

**SENTRAL REIT**  
**(FORMERLY KNOWN AS MRCB-QUILL REIT)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM	RM	RM	RM
<b>Total income</b>				
Gross revenue				
-Realised gross revenue	41,043,489	41,711,667	41,043,489	41,711,667
-Unrealised rental income (unbilled lease income receivable) (a)	(20,022)	505,540	(20,022)	505,540
	<u>41,023,467</u>	<u>42,217,207</u>	<u>41,023,467</u>	<u>42,217,207</u>
Property operating expenses	(9,614,754)	(9,421,058)	(9,614,754)	(9,421,058)
Net property income	<u>31,408,713</u>	<u>32,796,149</u>	<u>31,408,713</u>	<u>32,796,149</u>
Interest income	484,970	579,642	484,970	579,642
Change in fair value of investment properties				
-Unbilled lease income receivable (a)	20,022	(505,540)	20,022	(505,540)
	<u>31,913,705</u>	<u>32,870,251</u>	<u>31,913,705</u>	<u>32,870,251</u>
<b>Total expenditure</b>				
Manager's fees	(3,176,205)	(3,196,230)	(3,176,205)	(3,196,230)
Trustee's fee	(166,945)	(166,007)	(166,945)	(166,007)
Finance costs	(7,687,852)	(9,548,693)	(7,687,852)	(9,548,693)
Valuation fees	(88,083)	(93,874)	(88,083)	(93,874)
Auditors' remuneration	(37,554)	(36,792)	(37,554)	(36,792)
Tax agent's fee	(6,609)	(6,408)	(6,609)	(6,408)
Administrative expenses	(55,625)	(36,902)	(55,625)	(36,902)
	<u>(11,218,873)</u>	<u>(13,084,906)</u>	<u>(11,218,873)</u>	<u>(13,084,906)</u>
<b>Income before taxation</b>	<b>20,694,832</b>	<b>19,785,345</b>	<b>20,694,832</b>	<b>19,785,345</b>
Income tax expense	-	-	-	-
<b>Income net of taxation</b>	<b>20,694,832</b>	<b>19,785,345</b>	<b>20,694,832</b>	<b>19,785,345</b>
<b>Other comprehensive income</b>				
Loss on remeasurement of financial derivatives	-	(1,865)	-	(1,865)
Adjustment of remeasurement of matured derivatives	-	326,103	-	326,103
<b>Total comprehensive income for the financial year</b>	<b>20,694,832</b>	<b>20,109,583</b>	<b>20,694,832</b>	<b>20,109,583</b>
<b>Income net of taxation for the year is made up as follows:</b>				
<b>Realised</b>	<b>20,694,832</b>	<b>19,785,345</b>	<b>20,694,832</b>	<b>19,785,345</b>
<b>Unrealised</b>	-	-	-	-
<b>EARNINGS PER UNIT (b)</b>				
- after manager's fees (sen)	1.93	1.85	1.93	1.85
- before manager's fees (sen)	2.23	2.14	2.23	2.14
<b>EARNINGS PER UNIT (REALISED) (c)</b>				
- after manager's fees (sen)	1.93	1.85	1.93	1.85
- before manager's fees (sen)	2.23	2.14	2.23	2.14
<b>Realised Net income/ Distributable income</b>	<b>20,694,832</b>	<b>19,785,345</b>	<b>20,694,832</b>	<b>19,785,345</b>
<b>DISTRIBUTABLE INCOME PER UNIT (d)</b>	1.93	1.85	1.93	1.85

(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 for the current quarter/ period is computed based on the Net Income for the quarter/ period divided by 1,071,783,000 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 1,071,783,000 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) Distributable income per unit for the current quarter/ period is computed based on the units in circulation of 1,071,783,000. 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 2020 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT  
(FORMERLY KNOWN AS MRCB-QUILL REIT)  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021 (UNAUDITED)**

