400 food baskets as well as 900 boxed meals in total for community centres in Lembah Pantai and Batu, aiding lower income families affected by the pandemic.

SUSTAINABILITY STATEMENT

(cont'd)

- As part of the Pitstop Community Café initiative, purchased **RM41,360** in bakery and vegetable produce to be used in food packs for community centres for 7 months.
- Total 11,400 buns was distributed under this program to the street community and other community facilities.
- Donated 110 bento set meal to residents at Pusat Penjagaan Kanak-Kanak Cacat Taman Megah worth **RM1,533**.



Figure 50: Vegetables and bakery goods for community centres



Figure 51: Donation of meals to residents at Pusat Penjagaan Kanak-kanak Cacat Taman Megah

While employee volunteering was delayed for FY2021, we met our target of allocating and utilising RM200,000 for community aid. We have set the same target for FY2022 and aim to continue with our volunteering programmes, depending on COVID-19 developments, as we remain committed to contributing to those in need.

SUSTAINABILITY STATEMENT

(cont'd)

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					Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI	
	2-1 Organisational details	2, 4, 13-24, 90					
	2-2 Entities included in the organisation's sustainability reporting	90, 92					
	2-3 Reporting period, frequency and contact point	92					
	2-4 statements of information	131					
	2-5 External assurance	External assurance was not obtained					
	Activities and Workers						
	2-6 Activities, value chain and other business relationships	90				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI	
	2-7 Employees	90, 131					
	2-8 Workers who are not employees	131					
	Governance						
	2-9 Governance structure and composition	93-94				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI	
	2-10 Nomination and selection of the highest governance body	93-94					
	2-11 Chair of the highest governance body	Information unavailable					
2-12 Role of the highest governance body in overseeing the management of impacts	93-94						
2-13 Delegation of responsibility for managing impacts	94						
2-14 Role of the highest governance body in sustainability reporting	94						

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)	2-15 Conflicts of interest	70					
	2-16 communication of critical concerns	74, 96					
	2-17 Collective knowledge of the highest governance body	71-72					
	2-18 Evaluation of the performance of the highest governance body	70					
	2-19 Remuneration policies	73					
	2-20 Process to determine remuneration	73, 132					
	2-21 Annual total compensation ratio	132					
	Strategy, Policies and Practices						
	2-22 Statement on sustainable development strategy	88-89				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI	
	2-23 Policy commitments	96 - 97					
	2-24 Embedding policy commitments	93, 95-97					
	2-25 Processes to remediate negative impacts	74, 93,96, 98-100					
	2-26 Mechanisms for seeking advice and raising concerns	96					
	2-27 Compliance with laws and regulations	96 - 97					
	2-28 Membership associations	90					
Stakeholder Engagement							
2-29 Approach to stakeholder engagement	98-100				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI		
2-30 Collective bargaining agreements	131						

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	101-102				
	3-2 List of material topics	102-103				
Material Topics: Economic						
GRI 201: Economic Performance						
GRI 3: Material Topics	3-3 Management of material topics	108				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	108-109				
GRI 204: Procurement Practices						
GRI 3: Material Topics	3-3 Management of material topics	123				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	123-130				
GRI 205: Anti-corruption						
GRI 3: Material Topics	3-3 Management of material topics	95				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 205: Anti-Corruption	205-2 communication and training about anti-corruption policies and procedures	95-96				
	205-3 Confirmed incidents of corruption and actions taken	95-96				
Material Topics: Environmental						
GRI 302: Energy						
GRI 3: Material Topics	3-3 Management of material topics	111-113				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 302: Energy	302-2 Energy consumption outside of the organisation	112, 113				
	302-3 Energy intensity	112				
	302-4 Reduction of energy consumption	112				

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	114, 116				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 303: Water and Effluent	303-1 Interactions with water as a shared resource	114				
	303-5 Water consumption	115				
GRI 305: Emissions						
GRI 3: Material Topics	3-3 Management of material topics	111-113				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 305: Emissions	305-2 Energy indirect (Scope 2) GHG emissions	112, 113				
	305-4 GHG emission intensity	112				
GRI 306: Waste						
GRI 3: Material Topics	3-3 Management of material topics	116-117				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	116				
	306-2 Management of significant waste-related impacts	117				
	306-3 Waste generated		Information unavailable. Steps are being taken to obtain the information to be included in report by FY2022.			
	306-4 Waste diverted from disposal					
	306-5 Waste directed to disposal					
Material Topics: Social						
GRI 401: Employment						
GRI 3: Material Topics	3-3 Management of material topics	130				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 401: Employment	401-1 New employee hires and employee turnover	131				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	132				
	401-3 Parental leave	132				

SUSTAINABILITY STATEMENT

(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
GRI 403: Occupational Health and Safety						
GRI 3: Material Topics	3-3 Management of material topics	118				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 403: Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation	118-123				
	403-5 Worker training on occupational health and safety	122				
	403-6 Promotion of worker health	132				
	403-9 Work-related injuries	123				
	403-10 Work-related ill health	123				
GRI 404: Training and Education						
GRI 3: Material Topics	3-3 Management of material topics	133				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 404: Training and Education	404-1 Average hours of training per year per employee	134 - 135				
	404-2 Programs for upgrading employee skills and transition assistance programs	133				
	404-3 Percentage of employees receiving regular performance and career development reviews	132				
GRI 405: Diversity and Equal Opportunity						
GRI 3: Material Topics	3-3 Management of material topics	130				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	131				
GRI 406: Non-Discrimination						
GRI 3: Material Topics	3-3 Management of material topics	130				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	131				

SUSTAINABILITY STATEMENT

(cont'd)

GRI Standard/ Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
GRI 413: Local Communities						
GRI 3: Material Topics	3-3 Management of material topics	135, 137				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 413: Local Communities	413-1 Operations with local community engagement, impacts assessments, and development programs	136-137				
GRI 418: Customer Privacy						
GRI 3: Material Topics	3-3 Management of material topics	109-110				Not applicable as of report publishing date, only sector standards for oil and gas has been launched by GRI
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	110				

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 2021.

SENTRAL, the Manager and their principal activities

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

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

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

Investment objective and strategies

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

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

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

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

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

Reserves and provisions

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

THE MANAGER'S REPORT

(cont'd)

Directors

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

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

Directors' benefit

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

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit by reason of a contract made by SENTRAL or a related corporation with any director of the Manager or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for units held in SENTRAL as disclosed in Note 29 to the financial statements and the related party transactions as disclosed in Note 32 to the financial statements.

Directors' interests

	Note	Units as at 1 January 2021	Number of units acquired/ (disposed)	Units as at 31 December 2021
Direct interest:				
Dato' Dr. Low Moi Ing, J.P.		50,000	-	50,000
Dato' Michael Ong Leng Chun		55,000	-	55,000
Kwan Joon Hoe		150,000	300,000	450,000
Indirect interest:				
Dato' Dr. Low Moi Ing, J.P.	(a)	59,401,000	-	59,401,000
Dato' Michael Ong Leng Chun	(b)	59,401,000	-	59,401,000
Tan Sri Saw Choo Boon	(c)	185,000	-	185,000

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

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

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

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

THE MANAGER'S REPORT

(cont'd)

Soft commission

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

Utilisation of proceeds raised from issuance of new units

There were no proceeds raised as there was no issuance of new units during the financial year ended 31 December 2021.

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 2021, 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 2021, there were non-audit fees of RM5,500 for the review of Statement of Risk Management and Internal Control services; tax agent fees of RM24,200 for the services rendered by Ernst & Young Tax Consultants Sdn. Bhd.; and professional fees of RM75,000 on the advisory services for sustainability reporting for financial year 2021 by Ernst & Young Advisory Services Sdn. Bhd..

Manager's responsibility for the annual audited accounts

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

Other statutory information

- (a) Before the statement of comprehensive income and statement of financial position of SENTRAL were made out, the directors of the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts of receivables and satisfied themselves that there were no known bad debts and that adequate allowance 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.
- (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 allowance for doubtful debts in the financial statements of SENTRAL inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of SENTRAL misleading.
- (c) At the date of this report, the directors of the Manager are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of SENTRAL misleading or inappropriate.

THE MANAGER'S REPORT

(cont'd)

Other statutory information (cont'd)

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

Significant event during the financial year

There is no significant event during the financial year.

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

Kuala Lumpur, Malaysia
22 February 2022



Ann Wan Tee
Director

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 154 to 213 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 2021 and its financial performance and cash flows for the year then ended.

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



Tan Sri Saw Choo Boon
Director



Ann Wan Tee
Director

Kuala Lumpur, Malaysia
22 February 2022

STATUTORY DECLARATION

I, Yong Su-Lin, 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 154 to 213 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 Yong Su-Lin
at Kuala Lumpur in the Federal Territory
on 22 February 2022.



Yong Su-Lin

Before me,
Commissioner of Oath



No, 2-8, 2nd Floor Wisma Konwa
No 40 & 42, Jalan Tun Perak
(Lebu Ampang)
50050 Kuala Lumpur



TRUSTEE'S REPORT

to the Unitholders of SENTRAL REIT

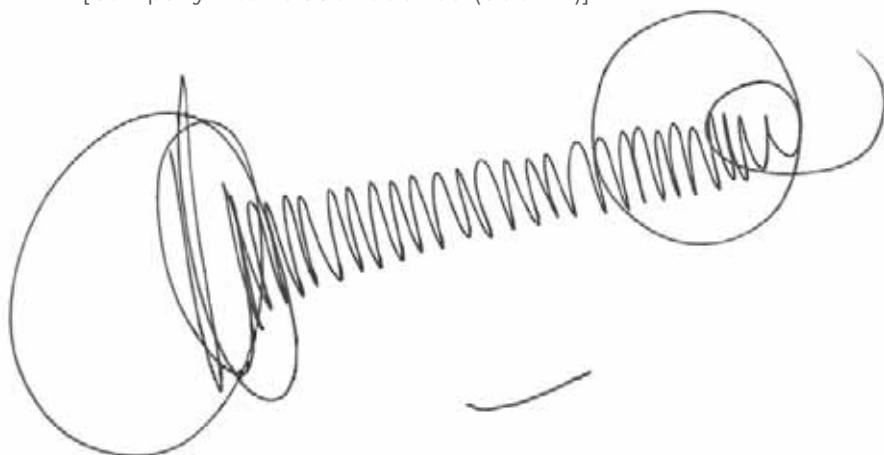
We have acted as Trustee of Sentral REIT ("SENTRAL") for the financial year ended 31 December 2021. To the best of our knowledge, Sentral REIT Management Sdn. Bhd. ("the Manager") has managed SENTRAL in the financial year under review in accordance to the following:

- (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 3.43 sen per unit has been distributed to the unitholders of SENTRAL on 20 September 2021 for the financial period from 1 January 2021 to 30 June 2021. The proposed final gross income distribution of 3.98 sen per unit for the financial period from 1 July 2021 to 31 December 2021 will be payable on 28 February 2022 to all unitholders as at the book closure date of 8 February 2022.

