

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Total income				
Gross revenue				
-Realised gross revenue	48,122,840	38,374,422	96,239,483	76,088,842
-Unrealised rental income (unbilled lease income receivable) (a)	908,468	(184,014)	2,481,285	(421,521)
	49,031,308	38,190,408	98,720,768	75,667,321
Property operating expenses	(11,120,035)	(8,982,644)	(22,661,639)	(17,181,905)
Net property income	37,911,273	29,207,764	76,059,129	58,485,416
Finance income	786,419	633,758	1,519,311	1,252,525
Change in fair value of investment properties				
-Unbilled lease income receivable (a)	(908,468)	184,014	(2,481,285)	421,521
	37,789,224	30,025,536	75,097,155	60,159,462
Total expenditure				
Manager's fees	(3,752,931)	(3,044,105)	(7,475,888)	(6,088,170)
Trustee's fee	(193,095)	(160,248)	(386,108)	(321,275)
Finance costs	(13,128,667)	(9,217,337)	(26,483,135)	(18,331,728)
Valuation fees	(76,850)	(76,850)	(140,200)	(142,600)
Auditors' remuneration	(41,580)	(35,644)	(80,828)	(74,387)
Tax agent's fee	(6,926)	(6,609)	(20,848)	(13,218)
Administrative expenses	(63,574)	147,394	(90,033)	108,416
	(17,263,623)	(12,393,399)	(34,677,040)	(24,862,962)
Income before taxation	20,525,601	17,632,137	40,420,115	35,296,500
Income tax expense	-	-	-	-
Income net of taxation	20,525,601	17,632,137	40,420,115	35,296,500
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	20,525,601	17,632,137	40,420,115	35,296,500
Income net of taxation for the period is made up as follows:				
Realised	20,525,601	17,632,137	40,420,115	35,296,500
Unrealised	-	-	-	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	1.72	1.65	3.38	3.29
- before manager's fees (sen)	2.03	1.93	4.01	3.86
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	1.72	1.65	3.38	3.29
- before manager's fees (sen)	2.03	1.93	4.01	3.86
INCOME DISTRIBUTION				
Interim income distribution (d) (e)	38,375,647	34,189,878	38,375,647	34,189,878
	38,375,647	34,189,878	38,375,647	34,189,878
Income distribution per unit				
Gross (sen)				
-Interim income distribution (d) (e)	3.21	3.19	3.21	3.19
Total income distribution	3.21	3.19	3.21	3.19
Realised Net Income/ Distributable Income	20,525,601	17,632,137	40,420,115	35,296,500
No of Units in Circulation	1,195,503,000	1,071,783,000	1,195,503,000	1,071,783,000
DISTRIBUTABLE INCOME PER UNIT (f)	1.72	1.65	3.38	3.29

- (a) Recognition of unrealised rental income-unbilled lease income receivable pursuant to requirements of MFRS 16 Leases, to recognize income from operating lease on a straight-line basis, including contractual increase rates over the fixed tenure of the agreement.
- (b) Earnings Per Unit ("EPU") for the current quarter/ period is computed based on the net income for the quarter/ period divided by 1,195,503,000 units during the quarter/ period. EPU for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (c) Earnings Per Unit (Realised) for the current quarter/ period is computed based on the realised net income for the quarter/ period divided by 1,195,503,000 units during the quarter/ period. EPU (Realised) for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.
- (d) Income distribution of RM38,375,647 or 3.21 sen per unit being the distributable income for the financial period 1 January 2024 to 30 June 2024 will be payable on 18 September 2024 to all unitholders as at book closure date on 22 August 2024. Please refer to Note B16 for further details of the distribution.
- (e) Income distribution of RM34,189,878 or 3.19 sen per unit being the distributable income for the financial period 1 January 2023 to 30 June 2023 was paid on 18 September 2023.
- (f) Distributable income per unit for the current quarter/ period is computed based on units in circulation of 1,195,503,000 units during the quarter/ period. Distributable income per unit for the preceding year corresponding quarter/ period is based on the units in circulation of 1,071,783,000.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (UNAUDITED)

