



Creating The Places People Love

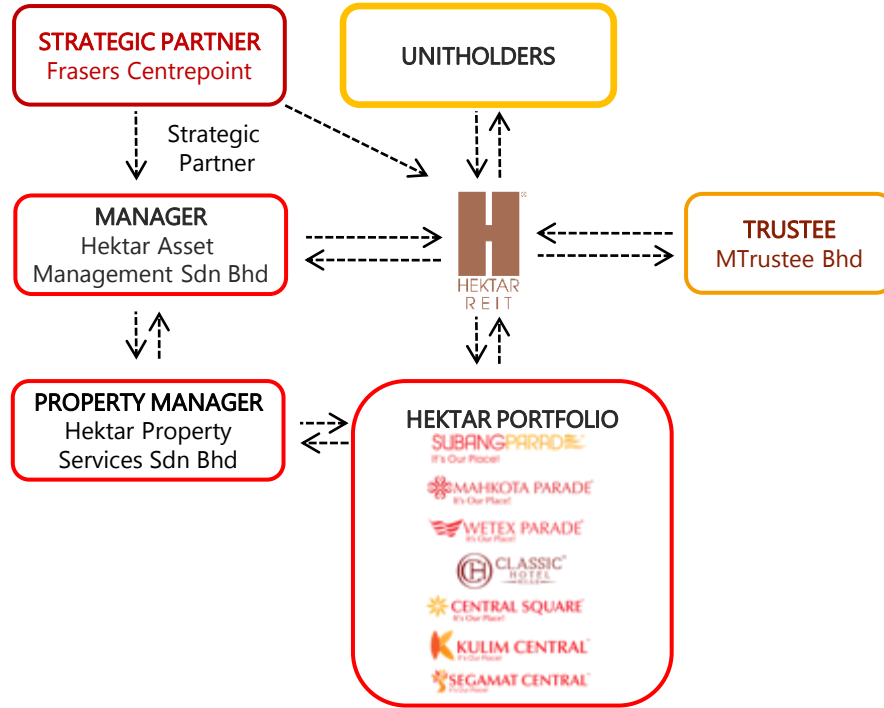


# HEKTAR REAL ESTATE INVESTMENT TRUST

## 3Q 2022 RESULTS PRESENTATION

15 November 2022

## ORGANISATION



## DIVERSIFICATION



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# KEY HIGHLIGHTS 3Q 2022

POSITIVE OUTLOOK WITH IMPROVEMENT IN OVERALL PERFORMANCE & RECOGNITION FOR ENHANCED ESG PRACTICES

## FINANCIAL

- Revenue is higher by **62%**
- NPI up by **77%**.
- Realized Income up by **862%**.
- Annualised dividend yield of **6.79%**.

## OPERATIONAL

- Overall portfolio occupancy rates remain stable (**82.3%**).
- Higher y-o-y 3Q22 tenants' sales (**142%**), footfall (**269%**) & vehicle count (**152%**) as shoppers return to Hektar malls.

