



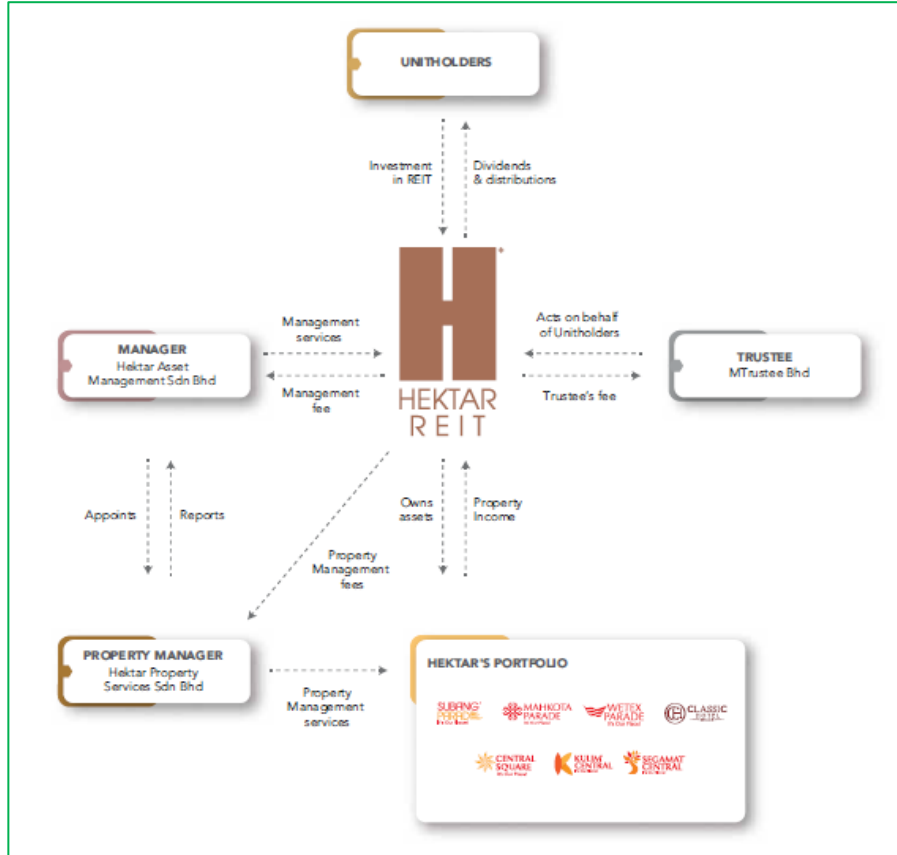
Creating The Places People Love



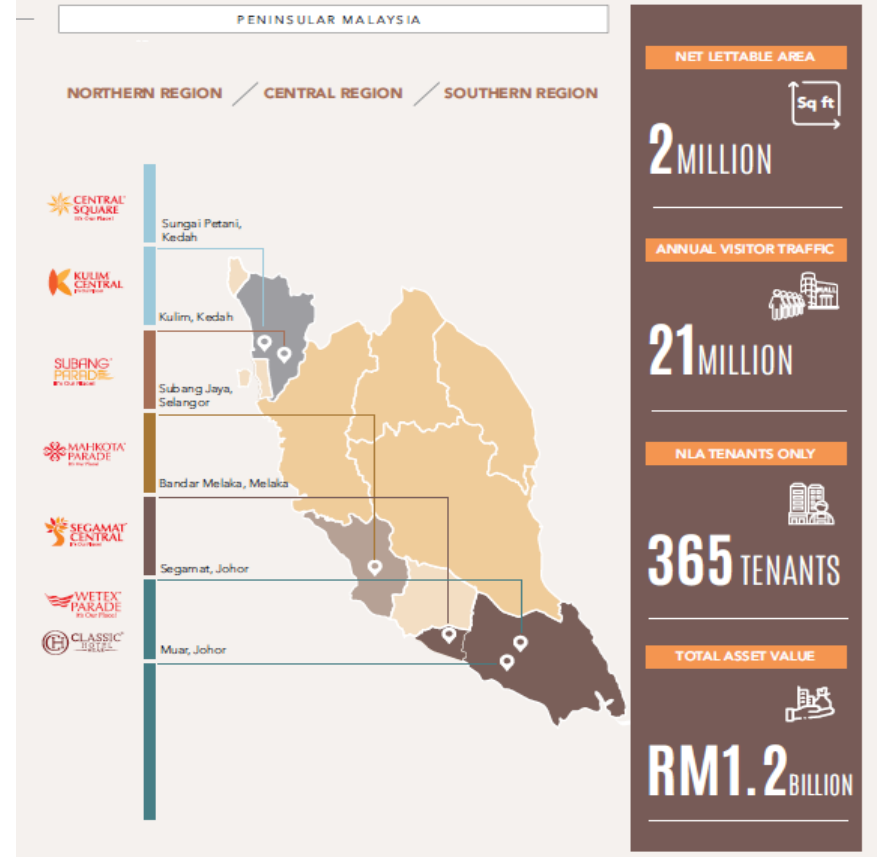
HEKTAR REAL ESTATE INVESTMENT TRUST

4Q 2022 RESULTS PRESENTATION

ORGANISATION



PORTFOLIO



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KEY HIGHLIGHTS FY2022

IMPROVED OVERALL PERFORMANCE & RECOGNITION FOR ENHANCED ESG PRACTICES

FINANCIAL

- Revenue higher by **21.6%**
- NPI higher by **24.8%**