	AS AT END OF CURRENT QUARTER 30.06.2024 UNAUDITED RM	AS AT PRECEDING FINANCIAL YEAR END 31.12.2023 AUDITED RM
NON-CURRENT ASSETS		
Plant and equipment	12,232	11,877
Investment properties	2,505,816,799	2,507,020,275
Investment properties-accrued rental income	16,961,010	14,479,725
	<u>2,522,790,041</u>	<u>2,521,511,877</u>
CURRENT ASSETS		
Trade and other receivables	10,120,185	7,092,787
Deposits with licensed financial institution	80,905,669	53,710,756
Cash and cash equivalents	4,692,212	33,729,230
	<u>95,718,066</u>	<u>94,532,773</u>
TOTAL ASSETS	<u>2,618,508,107</u>	<u>2,616,044,650</u>
NON-CURRENT LIABILITIES		
Borrowings	824,649,346	1,165,131,596
Security deposits	30,387,494	31,096,778
Other payables	1,751,724	1,751,724
Deferred tax liability	10,073,703	10,073,703
	<u>866,862,267</u>	<u>1,208,053,801</u>
CURRENT LIABILITIES		
Trade and other payables	20,098,509	49,043,244
Borrowings	340,917,223	-
Security deposits	4,858,063	5,466,254
	<u>365,873,795</u>	<u>54,509,498</u>
TOTAL LIABILITIES	<u>1,232,736,062</u>	<u>1,262,563,299</u>
NET ASSETS VALUE ("NAV")	<u>1,385,772,045</u>	<u>1,353,481,351</u>
UNITHOLDERS' FUNDS		
Unitholders' funds attributable to unitholders of SENTRAL		
Unitholders' capital	1,326,569,811	1,326,569,811
Undistributed and non-distributable income	59,202,234	26,911,540
Total unitholders' funds	<u>1,385,772,045</u>	<u>1,353,481,351</u>
NUMBER OF UNITS IN CIRCULATION	1,195,503,000	1,195,503,000
NET ASSET VALUE PER UNIT		
- before income distribution (i)	1.1592	1.1321
- after income distribution (ii)	1.1271	1.1253

(i) Net Asset Value per unit before the proposed interim distribution of 3.21 sen per unit for YTD June 2024; and final distribution of 0.68 sen per unit for year 2023 respectively.

(ii) Net Asset Value per unit after the proposed interim distribution of 3.21 sen per unit for YTD June 2024; and final distribution of 0.68 sen per unit for year 2023 respectively.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

	Unitholders' Capital	Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
		Undistributed Income Realised	Undistributed Loss Unrealised		
	RM	RM	RM	RM	RM
As at 1 January 2024	1,326,569,811	33,469,838	(6,558,298)	26,911,540	1,353,481,351
Total Comprehensive Income for the financial period	-	40,420,115	-	40,420,115	40,420,115
	<u>1,326,569,811</u>	<u>73,889,953</u>	<u>(6,558,298)</u>	<u>67,331,655</u>	<u>1,393,901,466</u>
Unitholders' transactions					
Distribution to unitholders	-	(8,129,421)	-	(8,129,421)	(8,129,421)
As at 30 June 2024	<u>1,326,569,811</u>	<u>65,760,532</u>	<u>(6,558,298)</u>	<u>59,202,234</u>	<u>1,385,772,045</u>
As at 1 January 2023	1,235,876,768	60,210,314	(5,045,187)	55,165,127	1,291,041,895
Total Comprehensive Income for the financial period	-	35,296,500	-	35,296,500	35,296,500
	<u>1,235,876,768</u>	<u>95,506,814</u>	<u>(5,045,187)</u>	<u>90,461,627</u>	<u>1,326,338,395</u>
Unitholders' transactions					
Distribution to unitholders	-	(36,654,979)	-	(36,654,979)	(36,654,979)
As at 30 June 2023	<u>1,235,876,768</u>	<u>58,851,835</u>	<u>(5,045,187)</u>	<u>53,806,648</u>	<u>1,289,683,416</u>

The Condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

SENTRAL REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

	CURRENT YEAR TO DATE 30.06.2024 RM	PRECEDING YEAR TO DATE 30.06.2023 RM
OPERATING ACTIVITIES		
Income before tax	40,420,115	35,296,500
Adjustments for:		
Finance costs	26,483,135	18,331,728
Depreciation	7,094	14,525
Allowance for impairment of trade receivables	-	2,327
Finance income	(1,519,311)	(1,252,525)
Operating cash flows before changes in working capital	<u>65,391,033</u>	<u>52,392,555</u>
Receivables	(2,657,345)	(1,176,063)
Payables	(504,742)	(1,625,729)
Cash flows from operations	<u>62,228,946</u>	<u>49,590,763</u>
Income tax paid	-	-
Net cash flows generated from operating activities	<u>62,228,946</u>	<u>49,590,763</u>
INVESTING ACTIVITIES		
Additions to investment properties	(1,277,809)	(5,507,003)
Purchase of plant & equipment	(7,449)	-
Changes in deposits in financial institution	(27,304,479)	6,595,081
Interest received	1,149,258	1,346,447
Net cash flow generated from investing activities	<u>(27,440,479)</u>	<u>2,434,525</u>
FINANCING ACTIVITIES		
Distribution to unitholders	(38,246,523)	(36,654,979)
Finance costs paid	(25,688,528)	(17,819,405)
Cash flows used in financing activities	<u>(63,935,051)</u>	<u>(54,474,384)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(29,146,584)	(2,449,096)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>53,308,965</u>	<u>10,376,339</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>24,162,381</u>	<u>7,927,243</u>
Cash and cash equivalents at end of the period comprises:		
Deposits with licensed financial institutions	80,905,669	65,157,232
Cash on hand and at banks	4,692,212	5,558,457
Total deposits, cash and bank balances	<u>85,597,881</u>	<u>70,715,689</u>
Less: Deposits with licensed financial institution with maturity of more than 3 months	(58,250,307)	(60,584,732)
Debt service reserves accounts pledged	(3,185,193)	(2,203,714)
Cash and cash equivalents	<u>24,162,381</u>	<u>7,927,243</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes to the financial statements.

SENTRAL REIT
EXPLANATORY NOTES FOR PERIOD ENDED 30 JUNE 2024

A1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which are stated at fair value and presented in Ringgit Malaysia ("RM").

The financial statements comply with the Malaysian Financial Reporting Standards ("MFRS") : 134 "Interim Financial Reporting", provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts and should be read in conjunction with Sentral REIT's ("SENTRAL") audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these unaudited condensed consolidated financial statements.

A2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of SENTRAL and its special purpose entities ("SPEs"). The SPEs were established for the specific purpose of raising financing on behalf of SENTRAL. A SPE is consolidated if, based on an evaluation of the substance of its relationship with SENTRAL and the SPE's risks and rewards, SENTRAL concludes that it controls the SPE. SPEs controlled by SENTRAL were established under terms that impose strict limitations on the decision-making powers of the SPE's management resulting in SENTRAL receiving all of the benefits related to the SPE's operations and net assets.

A3 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2023.

A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2023

The audit report of the financial statements for the preceding year ended 31 December 2023 was unqualified.

A5 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of SENTRAL were not materially affected by seasonal or cyclical factors during the current quarter. Seasonal or cyclical factors include but are not limited to changes in rental demand and supply of properties which depend on market conditions, economic cycle, financial performance of its tenants, availability of credit facilities and interest rate environment.

A6 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the current quarter under review, there were no unusual items due to their nature, size or incidence that affects the assets, liabilities, equity, net income or cash flows of SENTRAL.

A7 CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of amounts reported during the current quarter.

A8 CHANGES IN DEBT AND EQUITY

There were no repurchase, resale and repayment of debt and equity instruments in the current quarter.

A9 INCOME DISTRIBUTION POLICY

In line with the Restated Trust Deed dated 2 December 2019 and Supplemental Trust Deed dated 24 December 2020, SENTRAL intends to distribute at least 90% (or any other lower percentage at the discretion of the Manager) of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

A10 SEGMENT REPORTING

No segment information is prepared as SENTRAL's activities are predominantly in one industry segment and situated predominantly in Malaysia.

A11 VALUATION OF INVESTMENT PROPERTIES

The investment properties are valued by independent registered valuers and the differences between the valuations and the book values of the respective properties are charged or credited to the profit or loss in the statement of comprehensive income.

For the quarter ended 30 June 2024, there were no revaluation of investment properties.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 JUNE 2024

There is no significant event during the quarter ended 30 June 2024.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 JUNE 2024

There is no significant event subsequent to the quarter ended 30 June 2024.