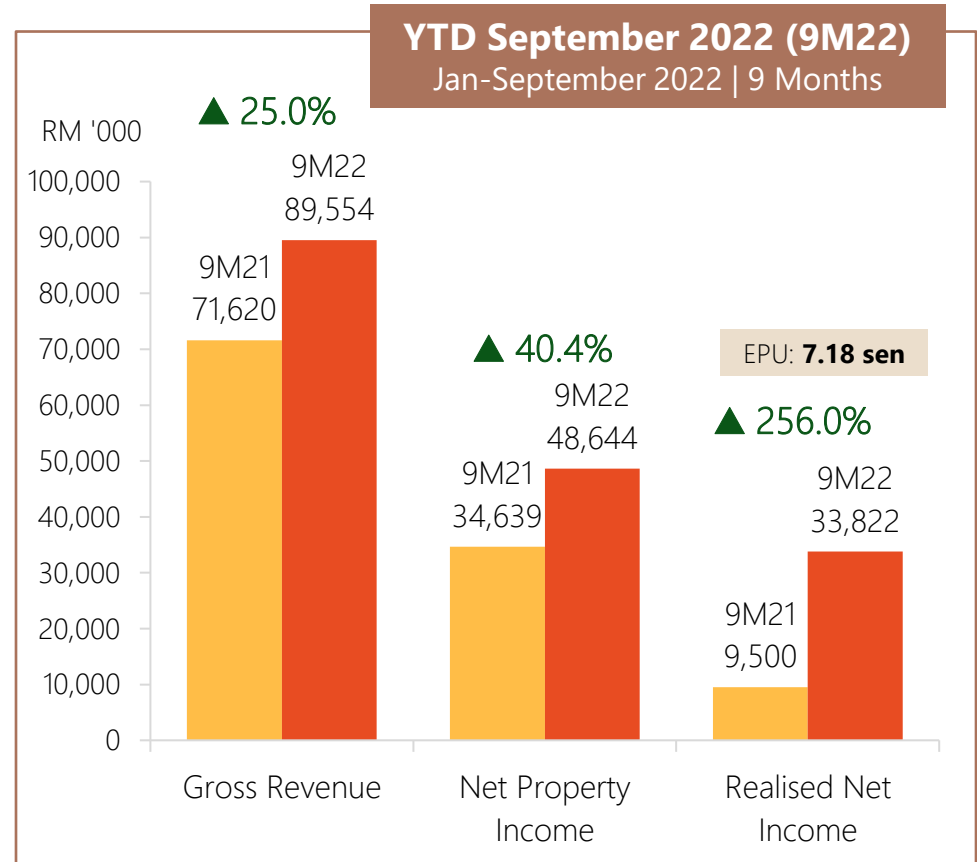
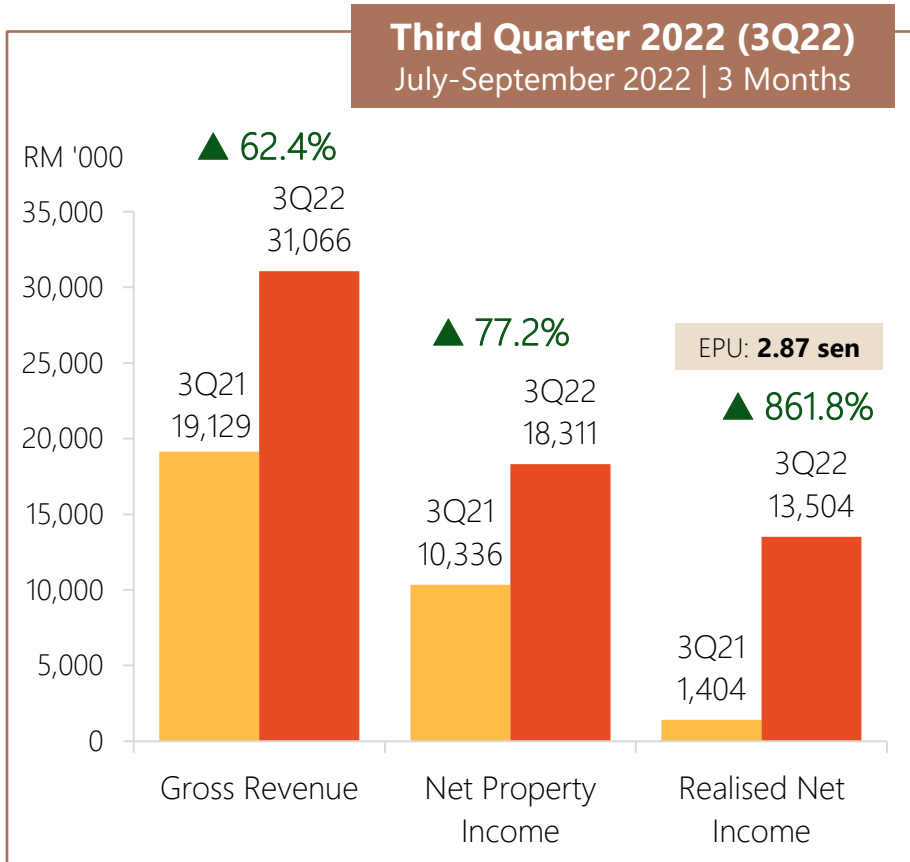
## ESG

- Upgraded **ESG 4-star rating** by FTSE Russell on the **FTSE4Good Bursa Malaysia Index (F4GBMI)** in the latest June 2022 evaluation.
- Recognized for our community engagement via the **"Company of the Year Award for Stakeholder & Community Engagement Initiatives"** at the Sustainability & CSR Malaysia Awards 2022 in June 2022.