- Realised Net Income higher by **186.6%**
- Dividend yield of **11.4%**
- Total 1-year return of **60.8%**
- Improved gearing ratio of **44.6%**
- Increase in portfolio valuation of **RM41.6 million (3.6%)**

OPERATIONAL

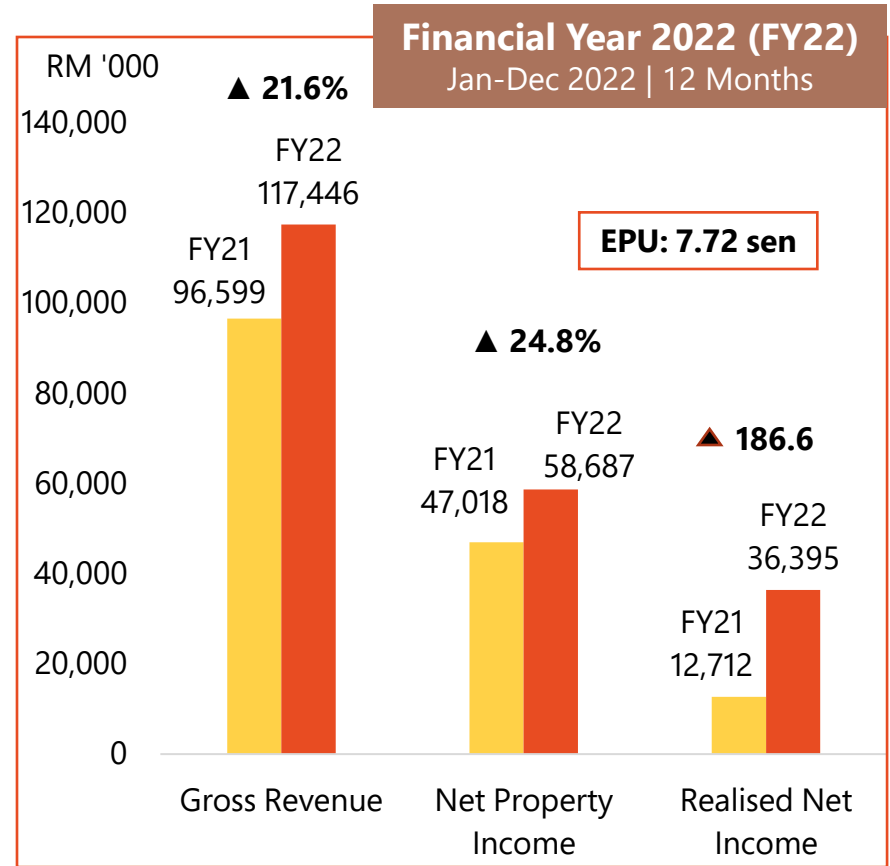
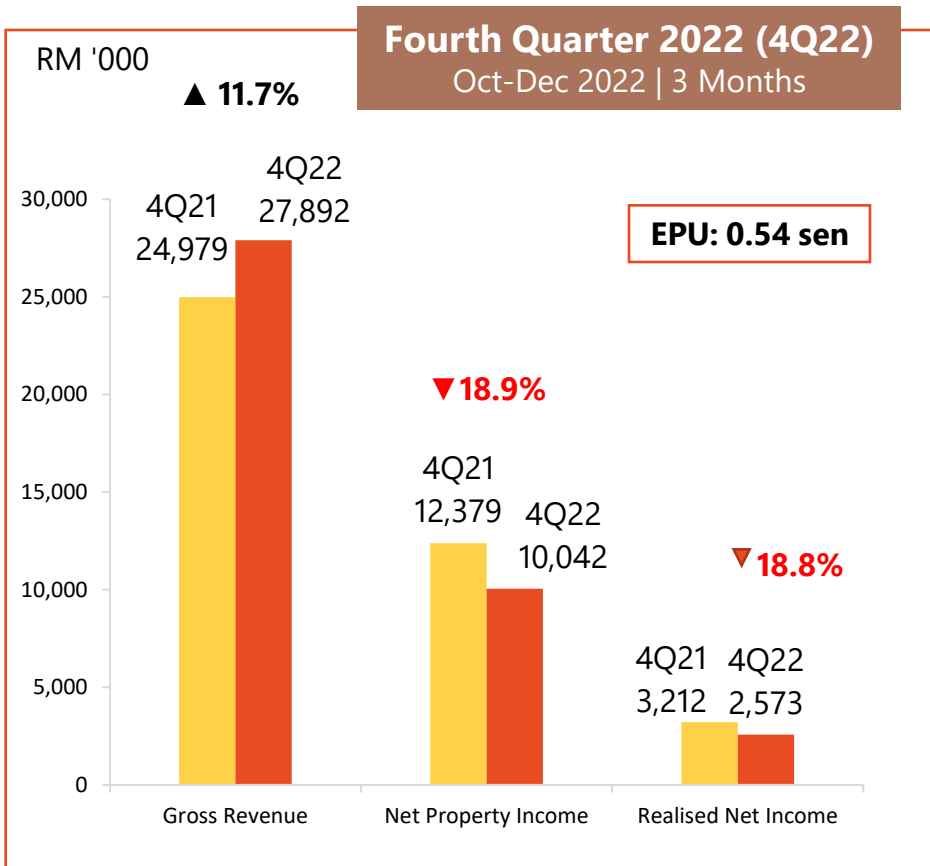
- Portfolio occupancy rates remained stable at **82.0%**.
- Visitor Footfall increased by **60.0%**.
- Tenant sales have inched back to pre-pandemic level.

