



**MRCB** *Quill*  
REIT



# Corporate Presentation 4<sup>th</sup> Quarter 2019 Financial Results

17 January 2020

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# Financial Results



Quill Building 5 - IBM

# MQREIT records 4Q 2019 Realised Net Income of RM18.61 million

(RM'000)	(Unaudited) 4Q 2019	(Unaudited) 4Q 2018	Variance
Realised Revenue	41,984	42,663	1.6%
Net Property Income	30,145	31,818	-5.3%
Net Income <sup>1</sup>	18,608	19,570	-4.9%
Distributable Income	18,608	18,182	2.3%
EPU <sup>2</sup>	1.74 sen	1.83 sen	-4.9%
Distributable Income Per Unit	1.74 sen	1.70 sen	2.3%

1 Net Income refers to realised income after taxation (exclude gain from re-measurement of derivatives and revaluation surplus)

2 EPU refers to Realised Earnings Per Unit

# 6.80 sen DPU Declared for FY2019

(RM'000)	(Unaudited) FY 2019	(Audited) FY 2018	Variance
Realised Revenue	162,066	173,376	-6.5%
Net Property Income	121,748	132,801	-8.3%
Realised Income	72,108	84,654	-14.8%
EPU <sup>1</sup>	6.73 sen	7.91 sen	-14.9%
Distributable Income <sup>2</sup>	73,007	87,054	-16.1%
Distributable Income Per Unit	6.81 sen	8.13 sen	-16.2%
DPU <sup>3</sup>	6.80 sen	8.08 sen	-15.8%

1 EPU refers to Realised Earnings Per Unit (after manager's fees)

2 Distributable income for FY 2019 of RM73.01 million consist of realised net income of RM72.11 million adjusted for amounts previously not distributed amounting to RM0.9 million

3 DPU refers to Distribution Per Unit. FY 2019 DPU of 6.80 sen is 99.83 % of FY 2019 distributable income of RM73.01 million

# Total Assets – RM2.21 billion

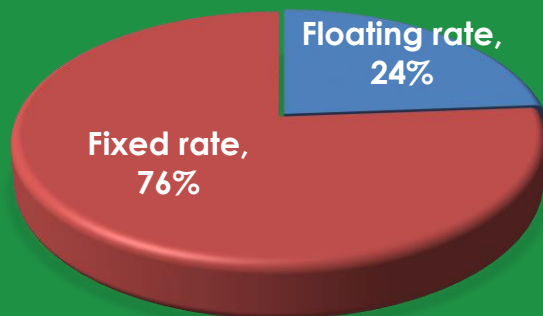
## NAV per unit – RM1.2017

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	as at	as at	as at	as at
	31 Mar 2019 (RM'000)	30 June 2019 (RM'000)	30 Sept 2019 (RM'000)	31 Dec 2019 (RM'000)
Non Current Assets	2,179,311	2,179,352	2,180,173	2,144,136
Current Assets	51,722	74,167	53,411	69,552
<b>Total Assets</b>	<b>2,231,033</b>	<b>2,253,519</b>	<b>2,233,584</b>	<b>2,213,688</b>
Current Liabilities	353,629	359,500	353,817	354,102
Non Current Liabilities	527,316	527,619	532,235	535,548
Net Assets	1,350,088	1,366,400	1,347,532	1,324,038
No of Units	1,071,783	1,071,783	1,071,783	1,071,783
<b>NAV per Unit (RM)</b>	<b>1.2416</b>	<b>1.2406</b>	<b>1.2408</b>	<b>1.2017</b>