# Financial Performance



Subang Parade, Subang, Selangor



DPU

9M 2022

**2.70 sen**

Annualised DPU Yield<sup>1</sup>

**6.79%**

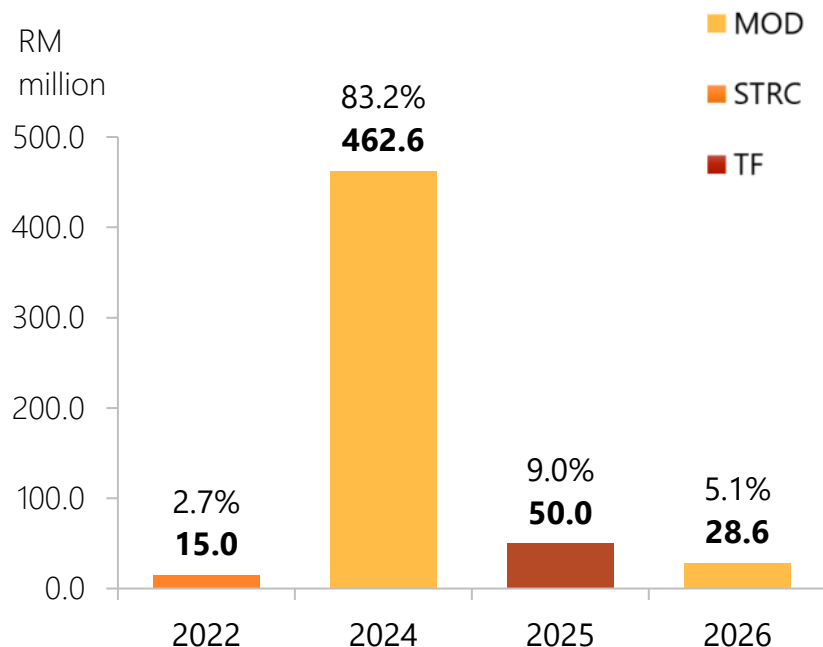
9M 2022 DPU of 2.70 sen surpassed full-year DPU of 2.53 sen in FY2021

<sup>1</sup>Based on Annualised DPU over closing price as of 30 September 2022 of RM0.530



## EXPIRY PROFILE

2022-2026



We are actively strengthening the REIT's financial position through continued prudent and proactive capital management via:

- i. Improve REIT's overall gearing ratio through debt reduction programme
- ii. Create competitive funding platform such as MTN Programme to meet its expansion & acquisition of new portfolio assets
- iii. Explore borrowings options to improve rates, longer tenure with staggered maturity dates

## DEBT SUMMARY

September 2022

Total Debt

**RM556.2 million**

[FY2021: RM581.1 million]

Effective Cost

**3.49%**

[FY2021: 3.27%]

Gearing Ratio<sup>1</sup>

**46.4%**

[FY2021: 47.2%]

