

REVALUATION OF PROPERTIES

1.0 INTRODUCTION

The Board of Directors of MRCB Quill Management Sdn Bhd (“MQM”), the Manager of Sentral REIT (Formerly known as MRCB-Quill REIT) is pleased to announce that pursuant to Clause 10.02(b)(i) of the Securities Commission (“SC”)’s Guidelines on Listed Real Estate Investment Trusts (“REITs”) and Paragraph 9.19 (46) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the current market valuation and fair value loss of investment properties for all Sentral REIT’s Properties* of RM2.137 billion and RM5.498 million, respectively shall be incorporated into the accounts of Sentral REIT as at 31 December 2020.

Note:

* refers to Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2, Quill Building 2 - HSBC, Quill Building 3 – BMW, part of Plaza Mont’ Kiara, Wisma Technip, Quill Building 5 – IBM, Tesco Building Penang, Platinum Sentral and Menara Shell (collectively known as “the Properties”)

2.0 PURPOSE OF VALUATION

The revaluation exercise for the Properties has been conducted in accordance with Clause 10.02(b)(i) of the SC Guidelines on REITs, whereby a revaluation of a fund’s investment portfolio should be carried out at least once every financial year and is for accounting purposes in accordance to the Financial Reporting Standard 140 (Investment Property).

3.0 REVALUATION

The details of the revaluation are set out below:

Name of Properties	Date of Last Valuation	Valuation Date	Net book Value as at 31 Dec 2020 ^(a) (Prior to Proposed Revaluation) (RM'000)	Proposed Revaluation Amount (RM'000)	Surplus/(Deficit) to be incorporated into Fund (RM'000)
Quill Building 1-DHL 1 and Quill Building 4-DHL 2 ^(d)	31 Dec 2019	31 Dec 2020	134,039	135,000	961
Quill Building 2-HSBC ^(b)	31 Dec 2019	31 Dec 2020	123,080	123,000	(80)
Quill Building 3-BMW ^(b)	31 Dec 2019	31 Dec 2020	78,000	78,000	-
Wisma Technip ^(c)	31 Dec 2019	31 Dec 2020	173,200	173,000	(200)
Part of Plaza Mont Kiara ^(e)	31 Dec 2019	31 Dec 2020	118,500	116,000	(2,500)
Quill Building 5-IBM ^(d)	31 Dec 2019	31 Dec 2020	40,000	40,000	-
Tesco Building Penang ^(e)	31 Dec 2019	31 Dec 2020	140,000	140,000	-
Platinum Sentral ^(d)	31 Dec 2019	31 Dec 2020	686,165	675,000	(11,165)
Menara Shell ^(b)	31 Dec 2019	31 Dec 2020	651,192	657,000	5,808
Total Valuation			2,144,176	2,137,000	(7,176)
Less: Investment Property – Accrued Rental Income				(16,149)	
Less: Asset held for sale				(40,000)	
Investment Properties				2,080,851	

Notes:

(a) The Net Book Value as at 31 December 2020 (prior to the Proposed Revaluation) for the Properties comprise of the brought forward net book value as at 31 December 2019 together with asset enhancement related costs incurred during the year.

- (b) *The Properties were valued by Messrs. Nawawi Tie Leung Property Consultants Sdn Bhd, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.*
- (c) *The Properties were valued by Messrs. CH Williams Talhar & Wong Sdn Bhd (CBRE-WTW), an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.*
- (d) *The Properties were valued by Messrs. Knight Frank Malaysia Sdn Bhd, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.*
- (e) *The Properties were valued by Messrs. IVPS Property Consultant Sdn Bhd, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.*

The fair valuation loss on investment properties recognized in the Condensed Consolidated Statement of Comprehensive Income amounts to RM5.498 million. The reconciliation between the decrease in investment properties and fair value loss is as follows:

	RM'000
Decrease in investment properties as per valuation	(7,176)
Less: Unbilled lease income receivable	1,678
Fair value loss of investment properties (Unrealised)	(5,498)

4.0 EFFECTS ON THE NET ASSET VALUE

Based on the unaudited results as at 31 December 2020, the net asset value per unit of Sentral REIT (after proposed final distribution) will be RM1.1984 upon incorporation of the fair value loss of investment properties of RM5.498 million.

5.0 DOCUMENTS AVAILABLE FOR INSPECTION

The valuation reports in relation to the revaluation dated 31 December 2020 are made available for inspection at the registered office of MQM at Level 33A, Menara NU 2, No.203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

The announcement is dated 19 January 2021.