



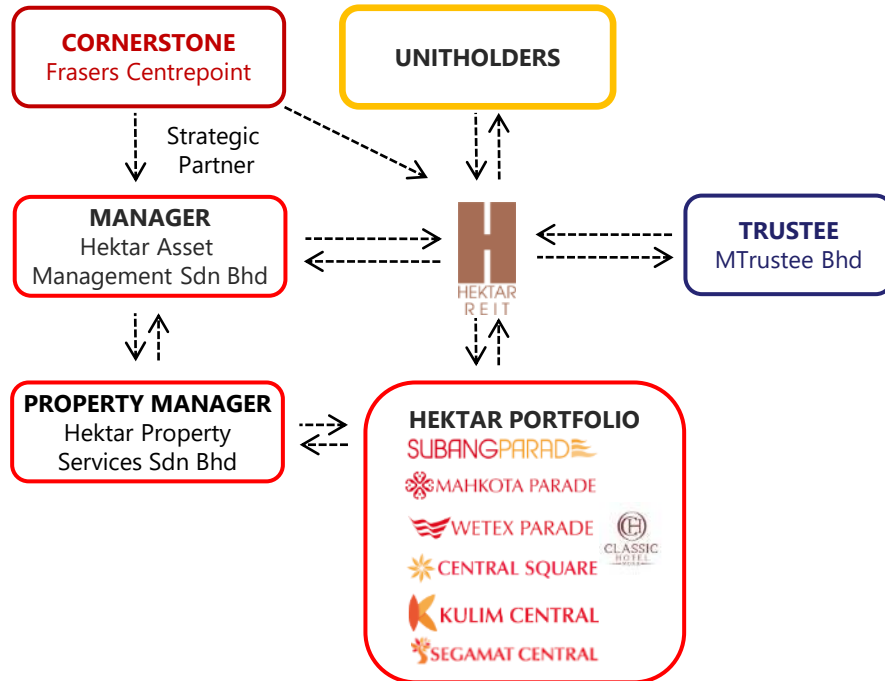
HEKTAR REAL ESTATE INVESTMENT TRUST

3Q 2020 RESULTS PRESENTATION

25 Nov 2020



Organisation



Diverse Portfolio



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Third Quarter 2020 (3Q20)

July – Sep 2020 / 3 Months

Financial Performance vs. Previous Period

3Q20 Gross Revenue: RM26.0 million, -23.8%

3Q20 Realised Income: RM4.5 million, -46.8%

Net Property Income dipped – 31.6%

Financing Renewed: 92% of Debt expires in 2024-2025

Cost of Debt: 3.28%

Operational Performance as at 30 September 2020

Portfolio Occupancy: 88.5%

Rent Reversions: -43.8%

Expiry Profile: 29% of Net Lettable Area

Recovery Plans on Track

- Recovery MCO: 10 June
 - Approximately 96% of all tenants throughout portfolio open as at September 2020
 - Visitor traffic recovery varies depending on region
- Tenant Support Program: Hektar to offer support for tenants affected by MCO
 - Assistance applied selectively on a case-by-case basis
- Classic Hotel: Occupancy at 45% in September with Average Room Rate (ARR) of RM128
- Marketing – Sales Promotion Campaigns at all shopping centres
- Subang Parade Anchor Renewal In Progress
 - Parkson LG Floor Refurbishment completed, reopened in July 2020
 - Village Grocer Supermarket opened in September 2020

Hektar REIT Dividend Deferment during Moratorium Period

- Hektar REIT granted temporary deferment of interest / profit payment on financing facilities by Malayan Banking Berhad and Maybank Islamic Berhad
- Moratorium Period for 6 months from 1 May to 31 October 2020
- Condition: no dividends to be paid to unitholders until full settlement of deferred interest / profit payment on financing facilities