Interest Cover<sup>2</sup>

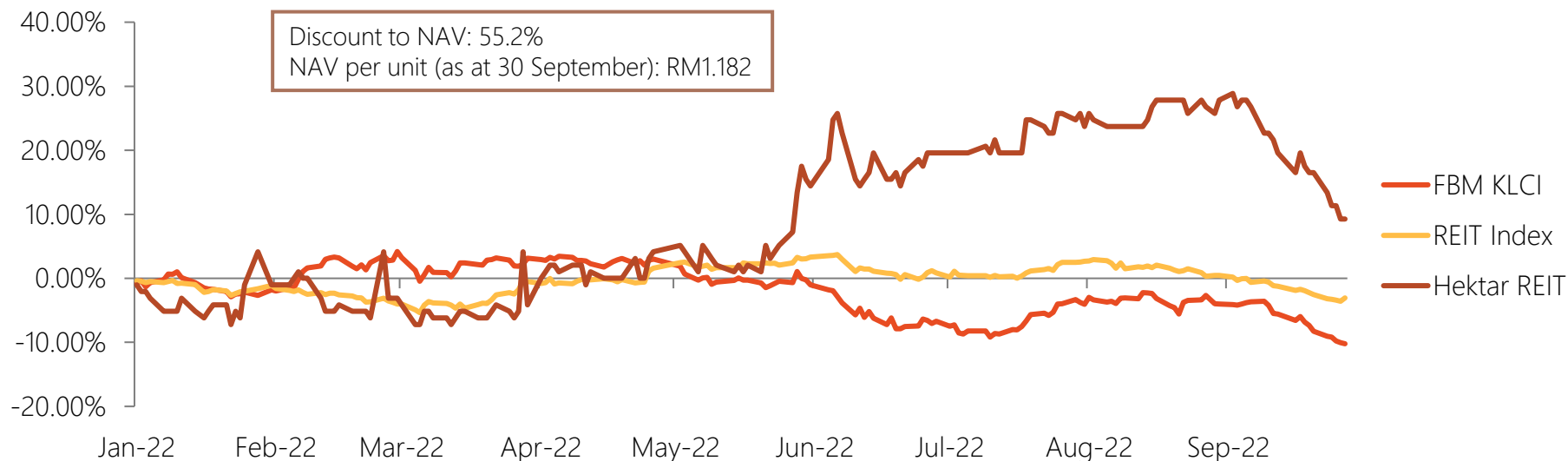
**3.36 times**

[FY2021: 1.68 times]

<sup>1</sup> Gearing ratio calculated by financing liabilities over Gross Asset Value (GAV).

<sup>2</sup> Based on 9 months ended 30 September 2022.

# Comparative 9-Months Price Performance Trend



## PERFORMANCE STATISTICS

Opening Unit Price (3 Jan 2022)	: RM0.485
Closing Unit Price (30 Sep 2022)	: RM0.530
Highest Price	: RM0.63
Lowest Price	: RM0.44
<b>Unit Price Change<sup>1</sup></b>	<b>: 9.28%</b>
<b>REIT Index Price Change</b>	<b>: (3.05%)</b>
<b>FBM KLCI Price Change</b>	<b>: (10.23%)</b>

## TOTAL RETURN

Unit Price Change <sup>1</sup>	: 9.28%
9M 2022 DPU (sen)	: 2.70
Annualised DPU Yield <sup>2</sup>	: 6.79%
<b>Total Return<sup>3</sup></b>	<b>: 14.85%</b>

<sup>1</sup>Based on difference between opening and closing market prices of the respective period.

<sup>2</sup>Based on Annualised DPU over closing price as of 30 September 2022 of RM0.530.

<sup>3</sup>Based on DPU and unit price change over opening market price for the respective period.



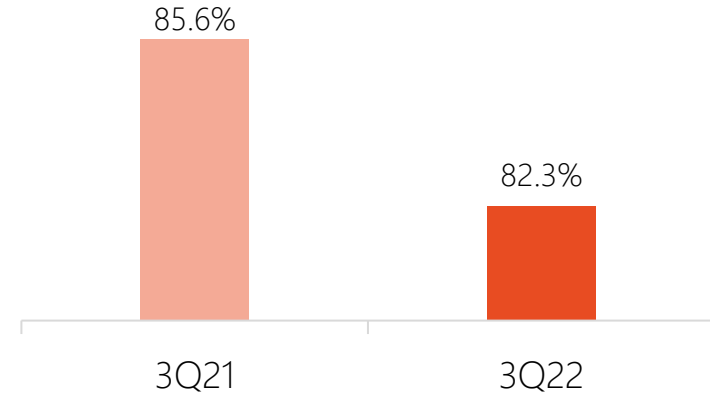
# Portfolio Updates



## OCCUPANCY RATE

- Occupancy rate maintained at **above 80%** as at September 2022.
- Occupancy rate is expected to recover in tandem with the growth in economy and ongoing strategies such as tenant remixing.