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)]

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

BERNICE K M LAU
Head, Operations
Kuala Lumpur

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 2021, 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 154 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SENTRAL as at 31 December 2021, 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 2021 of RM2,065,892,839 represents 95% of total assets of SENTRAL and therefore the valuation exercise was significant to our audit. The areas that involved significant audit effort and judgement were the assessment of the basis and assumptions used by the external experts to derive the fair value of the investment properties. The basis and assumptions include amongst others, estimated rental revenues, yield rates and discount rates which are based on current and future market or economic conditions.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of SENTRAL REIT
(cont'd)

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

Key Audit Matters (cont'd)

Valuation of Investment Properties (cont'd)

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing SENTRAL's financial reporting process.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of SENTRAL REIT
(cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Unitholders of SENTRAL REIT
(cont'd)

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

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

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

OTHER MATTERS

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



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



Ng Wai San
No. 03514/08/2022J
Chartered Accountant

Kuala Lumpur, Malaysia
22 February 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Total income			
Revenue			
- Realised		160,645,430	165,692,080
- Unrealised (in relation to unbilled lease income receivable)		(1,042,254)	(1,678,282)
	5	159,603,176	164,013,798
Property operating expenses	6	(36,953,846)	(37,893,590)
Net property income		122,649,330	126,120,208
Finance income	7	2,639,082	2,912,894
Change in fair value of investment properties			
- As per valuation		(15,700,919)	(7,176,172)
- Unbilled lease income receivable		1,042,254	1,678,282
Gain on divestment of investment property		3,754,026	-
		114,383,773	123,535,212
Total expenditure			
Manager's fees	8	(12,616,535)	(12,796,372)
Trustee's fee	9	(664,577)	(665,681)
Finance costs	10	(31,087,822)	(35,370,825)
Valuation fees		(316,100)	(324,020)
Auditors' remuneration		(147,637)	(157,198)
Tax agent's fee		(26,423)	(35,052)
Administrative expenses		(729,080)	(403,308)
		(45,588,174)	(49,752,456)
Income before taxation		68,795,599	73,782,756
Income tax credit/(expense)	11	1,450,654	(1,213,414)
Income net of taxation		70,246,253	72,569,342
Other comprehensive income			
Loss on remeasurement of financial derivatives		-	(1,865)
Remeasurement of matured derivatives		-	326,103
Other comprehensive income for the year, net of tax		-	324,238
Total comprehensive income for the financial year		70,246,253	72,893,580
Net income for the year is made up as follows:			
- Realised		84,485,957	80,954,941
- Unrealised		(14,239,704)	(8,385,599)
		70,246,253	72,569,342

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021
(cont'd)

	Note	2021 RM	2020 RM
Total realised income net of taxation/Distributable Income		84,485,957	80,954,941
Earnings per unit	12		
After manager's fees (sen)		6.55	6.77
Before manager's fees (sen)		7.73	7.96
Earnings per unit (realised)	12		
After manager's fees (sen)		7.88	7.55
Before manager's fees (sen)		9.06	8.75
Income distribution			
Interim distribution of 3.43 sen paid on 30 September 2020 (RM) ^{1*}		-	36,762,157
Final distribution of 3.65 sen payable on 26 February 2021 (RM) ^{2*}		-	39,120,080
Interim distribution of 3.43 sen paid on 20 September 2021 (RM) ^{3*}		36,762,157	-
Final distribution of 3.98 sen payable on 28 February 2022 (RM) ^{4*}		42,656,964	-
	13	79,419,121	75,882,237
Interim distribution per unit			
Gross (sen) ⁵		3.43	3.43
Final distribution per unit			
Gross (sen) ⁵		3.98	3.65
Total distribution per unit			
Gross (sen) ⁵		7.41	7.08

1 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2020 to 30 June 2020;

2 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2020 to 31 December 2020;

3 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 January 2021 to 30 June 2021;

4 Based on 1,071,783,000 units entitled to distribution, for the financial period from 1 July 2021 to 31 December 2021;

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

* Final income distribution for the financial year 2021 was declared on 20 January 2022 and will be payable on 28 February 2022. The declared final income distribution will be recognised in the immediate subsequent financial year.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Plant and equipment	14	131,633	268,636
Investment properties	15	2,065,892,839	2,080,850,585
Accrued rental income	17	15,107,161	16,149,415
Lease receivables	16	91,788	332,703
		2,081,223,421	2,097,601,339
Current assets			
Trade and other receivables	17	5,373,984	4,659,879
Lease receivables	16	240,915	440,508
Deposits, cash and bank balances	18	93,537,907	84,960,762
		99,152,806	90,061,149
Non-current asset held for sale	19	-	40,000,000
Total assets		2,180,376,227	2,227,662,488
Liabilities			
Non-current liabilities			
Borrowings	21	675,656,454	627,139,697
Security deposits	23	11,716,798	13,576,426
Other payables	20	1,108,964	1,585,426
Deferred tax liabilities	22	12,132,721	13,583,375
		700,614,937	655,884,924
Current liabilities			
Trade and other payables	20	19,200,716	19,102,327
Borrowings	21	129,992,582	217,836,968
Security deposits	23	12,702,222	11,336,515
		161,895,520	248,275,810
Total liabilities		862,510,457	904,160,734
Net asset value ("NAV")		1,317,865,770	1,323,501,754

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021
(cont'd)

	Note	2021 RM	2020 RM
Unitholders' funds			
Unitholders' funds attributable to unitholders of SENTRAL			
Unitholders' capital	24	1,235,876,768	1,235,876,768
Undistributed and non-distributable income		81,989,002	87,624,986
Total unitholders' funds		1,317,865,770	1,323,501,754
Net asset value ("NAV")			
	27		
Before income distribution ¹		1,317,865,770	1,323,501,754
After income distribution ²		1,275,208,806	1,284,381,674
NAV per unit			
	27		
Before income distribution ¹		1.2296	1.2349
After income distribution ²		1.1898	1.1984
Number of units in circulation			
As at 31 December (units)	27	1,071,783,000	1,071,783,000

1 Before the proposed final income distribution of 3.98 sen per unit and 3.65 sen per unit for the financial year 2021 and 2020 respectively.

2 After the proposed final income distribution of 3.98 sen per unit and 3.65 sen per unit for the financial year 2021 and 2020 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 2021

	← Distributable →			Non-distributable	Total	
	Unitholders' capital	Undistributed income realised	Undistributed income unrealised	Cash flow hedge reserve*	Undistributed and non-distributable income	Unitholders' funds
	RM	RM	RM	RM	RM	RM
At 1 January 2021	1,235,876,768	57,078,942	30,546,044	-	87,624,986	1,323,501,754
Total comprehensive income for the financial year	-	84,485,957	(14,239,704)	-	70,246,253	70,246,253
	1,235,876,768	141,564,899	16,306,340	-	157,871,239	1,393,748,007
Transactions with unitholders						
Distribution to unitholders	-	(75,882,237)	-	-	(75,882,237)	(75,882,237)
At 31 December 2021	1,235,876,768	65,682,662	16,306,340	-	81,989,002	1,317,865,770
At 1 January 2020	1,235,876,768	49,005,245	38,931,643	(324,238)	87,612,650	1,323,489,418
Total comprehensive income for the financial year	-	80,954,941	(8,385,599)	324,238	72,893,580	72,893,580
	1,235,876,768	129,960,186	30,546,044	-	160,506,230	1,396,382,998
Transactions with unitholders						
Distribution to unitholders	-	(72,881,244)	-	-	(72,881,244)	(72,881,244)
At 31 December 2020	1,235,876,768	57,078,942	30,546,044	-	87,624,986	1,323,501,754

* The cash flow hedge reserve comprise the effective portion of the gain or loss on interest rate swap arrangements matured on 30 March 2020.

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 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Income before taxation		68,795,599	73,782,756
Adjustments for:			
Finance costs	10	31,087,822	35,370,825
Depreciation of plant and equipment	14	172,416	214,269
Fair value adjustments	15	14,658,665	5,497,890
Unbilled lease income	5	1,042,254	1,678,282
Allowance for impairment of trade receivables	17	440,577	778,425
Reversal for impairment of trade receivables	17	(374,511)	(741,289)
Finance income	7	(2,639,082)	(2,912,894)
Written off of investment property	15	765,000	-
Gain on divestment of investment property		(3,754,026)	-
Operating cash flows before changes in working capital		110,194,714	113,668,264
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(416,460)	1,541,812
Increase in trade and other payables		682,987	3,154,642
Net cash flows generated from operating activities		110,461,241	118,364,718
Cash flows from investing activities			
Additions to investment properties	15	(657,919)	(1,166,155)
Net proceeds from divestment of investment property		41,850,000	-
Additions to plant and equipment	14	(35,413)	(119,640)
Changes in deposits with licensed financial institutions		(3,265,053)	(19,745,120)
Interest received		2,138,448	2,164,685
Net cash flows generated from/(used in) investing activities		40,030,063	(18,866,230)
Cash flows from financing activities			
Distribution to unitholders		(75,882,237)	(72,881,244)
Drawdown of borrowings	21	258,380,616	341,000,000
Repayment of borrowings	21	(300,000,000)	(335,000,000)
Finance costs paid	21	(27,123,513)	(30,040,152)
Transaction costs paid	21	(554,078)	(620,340)
Net cash flows used in financing activities		(145,179,212)	(97,541,736)
Net increase in cash and cash equivalents		5,312,092	1,956,752
Cash and cash equivalents at 1 January		14,855,043	12,898,291
Cash and cash equivalents at 31 December	18	20,167,135	14,855,043

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. SENTRAL, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

The financial statements were authorised for issue by the Manager in accordance with a resolution of its directors on 22 February 2022.

2. TERM OF SENTRAL

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Changes in accounting policies

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

On 1 January 2021, SENTRAL adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2021:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

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
Annual improvements to MFRS Standards 2018 - 2020:	
- Amendments to MFRS 1: Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9: Financial Instruments	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 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

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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

31 December 2021

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Derivative financial instruments and hedge accounting

SENTRAL uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Derivative financial instruments and hedge accounting (cont'd)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, SENTRAL formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how SENTRAL will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instruments.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that SENTRAL actually hedges and the quantity of the hedging instrument that SENTRAL actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

SENTRAL uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

SENTRAL designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

3.11 Impairment of financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 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.

3.13 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.

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

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.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 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.

3.16 Revenue and other income

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

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

(i) Rental income

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

(ii) Utilities recovery and others

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

(iii) Car park operations

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

(iv) Interest income

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

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 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; and
- 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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

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.

3.19 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Provisions (cont'd)

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.

3.21 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Unitholders' capital and units issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of CENTRAL after deducting all of its liabilities. Units are equity instruments.

Units are recorded at the proceeds received, net of directly attributable incremental transaction costs. Units are classified as equity. Dividends on units are recognised in equity in the period in which they are declared.

3.23 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 CENTRAL's financial statements requires the management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Critical judgements made in applying accounting policies

In the process of applying CENTRAL'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

CENTRAL has entered into commercial property leases on its investment property portfolio. CENTRAL 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair valuation of investment properties

SENTRAL carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. SENTRAL had engaged independent professional valuers to determine the fair value and there are no material events that affect the valuation between the valuation date and financial year end.

The determined fair value of the investment properties by the independent professional valuers is most sensitive to the estimated yield rate and the discount rate. The range of the term yield rate and the discount rate used in the valuation is disclosed in Note 15 to the financial statements.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate and discount rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2021 RM	2020 RM
Yield rate		
- 0.25%	77,769,782	53,271,384
+ 0.25%	(71,704,116)	(46,059,435)
Discount rate		
- 0.25%	15,227,189	13,519,266
+ 0.25%	(14,612,098)	(12,676,556)

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 STATEMENTS31 December 2021
(cont'd)**5. REVENUE**

	2021	2020
	RM	RM
Rental income and service charges		
- Realised	147,638,704	149,684,015
- Unrealised (in relation to unbilled lease income receivable)	(1,042,254)	(1,678,282)
Car park income	9,536,954	11,811,518
Utilities recovery	3,261,561	4,124,421
Others	208,211	72,126
	159,603,176	164,013,798

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 unbilled lease income receivable pursuant to requirements of MFRS 16 Leases, recognised on straight-line basis.