A14 CHANGES IN CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed.

A15 CAPITAL COMMITMENTS

The amount of capital commitment not provided for in the condensed consolidated financial statements as at 30 June 2024 are as follows:

	RM
Approved and contracted for :	
Investment properties	<u><u>1,850,306</u></u>

B1 REVIEW OF PERFORMANCE

Quarter Results (2Q 2024 vs 2Q 2023)

SENTRAL recorded gross revenue of RM49.0 million in 2Q 2024, an increase of RM10.8 million or 28.4% compared to 2Q 2023. The increase was mainly due to higher revenue generated from Menara CelcomDigi, Sentral Building 4 and Platinum Sentral; and impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases.

Property operating expenses for 2Q 2024 were RM11.1 million, higher by 23.8% compared to 2Q 2023, mainly due to the inclusion of operating expenses for newly acquired Menara CelcomDigi and higher utilities expenses for some of the properties under the portfolio.

Overall, these have resulted in higher net property income by RM8.7 million or 29.8% compared to 2Q 2023.

Higher manager's fees by RM0.7 million or 23.3% was in line with the increased in total asset value and net investment income in 2Q 2024. Finance costs incurred for 2Q 2024 of RM13.1 million were higher by 42.4% compared to 2Q 2023, mainly due to the issuance of RM362 million MTN to part finance the acquisition of Menara CelcomDigi on 11 Dec 2023 and higher KLIBOR rate in 2Q 2024 compared to 2Q 2023.

As a result of all the above, net income after taxation for the current quarter under review of RM20.5 million was higher by RM2.9 million or 16.4% compared to 2Q 2023.

Financial Year-To-Date Results (YTD June 2024 vs YTD June 2023)

SENTRAL recorded gross revenue of RM98.7 million in YTD June 2024, an increase of approximately RM23.1 million or 30.5% compared to YTD June 2023. The increase was mainly due to higher revenue generated from Menara CelcomDigi (which was included to the portfolio since 11 December 2023), Sentral Building 4 and Platinum Sentral, and the impact of revenue straight-lining over the lease term pursuant to requirements of MFRS 16 Leases.

Property operating expenses for YTD June 2024 were RM22.7 million, higher by 31.9% compared to YTD June 2023, mainly due to the inclusion of operating expenses for newly acquired Menara celcomDigi and higher operating and utilities expenses incurred for some of the properties under the portfolio.

Overall, the net property income for YTD June 2024 increased by RM17.6 million or 30.0% compared to YTD June 2023.

Manager's fees incurred for YTD June 2024 were RM7.5 million, increased by 22.8% compared to YTD June 2023, which were in line with the increased in total asset value and net investment income in YTD June 2024. Finance costs incurred for YTD June 2024 of RM26.5 million were higher by 44.5% compared to YTD June 2023, mainly due to the issuance of RM362 million MTN to part finance the acquisition of Menara CelcomDigi on 11 Dec 2023 and higher KLIBOR rate in YTD June 2024.

As a result of all the above, net income before taxation for YTD June 2024 of RM40.4 million was higher by RM5.1 million or 14.5% compared to YTD June 2023.

Current Quarter vs Immediate Preceding Quarter (2Q 2024 vs 1Q 2024)

As compared with the immediate preceding quarter ("1Q 2024"), gross revenue in 2Q 2024 of RM49.0 million was marginally lower by 1.3%, as compared to 1Q 2024 of RM49.7 million. The property operating expenses for 2Q 2024 reduced by RM0.4 million or 3.7% as compared to 1Q 2024, mainly due to lower operating expenses incurred for some of the properties under the portfolio. Overall, these has resulted in marginal reduction in net property income by 0.6%. Finance costs were marginally lower by 1.7% in 2Q 2024 as compared to 1Q 2024 mainly due to movement in KLIBOR rate. Overall, realised net income after taxation of RM20.5 million were higher by 3.2% compared to 1Q 2024.

B2 INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of SENTRAL is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders to achieve long-term growth in the net asset value per unit. There has been no change in the investment objective of SENTRAL since the date of the Annual Report for 2023.

The Manager will continue to focus on its portfolio management and acquisition growth strategy, active asset management strategy and capital management strategy to achieve the objective of SENTRAL. There has been no change in the strategies employed by the Manager since the date of the Annual Report for 2023 as they remain relevant in the current market conditions.