	<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
	<b>31.03.2021 UNAUDITED RM</b>	<b>31.12.2020 AUDITED RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	223,311	268,636
Investment properties	2,080,951,798	2,080,850,585
Investment properties-accrued rental income	16,129,393	16,149,415
Lease receivables	261,263	332,703
	<u>2,097,565,765</u>	<u>2,097,601,339</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	6,418,120	4,659,879
Lease receivables	364,286	440,508
Deposits with licensed financial institution	59,649,928	81,338,555
Cash and cash equivalents	2,256,151	3,622,207
	<u>68,688,485</u>	<u>90,061,149</u>
Asset held for sale	40,000,000	40,000,000
	<u>108,688,485</u>	<u>130,061,149</u>
<b>TOTAL ASSETS</b>	<b><u>2,206,254,250</u></b>	<b><u>2,227,662,488</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	457,432,499	627,139,697
Security deposits	14,525,242	13,576,426
Other payables	1,585,426	1,585,426
Deferred tax liability	13,583,375	13,583,375
	<u>487,126,542</u>	<u>655,884,924</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	15,627,129	19,102,327
Borrowings	388,160,880	217,836,968
Security deposits	10,263,193	11,336,515
	<u>414,051,202</u>	<u>248,275,810</u>
<b>TOTAL LIABILITIES</b>	<b><u>901,177,744</u></b>	<b><u>904,160,734</u></b>
<b>NET ASSETS VALUE ("NAV")</b>	<b><u>1,305,076,506</u></b>	<b><u>1,323,501,754</u></b>
<b>UNITHOLDERS' FUNDS</b>		
<b>Unitholders' funds attributable to unitholders of SENTRAL</b>		
Unitholders' capital	1,235,876,768	1,235,876,768
Undistributed and non-distributable income	69,199,738	87,624,986
<b>Total unitholders' funds</b>	<b><u>1,305,076,506</u></b>	<b><u>1,323,501,754</u></b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	1,071,783,000	1,071,783,000
<b>NET ASSET VALUE PER UNIT</b>		
- before income distribution	1.2177	1.2349
- after income distribution (i)	1.1984	1.1984

(i) Net Asset Value assuming 100% of realised net income for the current quarter of RM20,694,832 is provided for income distribution.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT**  
**(FORMERLY KNOWN AS MRCB-QUILL REIT)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	← Distributable →		Non-Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
	Unitholders' Capital	Undistributed Income Realised	Undistributed Income Unrealised	Net Fair Value (Loss)/ Gain On Derivatives Unrealised		
	RM	RM	RM	RM		
<b>As at 1 January 2021</b>	1,235,876,768	57,078,942	30,546,044	-	87,624,986	1,323,501,754
Total Comprehensive Income for the financial period	-	20,694,832	-	-	20,694,832	20,694,832
	1,235,876,768	77,773,774	30,546,044	-	108,319,818	1,344,196,586
<b>Unitholders' transactions:</b>						
Distribution to unitholders	-	(39,120,080)	-	-	(39,120,080)	(39,120,080)
<b>As at 31 March 2021</b>	<u>1,235,876,768</u>	<u>38,653,694</u>	<u>30,546,044</u>	<u>-</u>	<u>69,199,738</u>	<u>1,305,076,506</u>
<b>As at 1 January 2020</b>	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 period	-	19,785,345	-	(1,865)	19,783,480	19,783,480
Adjustment of remeasurement of matured derivatives	-	-	-	326,103	326,103	326,103
	1,235,876,768	68,790,590	38,931,643	-	107,722,233	1,343,599,001
<b>Unitholders' transactions:</b>						
Distribution to unitholders	-	(36,119,087)	-	-	(36,119,087)	(36,119,087)
<b>As at 31 March 2020</b>	<u>1,235,876,768</u>	<u>32,671,503</u>	<u>38,931,643</u>	<u>-</u>	<u>71,603,146</u>	<u>1,307,479,914</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 2020 and the accompanying explanatory notes attached to the financial statements.