# Prudent Capital Management

- ✓ Next refinancing due in March 2020
- ✓ Stable financial indicators

## Majority Fixed Rate Borrowings

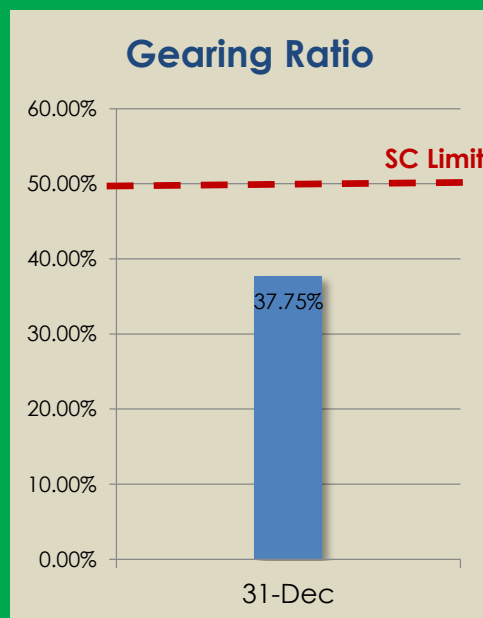


Total Debt: RM835.72 mil  
(3Q 2019: RM836.29 mil )

## Interest Coverage

**2.94<sub>x</sub>**  
(3Q 2019: 2.92x)

## Gearing Ratio



Below SC limit of 50%  
**Increase**  
(3Q 2019: 37.44%)

## Average Cost of Debt

**4.5%<sub>pa</sub>**

**Maintain**  
(3Q 2019: 4.5% pa)

## Average Debt to Maturity

**1.57 years**

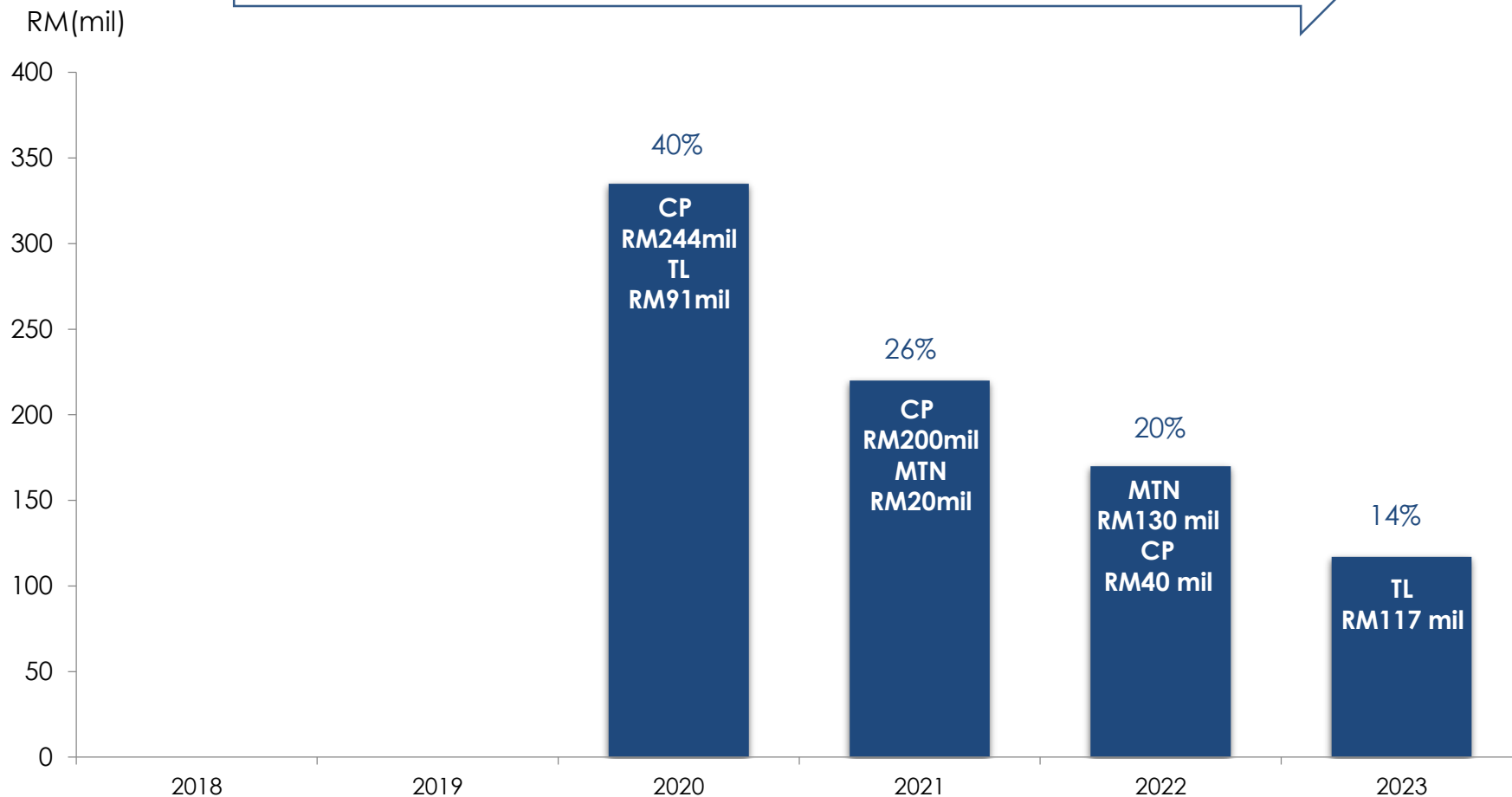
**Decrease**  
(3Q 2019: 1.82 years)