B3 REVIEW OF THE MARKETS IN WHICH SENTRAL INVESTS IN DURING THE PERIOD AND GENERAL ASSESSMENT OF THE FUTURE PROSPECTS OF THESE MARKETS

Review of office market - Klang Valley

In 1H 2024, the Klang Valley office market supply saw growth of 0.4 million sq. ft., bringing the total space to 117.9 million sq. ft..

Occupancy rates in the Klang Valley experienced mixed performance. In KL City, occupancy continued to moderate, from 65.9% in 2H 2023 to 65.7% in 1H 2024. Meanwhile, the KL Fringe and Selangor markets witness improvements, with occupancy rates reaching 85.6% and 75.5% respectively, compared to 83.9% and 74.3% in 2H 2023.

In KL City, the average rental rates have continued their upward trend, reaching RM6.58 per sq. ft. per month in 1H 2024 (2H 2023: RM6.48 per sq ft per month). Similarly, average rental rates in KL Fringe have seen a modest increase to RM5.75 per sq. ft. per month (2H 2023: RM5.73 per sq. ft. per month). Meanwhile, the Selangor market average rental rate maintained its resilience at RM4.16 per sq ft per month.

(extracted from the Real Estate Highlights 1H 2024 by Knight Frank Malaysia Sdn Bhd)

Review of retail market - Klang Valley

As at 1H 2024, the cumulative supply of retail space in KL City, KL Fringe and Selangor stands at 14.90 million sq. ft., 19.14 million sq. ft. and 36.4 million sq. ft., respectively

The positive momentum in the retail property market is echoed in the strong financial performance of several REITs and retail operators, driven by increased revenue, improved occupancy rates, and higher tenant sales. This highlights the resilience of the retail sector and the continued demand for prime retail spaces in the Klang Valley.

The retail landscape in the Klang Valley is undergoing a significant transformation, with existing malls focusing on elevating the shopping experience and new developments poised to expand the market. In addition, retail brands are also introducing new concepts and expansions. Sustainability remains a key focus in the Klang Valley's retail landscape, with an increasing emphasis on ESG initiatives.

(extracted from the Real Estate Highlights 1H 2024 by Knight Frank Malaysia Sdn Bhd)

B4 PROSPECTS

In 2024, approximately 282,000 sq. ft. or 14% of SENTRAL's total committed net lettable area ("NLA") are up for renewal. Of these leases, 60% or an estimated 170,000 sq. ft. of NLA were due in 1H 2024. SENTRAL achieved a renewal rate of 39.4% for these leases due in 1H 2024. Correspondingly, SENTRAL's portfolio occupancy moderated to 84% as at 30 June 2024, compared to portfolio occupancy of 88% recorded in the previous quarter.

The Klang Valley office and retail markets are expected to remain challenging. SENTRAL will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention in the current operating environment. Efforts will be intensified to market the available office spaces under the portfolio with the focus on bringing in new tenants from the IT, e-commerce, serviced office and shared services sectors.

B5 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to SENTRAL and the revenue can be reliably measured.

Revenues from the rental of investment properties, service charges, car park income and utilities recovery are recognised on an accrual basis.

B6 PROFIT FORECAST/ PROFIT GUARANTEE VARIANCE

(a) Profit forecast

There has been no profit forecast issued by SENTRAL for the financial year 2024.

(b) Profit guarantee

SENTRAL is not involved in any arrangement whereby it provides profit guarantee.

B7 TAXATION

Under Section 61A of the Income Tax Act 1967, the undistributed income of a REIT are exempted from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As SENTRAL intends to distribute at least 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter.

B8 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES/ PROPERTIES

There were no disposals of investments in unquoted securities/ properties during the current quarter.

B9 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

There were no purchases or disposals of investments in quoted securities during the current quarter.

B10 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals during the current quarter.

B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

There were no issuance of new units during the current quarter.

B12 CIRCUMSTANCES WHICH MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDERS

As at the date of this report, the directors of the Manager are not aware of any circumstances not otherwise disclosed in this report which would materially affect the interest of the unitholders.