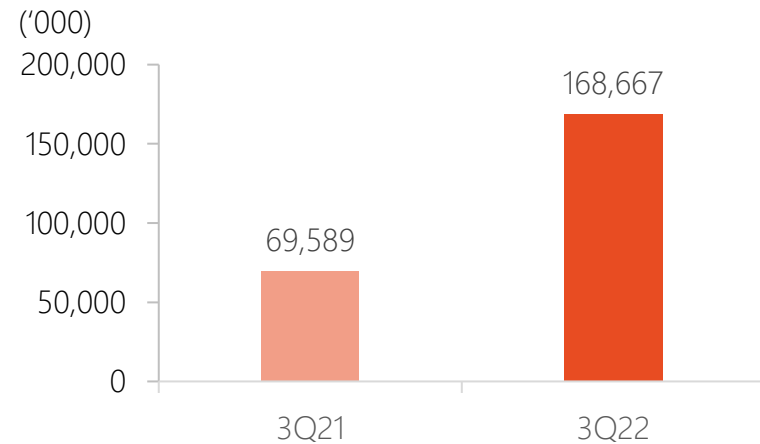
**82.3%** in 3Q 2022



## TENANT SALES

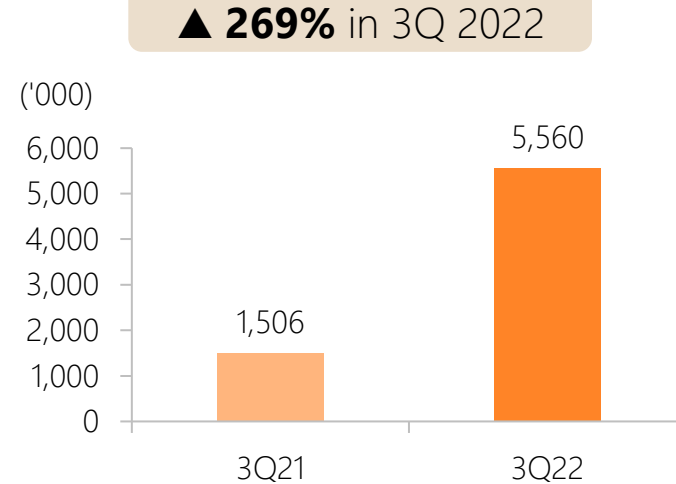
- Improved Sales y-o-y, 3Q: **142% ▲** [9M: 50% ▲].
- Tenant sales have recovered to **89%** to pre-pandemic levels on the back of visitor footfall returning to our shopping malls.

**▲ 142%** in 3Q 2022



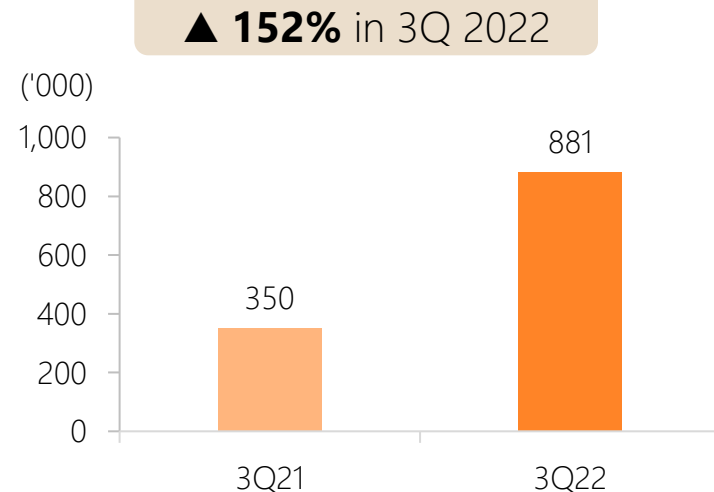
## FOOTFALL

- Higher footfall y-o-y of **269% ▲**
- Gradual improvement in footfall i.e. 69% in 3Q 2022 towards pre-pandemic levels.
- To enhance mall activities to attract more visitor footfall moving forward.



## VEHICLE COUNT

Higher vehicle count y-o-y of **152%▲** Gradual progression in malls' vehicle count i.e. 61% in 3Q 2022 towards pre-pandemic level.