Hektar remains committed to paying 90% of distributable income in FY2020

- Management has discretion on dividend payment schedule



Overall Occupancy at ~88.5% ▶

Rental Reversions -43.8% for 3Q20 ▶

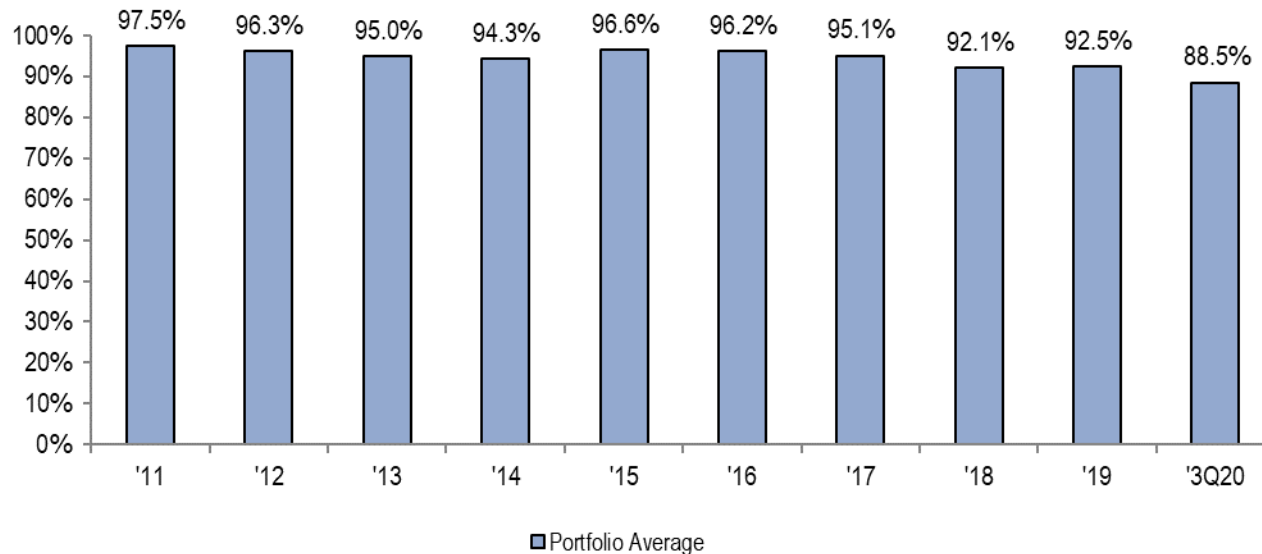
Expiry Profile: 29% NLA expires in 2020 ▶