6. PROPERTY OPERATING EXPENSES

	2021	2020
	RM	RM
Quit rent and assessment	8,430,316	8,437,047
Depreciation	172,416	214,269
Insurance	734,904	756,658
Property management fee	3,003,712	3,036,964
Service contracts and maintenance	12,501,258	11,653,804
Utilities	12,111,240	13,794,848
	36,953,846	37,893,590

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

7. FINANCE INCOME

	2021	2020
	RM	RM
Realised:		
Interest income on fixed deposit	1,943,191	2,002,059
Interest on deposit paid to authorities	38,974	40,944
Interest income on lease receivable	56,237	201,257
Late payment interest charged to tenants	23,249	44,518
	2,061,651	2,288,778
Unrealised:		
Amortisation of deferred lease income (Note 20 (c))	577,431	624,116
	2,639,082	2,912,894

8. MANAGER'S FEES

	2021	2020
	RM	RM
Base fee	8,843,938	8,893,754
Performance fee	3,772,597	3,902,618
	12,616,535	12,796,372

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.

There are no other fees earned by the Manager during the financial year other than as disclosed in this note.

The Manager's remuneration is accrued and paid in accordance with the Trust Deed.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

9. TRUSTEE'S FEE

Trustee's fee accrued to the Trustee for the financial year ended 31 December 2021 amounted to RM664,577 (2020: RM665,681).

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

	2021	2020
	RM	RM
Realised:		
Accretion of interest expense	269,898	709,890
Amortisation of transaction costs incurred to obtain Commercial Papers ("CPs")/ Medium Term Notes ("MTNs")	360,016	350,727
Amortisation of transaction costs incurred to obtain Term Loan	33,703	81,113
Annual CPs/MTNs Programme expense	481,567	451,348
Loss on interest rate swap arrangements	-	321,538
Interest expense on CPs	6,059,833	9,885,221
Interest expense on MTNs	18,331,038	16,191,019
Interest expense on Term Loan	4,984,897	6,759,840
	30,520,952	34,750,696
Unrealised:		
Unwinding of discount on security deposits (Note 23)	566,870	620,129
	31,087,822	35,370,825

11. INCOME TAX (CREDIT)/EXPENSE

The major components of income tax (credit)/expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	RM	RM
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 22)	(1,450,654)	1,213,414

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**11. INCOME TAX (CREDIT)/EXPENSE** (cont'd.)

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 2021 shall be exempted from tax.

A reconciliation of income tax (credit)/expense 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 2021 and 2020 is as follows:

	2021	2020
	RM	RM
Income before taxation	68,795,599	73,782,756
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	16,510,944	17,707,861
Income not subject to taxation	(20,226,947)	(19,291,426)
Unrealised income not subject to tax	(2,535)	(149,788)
Exempt income not subject to tax	(466,366)	(480,494)
Expenses not deductible for tax purposes	4,184,904	2,213,847
Deferred tax on Real Property Gains Tax ("RPGT") on fair value (loss)/gain of investment properties	(1,450,654)	1,213,414
Income tax (credit)/expense for the year	(1,450,654)	1,213,414

12. EARNINGS PER UNIT ("EPU")

- (a) EPU after manager's fees is based on net income for the year of RM70,246,253 (2020: RM72,569,342) divided by the units in circulation during the year of 1,071,783,000 (2020: 1,071,783,000).
- (b) EPU before manager's fees is based on net income for the year of RM82,862,788 (2020: RM85,365,714) after adding back manager's fees of RM12,616,535 (2020: RM12,796,372) divided by the units in circulation during the year of 1,071,783,000 (2020: 1,071,783,000).
- (c) EPU after manager's fees (realised) is based on realised net income for the year of RM84,485,957 (2020: RM80,954,941) divided by the units in circulation during the year of 1,071,783,000 (2020: 1,071,783,000).
- (d) EPU before manager's fees (realised) is based on realised net income for the year of RM97,102,492 (2020: RM93,751,313) after adding back manager's fees of RM12,616,535 (2020: RM12,796,372) divided by the units in circulation during the year of 1,071,783,000 (2020: 1,071,783,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

13. DISTRIBUTION TO UNITHOLDERS

Distribution to the unitholders is from the following sources:

	2021	2020
	RM	RM
Realised:		
Revenue	160,645,430	165,692,080
Finance income (Note 7)	2,061,651	2,288,778
Gain on divestment of investment property	3,754,026	-
	<u>166,461,107</u>	<u>167,980,858</u>
Less: Total expenses	(81,975,150)	(87,025,917)
Total realised income/distributable income	<u>84,485,957</u>	<u>80,954,941</u>
Distribution to unitholders	<u>79,419,121</u>	<u>75,882,237</u>
Distribution per unit (sen) of which:		
- taxable distribution of income (sen)	6.89	6.90
- tax exempt distribution of income (sen)	0.52	0.18
Gross distribution per unit (sen) *	<u>7.41</u>	<u>7.08</u>

* Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax as follows:

	Withholding tax rate	
	2021	2020
Resident and non-resident individuals	10%	10%
Resident and non-resident institutional investors	10%	10%
Resident companies (flow through)	0%	0%
Non-resident companies	<u>24%</u>	<u>24%</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

14 PLANT AND EQUIPMENT

	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Total RM
At 31 December 2021				
Cost				
At 1 January 2021	6,000	856,215	40,008	902,223
Additions	-	35,413	-	35,413
Disposal	-	(243,588)	-	(243,588)
At 31 December 2021	6,000	648,040	40,008	694,048
Accumulated depreciation				
At 1 January 2021	5,998	599,604	27,985	633,587
Depreciation charge for the financial year	-	165,547	6,869	172,416
Disposal	-	(243,588)	-	(243,588)
At 31 December 2021	5,998	521,563	34,854	562,415
Net carrying amount	2	126,477	5,154	131,633
At 31 December 2020				
Cost				
At 1 January 2020	6,000	736,575	40,008	782,583
Additions	-	119,640	-	119,640
At 31 December 2020	6,000	856,215	40,008	902,223
Accumulated depreciation				
At 1 January 2020	5,998	392,204	21,116	419,318
Depreciation charge for the financial year	-	207,400	6,869	214,269
At 31 December 2020	5,998	599,604	27,985	633,587
Net carrying amount	2	256,611	12,023	268,636

15. INVESTMENT PROPERTIES

	2021 RM	2020 RM
At 1 January	2,080,850,585	2,125,182,320
Additions from asset enhancements	657,919	1,166,155
Written off during the year	(765,000)	-
Fair value adjustments	(14,658,665)	(5,497,890)
Transfer to non-current asset held for sale (Note 19)	-	(40,000,000)
Other adjustments	(192,000)	-
At 31 December	2,065,892,839	2,080,850,585

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(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 2021		Fair value as at 31 December 2021	Fair value as % of NAV	Carrying value as at 31 December 2020		Fair value as at 31 December 2020
				RM'000	RM'000			RM'000	RM'000	
<u>Commercial buildings</u>										
Quill Building 1	20-Nov-06	Freehold	133,300	134,748	135,000	135,000	10.24	135,000	135,000	135,000
- DHL 1	20-Nov-06									
Quill Building 4	20-Nov-06	Freehold	123,000	118,969	119,000	119,000	9.03	122,932	123,000	123,000
- DHL 2	20-Nov-06									
Quill Building 2	20-Nov-06	Freehold	78,000	75,325	74,000	74,000	5.62	79,341	78,000	78,000
- HSBC	20-Nov-06									
Quill Building 3	3-Sep-07	Freehold	173,200	170,000	170,000	170,000	12.90	172,896	173,000	173,000
- BMW	3-Sep-07									
Wisma Technip	3-Sep-07	Freehold	118,500	114,953	115,000	115,000	8.73	115,980	116,000	116,000
Part of Plaza Mont' Kiara										
Lotuss Building, Penang (formerly known as Tesco Building, Penang)	7-Nov-08	Freehold	140,000	129,579	140,000	140,000	10.62	129,708	140,000	140,000
Platinum Sentral	30-Mar-15	Freehold	686,000	664,689	670,000	670,000	50.84	668,802	675,000	675,000
Menara Shell	22-Dec-16	Freehold	651,000	657,630	658,000	658,000	49.93	656,192	657,000	657,000
			2,103,000	2,065,893	2,081,000	2,081,000	157.91	2,080,851	2,097,000	2,097,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The carrying value of the investment properties for the financial years ended 31 December 2021 and 2020 is based on the market value determined based on valuations, adjusted with accrued rental income as required by MFRS 140 Investment Property, as follows:

	2021	2020
	RM	RM
Investment properties - fair value	2,081,000,000	2,097,000,000
Investment properties - accrued rental income (Note 17)	(15,107,161)	(16,149,415)
Investment properties	2,065,892,839	2,080,850,585

On 14 August 2008, the respective pieces of land on which QB1 and QB4 are situated have been amalgamated pursuant to the conditions imposed by the Securities Commission during the initial public offering of SENTRAL. As such, the valuations for QB1 and QB4 have since been carried out based on the amalgamated properties.

Investment properties are stated at fair value, which are determined based on valuations performed by 4 external valuers, namely Nawawi Tie Leung Property Consultants Sdn. Bhd.; C H Williams Talhar & Wong Sdn. Bhd.; Knight Frank Malaysia Sdn. Bhd. and IVPS Property Consultant Sdn. Bhd.; independent firms of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.

Investment properties with fair value totalling RM2,007,000,000 (2020: RM2,019,000,000) are pledged as securities for borrowings as disclosed in Note 21 to the financial statements.

The investment properties are carried at Level 3 of the fair value measurement hierarchy as defined in Note 3.21 to the financial statements. There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2021 and 31 December 2020.

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	
		2021	2020		
Investment method (refer below)	Office:			The estimated fair value would increase/(decrease) if:	
	Market rental rate (RM/psf/month)				
	- Term	4.5 - 11.8	4.6 - 9.6		- expected market rental growth were higher/(lower)
	- Reversion	4.0 - 8.0	4.0 - 8.2		- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)				
	- Term	0.6 - 1.8	0.6 - 1.9		- expected inflation rate were lower/(higher)
	- Reversion	0.8 - 2.0	0.8 - 2.0		- expected inflation rate were lower/(higher)
	Void rate (%)	5.0 - 12.5	5.0 - 10.0		- void rate were lower/(higher)
	Term yield (%)	5.3 - 6.6	5.5 - 7.0		- term yield rate were lower/(higher)
	Reversionary yield (%)	5.5 - 6.8	5.8 - 6.8		- reversionary yield were lower/(higher)
Discount rate (%)	5.5 - 6.5	5.8 - 6.5	- discount rate is lower/(higher)		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

15. INVESTMENT PROPERTIES (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models: (cont'd)

Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement	
		2021	2020		
Investment method (refer below)	Retail:			The estimated fair value would increase/(decrease) if:	
	Market rental rate (RM/psf/month)				
	- Term	1.5 - 18.0	1.5 - 18.0		- expected market rental growth were higher/(lower)
	- Reversion	1.5 - 15.2	1.5 - 18.0		- expected market rental growth were higher/(lower)
	Outgoings (RM/psf/month)				
	- Term	0.2 - 1.3	0.2 - 1.3		- expected inflation rate were lower/(higher)
	- Reversion	0.4 - 1.7	0.4 - 1.7		- expected inflation rate were lower/(higher)
	Void rate (%)	5.0 - 10.0	5.0 - 10.0		- void rate were lower/(higher)
	Term yield (%)	6.0 - 7.0	6.0 - 6.5		- term yield rate were lower/(higher)
	Reversionary yield (%)	6.3 - 6.8	6.3 - 6.8		- reversionary yield were lower/(higher)
Discount rate (%)	6.3 - 6.8	6.3 - 6.8	- discount rate is lower/(higher)		