**SENTRAL REIT  
(FORMERLY KNOWN AS MRCB-QUILL REIT)  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	<b>CURRENT YEAR TO DATE 31.03.2021 RM</b>	<b>PRECEDING YEAR TO DATE 31.03.2020 RM</b>
<b>OPERATING ACTIVITIES</b>		
Income before tax	20,694,832	19,785,345
Adjustments for:		
Finance costs	7,687,852	9,548,693
Depreciation	45,325	53,863
Interest income	(484,970)	(579,642)
Operating cash flows before changes in working capital	<u>27,943,039</u>	<u>28,808,259</u>
Receivables	(1,588,913)	(3,546,925)
Payables	(1,109,599)	1,314,568
Cash flows from operations	<u>25,244,527</u>	<u>26,575,902</u>
Income tax paid	-	-
Net cash flows generated from operating activities	<u>25,244,527</u>	<u>26,575,902</u>
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	(81,191)	-
Purchase of plant & equipment	-	(78,050)
Interest received	523,544	684,217
Net cash flow generated from investing activities	<u>442,353</u>	<u>606,167</u>
<b>FINANCING ACTIVITIES</b>		
Distribution to unitholders	(39,120,080)	(36,119,087)
Finance costs paid	(9,621,483)	(10,006,703)
Proceeds from borrowings	-	341,000,000
Repayment of borrowings	-	(335,000,000)
Cash flows used in financing activities	<u>(48,741,563)</u>	<u>(40,125,790)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(23,054,683)</b>	<b>(12,943,721)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>84,960,762</b>	<b>63,258,890</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>61,906,079</u></b>	<b><u>50,315,169</u></b>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	59,649,928	40,740,455
Cash on hand and at banks	2,256,151	9,574,714
	<u>61,906,079</u>	<u>50,315,169</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes to the financial statements.

**SENTRAL REIT  
(FORMERLY KNOWN AS MRCB-QUILL REIT)  
EXPLANATORY NOTES FOR PERIOD ENDED 31 MARCH 2021**

**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")(formerly known as MRCB-Quill REIT)("MQREIT") audited financial statements for the financial year ended 31 December 2020 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 2020.

**A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The audit report of the financial statements for the preceding year ended 31 December 2020 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 for the current quarter.

#### **A9 INCOME DISTRIBUTION POLICY**

In line with the Trust Deed dated 9 October 2006, effective from financial year 2009, 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 31 March 2021, there were no revaluation of investment properties.

#### **A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 MARCH 2021**

##### **(a) Change of name of "MRCB-Quill REIT" to "Sentral REIT"**

On 14 January 2021, the Board of MRCB Quill Management Sdn Bhd ("MQM"), announced that the Supplemental Trust Deed dated 24 December 2020 has been registered by and lodged with the Securities Commission of Malaysia on 11 January 2021 and 14 January 2021 respectively. The Supplemental Trust Deed takes effect from 11 January 2021 and the name of MQREIT has been changed from to "MRCB-Quill REIT" To "Sentral REIT".

##### **(b) Change of name of the management company**

As announced on 18 February 2021, MRCB Quill Management Sdn Bhd, the management company of Sentral REIT, announced that it has changed its name to "Sentral REIT Management Sdn Bhd" with effect from 18 February 2021.

#### **A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 MARCH 2021**

**Proposed disposal of Quill Building 5 by Maybank Trustees Berhad, as Trustee for Sentral REIT (formerly known as MRCB-Quill REIT) to Deriv Services Sdn Bhd for a cash consideration of RM45.0 million ("Proposed Disposal")**

As announced on 12 Nov 2020, Maybank Trustees Berhad ("MTB" or "Trustee"), acting solely in the capacity as trustee for SENTRAL, had on 12 November 2020 entered into a Sale and Purchase Agreement ("SPA") with Deriv Services Sdn Bhd ("DSSB" or "the Purchaser") for the Proposed Disposal of Quill Building 5 ("the Property" or "QB5") for a cash consideration of RM45.0 million ("Proposed Disposal").