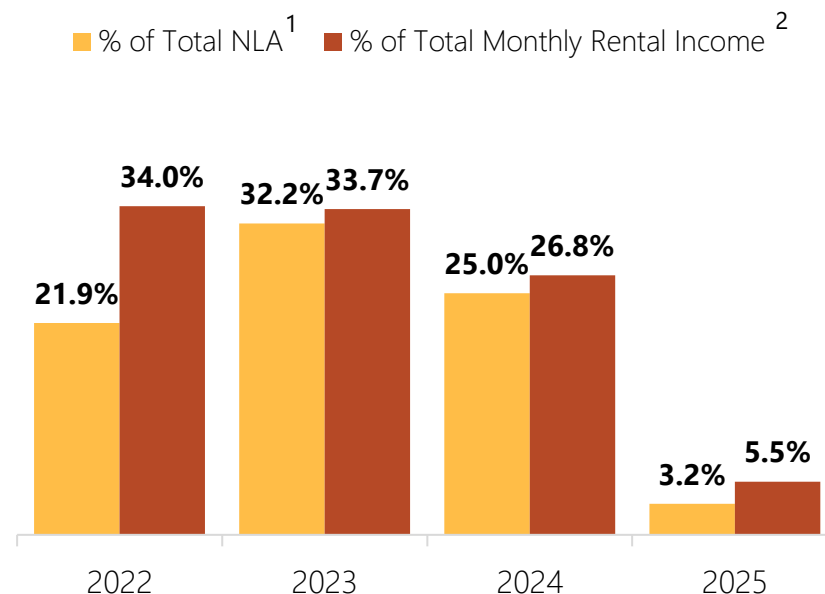


# Tenancies expiry well distributed

- 447,373 sq. ft. or about **22%** of total NLA expiring in 2022.
- Overall, a total of 120 tenancies covering 282,648 sq. ft. have been renewed as of 30 September 2022, representing **13.8%** of total NLA.
- A remaining of 8.1% of total NLA to be renewed for the year 2022.

## PORTFOLIO TENANCY EXPIRY PROFILE 2022-2025

Period End September	Number of Tenancies Expiring	Expiring NLA (Sq. Ft.)
2022	178	447,373
2023	86	657,417
2024	77	510,641
2025	28	66,026
<b>Total</b>	<b>369</b>	<b>1,681,457</b>