Investment method entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

16. LEASE RECEIVABLES

	2021	2020
	RM	RM
Non-current		
Lease receivables	91,788	332,703
Current		
Lease receivables	240,915	440,508

In financial year 2016 and 2015, SENTRAL entered into a finance lease arrangement with a tenant (Quill Building 3 ("QB3")) to partially finance RM2.6 million and RM1.5 million of fit-out costs upon the renewal of tenancy agreement for another 10 years and 7 years respectively. The amount will be recovered through the top up rentals cumulatively amounting to RM3.5 million (at the approximate internal rate of return of 10.4% per annum) and RM1.9 million (at the approximate internal rate of return of 10.7% per annum) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

17. TRADE AND OTHER RECEIVABLES

	Note	2021 RM	2020 RM
Non-current			
Accrued rental income (Note 15)		15,107,161	16,149,415
Current			
Trade receivables			
Trade receivables		1,033,476	210,613
Less: Allowance for impairment		(103,202)	(37,136)
Trade receivables, net	(a)	930,274	173,477
Other receivables			
Deposits		2,728,686	2,926,399
Prepayments		1,167,328	937,342
Sundry receivables	(b)	547,696	622,661
		4,443,710	4,486,402
		5,373,984	4,659,879
Total trade and other receivables		5,373,984	4,659,879
Less: Prepayments		(1,167,328)	(937,342)
Add: Deposits, cash and bank balances (Note 18)		93,537,907	84,960,762
Total loans and receivables		97,744,563	88,683,299

(a) Trade receivables

Trade receivables are non interest-bearing and are generally on 7 to 30 days term (2020: 7 to 30 days term). They are recognised at the original invoice amounts which represent their fair values on initial recognition.

Concentration of credit risk relating to trade receivables arises mainly due to single tenancy of the majority of SENTRAL's properties. However, the risk is mitigated by the tenants which are engaged in diversified businesses and are of good quality and strong credit standing.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

17. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of SENTRAL's trade receivables is as follows:

	2021	2020
	RM	RM
Neither past due nor impaired	666,547	173,477
1 - 30 days past due not impaired	-	-
31 - 60 days past due not impaired	160,271	-
61 - 90 days past due not impaired	-	-
More than 90 days past due not impaired	103,456	-
	263,727	-
	930,274	173,477
Impaired	103,202	37,136
	1,033,476	210,613

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 RM263,727 (2020: nil) that are past due at the reporting date but not impaired.

Trade receivables from tenants are secured by security deposits.

Receivables that are impaired

SENTRAL's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2021	2020
	RM	RM
Trade receivables - nominal amounts (after offsetting security deposits)	103,202	37,136
Less: Allowance for impairment	(103,202)	(37,136)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**17. TRADE AND OTHER RECEIVABLES** (cont'd)**(a) Trade receivables** (cont'd)

The movement of allowance accounts is as follows:

	2021	2020
	RM	RM
At 1 January	37,136	-
Charge for the financial year	440,577	778,425
Reversal for the financial year	(374,511)	(741,289)
At 31 December	103,202	37,136

The Manager assesses at each reporting date whether there is any objective evidence that the trade receivable is impaired. The Manager makes an allowance for impairment after considering factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

(b) Sundry receivables

SENTRAL has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors relating to sundry receivables.

18. DEPOSITS, CASH AND BANK BALANCES

	2021	2020
	RM	RM
Deposits with licensed financial institutions	88,727,239	81,338,555
Cash on hand and at banks	4,810,668	3,622,207
Total deposits, cash and bank balances	93,537,907	84,960,762
Less:		
Deposits with licensed financial institution with maturity of more than 3 months	(69,992,773)	(66,450,205)
Debt service reserves accounts pledged	(3,377,999)	(3,655,514)
Cash and cash equivalents	20,167,135	14,855,043

Included in deposits with licensed financial institutions is an amount of RM3,377,999 (2020: RM3,655,514) maintained in the debt service reserves accounts which are assigned for the borrowings as disclosed in Note 21 to the financial statements.

Included in cash on hand and at banks is an amount of RM4,065,268 (2020: RM3,058,103) maintained in the revenue and operations accounts which are assigned for the borrowings as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

18. DEPOSITS, CASH AND BANK BALANCES (cont'd)

The weighted average effective interest rate of deposits per annum is as follows:

	2021	2020
	%	%
Deposits with licensed financial institutions	2.01	2.11

Deposits with licensed financial institutions have an average maturity ranging from 38 to 365 days (2020: 60 to 368 days).

19. NON-CURRENT ASSET HELD FOR SALE

	2021	2020
	RM	RM
Investment property		
At 1 January	40,000,000	-
Transfer from investment properties (Note 15)	-	40,000,000
Disposal of investment property	(40,000,000)	-
At 31 December	-	40,000,000

On 12 November 2020, SENTRAL entered into a sale and purchase agreement ("SPA") with Deriv Services Sdn. Bhd. for the proposed disposal of Quill Building 5 ("QB5"), for a cash consideration of RM45 million.

The proposed disposal was completed on 21 April 2021 in accordance with the terms and conditions of the above SPA.

20. TRADE AND OTHER PAYABLES

	Note	2021	2020
		RM	RM
Non-current			
Other payables			
Deferred lease income	(c)	1,108,964	1,585,426
Current			
Trade payables			
Trade payables	(a)	284,495	453,910
Trade accruals		3,911,601	4,081,752
		4,196,096	4,535,662

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

20. TRADE AND OTHER PAYABLES (cont'd)

	Note	2021 RM	2020 RM
Other payables			
Amount due to the Manager	(b)	3,366,952	4,197,452
Other payables	(a)	1,389,878	4,149,429
Accruals		9,670,359	5,541,384
Deferred lease income	(c)	577,431	678,400
		15,004,620	14,566,665
		19,200,716	19,102,327
Total trade and other payables		20,309,680	20,687,753
Less: Deferred lease income		(1,686,395)	(2,263,826)
Add: Borrowings (Note 21)		805,649,036	844,976,665
Add: Security deposits (Note 23)		24,419,020	24,912,941
Total financial liabilities carried at amortised cost		848,691,341	888,313,533

(a) Trade and other payables

The normal credit term granted to SENTRAL ranges from 30 to 90 days (2020: 30 to 90 days).

(b) Amount due to the Manager

Amount due to the Manager is unsecured, non-interest bearing and repayable on demand.

(c) Deferred lease income

Deferred lease income relates to the difference between the fair value of non-current security deposits recognised on initial recognition and the nominal amount received, which is amortised on a straight-line basis over the lease terms ranging from 1 to 9 years (2020: 1 to 9 years).

The movement of deferred lease income (current and non-current) is as follows:

	2021 RM	2020 RM
At 1 January	2,263,826	2,615,829
Additions during the financial year	-	272,113
Recognised in profit or loss (Note 7)	(577,431)	(624,116)
At 31 December	1,686,395	2,263,826
Representing:		
Current	577,431	678,400
Non-current	1,108,964	1,585,426
	1,686,395	2,263,826

NOTES TO THE FINANCIAL STATEMENTS31 December 2021
(cont'd)**21. BORROWINGS**

	Note	2021 RM	2020 RM
Non-current			
Secured:			
Fixed Rate Term Loan Facility of up to RM150 million	(a)	76,943,806	116,910,103
CPs/MTNs Programme of up to RM450 million	(b)	340,606,987	340,482,972
CPs/MTNs Programme of up to RM3,000 million (Issue 1)*	(c)	-	169,746,622
CPs/MTNs Programme of up to RM3,000 million (Issue 1)**	(d)	258,105,661	-
		675,656,454	627,139,697
Current			
Secured:			
CPs/MTNs Programme of up to RM3,000 million (Issue 2)*	(c)	129,992,582	217,836,968
		129,992,582	217,836,968
Total		805,649,036	844,976,665

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

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

The maturities of SENTRAL's borrowings as at 31 December 2021 and 31 December 2020 are as follows:

	2021 RM	2020 RM
Less than 1 year	129,992,582	217,836,968
More than 1 year and less than 5 years	675,656,454	627,139,697
	805,649,036	844,976,665

Other information on financial risks of borrowings are disclosed in Note 35(a) and Note 35(c) to the financial statements.

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

	2021 RM	2020 RM
Term loan drawdown	117,000,000	117,000,000
Transaction costs carried forward	(89,897)	(123,590)
	116,910,103	116,876,410
Amortisation of transaction costs during the year	33,703	33,693
Partial redemption on 13 September 2021	(40,000,000)	-
	76,943,806	116,910,103

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

21. BORROWINGS (cont'd)

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

On 18 July 2013, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi"), established a RM150 million Fixed Rate Term Loan Facility agreement for 5 years ("RM150 million Term Loan").

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

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

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

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

The RM150 million Term Loan is secured, inter-alia by the following:

- (i) Third party first legal charge over Wisma Technip ("WT"), respectively disclosed as investment properties in Note 15 to the financial statements (collectively, the "Charged Properties");
- (ii) Third party legal assignment of the SPA for the acquisitions of part of Plaza Mon't Kiara ("PMK"), respectively disclosed as investment properties in Note 15 to the financial statements (the "Assigned Property");
- (iii) First party debenture over all present and future assets of Trusmadi;
- (iv) An undertaking from the Manager:
 - (a) to deposit all income/insurance proceeds generated from the Charged and Assigned Property (collectively, the "Secured Properties") into revenue accounts; and
 - (b) that it shall not declare any dividends/distributions to unitholders if:
 - an event of default has occurred under the Transaction Documents, is continuing and has not been waived; or
 - the financial covenants are not met prior and after such distribution;
- (v) First legal charge or third party assignment by the Trustee for the revenue accounts, operations accounts and a first party assignment by Trusmadi for the debt service reserves account;
- (vi) Third party legal assignment of all the proceeds under the tenancy/lease agreements of the Secured Properties;
- (vii) Third party assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Properties;
- (viii) First legal assignment over the REIT Trustee Financing Agreement entered into between Trusmadi and the Trustee; and
- (ix) Third party first legal charge over the entire shares of Trusmadi.

NOTES TO THE FINANCIAL STATEMENTS31 December 2021
(cont'd)**21. BORROWINGS** (cont'd)

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

RM341 million in nominal value of MTN

	2021	2020
	RM	RM
Face value of MTNs issued	341,000,000	341,000,000
Transaction costs on CP/MTN issued	-	(620,340)
Transaction costs carried forward	(517,028)	-
	340,482,972	340,379,660
Amortisation of transaction costs during the year	124,015	103,312
	340,606,987	340,482,972

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 2021 includes fixed rate MTN amounting to RM125,854,781 (2020: RM125,808,957).

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

The RM450 million programme is secured, inter-alia by the following:

- (i) A third party first ranking legal charge over Platinum Sentral, disclosed as investment properties in Note 15 to the financial statements (“Secured Property”);
- (ii) A first party first ranking debenture over all present and future assets of Murud;
- (iii) An irrevocable and unconditional undertaking from the Manager:
 - (a) to deposit all rental income, deposits, other income, insurance claim proceeds in relation to the Secured Property and any proceeds generated from the Secured Property into the Revenue Account; and
 - (b) that it shall not declare any dividends/distributions to unitholders if:
 - an event of default has occurred under the Transaction Documents, is continuing and has not been waived or remedied, or following such declaration of dividends or distributions, an event of default would occur; or
 - the financial covenants are not met prior to and/or after such distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**21. BORROWINGS** (cont'd)**(b) Commercial Papers ("CP")/ Medium Term Notes ("MTNs") (collectively the CP/MTN Programme ("CP/MTN Programme") of up to RM450 million in nominal value ("RM450 million Programme") under Murud Capital Sdn. Bhd.** (cont'd)

The RM450 million programme is secured, inter-alia by the following: (cont'd.)