On 21 April 2021, Sentral REIT Management Sdn Bhd (formerly known as MRCB Quill Management Sdn Bhd), the management company of SENTRAL, is pleased to announce that the Proposed Disposal has been completed on the same day in accordance to the terms and conditions of the SPA executed on 12 November 2020.

#### **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 31 March 2021 are as follows:

	As at 31 March 2021
	RM
Approved and contracted for :	
Investment properties	<u><u>6,539,519</u></u>



## **B1 REVIEW OF PERFORMANCE**

### **Quarter Results (1Q 2021 vs 1Q 2020)**

SENTRAL recorded gross revenue of RM41.0 million in 1Q 2021, a decrease of RM1.2 million or 2.8% compare to 1Q 2020. The decrease was mainly due to lower revenue generated from Plaza Mont Kiara, QB3-BMW and Wisma Technip.

Property operating expenses for 1Q 2021 were RM9.6 million, an increase of approximately RM0.2 million or 2.1% compared to 1Q 2020, mainly due to higher operating expenses incurred for some of the properties under the portfolio.

These have resulted in lower net property income by RM1.4 million, or 4.2% compared to 1Q 2020.

Manager's fees incurred for 1Q 2021 were RM3.2 million, marginally lower by 0.6% compared to 1Q 2020, mainly due to lower net investment income in 1Q 2021. Finance costs incurred for 1Q 2021 of RM7.7 million were lower by 19.5% compared to 1Q 2020, mainly due to lower KLIBOR rate in 1Q 2021 compared to 1Q 2020.

As a result of all the above, net income after taxation for the current quarter under review of RM20.7 million was higher by RM0.9 million or 4.6% compared to 1Q 2020.

### **Financial Year-To-Date Results (YTD 1Q 2021 vs YTD 1Q 2020)**

Review of financial year-to-date results is the same as above.

### **Current Quarter vs Immediate Preceding Quarter (1Q 2021 vs 4Q 2020)**

As compared with the immediate preceding quarter ("4Q 2020"), gross revenue in 1Q 2021 of RM41.0 million was higher by 4.0%, as compared to 4Q 2020 of RM39.5 million. The property operating expenses for 1Q 2021 has reduced RM0.4 million or 4.1% as compared to 4Q 2020, mainly due to lower operating expenses incurred for some of the properties under the portfolio. This has resulted in net property income increased by 6.7%. Finance costs were lower in 1Q 2021 by 10.5% due to lesser number of days in 1Q 2021 as compared to 4Q 2020. Overall, realised net income after taxation of RM20.7 million were marginally higher by 0.4% compared to 4Q 2020.

## **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 2020.

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 2020 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**

The Klang Valley office market continued its subdued performance throughout 2020. Three (3) completions were recorded within the first three (3) quarters of 2020, increasing cumulative supply to 114.9 million square feet. The vacancy rate increased by 1.0% (20.7%) based on y-o-y comparison. Another 6.11 million square feet from twelve (12) upcoming purpose-built office (PBO) buildings are in the pipeline which may push the vacancy rate higher if completed in the next 3 years.

Tenants sought rental aid during Movement Control Order (MCO) but rental relief offered by landlords have been limited. Many leasing decisions were also put on hold in 2020. Rentals declined further to RM6.80 q-o-q and by 10% on a y-o-y comparison.

The adaptation of working-from-home style by many office workers was enabled by the Internet of Things (IoT), resulting in flexi workplaces and working styles which are expected to become the norm in many offices post-pandemic.

Office spaces and office buildings have been evolving to remain relevant in the 'new norm' of working. The traditional and common private workplace may be facing the rising trend of collaborative space as its competitor. These latter spaces may have different implications in terms of lease structure, flexibility and price.