B13 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 30 JUNE 2024

As at 30 June 2024, SENTRAL's portfolio comprises ten buildings as follows:

Investment properties	Cost of Investment	Market Value/ Net Carrying amount as at 30 June 2024	Market value/ Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 Sentral Building 1 (fka QB1 - DHL 1) & Sentral Building 2 (fka QB4 - DHL 2)	109,100,000	135,304,041	9.76%
2 Sentral Building 4 (fka QB2)	107,500,000	108,000,000	7.79%
3 Sentral Building 3 (fka QB3 - BMW)	59,400,000	71,043,738	5.13%
4 Wisma Sentral Inai (fka Wisma Technip)	125,000,000	154,000,000	11.11%
5 Part of Plaza Mont' Kiara	90,000,000	113,000,000	8.15%
6 Tesco Building Penang	132,000,000	145,000,000	10.46%
7 Platinum Sentral	740,000,000	673,930,030	48.63%
8 Menara Shell	640,000,000	672,500,000	48.53%
9 Menara CelcomDigi	450,000,000	450,000,000	32.47%
	<u>2,453,000,000</u>	<u>2,522,777,809</u>	

Capital expenditure of RM967,914 were incurred during the quarter. The NAV as at 30 June 2024 is RM1,385,772,045.

B14 BORROWINGS AND DEBT SECURITIES

As at 30 June 2024

RM

CURRENT LIABILITIES:

(a) CPs/ MTNs Programme of up to RM450 million 340,917,223

NON-CURRENT LIABILITIES:

(b) CPs/ MTNs Programme of up to RM3,000 million * 490,334,856

(c) CPs/ MTNs Programme of up to RM3,000 million ** 334,314,490

TOTAL BORROWINGS

1,165,566,569

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

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

(a) **Commercial Papers ("CP")/ Medium Term Notes ("MTNs") (collectively the CP/ MTN) Programme ("CP/MTN Programme") of up to RM450 million in nominal value ("RM450 million Programme") under Murud Capital Sdn. Bhd.**

(i) RM341 million in nominal value of MTN

RM

Face value of MTNs issued 341,000,000

Transaction costs b/f (144,847)

Amortisation of transaction costs during the period 62,070

340,917,223

On 30 March 2020, SENTRAL through its SPE, Murud Capital Sdn. Bhd. ("Murud") established a RM450 million nominal value of CP/ MTN Programme for a legal tenure of 7 years. On the same day, RM341 million nominal values of MTNs were issued at the blended interest rate of 3.99% per annum, the proceeds from the issuance were utilised to repay the existing RM244 million Senior CP and RM91 million Fixed Rate Subordinated Term Loan which due on 30 March 2020, and the balance is for working capital purposes.

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

(b) **Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3,000 million in nominal value ("RM3,000 million Programme") under Kinabalu Capital Sdn. Bhd.**

(i) Issue 3 - RM130 million in nominal value of MTN (Issue 3") issued on 4 March 2022

RM

Face value of MTNs 130,000,000

Transaction costs on MTN issued (199,477)

Amortisation of transaction costs during the period 31,476

Total Issue 3 129,831,999

(ii) Issue 4 - RM362 million in nominal value of MTN (Issue 4") issued on 11 December 2023

RM

Face value of MTNs 362,000,000

Transaction costs on MTN issued (1,666,241)

Amortisation of transaction costs during the period 169,098

Total Issue 4 360,502,857

Total Issue 3 and 4 under Kinabalu Capital Sdn Bhd 490,334,856

B14 BORROWINGS AND DEBT SECURITIES (cont'd)**(b) Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3,000 million in nominal value ("RM3,000 million Programme") under Kinabalu Capital Sdn. Bhd. (cont'd)**

On 6 March 2017, RM40 million in nominal value of CPs and RM130 million nominal value of MTNs from the CP/ MTN Programme were issued (Issue 2) at the interest rate of 4.14% per annum and 4.40% per annum respectively. The proceeds raised from this issuance were utilised to redeem the CPs/ MTNs under the RM270 million CP/ MTN Programme which matured on 6 March 2017.

On 17 December 2021, the Issue 2 of RM40 million in nominal value of CPs were early redeemed using the proceeds from the new issuance of MTNs of RM3,000 million in nominal value ("MTN Programme"), and the Commercial Papers ("CPs") Programme of RM300 million in nominal value issued by Trusmadi (as disclosed in Note B14(c) below).