Portfolio Performance

Average portfolio occupancy steady at **88.5%**

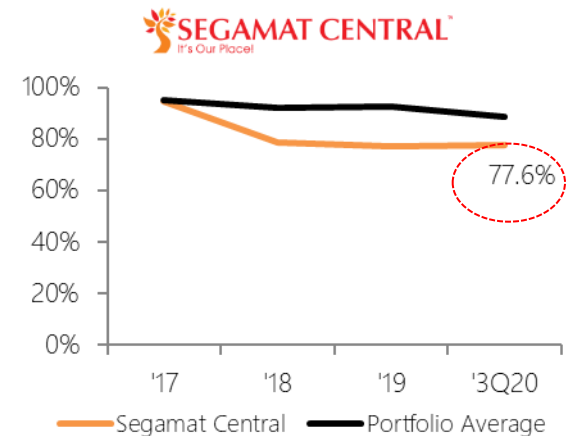
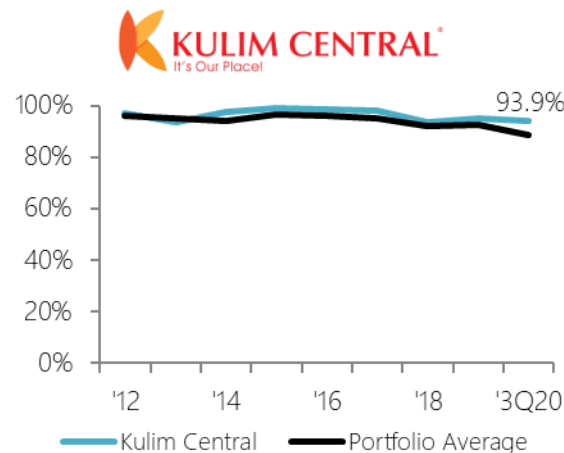
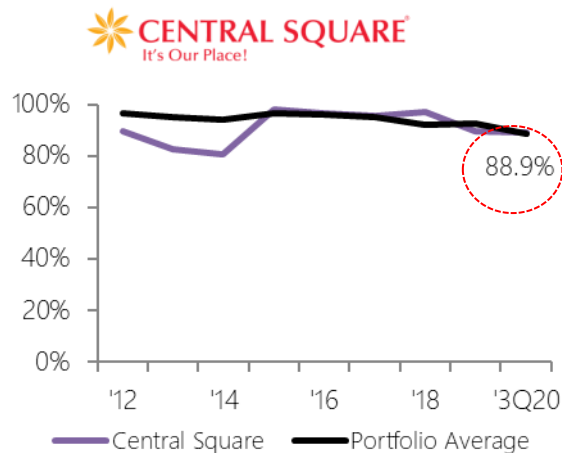
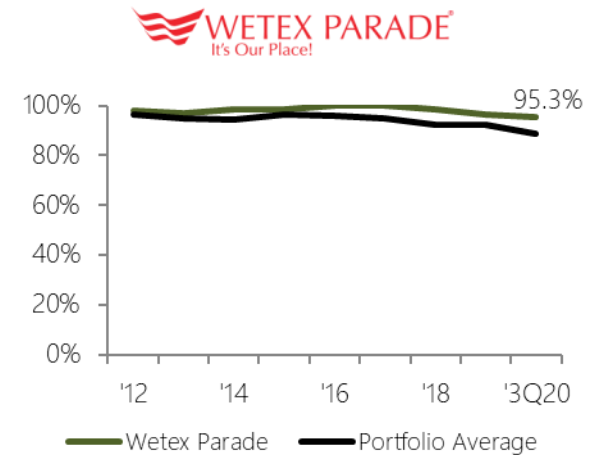
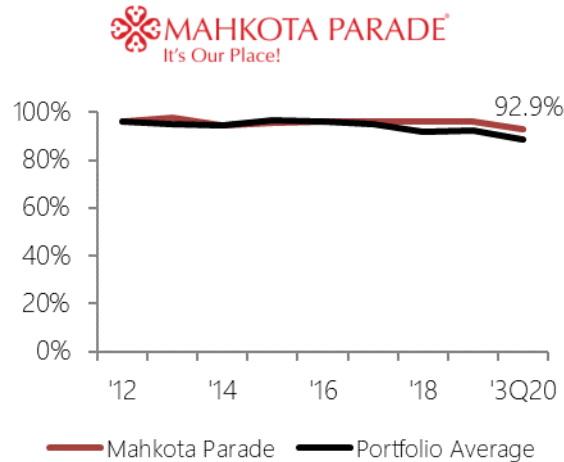
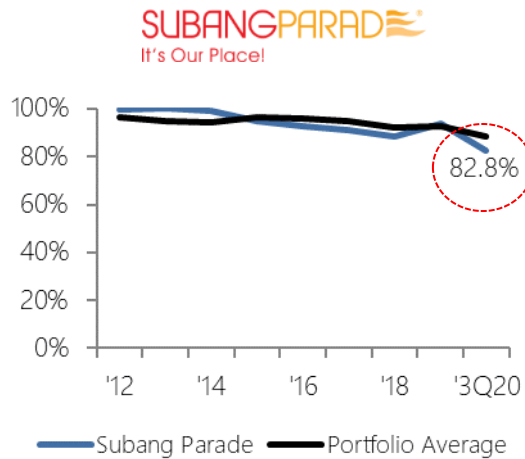
Portfolio Occupancy 2011-3Q 2020

Data Table	'11	'12	'13	'14	'15	'16	'17	'18	'19	'3Q20
Subang Parade	99.9%	99.8%	100.0%	99.3%	94.7%	93.0%	90.9%	88.2%	93.9%	82.8%
Mahkota Parade	94.5%	96.1%	97.8%	94.5%	95.5%	96.4%	96.1%	96.0%	96.4%	92.9%
Wetex Parade	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	98.5%	96.2%	95.3%
Central Square		89.8%	82.5%	80.5%	98.0%	96.6%	95.3%	96.9%	89.7%	88.9%
Kulim Central		96.9%	93.7%	97.8%	99.3%	98.9%	98.2%	93.5%	95.0%	93.9%
Segamat Central							94.7%	78.6%	77.1%	77.6%
Portfolio Average	97.5%	96.3%	95.0%	94.3%	96.6%	96.2%	95.1%	92.1%	92.5%	88.5%



Subang Parade's occupancy still fluctuating due to Asset Enhancement planning & repositioning

- Portfolio Average at 88.5% for 3Q 2020



Third Quarter Rental Reversions (-43.8%)

- Only 14 tenants renewed in 3Q 2020, representing 2.3% of NLA
- Subang Parade: Lower rental rates due to positioning for new anchor-tenant