(extracted from 2021 Real Estate Market Outlook by C H Williams Talhar & Wong Sdn. Bhd.)

#### **Review of retail market - Klang Valley**

The retail sector was among the hardest hit by the Covid-19 outbreak, as movement restrictions led to closures of retail malls and non-essential businesses, closure of international borders and strict Standard Operating Procedure (SOP) which limited shopper/ customer traffic. Retail sales growth had recorded the worst plunge at -30.9% in 2Q 2020, before a further drop of -9.7% in 3Q 2020 as businesses re-opened and some restrictions were eased.

Technology and e-commerce have become a significant part of business plans for both retailers and landlords. Store rationalization will continue but physical space remains relevant.

Tenant retention and lease flexibility will impact on the performance of retail malls in Klang Valley. Upcoming retail malls with pre-leasing activities may remain competitive with existing malls. Until the pandemic is contained and international borders re-open, continuous pressure on occupancy is expected as additional retail space supply enters the market.

Neighbourhood retail malls are performing better in terms of shopper traffic and occupancy, being the most convenient, catering to neighbourhood areas. Tourist-focused retail malls may only see better performance when international borders re-open, while other retail malls will continue to face major challenges.

(extracted from 2021 Real Estate Market Outlook by C H Williams Talhar & Wong Sdn. Bhd.)

### **B4 PROSPECTS**

In 2021, 22% of SENTRAL's total committed net lettable area ("NLA") or approximately 440,000 sq. ft. are due for renewal. Approximately 52,000 sq. ft. or 96% of leases due in 1Q 2021 have been successfully renewed. Negotiations for the balance of leases due in 2021 are on-going.

With the on-going uncertainties due to pandemic, the Klang Valley office and retail markets are expected to remain challenging. We will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention to overcome the challenging operating environment.

## **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 2021.

### **(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 31 MARCH 2021

As at 31 March 2021, SENTRAL's portfolio comprises ten buildings as follows:

Investment properties	Cost of Investment	Market Value/ Net Carrying amount as at 31 March 2021	Market value/ Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 QB1 - DHL 1 & QB4 - DHL 2	109,100,000	135,000,000	10.34%
2 QB2 - HSBC	107,500,000	123,000,000	9.42%
3 QB3 - BMW	59,400,000	78,000,000	5.98%
4 Wisma Technip	125,000,000	173,000,000	13.26%
5 Part of Plaza Mont' Kiara	90,000,000	116,000,000	8.89%
6 QB5 - IBM	43,000,000	40,000,000	3.06%
7 Tesco Building Penang	132,000,000	140,000,000	10.73%
8 Platinum Sentral	740,000,000	675,000,000	51.72%
9 Menara Shell	640,000,000	657,081,191	50.35%
	<u>2,046,000,000</u>	<u>2,137,081,191</u>	

Capital expenditure of RM81,191 were incurred during the quarter. The NAV as at 31 March 2021 is RM1,305,076,506.

### B14 BORROWINGS AND DEBT SECURITIES

	As at 31 March 2021
<u>NON-CURRENT LIABILITIES:</u>	
(a) Fixed Rate Term Loan Facility of up to RM150 million ("RM150 million Term Loan")	116,918,528
(b) CPs/ MTNs Programme of up to RM450 million	<u>340,513,971</u>
	<u>457,432,499</u>
<u>CURRENT LIABILITIES</u>	
(c) CPs/ MTNs Programme of up to RM3 billion-Issue 1	218,666,059
(c) CPs/ MTNs Programme of up to RM3 billion-Issue 2	<u>169,494,821</u>
	<u>388,160,880</u>
<b>TOTAL BORROWINGS</b>	<b><u>845,593,379</u></b>
(a) <u>Fixed Rate Term Loan Facility of up to RM150 million ("RM150 million Term Loan")</u>	<b>RM</b>
Term Loan draw down	117,000,000
Transaction cost b/f	<u>(89,897)</u>
	116,910,103
Amortisation of transaction costs during the period	<u>8,425</u>
	<u>116,918,528</u>

On 18 July 2013, SENTRAL through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") established a RM150 million Fixed Rate Term Loan Facility agreement for five years ("RM150 million Term Loan").