- (iv) Assignment and charge over the Designated Accounts as follows:
 - (a) third party assignment and charge over the Revenue Account and Operations Account by the Trustee; and
 - (b) first party assignment and charge of the debt service reserves account by Murud;
- (v) Third party legal assignment of all the proceeds under the tenancy/lease agreements of the Secured Property and any part thereof;
- (vi) Third party legal assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Property;
- (vii) An irrevocable Power of Attorney to be granted by the Trustee in favour of the Security Trustee to manage and dispose of the Secured Property upon declaration of a trigger event;
- (viii) First party legal assignment over the REIT Trustee Financing Agreement entered into between Murud and the Trustee;
- (ix) Third party first ranking legal charge over 100% of the shares of Murud; and
- (x) Any other securities deemed appropriate and mutually agreed between Murud and the Lead Arranger prior to execution of all the Transaction Documents.

(c) Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3,000 million in nominal value ("RM3,000 million Programme") under Kinabalu Capital Sdn. Bhd.

	2021	2020
	RM	RM
(i) Issue 1	-	217,836,968
(ii) Issue 2	129,992,582	169,746,622
	129,992,582	387,583,590

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

21. BORROWINGS (cont'd)

(c) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

(i) (a) RM144 million in nominal value of CP and RM20 million in nominal value of MTN (“Issue 1”) issued on 22 December 2016

	2021 RM	2020 RM
Face value of CP/MTN issued	164,000,000	164,000,000
Discount	(1,895,592)	(1,917,133)
Cash proceeds	162,104,408	162,082,867
Accretion of interest expense	1,895,592	147,471
	164,000,000	162,230,338
Transaction costs carried forward	(85,927)	(179,614)
Amortisation of transaction costs during the year	85,927	93,687
Full redemption on 17 December 2021	(164,000,000)	
	-	162,144,411

(i) (b) RM21 million in nominal value of CP (“Issue 1”) issued on 6 March 2017

	2021 RM	2020 RM
Face value of CP issued	21,000,000	21,000,000
Discount	(153,444)	(284,294)
Cash proceeds	20,846,556	20,715,706
Accretion of interest expense	153,444	186,912
	21,000,000	20,902,618
Transaction costs carried forward	(8,386)	(15,572)
Amortisation of transaction costs during the year	8,386	7,185
Full redemption on 17 December 2021	(21,000,000)	-
	-	20,894,231

(i) (c) RM35 million in nominal value of CP (“Issue 1”) issued on 29 March 2019

	2021 RM	2020 RM
Face value of CPs/MTN issued	35,000,000	35,000,000
Discount	(204,592)	(219,205)
Cash proceeds	34,795,408	34,780,795
Accretion of interest expense	204,592	19,485
	35,000,000	34,800,280
Transaction costs carried forward	(1,954)	(4,085)
Amortisation of transaction costs during the year	1,954	2,131
Full redemption on 17 December 2021	(35,000,000)	-
	-	34,798,326

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

21. BORROWINGS (cont'd)

(c) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

On 30 November 2016, SENTRAL through its SPE, Kinabalu Capital Sdn. Bhd. (“Kinabalu”) established a RM3,000 million nominal value CP/MTN programme. The CP Programme shall have a legal tenure of seven (7) years and an expected tenure of five (5) years from the date of the first issue of the CPs under the CP Programme, whereas the MTN Programme shall have a legal tenure of twenty (20) years from the date of the first issue of MTN under the MTN Programme.

On 22 December 2016, RM144 million in nominal value of CP and RM20 million in nominal value of MTN out of the respective programme were issued at the interest rate of 4.13% per annum and 4.30% per annum respectively. The proceeds raised from the issuance were utilised to part-finance the acquisition of Menara Shell together with a 5-storey podium and a 4-storey basement car park.

On 6 March 2017, RM21 million in nominal value of CPs were issued at the interest rate of 4.14% per annum. The proceeds raised from this issuance were utilised to partially redeem the CPs under the RM270 million CP/MTN Programme which matured on 6 March 2017.

On 29 March 2019, RM35 million in nominal value of CPs were issued at the interest rate of 4.29% per annum. The proceeds raised from this issuance were utilised to partially redeem the Senior CPs under the RM279 million CP/MTN Programme issued by Murud.

On 17 December 2021, the entire Issue 1 of RM200 million in nominal value of CPs and RM20 million MTN had been early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note 21(d) to the financial statements). As such, there was no outstanding balance under Issue 1 CP/MTN programme as at 31 December 2021.

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

The Issue 1 is secured, inter-alia by the following:

- (i) A third party first ranking legal charge over Menara Shell, disclosed as investment properties in Note 15 to the financial statements (the “Secured Property - Issue 1”);
- (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 proceeds generated from the Secured Property - Issue 1 into the relevant revenue account; and
 - (b) that it shall not make or permit to make any withdrawal from the revenue account; operation account; debt service reserve account (“DSRA”) (collectively, the “Designated Accounts - Issue 1”) for the declaration of any dividends or distributions to 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 after such distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

21. BORROWINGS (cont'd)

(c) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

The Issue 1 is secured, inter-alia by the following: (cont'd)

- (iii) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts - Issue 1 (i.e. third party legal assignment and charge by the Trustee over the Revenue Account and Operations Account; and a first party legal assignment by Kinabalu over the DSRA);
- (iv) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the proceeds deriving from the tenancy/lease agreements in relation to the Secured Property - Issue 1, 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 Property - Issue 1;
- (vi) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Trustee 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 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 1.

RM40 million in nominal value of CP and RM130 million in nominal value of MTN (“Issue 2”) issued on 6 March 2017

	2021	2020
	RM	RM
Face value of CPs/MTN issued	170,000,000	170,000,000
Discount	(292,274)	(541,512)
Cash proceeds	169,707,726	169,458,488
Accretion of interest expense	292,274	356,022
	170,000,000	169,814,510
Transaction costs carried forward	(67,888)	(126,054)
Amortisation of transaction costs during the year	60,470	58,166
Partial redemption on 17 December 2021	(40,000,000)	-
	129,992,582	169,746,622

On 6 March 2017, RM40 million in nominal value of CPs and RM130 million nominal value of MTNs from the CP and MTN Programme were issued at the interest rate of 4.14% per annum and 4.40% per annum respectively. The proceeds raised from this issuance were utilised to redeem the CPs/MTNs under the RM270 million CP/MTN Programme which matured on 6 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**21. BORROWINGS** (cont'd)**(c) Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3,000 million in nominal value ("RM3,000 million Programme") under Kinabalu Capital Sdn. Bhd.** (cont'd)

On 17 December 2021, the Issue 2 of RM40 million in nominal value of CPs were early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value ("MTN Programme"), and the Commercial Papers ("CPs") Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note 21(d) to the financial statements).

The CPs/MTN outstanding as at 31 December 2021 and 31 December 2020 are subject to the following interest rates as at the reporting date:

	2021	2020
	%	%
RM40 million nominal value CPs	-	2.73
RM130 million nominal value MTN	4.40	4.40

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

The Issue 2 is secured, inter-alia by the following:

- (i) A third party first legal charge by Trustee over QB1, QB4, QB2 and Lotuss, disclosed as investment properties in Note 15 to the financial statements (collectively, the "Secured Properties - Issue 2");
- (ii) An undertaking from the Manager:
 - (a) to deposit all rental cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Properties - Issue 2 and any proceeds generated from Secured Properties - Issue 2 into the relevant revenue accounts; and
 - (b) that it shall not make or permit to make any withdrawal from the revenue accounts; operations accounts; debt service reserve account ("DSRA") (collectively, the "Designated Accounts - Issue 2") for the declaration of any dividends or distributions to unitholders, if:
 - an event of default and/or trigger event under Issue 2 has occurred and is continuing or will occur as a result of such payment or distribution; or
 - the financial covenants under Issue 2 are not met prior to and/or after such distribution;
- (iii) First ranking legal charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts - Issue 2 (i.e. third party legal assignment and charge by the Trustee over the Revenue Account and Operations Account; and a first party legal assignment by the Kinabalu over the DSRA);
- (iv) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the proceeds deriving from the tenancy/lease agreements in relation to the Secured Properties - Issue 2, including the rights to sue and to recover such proceeds from the tenants or lessees;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

21. BORROWINGS (cont'd)

(c) Commercial Papers Programme (“CP Programme”) and Medium Term Notes Programme (“MTN Programme”) with aggregate combined limit of RM3,000 million in nominal value (“RM3,000 million Programme”) under Kinabalu Capital Sdn. Bhd. (cont'd)

The Issue 2 is secured, inter-alia by the following: (cont'd)

- (v) Third party legal assignment over all the Trustee's rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Properties - Issue 2;
- (vi) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Trustee to dispose the Secured Properties - Issue 2 upon declaration of a trigger event under Issue 2;
- (vii) First party assignment over all rights, titles, interests and benefits in and under the REIT Trustee Financing Agreement entered into between Kinabalu; the Trustee and the Security Trustee for the provision of the inter-company loan from Kinabalu to the Trustee from the proceeds raised from the Issue 2.

(d) Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.

(i) (a) RM20 million in nominal value of MTN (“Issue 1”) issued on 17 December 2021

	2021	2020
	RM	RM
Face value of MTNs	20,000,000	-
Transaction costs on CP/MTN issued	(42,622)	-
Amortisation of transaction costs during the period	710	-
	19,958,088	-

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

	2021	2020
	RM	RM
Face value of CPs	240,000,000	-
Discount	(1,619,384)	-
Cash proceeds	238,380,616	-
Accretion of interest expenses	269,898	-
	238,650,514	-
Transaction costs on CP/MTN issued	(511,456)	-
Amortisation of transaction costs during the period	8,515	-
	238,147,573	-
Total Issue 1	258,105,661	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**21. BORROWINGS** (cont'd)

- (d) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd.** (cont'd)

On 17 December 2021, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. (“Trusmadi”) established a CP programme of up to RM300 million in nominal value (“CP Programme”); and MTN perpetual programme of up to RM3,000 million (“MTN Perpetual Programme”). The CP Programme shall have a legal tenure of 7 years from the date of the first issue of the CP Programme, whereas the MTN Programme shall have a perpetual tenure.

On 17 December 2021, a total of RM240 million in nominal value of CPs and RM20 million in nominal value of MTNs out of each respective programme were issued, where the proceeds from the issuance were utilised to repay the existing RM20 million MTN and RM200 million CPs under Kinabalu Capital CPMTN-Issue 1 and RM40 million CP under Kinabalu Capital CPMTN-Issue 2 which was due on 22 December 2021, and the balance is for working capital purposes.