Portfolio Rental Reversions 3Q 2020

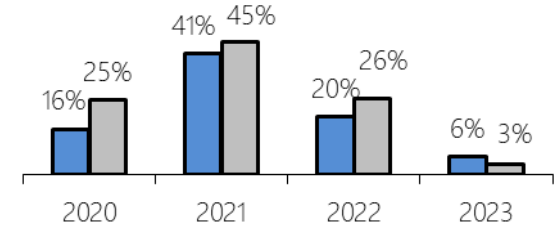
Third Quarter (3 months) (Ended 30 Sep)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	+/- vs Previous Rent Rates
Subang Parade	8	37,637	7.2%	-46.0%
Mahkota Parade	1	1,485	0.3%	-59.1%
Wetex Parade	2	1,142	0.7%	-0.4%
Central Square	-	-	-	-
Kulim Central	-	-	-	-
Segamat Central	3	5,931	2.8%	-20.6%
Total/Average*	14	46,195	2.3%	-43.8%

	-0.4%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants: Switch & Sushi World 	
	-20.6%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants Categories: Electrical & IT and Fashion 	
	-46.0%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants: Village Grocer, Bata & MOG 	
	-59.1%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants Categories: Shoes & Accessories 	

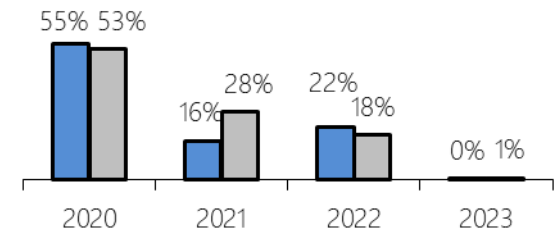
Tenancy Expiry by Property



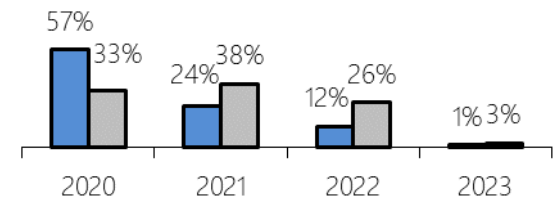
Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	37	81,614	16%	25%
2021	33	216,190	41%	45%
2022	32	102,798	20%	26%
2023	3	31,683	6%	3%



Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	48	286,948	55%	53%
2021	34	83,058	16%	28%
2022	20	113,081	22%	18%
2023	1	872	0%	1%



Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	13	100,367	57%	33%
2021	31	42,623	24%	38%
2022	21	21,452	12%	26%
2023	4	2,391	1%	3%

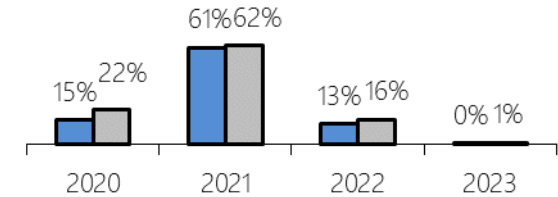


*Based on total NLA and monthly rental income for Sep 2020. Figures may not round to 100% due to misc. items

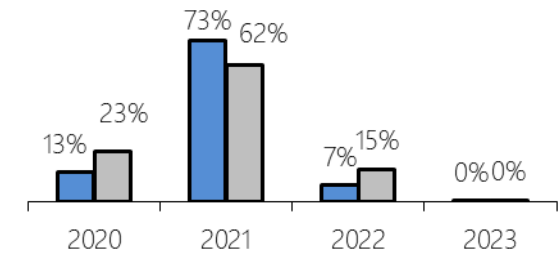
Tenancy Expiry by Property



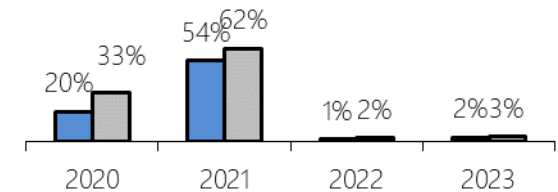
Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	22	47,346	15%	22%
2021	20	188,179	61%	62%
2022	8	39,623	13%	16%
2023	2	806	0%	1%



Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	23	39,740	13%	23%
2021	33	218,954	73%	62%
2022	13	22,069	7%	15%
2023	1	689	0%	0%



Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	13	42,486	20%	33%
2021	28	114,647	54%	62%
2022	2	2,357	1%	2%
2023	1	4,898	2%	3%