On 13 September 2013, Tranche 1 of the Facility of the RM117 million at 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 in 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 interest rate of 4.75% per annum. The transaction costs relating to the programme are amortised over the tenure of the programme and are charged to profit or loss.

**B14 BORROWINGS AND DEBT SECURITIES (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"):**

<u>RM341 million in nominal value of MTN</u>	<b>RM</b>
Face value of MTNs issued	341,000,000
Transaction costs on CP/ MTN issued	(517,028)
Amortisation of transaction costs during the period	30,999
	<u>340,513,971</u>

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 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.

**(c) Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3.0 billion in nominal value ("RM3 billion Programme")**

	<b>RM</b>
(i) Issue 1	218,666,059
(ii) Issue 2	169,494,821
	<u>388,160,880</u>

**(i) (a) RM144 million in nominal value of CP and RM20 million in nominal value of MTN ("Issue 1") issued on 22 December 2016**

	<b>RM</b>
Face value of CP/ MTN issued	164,000,000
Discount	(1,917,133)
Cash proceeds	162,082,867
Accretion of interest expenses	1,095,505
	163,178,372
Transaction costs b/f	(85,927)
Amortisation of transaction costs during the period	23,430
	<u>163,115,875</u>

**(b) RM21 million in nominal value of CP ("Issue 1") issued on 6 March 2017**

	<b>RM</b>
Face value of CP issued	21,000,000
Discount	(280,065)
Cash proceeds	20,719,935
Accretion of interest expenses	42,852
	20,762,787
Transaction costs b/f	(8,387)
Amortisation of transaction costs during the period	1,797
	<u>20,756,197</u>

**B14 BORROWINGS AND DEBT SECURITIES (cont'd)****(c) Commercial Papers Programme ("CP Programme") and Medium Term Notes Programme ("MTN Programme") with aggregate combined limit of RM3.0 billion in nominal value ("RM3 billion Programme") (cont'd)****(c) RM35 million in nominal value of CP ("Issue 1") issued on 29 March 2019**

	<b>RM</b>
Face value of CPs issued	35,000,000
Discount	(224,077)
Cash proceeds	<u>34,775,923</u>
Accretion of interest expenses	<u>19,485</u>
	34,795,408
Transaction costs on CP/ MTN issued	(1,954)
Amortisation of transaction costs during the period	<u>533</u>
	<u>34,793,987</u>
<b>Total Issue 1</b>	<b><u>218,666,059</u></b>

On 30 November 2016, SENTRAL through its SPE, Kinabalu Capital Sdn Bhd ("Kinabalu") established a RM3.0 billion nominal value of CP/ MTN Programme. The CP Programme shall have a legal tenure of seven (7) 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 MTNs under the MTN Programme.

On 22 December 2016, RM144 million 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 CP were issued at the interest rate of 4.14% per annum. The proceeds raised from this issuance were utilised to partially redeemed 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 from this issuance were utilised to partially redeem the Senior CPs under the RM279 million CP/ MTN Programme issued by Murud.

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

**(ii) RM40 million in nominal value of CP and RM130 million in nominal value of MTN ("Issue 2") issued on 6 March 2017**

	<b>RM</b>
Face value of CPs issued	170,000,000
Discount	(533,458)
Cash proceeds	<u>169,466,542</u>
Accretion of interest expenses	<u>81,622</u>
	169,548,164
Transaction costs on CP/ MTN issued	(67,888)
Amortisation of transaction costs during the period	<u>14,545</u>
<b>Total Issue 2</b>	<b><u>169,494,821</u></b>

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 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.