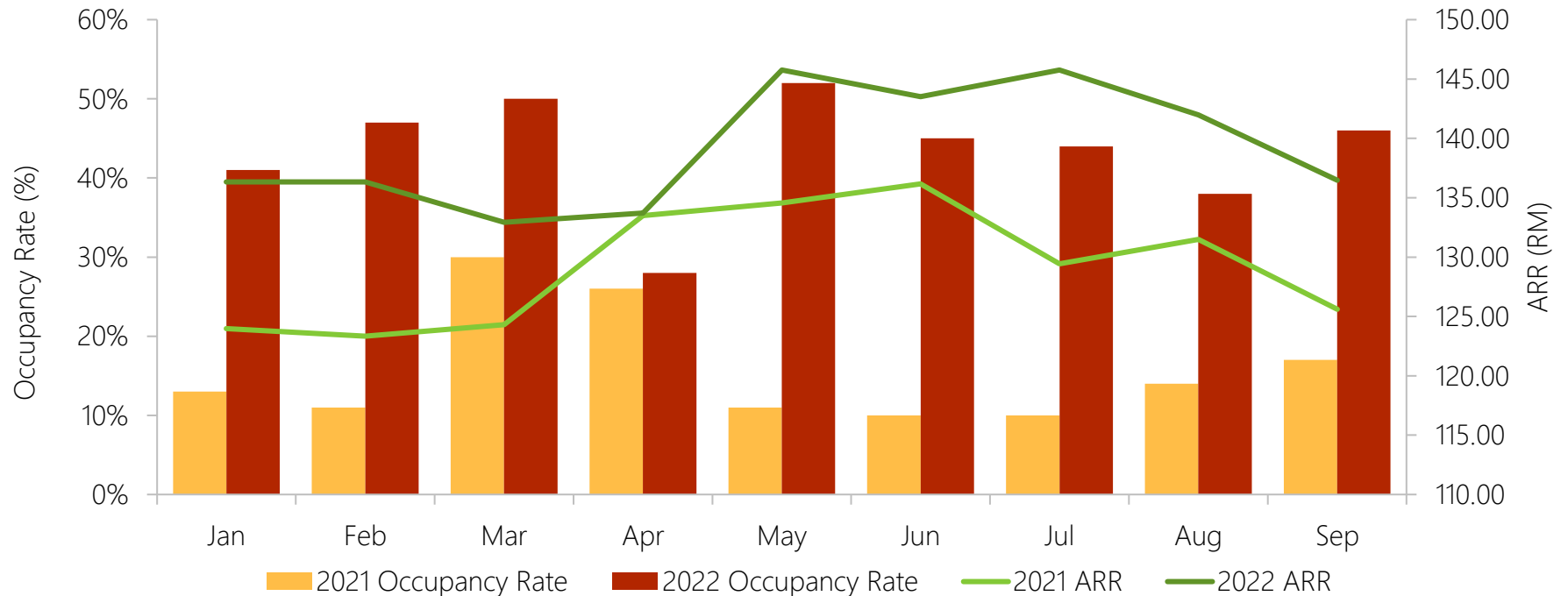


<sup>1</sup> Based on the total Net Lettable Area (NLA) of 2,043,536 sq. ft. as at 30 September 2022.

<sup>2</sup> Based on monthly rental income for September 2022. Figures may not round to 100% due to misc. items.

# Classic Hotel: Significant Improvements in Overall Occupancy & Average Room Rate (ARR)

- Overall Occupancy Rate in September 2022 increased to **46%** from 17% in 2021.
- ARR increased by about **9%** to RM136.47 from RM125.61.



# Refreshed retail offerings at Hektar Malls



Lazo Diamond, Wetex Parade



Big Apple, Wetex Parade



Kenny Rogers, Kulim Central



Tealive, Central Square



Wonderlab, Mahkota Parade



Zone Mobility, Kulim Central



CHK, Segamat Central



McDonalds, Central Square



Samsung, Kulim Central



Honor, Segamat Central



Felancy, Mahkota Parade



Vivo, Mahkota Parade



Pierre Cardin, Mahkota Parade

# Marketing campaigns and initiatives



Malaysia Day, Kulim Central



Merdeka Fashion Show, Subang Parade



Ethnic Dance Competition, Segamat Central



Abang Long Fadil 3 Meet & Greet, Mahkota Parade



Art Exhibition by Pei Hwa High School, Wetex Parade



Kejohanan Karate-Do, Central Square

# Sustainability



Walk & Clean @ Gunung Jerai, Kedah



# Sustainability Initiatives by some of our Tenants



Village Grocer: Zero Waste Refill Station



Watsons: Bring Your Own Bag (BYOB)



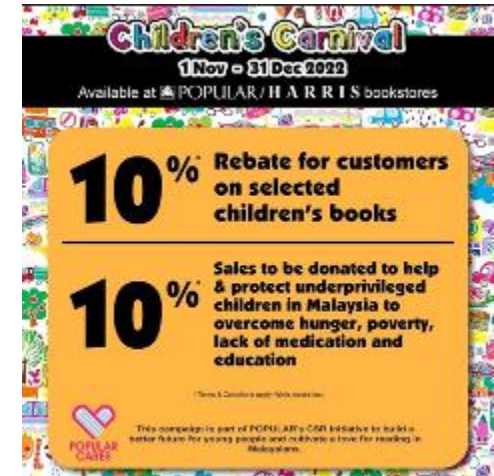
Body Shop: Refill Scheme to save plastic



Coffee Bean & Tea Leaf: #SaveOurOceans with biodegradable, edible, and 100% turtle-friendly rice straw



Guardian: Go Green with eco-friendly bags



Popular Bookstore: 10% sales donated to underprivileged children in Malaysia



## Malaysia Day CSR Program 'Walk & Clean'

In conjunction with Malaysia Day, 17 staffs from Central Square were involved in a walking activity at Gunung Jerai and the repainting of the recreation area at the Geotapak Telaga Tok Sheikh of Gunung Jerai.