The CPs/MTN outstanding as at 31 December 2021 and 31 December 2020 are subject to the following interest rates as at the reporting date:

	2021	2020
	%	%
RM205 million nominal value CP	2.70	-
RM35 million nominal value CP	2.95	-
RM20 million nominal value MTN	3.40	-

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

The Issue 1 is secured, inter-alia by the following:

- (i) A third party first legal charge by REIT Trustee over the Secured Property – Issue 1; refer to Menara Shell;
- (ii) An undertaking from the Manager:
 - (a) to deposit all rental, cash flows, deposits, other income, and insurance claim proceeds in relation to the Secured Property – Issue 1 and any other proceeds generated from Secured Property - Issue 1 into the Revenue Account – Issue 1 ; and
 - (b) that it shall not make or permit to make any withdrawal from the Designated Accounts – Issue 1 (as defined hereinafter) for the declaration of any dividends or distributions to Sentral REIT’s unitholders, if:
 - an Event of Default and/or Trigger Event under Issue 1 has occurred and is continuing or will occur as a result of such payment or distribution; or
 - the Financial Covenants under Issue 1 are not met prior to and/or will not be met after such payment or distribution;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

21. BORROWINGS (cont'd)

- (d) **Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn. Bhd. (cont'd)**

The Issue 1 is secured, inter-alia by the following: (cont'd)

- (iii) First ranking charge and assignment over all rights, titles, interests and benefits in and under the Designated Accounts – Issue 1 (i.e. third party assignment and charge by the Trustee over the Revenue Account – Issue 1 and Operations Account – Issue 1); and a first party assignment and charge by Trusmadi over the Debt Service Ratio Account (“DSRA”) - Issue 1, all in relation to the Secured Property - Issue 1;
- (iv) Third party assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under such tenancy/lease agreements in relation to the Secured Property - Issue 1;
- (v) Third party assignment over all the REIT Trustee’s rights, titles, interests and benefits in and under the insurance policies in relation to the Secured Property - Issue 1;
- (vi) An irrevocable Power of Attorney to be granted by the REIT Trustee in favour of the Security Trustee to deal with (including application for subdivision, if any and the collection of title on behalf of REIT Trustee), and to dispose the Secured Property - Issue 1 upon declaration of a Trigger Event under Issue 1;
- (vii) First party assignment over all rights, titles, interests and benefits in and under the “REIT Trustee Financing Agreement – Issue 1” entered into between Trusmadi, the Trustee and the Security Trustee for the provision of the inter-company loan from Trusmadi to the Trustee from the proceeds raised from the Issue 1.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

21. BORROWINGS (cont'd)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Fixed Rate Term Loan Facility of up to RM150 million	Senior CPs/MTNs Programme of up to RM290 million	Fixed Rate Subordinated Term Loan Facility of up to RM250 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**	Total
	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2021	116,910,103	-	-	340,482,972	387,583,590	-	844,976,665
Changes from financing cash flows							
Proceeds from borrowings	-	-	-	-	-	258,380,616	258,380,616
Repayment of borrowings	(40,000,000)	-	-	-	(260,000,000)	-	(300,000,000)
Finance costs paid	(4,984,897)	-	-	(11,758,436)	(10,352,235)	(27,945)	(27,123,513)
Transaction costs paid	-	-	-	-	-	(554,078)	(554,078)
Total changes from financing cash flows	71,925,206	-	-	328,724,536	117,231,355	257,798,593	775,679,690
Other changes liability-related							
Interest expense on CPs/ MTNs/Term Loan	4,984,897	-	-	11,758,436	12,604,490	297,843	29,645,666
Amortisation of transaction costs incurred to obtain CPs/ MTNs/Term Loan	33,703	-	-	124,015	156,737	9,225	323,680
Total other changes liability-related	5,018,600	-	-	11,882,451	12,761,227	307,068	29,969,346
Balance at 31 December 2021	76,943,806	-	-	340,606,987	129,992,582	258,105,661	805,649,036

* SENTRAL through its SPE, Kinabalu Capital Sdn. Bhd. ("Kinabalu") established a RM3,000 million nominal value CP/MTN programme.

** During the financial year, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") established a RM3,000 million nominal value CP/MTN programme.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

21. BORROWINGS (cont'd)

Reconciliation of movement of liabilities to cash flows arising from financing activities (cont'd)

	Fixed Rate Term Loan Facility of up to RM150 million	Senior CPs/MTNs Programme of up to RM290 million	Fixed Rate Subordinated Term Loan Facility of up to RM250 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**	Total
	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2020	116,876,410	241,720,974	90,976,569	-	386,142,429	-	835,716,382
Changes from financing cash flows							
Proceeds from borrowings	-	-	-	341,000,000	-	-	341,000,000
Repayment of borrowings	-	(244,000,000)	(91,000,000)	-	-	-	(335,000,000)
Finance costs paid	(5,572,726)	(23,431)	(1,168,950)	(9,592,992)	(13,682,053)	-	(30,040,152)
Transaction costs paid	-	-	-	(620,340)	-	-	(620,340)
Total changes from financing cash flows	111,303,684	(2,302,457)	(1,192,381)	330,786,668	372,460,376	-	811,055,890
Other changes liability-related							
Interest expense on CPs/ MTNs/Term Loan	5,572,726	2,231,096	1,187,114	9,592,992	14,962,043	-	33,545,971
Amortisation of transaction costs incurred to obtain CPs/MTNs/Term Loan	33,693	71,361	5,267	103,312	161,171	-	374,804
Total other changes liability-related	5,606,419	2,302,457	1,192,381	9,696,304	15,123,214	-	33,920,775
Balance at 31 December 2020	116,910,103	-	-	340,482,972	387,583,590	-	844,976,665

* SENTRAL through its SPE, Kinabalu Capital Sdn. Bhd. ("Kinabalu") established a RM3,000 million nominal value CP/MTN programme.

** During the financial year, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") established a RM3,000 million nominal value CP/MTN programme.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

22. DEFERRED TAX LIABILITIES

	2021	2020
	RM	RM
At beginning of financial year	13,583,375	12,369,961
Recognised in profit or loss (Note 11)	(1,450,654)	1,213,414
At end of financial year	12,132,721	13,583,375

The deferred tax liabilities relates to the provision of deferred tax liabilities on RPGT on the fair value gain of investment properties.

23. SECURITY DEPOSITS

	2021	2020
	RM	RM
At 1 January	24,912,941	24,499,185
(Reversal)/additions during the financial year	(483,360)	417,743
Recognised in profit or loss:		
Deferred lease income (Note 20(c))	(577,431)	(624,116)
Unwinding of discount on security deposits (Note 10)	566,870	620,129
At 31 December	24,419,020	24,912,941
Representing:		
Non-current	11,716,798	13,576,426
Current	12,702,222	11,336,515
	24,419,020	24,912,941

24. UNITHOLDERS' CAPITAL

	2021	2020
No. of units		
Issued and fully paid:		
At beginning of the year/end of the year	1,071,783,000	1,071,783,000
	RM	RM
Amount		
Issued and fully paid:		
At beginning of the year/end of the year	1,235,876,768	1,235,876,768

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

25. INVESTMENTS IN SPES

Details of SPES are as follows:

Name of SPES	Country of incorporation	Principal activity	Proportion of ownership interest	
			2021 %	2020 %
Murud Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Trusmadi Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Samwise Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100
Kinabalu Capital Sdn. Bhd.	Malaysia	Facilitating financing for SENTRAL	100	100

All the above SPES are audited by Ernst & Young PLT, Malaysia.

26. COMMITMENTS

(a) Capital commitments

Capital expenditure as at reporting date is as follows:

	2021 RM	2020 RM
Capital expenditure approved and contracted for investment properties	6,601,586	6,841,210

(b) Non-cancellable operating lease commitments

	2021 RM	2020 RM
As lessor		
Future minimum rental receivable:		
Not later than 1 year	123,610,639	148,570,554
Later than 1 year but not later than 5 years	361,987,617	427,540,510
Later than 5 years	83,224,396	126,469,857
	568,822,652	702,580,921

SENTRAL has entered into leases on its investment properties. The non-cancellable leases have remaining lease terms of between one to eleven years (2020: between one to twelve years).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

27. NET ASSET VALUE PER UNIT

The calculation of net asset value per unit is based on 1,071,783,000 units (2020: 1,071,783,000 units) in circulation as at 31 December 2021.

28. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transactions with stockbroking companies were made during the financial year.

29. UNITHOLDINGS BY THE MANAGER

As at 31 December 2021, the Manager held 2,857,000 units (2020: 2,857,000 units) in SENTRAL.

30. UNITHOLDERS RELATED TO THE MANAGER

	← SENTRAL →				
	No. of units 2021	No. of units 2020	Percentage of total units 2021 %	Percentage of total units 2020 %	Market value 2021 RM
Malaysian Resources Corporation Berhad ("MRCB")	298,297,000	298,297,000	27.83	27.83	269,958,785
HLIB Nominee (Tempatan) Sdn. Bhd. for:					
Quill Land Sdn. Bhd. ("QLSB")	59,040,000	59,040,000	5.51	5.51	53,431,200
Sentral REIT Management Sdn. Bhd.	2,857,000	2,857,000	0.27	0.27	2,585,585
Quill Resources Holding Sdn. Bhd. ("QRSB")	361,000	361,000	0.03	0.03	326,705
Global Jejaka Sdn. Bhd.	185,000	185,000	0.02	0.02	167,425
	360,740,000	360,740,000	33.66	33.66	326,469,700

The Manager's directors' direct unitholding in SENTRAL:

Dato' Dr. Low Moi Ing, J.P.	50,000	50,000	0.00	0.00	45,250
Dato' Michael Ong Leng Chun	55,000	55,000	0.01	0.01	49,775
Kwan Joon Hoe	450,000	150,000	0.04	0.01	407,250

The Manager's directors' indirect unitholding in SENTRAL:

Dato' Dr. Low Moi Ing, J.P.	(a) 59,401,000	59,401,000	5.54	5.54	53,757,905
Dato' Michael Ong Leng Chun	(b) 59,401,000	59,401,000	5.54	5.54	53,757,905
Tan Sri Saw Choo Boon	(c) 185,000	185,000	0.02	0.02	167,425

(a) Deemed interest by virtue of her direct shareholding in QLSB and QRSB.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

31. MANAGEMENT EXPENSE RATIO

	2021	2020
	%	%
Management expense ratio ("MER")	1.10	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.

32. RELATED PARTIES TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties for the financial year.

	2021	2020
	RM	RM
(i) Car park income from Semasa Parking Sdn. Bhd.		
- Platinum Sentral	1,866,661	1,813,499
- Menara Shell	2,174,289	2,306,790
(ii) Auxiliary police services with Semasa Sentral Sdn. Bhd.		
- Platinum Sentral	(418,997)	(418,997)
- Menara Shell	(500,659)	(499,883)
(iii) Supply of chilled water services with Semasa District Cooling Sdn. Bhd.	(2,448,959)	(2,471,316)
(iv) Lease of land at Platinum Sentral with Malaysian Resources Sentral Sdn. Bhd.	67,078	67,078
(v) Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd.	(12,514)	(12,514)
(vi) Reimbursements to 348 Sentral Sdn. Bhd.	(2,479,329)	(2,761,502)
(vii) Reimbursement to Joint Management Body for Lot 348	(153,413)	(186,449)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(cont'd)

32. 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) SENTRAL entered into a car park operation agreement for Platinum Sentral with Semasa Parking Sdn. Bhd. ("SPSB") for a period of 3 years commencing from 1 January 2019 to 31 December 2021, at a monthly minimum guaranteed rental of RM150,000 with a profit sharing basis in the proportion of 70% (SENTRAL): 30% (SPSB) ratio. The total amount received for the financial year ended 31 December 2021 amounted to RM1,866,661.

On 20 December 2019, SENTRAL appointed SPSB as the car park operator for Menara Shell for a period of 3 years commencing from 22 December 2019 to 21 December 2022, at a monthly fee of RM180,000 per month. The total amount received for the financial year ended 31 December 2021 amounted to RM2,174,289.

SPSB was incorporated in Malaysia on 6 August 1997 and its principal activity is operation and management of car parks and parking areas.

SPSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (ii) On 29 August 2019, SENTRAL appointed Semasa Sentral Sdn. Bhd. ("SSSB") to provide auxiliary police services at Menara Shell and Platinum Sentral for a period of two (2) years commencing from 1 September 2019 to 31 August 2021 at the monthly rate of RM41,722 and RM34,916 (including service tax) respectively. The said agreements were renewed for additional 2 years commencing from 1 September 2021 to 31 August 2023 at the same rate.

Auxiliary police services with SSSB for deployment of auxiliary police personnel from January 2021 up to December 2021, at Platinum Sentral and Menara Shell amounted to RM418,997 and RM500,659 respectively.

SSSB was incorporated in Malaysia on 4 May 1982 and its principal activity is maintaining, operating and management of the Kuala Lumpur Sentral Station.

The entire issued share capital of SSSB is held by MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (iii) Supply of chilled water by Semasa District Cooling Sdn. Bhd. ("SDCSB") for installation, maintenance and meter reading for Platinum Sentral. The year to date charges for the financial year ended 31 December 2021 amounted to RM2,448,959.

SDCSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (iv) Lease agreement with Malaysian Resources Sentral Sdn. Bhd. ("MRSSB") on lease of 2 pieces of land located on Platinum Sentral, measuring total NLA of 156,959 sq. ft., for a rental amounting to RM67,078 per year.

MRSSB is a wholly-owned subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (v) Reimbursement of insurance to Kuala Lumpur Sentral Sdn. Bhd. ("KLSSB") for Platinum Sentral Lot E deck from 1 April 2021 to 31 March 2022 amounting to RM12,514.

KLSSB is a subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

32. 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.)

- (vi) Reimbursement of chilled water to 348 Sentral Sdn. Bhd. ("348 Sentral") for Menara Shell amounting to RM2,479,329 for the financial year ended 31 December 2021.

348 Sentral is a subsidiary of MRCB, which in turn is a major unitholder of SENTRAL and also a major shareholder of SRM.

- (vii) Maintenance and sinking fund charged by Joint Management Body for Lot 348 ("JMB Lot 348") for Menara Shell for the period from 1 January 2021 to 31 December 2021 amounting to RM23,065 and reimbursement of quit rent and insurance for 2021 amounting to 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.

33. SIGNIFICANT SUBSEQUENT EVENT

There is no significant event subsequent to the year ended 31 December 2021.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and where carrying amounts are reasonable approximations of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables	17
Lease receivables	16
Deposits, cash and bank balances	18
Borrowings	21
Trade and other payables (including security deposits)	20

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The fair values of long term borrowings and security deposits are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**34. FAIR VALUE OF FINANCIAL INSTRUMENTS** (cont'd)**(b) Fair value measurement**

SENTRAL uses the hierarchy as disclosed in Note 3.21 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 2021 and 31 December 2020 are as follows:

	Total RM	Level 3 RM
As at 31 December 2021		
Assets measured at fair value		
Investment properties	2,081,000,000	2,081,000,000
As at 31 December 2020		
Assets measured at fair value		
Investment properties	2,143,000,000	2,143,000,000

Level 3 fair value

Level 3 fair value of investment properties has been derived using the investment method as described in Note 15 to the financial statements.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

Set out below is a comparison, by class, of the carrying amounts and fair value of SENTRAL's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Note	Carrying amount RM	Fair value RM
Financial liabilities			
As at 31 December 2021			
Fixed Rate Term Loan Facility of up to RM150 million	21(a)	76,943,806	77,000,000
As at 31 December 2020			
Fixed Rate Term Loan Facility of up to RM150 million	21(a)	116,910,103	117,000,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

35. 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 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 Committee.

The following section provides details of SENTRAL's exposures to the above mentioned risks and the objectives and policies for the management of these risks.

(a) Interest rate risk

SENTRAL's exposure to changes in interest rates relates primarily to borrowings as disclosed in Note 21 to the financial statements. Interest rate is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points ("bps") lower/higher, with all other variables remain constant, SENTRAL's income net of taxation as a result of lower/higher interest income on short term deposits and interest expense on floating rate loans and borrowings would have the following effects:

	Increase/(decrease) in income, net of taxation	
	2021	2020
	RM	RM
Interest rate		
- 25 bps	696,000	710,000
+ 25 bps	(696,000)	(710,000)

(b) Credit risk

Credit risk is defined as the risk of potential financial loss resulting from failure of a customer or counterparty to settle its financial and contractual obligations to SENTRAL as and when they fall due.

SENTRAL's exposure to credit risk arises primarily from trade receivables. The risk is controlled by credit verification procedures before lease agreements are entered into with tenants to ensure creditworthy and good standing tenants are selected. SENTRAL has a stringent collection policy in place and the exposure to credit risk is mitigated by diligent on-going monitoring of outstanding receivables and collection of security deposits from tenants.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)**(b) Credit risk** (cont'd)

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 2021, SENTRAL's maximum exposure to credit risk is represented by the carrying amount of its financial assets as follows:

	Note	2021 RM	2020 RM
Trade and other receivables*	17	4,206,656	3,722,537
Deposits, cash and bank balances	18	93,537,907	84,960,762
Lease receivables	16	332,703	773,211

* Trade and other receivables exclude prepayments.

(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	Over five years RM	Total RM
As at 31 December 2021				
Trade and other payables*	18,623,285	-	-	18,623,285
Borrowings	153,855,760	736,233,747	-	890,089,507
Security deposits	12,702,221	8,324,876	5,276,936	26,304,033
Total undiscounted financial liabilities	185,181,266	744,558,623	5,276,936	935,016,825

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of SENTRAL's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2020				
Trade and other payables*	18,423,927	-	-	18,423,927
Borrowings	250,161,171	676,893,944	-	927,055,115
Security deposits	11,336,515	10,751,373	5,276,937	27,364,825
Total undiscounted financial liabilities	279,921,613	687,645,317	5,276,937	972,843,867

* Trade and other payables excludes deferred lease income.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate and unit fund prices which will affect SENTRAL's financial results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

36. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(cont'd)

36. CAPITAL MANAGEMENT (cont'd)

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	2021 RM	2020 RM
Total borrowings	21	805,649,036	844,976,665
Total assets		2,180,376,227	2,227,662,488
Gearing ratio (%)		36.95	37.93

37. 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 3 February 2022

Total number of units issued	:	1,071,783,000
Voting rights	:	One vote per unit
Number of unit holders	:	10,385

DISTRIBUTION OF UNITHOLDINGS AS AT 3 FEBRUARY 2022

Unit Class	No. of Unitholders	% of Unitholders	No. of Unitholdings	% of Unitholdings
Less than 100	135	1.30	1,617	-
100 - 1,000	1,788	17.22	1,186,094	0.11
1,001 - 10,000	5,138	49.48	26,863,389	2.51
10,001 - 100,000	2,875	27.68	94,806,700	8.84
100,001 to less than 5% of issued units	445	4.28	346,525,900	32.33
5% and above of issued units	4	0.04	602,399,300	56.21
TOTAL	10,385	100.00	1,071,783,000	100.00

LIST OF TOP 30 HOLDERS AS AT 03 FEBRUARY 2022

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	27.80
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	128,402,300	11.98
3	HSBC NOMINEES (ASING) SDN BHD <i>HSBC-FS FOR CAPITACOMMERCIAL TRUST</i>	117,040,000	10.92
4	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR QUILL LAND SDN. BHD.</i>	59,040,000	5.51
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	44,577,100	4.16
6	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	35,000,000	3.27
7	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	22,919,300	2.14
8	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 - WAWASAN</i>	20,000,000	1.87
9	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 2</i>	20,000,000	1.87

ANALYSIS OF UNITHOLDINGS

as at 3 February 2022
(cont'd)

LIST OF TOP 30 HOLDERS AS AT 03 FEBRUARY 2022 (cont'd)

NO.	NAME	HOLDINGS	%
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	13,669,200	1.28
11	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)</i>	11,451,900	1.07
12	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA (NP-OTHER-REITS)</i>	11,273,900	1.05
13	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 3</i>	11,000,000	1.03
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)</i>	4,957,400	0.46
15	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND</i>	4,648,800	0.43
16	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (AP-REITS)</i>	4,482,900	0.42
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR AHMAD JOHARI BIN ABDUL RAZAK (PB)</i>	4,000,000	0.37
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)</i>	3,281,600	0.31
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG SIEW HUNG</i>	2,938,000	0.27
20	MRCB QUILL MANAGEMENT SDN BHD	2,857,000	0.27
21	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH GENERAL INSURANCE MALAYSIA BERHAD (GI-REITS)</i>	2,853,700	0.27
22	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO OF DFA INVESTMENT DIMENSIONS GROUP INC</i>	2,814,300	0.26
23	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	2,645,600	0.25

ANALYSIS OF UNITHOLDINGS

as at 3 February 2022
(cont'd)

LIST OF TOP 30 HOLDERS AS AT 03 FEBRUARY 2022 (cont'd)

NO.	NAME	HOLDINGS	%
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR WONG SIEW HUNG (PB)</i>	2,252,100	0.21
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>HONG LEONG ASSET MANAGEMENT BHD FOR CHE KING TOW (ND100-JA)</i>	2,100,000	0.20
26	YEAP AH KAU @ YEAP CHAN TOOI	2,015,000	0.19
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD (416581)</i>	1,988,700	0.19
28	TEW PENG HWEE @ TEOH PENG HWEE	1,500,000	0.14
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR RAM HOLDINGS BERHAD (PB)</i>	1,328,400	0.12
30	TAN CHUAN YONG	1,278,200	0.12
		840,232,400	78.43

SUBSTANTIAL UNITHOLDERS AS AT 3 FEBRUARY 2022

Name	No of Units Held			
	Direct	%	Indirect	%
Malaysian Resources Corporation Berhad	298,297,000	27.83	-	-
Employees Provident Fund board	128,402,300	11.98	-	-
Capitacommercial Trust	117,040,000	10.92	-	-
Quill Land Sdn Bhd	59,040,000	5.51	-	-

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 3 FEBRUARY 2022

Name	No of Units Held			
	Direct	%	Indirect	%
Dato' Michael Ong Leng Chun	55,000	0.01	59,401,000	5.54
Dato' Dr Low Moi Ing, J.P.	50,000	-	59,401,000	5.54
Tan Sri Saw Choo Boon	-	-	185,000	0.02
Kwan Joon Hoe	450,000	0.04	-	-

NOTICE OF TENTH ANNUAL GENERAL MEETING



SENTRAL REIT

(A real estate investment trust constituted under the laws of Malaysia)

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting ("10th AGM") of Sentral REIT will be conducted 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, 6 April 2022 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business:

- To receive the Audited Financial Statements for the financial year ended 31 December 2021 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:

- Proposed authority to allot and issue new units of Sentral REIT *Ordinary Resolution*

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities being obtained, authority be and is hereby given to the Directors of the Manager, to issue and allot new units in Sentral REIT ("New Units") at any time in such number and to such person and upon such terms and conditions as the Directors of the Manager, may in their absolute discretion, deem fit and expedient in the best interest of Sentral REIT, provided that the aggregate number of the New Units to be issued pursuant to this resolution, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of issued units of Sentral REIT for the time being comprising 1,071,783,000 units ("Proposed Authority");

THAT the Proposed Authority shall continue to be in force until:

- 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
- the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
- 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 TENTH 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."

3. To transact such other business of which due notice shall have been given in accordance with the Trust Deed constituting Sentral REIT.

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. 2020080017773)
Company Secretaries

Kuala Lumpur
Date: 28 February 2022

Notes:

1. Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 31 March 2022 shall be eligible to participate at the 10th AGM or to appoint proxies on their behalf.
2. A Unitholder who is entitled to attend and vote at this meeting is entitled to appoint another person to attend and vote in his stead. A proxy may but need not be a Unitholder.
3. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
4. Where a Unitholder is an exempt authorised nominee which holds the units for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.