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

## 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

SENTRAL intends to distribute at least 90% of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

A final income distribution of RM39,120,080, or 3.65 sen per unit, being income distribution for the period 1 July 2020 to 31 December 2020, has been made on 26 February 2021.

No income distribution was proposed for the current quarter as SENTRAL's distribution of income is paid on a half yearly basis.

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 31 March 2021	As at 31 December 2020
	RM	RM
NAV before provision for income distribution	1,305,076,506	1,323,501,754
Provision for income distribution	(20,694,832)	(39,120,080)
NAV after provision for income distribution	1,284,381,674	1,284,381,674
Number of units in circulation (units)	1,071,783,000	1,071,783,000
NAV per unit (RM) (after provision for distribution)	1.1984	1.1984
Market price (RM)	0.905	0.875

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 31 March 2021 are :

	RM
Base fee	2,218,794
Performance fee	<u>957,411</u>
	<u><u>3,176,205</u></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 31 March 2021 amounted to RM166,945.



**B20 UNITHOLDINGS BY THE MANAGER**

As at 31 March 2021, the Manager held 2,857,000 units in SENTRAL.

**B21 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER**

	No. of units	Percentage of total units	Market Value as at 31 March 2021 RM
Malaysian Resources Corporation Berhad	298,297,000	27.83%	269,958,785
HLIB Nominee (Tempatan) Sdn. Bhd. for: -Quill Land Sdn. Bhd.	59,040,000	5.51%	53,431,200
Sentral REIT Management Sdn. Bhd. (formerly known as MRCB Quill Management Sdn. Bhd.)	2,857,000	0.27%	2,585,585
Quill Resources Holding Sdn. Bhd.	361,000	0.03%	326,705
Global Jejaka Sdn. Bhd.	185,000	0.02%	167,425
	<b>360,740,000</b>	<b>33.66%</b>	<b>326,469,700</b>

The Manager's directors' direct unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 31 March 2021 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.005%	45,250
Dato' Michael Ong Leng Chun	55,000	0.005%	49,775
Kwan Joon Hoe	450,000	0.042%	407,250

The Manager's directors' indirect unitholding in SENTRAL:

	No. of units	Percentage of total units	Market Value as at 31 March 2021 RM
Dato' Dr. Low Moi Ing, J.P	59,401,000 (a)	5.54%	53,757,905
Dato' Michael Ong Leng Chun	59,401,000 (b)	5.54%	53,757,905
Tan Sri Saw Choo Boon	185,000 (c)	0.02%	167,425

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

(b) Deemed interest by virtue of his direct shareholding in Quill Land Sdn. Bhd., and Quill Resources Holding Sdn. Bhd.

(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.

The market value of the units is computed based on the closing price as of 31 March 2021 of RM0.905 per unit.

**B22 UNITHOLDERS CAPITAL**

	No. of units	
	Current Quarter	Preceding Quarter
Approved fund size	1,100,000,000	1,100,000,000
Issued and fully paid	1,071,783,000	1,071,783,000

**B23 FINANCE COSTS INCURRED DURING THE QUARTER AND YEAR TO DATE**

	Current Quarter	Cumulative Quarter
	RM	RM
Interest expenses on CPMTN	6,097,393	6,097,393
Interest expenses on term loan	1,370,342	1,370,342
Amortisation of transaction costs	95,641	95,641
Credit facility costs	124,476	124,476
Total finance costs	7,687,852	7,687,852

**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 31 March 2021 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorised for release by the Board of Directors of the Manager on 6 May 2021.

**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 (formerly known as MRCB Quill Management Sdn Bhd)**  
**(Company No: 200601017500 (737252-X))**  
**(As the Manager of SENTRAL REIT (formerly known as MRCB-Quill REIT))**  
**Kuala Lumpur**

**Date : 6 MAY 2021**