# Debt Maturity Profile

Next Refinancing Due in March 2020

Average debt to maturity : 1.57 years



Note;

1. MTN - Medium Term Notes
2. CP - Commercial Papers
3. TL - Term Loan

# Portfolio Update @ 31 December 2019



Quill Building 3 - BMW



# Portfolio of Quality Assets @ 31 December 2019 **MRCB Quill** REIT



**Quill Building 1**  
- DHL 1<sup>(c)</sup>



**Quill Building 4**  
- DHL 2<sup>(c)</sup>



**Platinum Sentral**  
- KL Sentral <sup>(a)</sup>

**Market Value  
of  
10 Properties:  
RM2.14 bil<sup>(d)</sup>**



**Quill Building 3**  
- BMW<sup>(b)</sup>



**Quill Building 5**  
- IBM<sup>(c)</sup>



**Quill Building 2**  
- HSBC <sup>(b)</sup>

**Total NLA:  
2.19 mil sq ft**  
\*Excluding car park  
area



**Part of Plaza  
Mon't Kiara<sup>(a)</sup>**



**Wisma  
TechnipFMC <sup>(a)</sup>**



**TESCO Building  
Penang<sup>(b)</sup>**



**Menara Shell <sup>(a)</sup>**

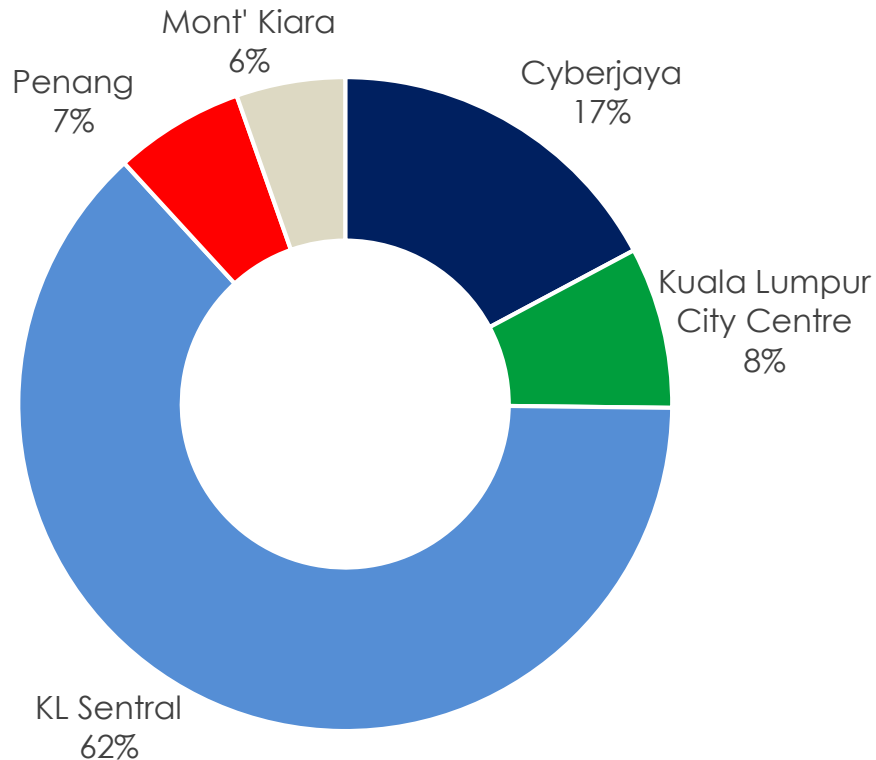
**Portfolio  
Occupancy  
Rate:  
90.0%**