NOTICE OF TENTH ANNUAL GENERAL MEETING

(cont'd)

6. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Registered Address of Sentral REIT Management Sdn Bhd at Level 33A, Menara NU 2, No. 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 10th 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 10th AGM will act as your proxy.*

Explanatory Notes on Ordinary and Special Business:

1. Item 1 of the Agenda

The Audited Financial Statements under Agenda 1 are laid before the Unitholders for discussion only in accordance with Clause 13.18(b) of the Guidelines on Listed Real Estate Investment Trust issued by the Securities Commission Malaysia on 15 March 2018, the audited financial statements do not require a formal approval of the unitholders and hence, the matter is not put forward for voting.

2. Item 2 of the Agenda – Proposed Authority

The proposed ordinary resolution, if passed, will give a mandate to the Directors of the Manager to issue and allot units of Sentral REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the number of units issued during the preceding 12 months does not exceed 20% of the total number of issued units of Sentral REIT for the time being. This Proposed Authority, unless revoked or varied by a resolution passed by the Unitholders at a general meeting of Sentral REIT, will expire at the conclusion of the next AGM of Sentral REIT.

As at the date of this notice, Sentral REIT has not issued any units under the mandate which was approved at the 9th AGM held on 7 April 2021 and which will lapse at the conclusion of the 10thAGM.

The Proposed Authority will allow Sentral REIT the flexibility to allot and issue New Units to raise funds to finance future investments, acquisitions and capital expenditure projects to enhance the value of Sentral REIT and/or to refinance existing debt as well as for working capitals purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

ADMINISTRATIVE DETAILS FOR TENTH ANNUAL GENERAL MEETING



SENTRAL REIT

(A real estate investment trust constituted under the laws of Malaysia)

**ADMINISTRATIVE DETAILS FOR 10TH ANNUAL GENERAL MEETING (“10TH AGM”) OF
SENTRAL REIT, TO BE CONDUCTED 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 ON
WEDNESDAY, 6 APRIL 2022 AT 10.00 A.M.**

In light of the Coronavirus Disease 2019 (COVID-19) pandemic and as part of the safety measures and control for the well-being of the unitholders of Sentral REIT as well as the employees and Directors of Sentral REIT Management Sdn Bhd (“the Manager”), the 10th AGM of Sentral REIT will be held as a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) Facility. This is in line with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, as revised or amended from time to time.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the 10th AGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

NO UNITHOLDERS/PROXIES/CORPORATE REPRESENTATIVES/ATTORNEYS from the public shall be physically present nor admitted at the Broadcast Venue on the day of the 10th AGM.

1. RECORD OF DEPOSITORS FOR ATTENDANCE AT THE 10TH AGM

- Only Depositors whose names appear on the Record of Depositors as at **31 March 2022** shall be entitled to participate at the 10th AGM or appoint a proxy(ies) to attend and vote on their behalf.

2. REMOTE PARTICIPATION AND VOTING (“RPV”)

- All members including individual members, corporate unitholders, authorised nominees and exempt authorised nominees shall use the RPV facilities to participate and vote remotely at the online AGM.
- You will be able to view a live webcast of the AGM proceedings, pose questions to the board, and submit your votes in real-time whilst the meeting is in progress.
- Kindly follow the steps below on how to **request for a login ID and password**. Please note that unitholders are required to request for a Login ID and password if they intend to participate in the online AGM.

ADMINISTRATIVE DETAILS FOR TENTH ANNUAL GENERAL MEETING

(cont'd)

Procedure	Action
BEFORE THE 10TH AGM DAY	
<p>Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only) <i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 to submit your request for Remote Participation user ID and password.]</i></p>	<ol style="list-style-type: none"> a. Access Boardroom’s website https://investor.boardroomlimited.com/ b. Click <<Login>> and click <<Register>> to sign up as a user. c. Complete registration and upload softcopy of your MyKAD (front and back) or your Passport in JPEG or PNG format. d. Please enter a valid email address and wait for Boardroom’s email verification. e. Your registration will be verified and approved within one business day and an email notification will be sent to you.
<p>Step 2 – Submit Request for Remote Participation User ID and Password <i>[Note: The registration for remote access will be opened on Monday, 28 February 2022 (Date of Notice of AGM) until Monday, 4 April 2022 (2 days before the AGM).</i></p>	<p>Individual Members</p> <ul style="list-style-type: none"> - Log in to https://investor.boardroomlimited.com/ using your user ID and password from Step 1 above. - Select “SENTRAL REIT (10TH) ANNUAL GENERAL MEETING” from the list of Corporate Meetings and click “Enter”. - Click on “Register for RPEV” - Read and agree to the General Terms & Conditions and click “Next”. - Enter your CDS Account and thereafter submit your request. <p>Corporate Unitholders</p> <ul style="list-style-type: none"> - Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. - Please provide a copy of the Corporate Representative’s MyKad (Front and Back) as well as his/her email address. <p>Authorised Nominees and Exempt Authorised Nominees</p> <ul style="list-style-type: none"> - Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. - Please provide a copy of Proxy holder’s MyKad (Front and Back) as well as his/her email address. <ol style="list-style-type: none"> a. You will receive a notification from Boardroom that your request has been received and is being verified. b. Upon verification against the General Meeting Record of Depositories as at 31 March 2022, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. c. You will also receive your remote access user ID and password along with the email from Boardroom, if your registration is approved. d. Please note that the closing time to submit your request is at 10.00 a.m. on Monday, 4 April 2022 (48 hours before the commencement of the AGM).

ADMINISTRATIVE DETAILS FOR TENTH ANNUAL GENERAL MEETING

(cont'd)

Procedure	Action
ON THE 10TH AGM DAY (WED, 6 APRIL 2022)	
<p>Step 3 – Login to Meeting Platform <i>[Please note that the quality of the connectivity to Virtual Meeting Portal for the live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]</i></p>	<p>a. The Meeting Platform will be opened for login one (1) hour before the commencement of the 10th AGM at 9.00 a.m. on Wednesday, 6 April 2022</p> <p>b. The Meeting Platform can be accessed via any one of the following manner:</p> <ul style="list-style-type: none"> • Scan the QR Code provided in the email notification; or • Navigate to the website at https://meeting.boardroomlimited.my/ <p>c. Enter the Meeting ID No. and sign in with the user ID and password provided in the confirmation email from Boardroom.</p>

Unitholders who are unable to participate in our online AGM are encouraged to appoint the Chairman of the Meeting as their proxy to vote on their behalf.

3. PROXY

- The 10th AGM will be conducted virtually. If you are unable to participate the 10th AGM, you may appoint the Chairman as proxy and indicate the voting instructions in the Proxy Form.
- If you wish to appoint proxy(ies) to participate in the 10th AGM using the RPV Facility, please submit your Proxy Form, either by hand or by post to the following address, or by electronic mail to azeela@mrcb.com / irene@mrcb.com or fax to (603) 27807668, not less than 48 hours before the time appointed for holding the 10th 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

- Unitholder who has appointed a proxy or attorney or authorised representative to participate at the 10th AGM via the RPV Facility must ensure that his/her proxy or attorney or authorised representative register himself/herself at the Registrar Portal prior to the 10th AGM.

4. PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE ONLINE AGM

- The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by unitholders which are related to the resolutions to be tabled at the 10th AGM, as well as the financial performance and prospects of the Sentral REIT.

Participate	<p>a. If you would like to view the live webcast, select the broadcast icon.</p> <p>b. If you would like to ask a question during the 10th AGM, select the messaging icon.</p> <p>c. Type your message within the chat box, click the send button once completed.</p>
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- The voting will be conducted by way of electronic polling (“e-Polling”) in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Sentral REIT has appointed Boardroom as the Poll Administrator to conduct the e-Polling, and an Independent Scrutineer will verify and validate the poll results.

ADMINISTRATIVE DETAILS FOR TENTH ANNUAL GENERAL MEETING

(cont'd)

- During the AGM, the Chairman of the Meeting will invite the Poll Administrator to brief participants on the e-Polling housekeeping rules.
- The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

Voting	<ul style="list-style-type: none"> a. Once voting is opened, the polling icon will appear with the resolutions and voting options for your selection until the Chairman declares the end of the voting session. b. To exercise your vote, select your voting option. A confirmation message will appear to show that your vote has been received. c. To change your vote, re-select your voting option. d. If you wish to cancel your vote, please press "Cancel"
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- 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.

5. PRESENTATION AT THE ONLINE AGM

Unitholders who participate in the online AGM will be able to view the Sentral REIT's presentation or slides via the live web streaming.

6. PROCEDURE OF THE ONLINE AGM

The Login User Guide for participation, posing questions and voting at the 10th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

No recording or photography of the AGM proceedings is allowed without the prior written permission of Sentral REIT or the Manager.

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.**

7. DOOR GIFTS

There will be no door gift(s) for members/proxies who participate in the AGM.

ADMINISTRATIVE DETAILS FOR TENTH ANNUAL GENERAL MEETING

(cont'd)

8. ANNUAL REPORT 2021

- The following documents are available at <https://sentralreit.com> for your preview.
 - Sentral REIT Annual Report FY2021
 - Sentral REIT Governance Report 2021
 - Notice of the 10th AGM
 - Proxy Form
- If you need a copy of the printed Annual Report FY2021, kindly request by submitting the Request Form attached or through telephone/email to our Share Registrar at the number/email address given below:

Boardroom Share Registrars Sdn. Bhd.
 Registration No: 199601006647 (378993-D)
 11th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
 46200 Petaling Jaya, Selangor, Malaysia.
 Tel : +603 7890 4700
 Fax: +603 7890 4670
 Email: BSR.Helpdesk@boardroomlimited.com

9. GENERAL ENQUIRIES

For enquiries on the administrative details of this meeting, please contact the following persons during office hours on Mondays to Fridays:

Company	Personnel	Email and Contact Number
Sentral REIT	<p>For Investor Relations Puan Joyce Loh</p> <p>For members' enquiries Puan Irene Ho</p> <p>Puan Norazeela Hasan</p>	<p>joyce.loh@sentralreit.com Tel: 603 2859 7175</p> <p>irene@mrcb.com Tel: 603 2786 8061</p> <p>azeela@mrcb.com Tel: 603 2786 8057</p>
Boardroom Share Registrar Sdn. Bhd. - For members/proxies' enquiries - For assistance relating to the electronic lodgement of proxy form of AGM as well as RPV		<p>bsr.helpdesk@boardroomlimited.com Tel: 603 7890 4700 Fax: 603 7890 4670</p>

NOTES

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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.:		
<i>And/or failing him/her</i>			
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 Tenth Annual General Meeting ("10th AGM") of Sentral REIT to be held as a fully virtual meeting through live streaming and online remote voting from the Broadcast Venue at KL Sentral Room, Level 30, Menara Allianz Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 6 April 2022 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 _____ 2022

Signature of Unitholder

* DELETE IF NOT APPLICABLE

Notes:

Proxy

- Only Unitholders whose name appear in the Record of Depositors of Sentral REIT on 31 March 2022 shall be eligible to participate at the 10th AGM or to appoint proxies 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.
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- 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.
- 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 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 10th 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 10th AGM will act as your proxy.

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary
Sentral REIT Management Sdn Bhd
The Manager of Sentral REIT

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

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<https://sentralreit.com>



Sentral REIT Management Sdn Bhd

Company No. 200601017500 (737252-X)

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Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Tel : +603 2786 8080 / 2859 7070
Fax : +603 2780 0098