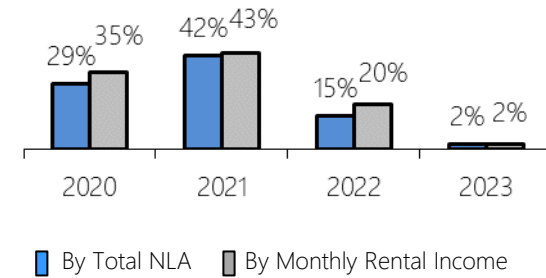
*Based on total NLA and monthly rental income for Sep 2020. Figures may not round to 100% due to misc. items

Tenancy Expiry for Portfolio 2020-2023

- For FY 2020, the total amount of tenancies due for expiry was 156 which represented 598,501 sq. ft. or 29% of Total NLA
- For 3Q 2020, a total of 14 tenancies covering 46,195 sq. ft. were renewed, representing 2.3% of Total NLA

Portfolio Expiry Profile 2020-2023

Period End Sep	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	156	598,501	29%	35%
2021	179	863,651	42%	43%
2022	96	301,380	15%	20%
2023	12	41,339	2%	2%



*Based on total NLA and monthly rental income for Sep 2020. Figures may not round to 100% due to misc. items



Financial Results

- ▶ 3Q20 Gross Revenue down 23.8% from preceding period
- ▶ 3Q20 NPI down 31.6% from preceding period
- ▶ Financing Renewed: 92% of Debt expires in 2024-2025

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Revenue declined by 23.8% in 3Q20

- Net Property Income lower by 31.6%
- Realised Income declined 46.8% vs previous quarter due to Movement Control Order

Income Statement Third Quarter 2020 (unaudited)	3Q20 (RM '000)	3Q19 (RM '000)	Variance (%)
Revenue	26,005	34,137	-23.8%
Property Operating Expenses	-13,077	-15,237	14.2%
Net Property Income (NPI)	12,928	18,900	-31.6%
Interest & Other Income	191	149	28.2%
Trust Expenses	-3,605	-4,052	11.0%
Interest Expense	-4,990	-6,496	23.2%
Realised Income Before Taxation	4,524	8,500	-46.8%
Fair Value Adjustment of Investment Properties	-	3,739	-
Taxation	-	-	-
Net Income Before Tax	4,524	12,239	-63.0%
Net Income per Unit (sen)	0.98	2.65	-63.0%
- realised	0.98	1.84	-46.8%

Please refer to the Quarterly Results Announcement for further details.

For Period 1 January – 30 September 2020 (versus previous comparable period)

- Year-to-date, realised net income has declined 50.9%

Income Statement Year-To-Date (unaudited)	9M20 (RM '000)	9M19 (RM '000)	Variance (%)
Revenue	81,320	102,224	-20.4%
Property Operating Expenses	-40,704	-46,501	12.5%
Net Property Income (NPI)	40,616	55,723	-27.1%
Interest & Other Income	414	600	-31.0%
Trust Expenses	-11,785	-10,496	-12.3%
Interest Expense	-16,146	-19,169	15.8%
Realised Income Before Taxation	13,098	26,658	-50.9%
Fair Value Adjustment of Investment Properties	-	3,739	-
Taxation	-	-	-
Net Income Before Tax	13,098	30,397	-56.9%
Net Income per Unit (sen)	2.83	6.58	-56.9%
- realised	2.83	5.77	-50.9%

Please refer to the Quarterly Results Announcement for further details.

Balance Sheet (Unaudited)	As at 30.9.2020 (RM '000)	As at 31.12.2019 (RM '000)
Non-Current Assets		
Investment Properties	1,236,500	1,236,500
Plant & Equipment	96	113
Capital Work in Progress	7,033	1,158
Fixed Deposit with a licensed bank	1,532	1,527
	<u>1,245,162</u>	<u>1,239,298</u>
Current Assets		
Trade Receivables	18,442	19,995
Other Receivables, Deposits, Prepayments	14,915	6,317
Cash and Bank Balances	27,673	10,467
TOTAL ASSETS	<u>1,306,191</u>	<u>1,276,076</u>
Long Term Liabilities		
Tenancy Deposits	10,181	13,290
Deferred tax liability	28,171	28,171
Bank Borrowings	566,091	548,091
	<u>604,443</u>	<u>589,552</u>
Current Liabilities		
Trade Payables	10,088	9,135
Other Payables and Accruals	41,619	31,336
Tenancy Deposits	21,750	21,621
Bank Borrowings	15,000	15,000
TOTAL LIABILITIES	<u>692,900</u>	<u>666,645</u>
NET ASSET VALUE	613,291	609,432
Unitholders' Capital	492,500	492,500
Retained Earnings - realised	45,547	41,688
Retained Earnings - unrealised	75,244	75,244
TOTAL UNITHOLDERS' FUND	<u>613,291</u>	<u>609,432</u>

Please refer to the Quarterly Results Announcement for further details.