**Weighted  
Average Term  
to Expiry:  
4.9 years**

- a) The Properties were valued by Nawawi Tie Leung Property Consultants Sdn. Bhd, an independent firm of professional valuer registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.
- b) The Properties were valued by CH Williams Talhar & Wong Sdn. Bhd, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.
- c) The Properties were valued by Knight Frank Malaysia Sdn. Bhd, an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.
- d) All properties were based on valuation as at 31 December 2019.

# Geographical Diversification

## By Valuation



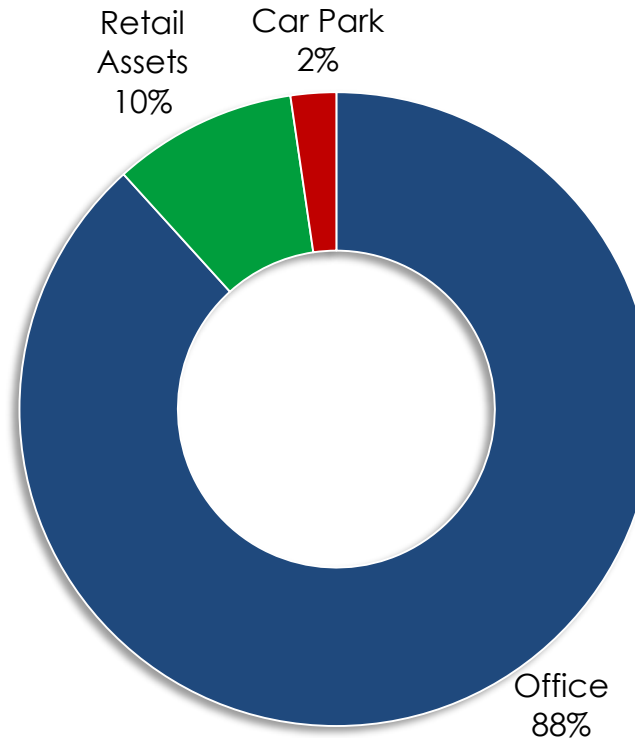
<b>Klang Valley</b>	<b>76%</b>
<b>Cyberjaya</b>	<b>17%</b>
<b>Penang</b>	<b>6%</b>

### Notes:

- (1) Other Klang Valley Area refers to Klang Valley generally excluding KL city centre, KL Sentral and Mont' Kiara. Klang Valley refers to Kuala Lumpur and Selangor State excluding Kuala Selangor, Sepang and Sabak Bernam.
- (2) The Properties were valued by Nawawi Tie Leung Property Consultants Sdn Bhd and CH Williams Talhar & Wong Sdn Bhd, independent firm of professional valuers registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.