On 4 March 2022, the proceed from the new issuance of RM130 million MTN issued by Kinabalu under Issue 3 was utilised to fully redeem the Issue 2 of RM130 million in nominal value of MTN matured on the same day.

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

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

(c) Medium Term Notes ("MTNs") Programme of RM3,000 million in nominal value ("MTN Programme"), and the Commercial Papers ("CPs") Programme of RM300.0 million in nominal value ("CP Programme"), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the "Programmes") under Trusmadi Capital Sdn. Bhd.**(i) RM20 million in nominal value of MTN ("Issue 1") issued on 17 December 2021**

	RM
Face value of MTNs	20,000,000
Transaction costs b/f	(25,343)
Amortisation of transaction costs during the period	4,342
	<u>19,978,999</u>

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

	RM
Face value of CPs	240,000,000
Discount	(2,588,763)
Cash proceeds	237,411,237
Accretion of interest expenses	483,615
	<u>237,894,852</u>
Transaction costs b/f	(304,123)
Amortisation of transaction costs during the period	52,108
	<u>237,642,837</u>

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

	RM
Face value of MTNs issued	77,000,000
Transaction costs on MTN issued	(364,836)
Amortisation of transaction costs during the period	57,490
	<u>76,692,654</u>
Total Issue 1	<u>334,314,490</u>

B14 BORROWINGS AND DEBT SECURITIES (cont'd)

- (c) Medium Term Notes (“MTNs”) Programme of RM3,000 million in nominal value (“MTN Programme”), and the Commercial Papers (“CPs”) Programme of RM300.0 million in nominal value (“CP Programme”), subject to a combined limit of up to RM3,000 million in aggregate in nominal value (collectively the “Programmes”) under Trusmadi Capital Sdn.Bhd. (cont'd)**
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On 17 December 2021, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") established a CP programme of up to RM300 million in nominal value ("CP Programme"); and MTN perpetual programme of up to RM3,000 million ("MTN Perpetual Programme").

On 17 December 2021, RM240 million in nominal value of CPs and RM20 million in nominal value of MTNs out of each respective programme were issued, where the proceeds from the issuance were utilised to repay the RM20 million MTN and RM200 million CPs under Kinabalu Capital CPMTN-Issue 1 and RM40 million CP under Kinabalu Capital CPMTN-Issue 2, which was due on 22 December 2021.

On 14 March 2022, RM77 million in nominal value of MTNs were issued to repay the Trusmadi outstanding RM77 million term loan which was due on the same day.

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

B15 CHANGES IN MATERIAL LITIGATION

The Manager is not aware of any pending material litigation as at the date of issuance of this report.

B16 INCOME DISTRIBUTION

An interim income distribution of RM38,375,647 or 3.21 sen per unit is proposed, for the period 1 January 2024 to 30 June 2024. The proposed income distribution has been approved by the Board and the Trustee on 7 August 2024 and will be payable on 18 September 2024 to all existing 1,195,503,000 unitholders as at book closure date on 22 August 2024.

Distribution to Unitholders is from the following sources:-

	Current Year Quarter 30.6.2024 RM	Preceding Year Corresponding Quarter 30.6.2023 RM	Current Year To Date 30.6.2024 RM	Preceding Year To Date 30.6.2023 RM
Gross revenue	48,122,840	38,374,422	96,239,483	76,088,842
Interest income	786,419	633,758	1,519,311	1,252,525
	<u>48,909,259</u>	<u>39,008,180</u>	<u>97,758,794</u>	<u>77,341,367</u>
Total property and trust expenses	<u>(28,383,658)</u>	<u>(21,376,043)</u>	<u>(57,338,679)</u>	<u>(42,044,867)</u>
Total Realised Income/ Distributable Income	20,525,601	17,632,137	40,420,115	35,296,500
Previous year's undistributed realised income	45,234,931	41,219,698	25,340,417	23,555,335
Total realised income available for distribution	65,760,532	58,851,835	65,760,532	58,851,835
Proposed/ Declared income distribution	<u>(38,375,647)</u>	<u>(34,189,878)</u>	<u>(38,375,647)</u>	<u>(34,189,878)</u>
Balance undistributed realised income	<u>27,384,885</u>	<u>24,661,957</u>	<u>27,384,885</u>	<u>24,661,957</u>
Gross final income distribution (RM)		38,375,647		
of which		RM		
- taxable distribution		37,000,372	3.09 sen per unit	
- tax exempt distribution		<u>1,375,275</u>	<u>0.12 sen per unit</u>	
		<u>38,375,647</u>	<u>3.21 sen per unit</u>	