Unit Price Statistics

As at 30 September 2020

No. of Units Outstanding
461,960,178

Net Asset Value Per Unit
RM 1.33

Unit Price
RM 0.585

Market Capitalisation
RM270,246,704

Premium / Discount to NAV
-56%

Hektar granted temporary deferment of interest / profit payment on financing facilities by Maybank from May to October 2020

Debt Summary October 2020

- Facilities: Al-Murabahah, Term Loan (TL), Short-Term Revolving Credit (STRC)
- Financiers: [Maybank, CIMB](#)
- Total Debt: [RM581.1 million](#)
- Cost Structure: [Cost of Funds +1.00%](#)
- Weighted Cost: [3.28%](#)
- Gearing Ratio¹: [44.5%](#)
- Interest Cover²: [1.91](#)

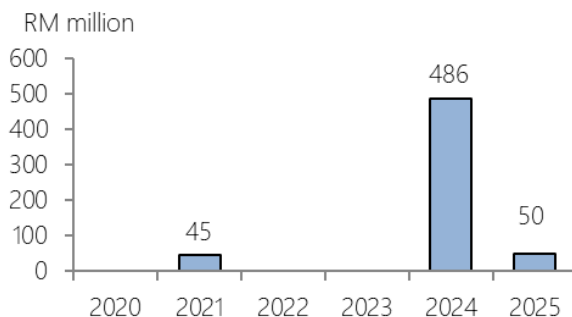
¹ Gearing ratio calculated by financing liabilities over Gross Asset Value (GAV). ² Based on 3 months ended 30 Sep 2020

Facilities

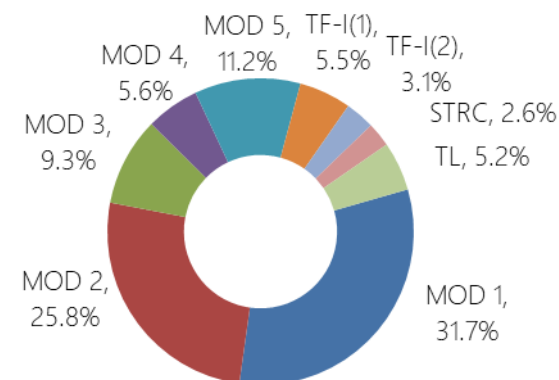
#	Facility	Amount (RM'000)	% Total Debt	Security	Expiry	Cost
1	MOD 1	184,000	31.7%	Subang Parade	Feb-24	3.29%
2	MOD 2	150,000	25.8%	Mahkota Parade	Feb-24	3.18%
3	STRC	15,000	2.6%	Mahkota Parade	Apr-21	3.69%
4	Term Loan	30,000	5.2%	Mahkota Parade	Mar-21	3.28%
5	MOD 3	54,300	9.3%	Wetex Parade	Feb-24	3.23%
6	MOD 4	32,800	5.6%	Wetex Parade	Feb-24	3.23%
7	MOD 5	64,991	11.2%	Kulim Central	Feb-24	3.23%
8	TF-I(1)	32,000	5.5%	Central Square	Jan-25	3.59%
9	TF-I(2)	18,000	3.1%	Central Square	Jun-25	3.61%
Total		581,091	100.0%			3.28%

Expiry Profile 2020-2025

Year	% Debt
2020	0.0%
2021	7.7%
2022	0.0%
2023	0.0%
2024	83.7%
2025	8.6%



Funding Composition



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The image shows an aerial view of a large commercial building complex, likely a shopping mall or office park. The building has a white facade with red accents and is surrounded by a parking lot and a road. In the background, there are several high-rise apartment buildings. A blue banner with the text 'Portfolio Updates' is overlaid on the bottom half of the image.

Portfolio Updates

Village Grocer opened on 16 September 2020



HT Jeans opened on 1st September 2020.



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