# Diversified Segmental Contributions

**By Valuation**

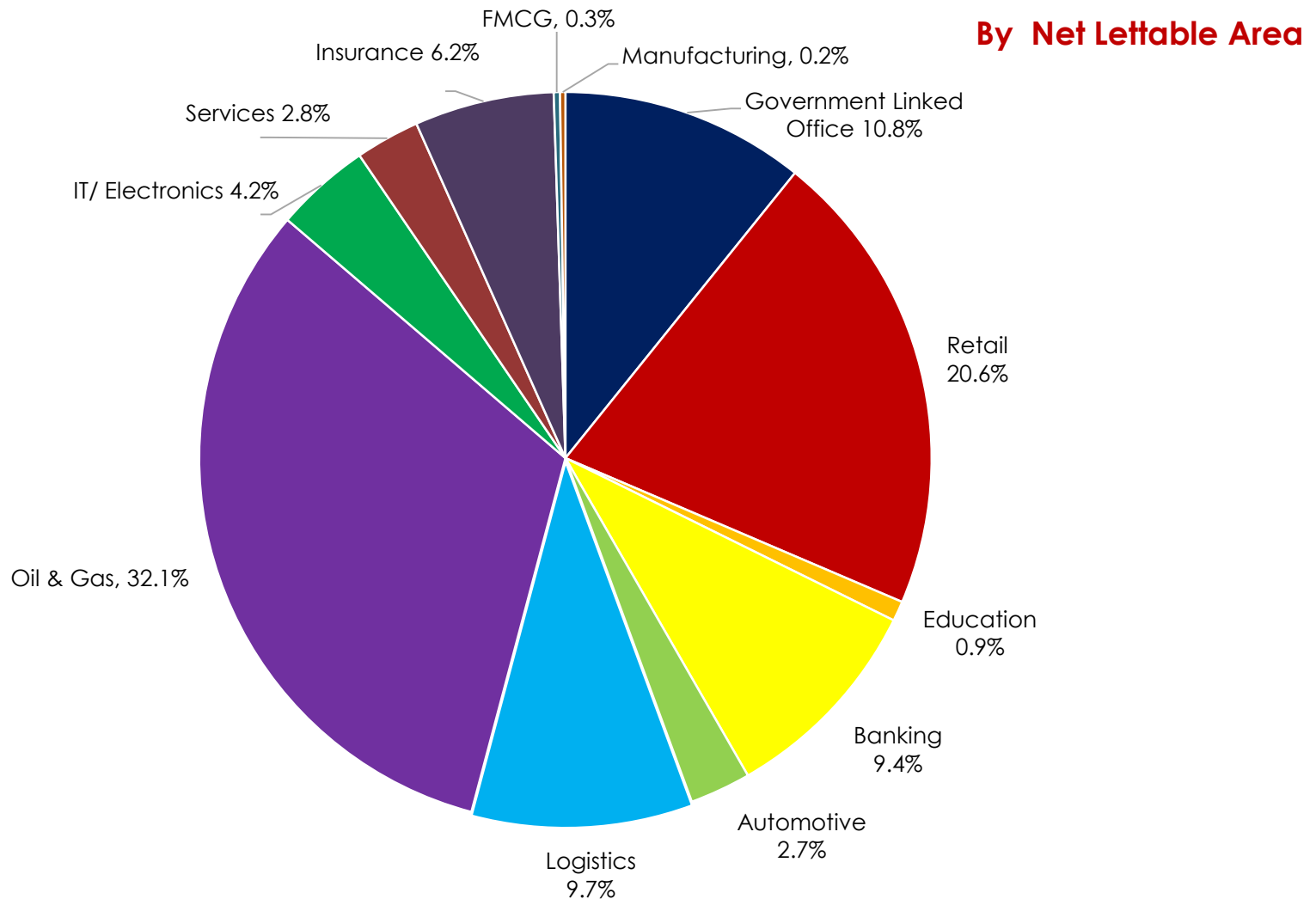


**Notes:**

- (1) Office comprises Quill Buildings, Platinum Sentral, Wisma Technip and Menara Shell
- (2) Retail refers to retail portion of Plaza Mont' Kiara & TESCO Building Penang
- (3) Car Park refers to car parking bays in Plaza Mont' Kiara
- (4) The Properties were valued by Nawawi Tie Leung Property Consultants Sdn Bhd and CH Williams Talhar & Wong Sdn Bhd, independent firm of professional valuers registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.