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

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies (flow through)	0%
Non-resident companies	24%

B17 CHANGES IN NAV AND MARKET PRICE SINCE THE LAST REPORTING DATE

	As at 30 June 2024	As at 31 March 2024
	RM	RM
NAV before provision for income distribution	1,385,772,045	1,365,246,444
Provision for income distribution	(38,375,647)	(19,894,514)
NAV after provision for income distribution	1,347,396,398	1,345,351,930
Number of units in circulation (units)	1,195,503,000	1,195,503,000
NAV per unit (RM) (after provision for distribution)	1.1271	1.1253
Market price (RM)	0.800	0.790

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

The Manager believes that the movement in market price is due mainly to changes in market sentiment.

B18 MANAGER'S FEE AND SOFT COMMISSION

Pursuant to the Trust Deed, the Manager is entitled to receive from SENTRAL the following fees:

- (i) Base fee of 0.4% per annum of the gross asset value, payable monthly in arrears;
- (ii) Performance fee of 3% per annum on the net investment income, payable semi-annually in arrears;
- (iii) Acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by SENTRAL; and
- (iv) Divestment fee of 0.5% of the disposal value of any asset divested by SENTRAL.

Total fees accrued to the Manager for the quarter ended 30 June 2024 are :

	RM
Base fee	2,619,255
Performance fee	1,133,676
	<u>3,752,931</u>

During the quarter, the Manager did not receive any soft commission from its brokers/dealers, by virtue of transaction conducted for SENTRAL.

B19 TRUSTEE'S FEE

Trustee's fee is payable to Maybank Trustees Berhad ("Trustee"), which is computed at 0.03% per annum on the first RM2.5 billion gross asset value and 0.02% per annum on the gross asset value in excess of RM2.5 billion, payable monthly in arrears.

Trustee's fee accrued to the Trustee for the quarter ended 30 June 2024 amounted to RM193,095.

B20 UNITHOLDINGS BY THE MANAGER

As at 30 June 2024, the Manager does not have any unitholdings in SENTRAL.

B21 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER

	No. of units	Percentage of total units	Market Value as at 30 June 2024 RM
Malaysian Resources Corporation Berhad	334,036,700	27.94%	267,229,360
Global Jejaka Sdn. Bhd.	757,000	0.06%	605,600
	334,793,700	28.00%	267,834,960

The Manager's directors' direct unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 June 2024 RM
Kwan Joon Hoe	450,000	0.038%	360,000
Po Yih Ming	20,000	0.002%	16,000

The Manager's directors' indirect unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 30 June 2024 RM
Tan Sri Saw Choo Boon	757,000 (a)	0.06%	605,600

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

The market value of the units is computed based on the closing price as of 30 June 2024 of RM0.80 per unit.

B22 UNITHOLDERS CAPITAL

	No. of units	RM
Issued and fully paid	1,195,503,000	1,326,569,811

B23 FINANCE COSTS INCURRED DURING THE QUARTER

	Current Quarter RM	Cumulative Quarter RM
Interest expenses on CPMTN	12,756,571	25,746,917
Amortisation of transaction costs	214,275	428,512
Credit facility costs	157,821	307,706
Total finance costs	13,128,667	26,483,135

B24 RESPONSIBILITY STATEMENT AND STATEMENT BY THE DIRECTORS OF THE MANAGER

The Manager is responsible for the preparation of the quarterly report.

In the opinion of the directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of SENTRAL as at 30 June 2024 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of Directors of the Manager on 7 August 2024.

BY ORDER OF THE BOARD

MOHAMED NOOR RAHIM YAHAYA
COMPANY SECRETARY (MAICSA No. 0866820)
HO NGAN CHUI
COMPANY SECRETARY (MAICSA No. 7014785)
SENTRAL REIT MANAGEMENT SDN. BHD.
(Company No: 200601017500 (737252-X))
As the Manager of SENTRAL REIT
Kuala Lumpur

Date : 7 August 2024