

NEWS RELEASE

17 January 2020

MRCB-Quill REIT declares a Distribution Per Unit of 6.80 sen for FY2019

Kuala Lumpur, 17 January 2020: MRCB Quill Management Sdn Bhd ("MQM"), the manager of MRCB-Quill REIT ("MQREIT"), a listed real estate investment trust, wishes to announce that MQREIT achieved a realised net income of RM18.61 million for the fourth quarter of 2019 ("4Q 2019"), which is 4.9% lower than the realised net income of RM19.57 million recorded for the fourth quarter of 2018 ("4Q 2018"). The lower realised net income for this quarter was mainly attributable to lower revenue generated for selected properties. For the full year, MQREIT achieved a realised net income of RM72.11 million, a decrease of 14.8 % compared to the realised net income of RM84.65 million recorded for the financial year ended 31 December 2018 ("FY 2018"). Correspondingly, realised earnings per unit ("EPU") for financial year ended 31 December 2019 ("FY 2019") of 6.73 sen was recorded.

After taking into consideration the non-cash adjustment for amounts previously not distributed of RM0.9 million, MQREIT achieved a distributable income for FY 2019 of RM73.01 million. ("Distributable Income"), equivalent to a distributable income per unit of 6.81 sen.

FY 2019 distribution per unit ("DPU") is 6.80 sen, which is 15.8% lower compared to the FY 2018 DPU of 8.08 sen. The FY 2019 DPU of 6.80 sen translates to a distribution yield of 6.8% based on the closing price of RM1.00 per unit as at 31 December 2019.

FY 2019 DPU of 6.80 sen consist of an interim distribution of 3.43 sen which was paid to MQREIT unitholders on 23 September 2019 and the proposed final distribution of 3.37 sen for the six-month period ended 31 December 2019. The proposed final distribution of 3.37 sen is expected to be paid on Friday, 28 February 2020.

MQREIT's unaudited Consolidated Financial Statements for 4Q 2019 and FY 2019 are available on its website (www.mrcbquillreit.com) and on Bursa Malaysia's website (www.bursamalaysia.com).

Summary of MQREIT's 4Q 2019 and FY 2019 Results

	(unaudited) 4Q 2019 (RM'000)	(unaudited) 4Q 2018 (RM'000)	Variance	(unaudited) FY 2019 (RM'000)	(Audited) FY 2018 (RM'000)	Variance
Realised Revenue	41,984	42,663	-1.6%	162,066	173,376	-6.5%
Net Property Income	30,145	31,818	-5.3%	121,748	132,802	-8.3%
Realised Net Income	18,608	19,570	-4.9%	72,108	84,654	-14.8%
EPU	1.74 sen	1.83 sen	-4.9%	6.73 sen	7.91 sen	-14.9%
Distributable Income	18,608	18,182	2.3%	73,008	87,054	-16.1%
Distributable Income Per Unit	1.74 sen	1.70 sen	2.3%	6.81 sen	8.13 sen	-16.2%
Distribution Per Unit (DPU)	-	-	-	6.80 sen	8.08 sen	-15.8%

Tan Sri Saw Choo Boon, Chairman of MQM said: "Despite the current challenging Klang Valley office market environment, MQREIT has recorded a stable portfolio occupancy rate of 90% and a healthy weighted average lease expiry ("WALE") of 4.9 years as at the end of FY2019. As we anticipate that the Klang Valley office market will continue to be challenging in 2020, on-going asset management and leasing strategies centered on tenant retention as well as prudent cost management will remain our focus to ensure stable occupancy and sustainable income contribution are achieved in 2020."

Ms. Yong Su-Lin, Chief Executive Officer of MQM said: "MQREIT had approximately 369,000 sq. ft. (19% of its total leased net lettable area ("NLA")) due for renewal in 2019. The Manager's active leasing and asset management strategies throughout the year has ensured a take-up rate of 92% consisting of 260,000 sq. ft. of tenant renewals and 77,000 sq. ft. of new leases secured. In respect of leases due for renewal in 2020, the bulk of these leases are due in the last quarter of 2020. In line with our on-going marketing strategies, we have initiated early renewal negotiations and planned for asset enhancement initiatives centered on enhancing the quality and physical condition of MQREIT's properties."

She added: "As at 31 December 2019, MQREIT's gearing ratio stood at 37.8% with 76% of its total borrowings are on fixed interest rate. The refinancing exercise of RM335 million borrowing that is due in March 2020 has commenced and negotiations with financial institutions are in progress."

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About MRCB-Quill REIT ("MQREIT")

MQREIT is a commercial Real Estate Investment Trust (REIT), established through a trust deed dated 9 October 2006 which includes the first supplemental deed dated 27 August 2007, the second supplemental deed dated 28 May 2013 and third supplemental deed dated 2 April 2015. Managed by MRCB Quill Management Sdn Bhd ("MQM"), the main thrust of MQREIT's activities include acquiring and investing in commercial properties in Malaysia to provide unitholders with long-term and sustainable distribution of income and to achieve long-term growth in the net asset value per Unit. Currently, MQREIT owns 11 buildings comprising five in Cyberjaya, four in Kuala Lumpur, one each in Shah Alam and Penang, valued at RM2.143 billion as at 31 December 2019.

MQM is owned by Malaysian Resources Corporation Berhad (41%), Quill Resources Holding Sdn Bhd (39%); and Global Jejaka Sdn Bhd (20%).

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IMPORTANT NOTICE

The past performance of MRCB-Quill REIT ("MQREIT") is not indicative of the future performance of MQREIT. Similarly, the past performance of MQREIT Manager is not indicative of the future performance of the MQREIT Manager.

The value of units in MQREIT ("MQREIT Units") and the income derived from them may fall as well as rise. The MQREIT Units are not obligations of, deposits in, or guaranteed by, the MQREIT Manager. An investment in the MQREIT Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the MQREIT Manager redeem or purchase their MQREIT Units while the MQREIT Units are listed. It is intended that holders of the MQREIT Units may only deal in their MQREIT Units through trading on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Listing of the MQREIT Units on the Bursa Malaysia does not guarantee a liquid market for the MQREIT Units.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the MQREIT Manager on future events.