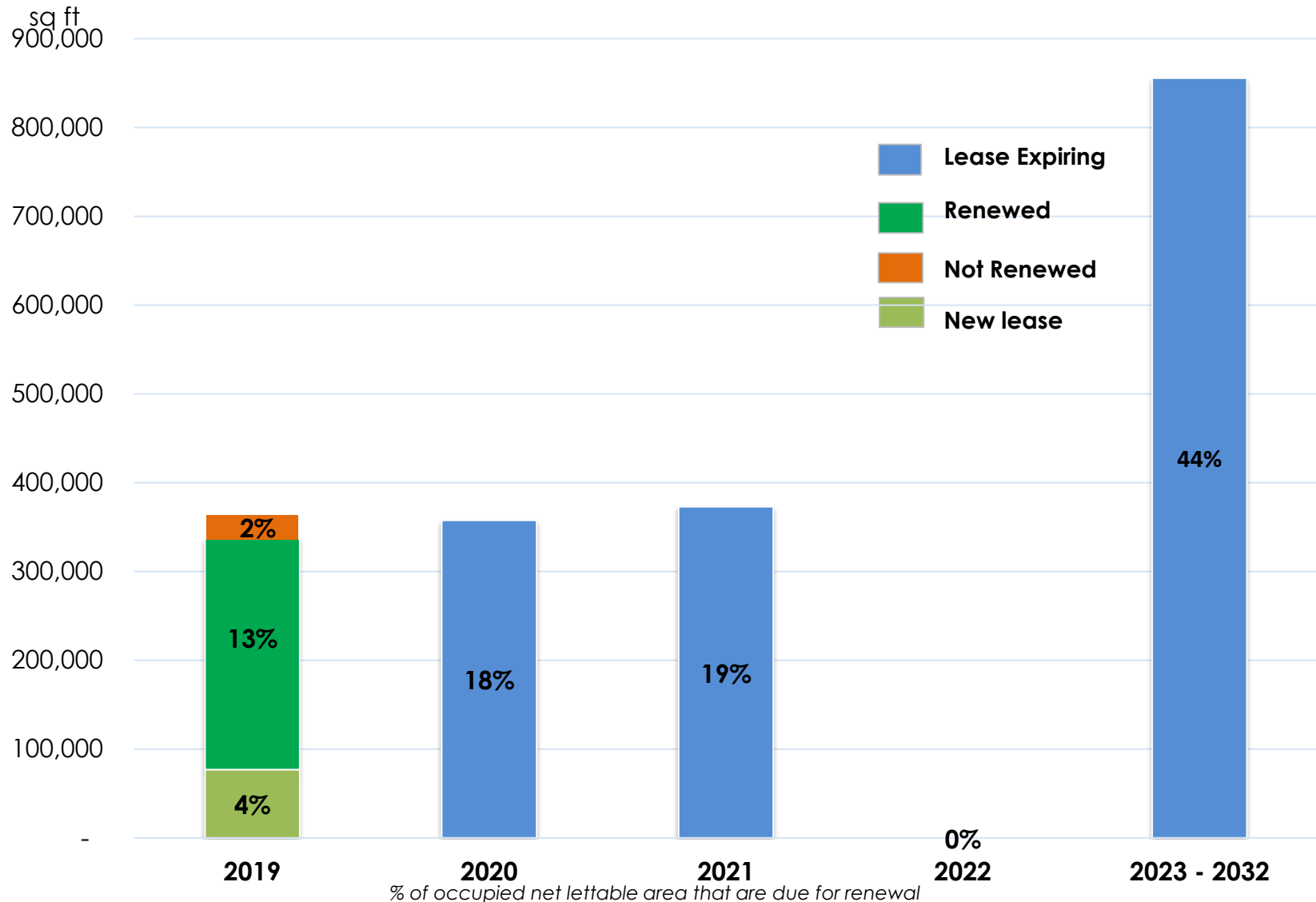



## Well Balanced Tenancy Mix



# Lease Expiry Profile

## - 19% of Total NLA Due for Renewal in 2021 – 92% take-Up



- 
- KLCA & Cyberjaya Office Market Outlook
  - Klang Valley & Penang Retail Market Outlook

- ❑ (extracted from the Property Market Commentary December 2019 prepared by C H Williams & Wong Sdn Bhd)
- As at 3Q 2019, Klang Valley (“KV”) had 111.93 million square feet of Purpose-Built Office (“PBO”) space. The existing supply of PBO buildings in Cyberjaya and Putrajaya was 5.6 million square feet and 4.01 million square feet respectively as at 3Q 2019.
- Another seventeen (17) PBO buildings contributing approximately 10.23 million square feet of PBO space are expected to be completed by end-2022.
- During the review period, KV occupancy rates were stable averaging 80.4%. In Cyberjaya / Putrajaya, occupancy rates for PBO buildings averaged 62.2% (Cyberjaya: 72.9%, Putrajaya: 51.4%).
- Capital value remains stable with yields at 5.5% to 6.0% based on latest transactions of en-bloc office buildings in KV.