## Breast Cancer Awareness Talk

Doctors from Pusat Rawatan Onkologi Yayasan Tunku Laksamana (PROY) gave a talk on Breast and Colon Cancer to raise awareness among Wetex Parade shoppers. Wetex Parade successfully donated an Oxygen Concentrator Machine (RM3,800) and 20 sets of goody bags for cancer patients under the Muar Cancer Support Association (CASA Muar).



## Staff Gotong Royong at Subang Parade

To improve and maintain the mall's cleanliness practices, 25 staffs from Subang Parade worked together in a gotong-royong activity within the mall compound followed by a Zumba workout to promote employee health and well-being.

ENERGY MANAGEMENT	2019 <sup>2</sup>	YTD 2022
Indirect Energy Consumption, MWh	43,375	28,793
Building Energy Intensity (BEI)	9.46	6.19
WATER MANAGEMENT		
Water Usage, m <sup>3</sup>	701,190	477,662
Water Use Intensity (WUI)	0.153	0.103
WASTE MANAGEMENT		
Waste Disposal (tonnes)	1,741	1,644

## CLIMATE CHANGE MANAGEMENT

Scope	CO <sub>2</sub> e <sup>1</sup> Emitted	CO <sub>2</sub> e Avoided
Scope 1	Direct emissions from stationary combustion of diesel used for generators.	To be identified
Scope 2	Indirect emissions from purchase electricity using the location-based and market-based methods.	Energy savings
Scope 3	Indirect emissions from our employees' fuel consumption for the purpose of their work commute.	To be identified

<sup>1</sup> According to the U.S. Environmental Protection Agency (US EPA), carbon dioxide equivalent or CO<sub>2</sub>e means the number of metric tons of CO<sub>2</sub> emissions with the same global warming potential (GWP) as one metric ton of another greenhouse gas, and is calculated using Equation A-1 in 40 CFR Part 98 (a common unit of measurement).

<sup>2</sup> Baseline 2019 (Pre-pandemic)

## CARBON FOOTPRINT YTD 2022

CO <sub>2</sub> e <sup>1</sup> Emissions (tonnes)	
Scope 1	1
Scope 2	16,844
Scope 3	200
<b>All Scopes</b>	<b>17,045</b>

**Emissions Intensity (kg/sq.ft.) 3.62**

# Key Takeaways



Wetex Parade, Muar, Johor

## SUMMARY

- 3Q22 Revenue & NPI increased by **62.4%** and **77.2%** y-o-y respectively.
- 3Q22 Realised Net Income higher by **861.8%**.
- 2.70 sen dividend distribution for 9M 2022, translating to annualised dividend yield of **6.79%**.
- Higher y-o-y 3Q22 tenants' sales (**142%**), footfall (**269%**) & vehicle count (**152%**) as shoppers return to Hektar malls.
- Continued effort to improve gearing ratio. Reduced to **46.4%** as at 30 September 2022
- Upgraded **ESG 4-star rating** by FTSE Russell on the **FTSE4Good Bursa Malaysia Index (F4GBMI)** in the latest June 2022 evaluation.
- Recognized for our community engagement via the **"Company of the Year Award for Stakeholder & Community Engagement Initiatives"** at the Sustainability & CSR Malaysia Awards 2022.

## MOVING FORWARD

### Asset Enhancement

Adopting prudent financial management, cost optimization initiatives, and enhancing our asset relevancy & efficiencies to ensure sustainability

### Proactive Capital Management

- Enhance our liquidity via Income Distribution Reinvestment Plan, Placement/Corporate exercise
- Improve the REIT's overall gearing ratio
- Create competitive funding platforms (such as an MTN Programme etc)
- Refinance existing borrowings into longer tenure

### Strategic Acquisition

- Continue to develop pipeline for asset injections
- Pursue 'smart' partnerships or joint-ventures
- Undertake acquisition of yield accretive assets if the opportunity arises

### Enhancing ESG

- Enhancing our ESG Roadmap including establishment of long-term targets.
- Embarking on renewable energy initiatives such as the installation of Solar Photovoltaic (PV) panels across our malls.

Creating The Places People Love



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