- ❑ (extracted from the Property Market Commentary December 2019 prepared by C H Williams & Wong Sdn Bhd)
- Selected prime PBO buildings within Central KL (excluding Petronas Twin Towers) are currently offering monthly gross rents of around RM6.80 – RM11.00 per square foot whereas in Metropolitan KL and Greater KL, asking gross rents are between RM3.80 and RM5.50 per square foot per month (with the exception of KL Sentral and Bangsar South, which generally offered RM6.50-RM7.50 per square foot per month for MSC Status buildings). For PBO buildings in Putrajaya/Cyberjaya, monthly gross rents are generally in the range of RM4.50 to RM 6.00 per square foot.
- Outlook : The Klang Valley PBO market will remain challenging with an additional of 10.23 million square feet of PBO buildings to be completed in the next 3 years. However, new PBO buildings having quality specifications, located in established commercial areas and with proximity to LRT and MRT stations, will secure better take-up rates upon completion.



# Kuala Lumpur & Penang Retail Market Outlook

❑ (extracted from the Property Market Commentary December 2019 prepared by C H Williams & Wong Sdn Bhd)

➤ KV Retail Market

The supply of purpose-built retail ("PBR") space in KV is estimated at 58.13 million square feet with no new completions during the review period. A total of ten (10) PBR centres are expected to be completed in Kuala Lumpur by 2022, contributing approximately 8.46 million square feet of retail PBR space. The average occupancy rate of PBR space in the Klang Valley in 3Q 2019 stood at 85.3%. The average gross rental of prime PBR spaces in KV was about RM16 per square foot. Prime retail rentals in Klang Valley are expected to remain stable.

# Kuala Lumpur & Penang Retail Market Outlook

❑ (extracted from the Property Market Commentary December 2019 prepared by C H Williams & Wong Sdn Bhd)

## ➤ Penang Retail Market

The existing supply of PBR space in Penang state stands at approximately 19.655 million square feet. Approximately 2.83 million square feet of new net lettable area is being planned. The overall occupancy rate of PBR spaces in Penang was in the region of 66% to 73% in the past 5 years. Gross rentals for the ground floor of selected prime shopping centres in Penang Island commanded higher rental rates of up to RM45 per square foot per month. For en-bloc hypermarket, the gross rentals range from RM2.30 to RM3.20 per square foot per month in Seberang Perai and Penang Island.

# Kuala Lumpur & Penang Retail Market Outlook

❑ (extracted from the Property Market Commentary December 2019 prepared by C H Williams & Wong Sdn Bhd)

## ➤ Outlook for Retail Market

The emergence of mobile shopping applications and online shopping have increased pressure on occupancy rates in retail centres. While the online boom has impacted traditional bricks and-mortar retailers, certain retailers have leveraged e-commerce to drive their businesses. The customer can seamlessly shop online from a desktop, mobile device or at a physical store.

PBR spaces will also be repositioned as interaction centres for leisure, social and recreational activities to provide a more entertaining experience which have been proven to appeal to shoppers.

# Conclusion



FY 2019 DPU of 6.80 sen declared translating to a DPU yield of 6.8%\*

- FY 2019 DPU of 8.08 sen is 15.8% lower than the FY 2018 DPU of 8.08 sen
- Completed renewals due in 2019 with 92% take-up i.e 71% renewed and out of the 29% non-renewed, 21% secured with new leases:

NLA for Renewal 2019	sq. ft.	%
Renewed	260,000	71%
Not renewed (replaced with new lease)	77,000	21%
Not renewed (vacant)	32,000	8%
Total	369,000	

- MQREIT's portfolio occupancy rate as at 31 December 2019 was 90.0%

*\* Based on unit price as at 31 December 2018 of RM1.06 per unit*

## Year 2020 Prospects – Ongoing Strategies

- Proactive asset management strategies to focus on tenant relations and continuous building improvements
- Prudent capital management strategies
- Continue to explore yield accretive acquisition opportunities





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# Thank you

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