ESG

- Upgraded **ESG 4-star rating** by FTSE Russell on the **FTSE4Good Bursa Malaysia Index (F4GBMI)**.
- Received **Company of the Year** for Stakeholder and Community Engagement at Sustainability & CSR Malaysia Awards 2022
- Received **2 silver awards at The Edge Malaysia ESG Awards 2022:**
 - Most Improved Performance Award Over Three Years (for Market Cap below RM300M)
 - Property & REIT Sector Award

Financial Performance





FY2022 **DPU 8.00 sen**

DPU Yield¹ 11.4%

FY 2022 DPU of 8.00 sen surpassed FY 2021 DPU of 2.53 sen

¹Based on DPU over closing price as of 31 December 2022 of RM0.70

Hektar REIT offers 11.4% dividend yield for FY2022

DISTRIBUTION DETAILS

WITH DIVIDEND RE-INVESTMENT PLAN

Fourth Quarter 2022

Quarterly DPU:	5.30 sen
Notice of Entitlement:	10 January 2023
Ex-Dividend Date:	25 January 2023
Book Closure Date:	26 January 2023
Payment Date:	24 February 2023

Dividend Per Unit FY22

Total FY 2022 DPU : 8.00 sen
DPU Yield* : 11.4%

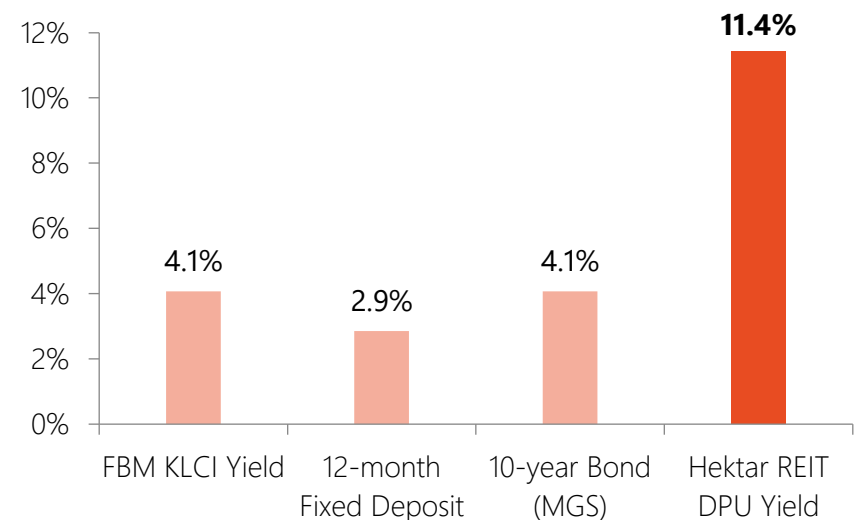
*Based on DPU of 8.00 sen on closing price of RM0.70 on 31 December 2022

DIVIDEND TRACK RECORD

2007-2022



COMPARATIVE YIELDS



Source: FTSE Russell, Maybank, Bank Negara (2022)

Note: The performance of Hektar REIT was significantly affected by the unprecedented COVID-19 pandemic which caused massive disruption to the retail sector in 2020 and 2021.

Balance Sheet Highlights (as of 31 December 2022)



Investment Properties

RM1,206.1 mil

RM1,164.5 mil as of 31 Dec 2021



Trade & other payables

RM28.8 mil

RM44.8 mil as of 31 Dec 2021



Cash & Bank

RM23.2 mil

RM59.1 mil as of 31 Dec 2021



Tenancy Deposits

RM29.1 mil

RM31.9 mil as of 31 Dec 2021



Trade Receivables

RM4.5 mil

RM2.7 mil as of 31 Dec 2021



Total Borrowings

RM551.4 mil

RM581.1 mil as of 31 Dec 2021



Total Unitholders Fund

RM597.9 mil

RM547.9 mil as of 31 Dec 2021



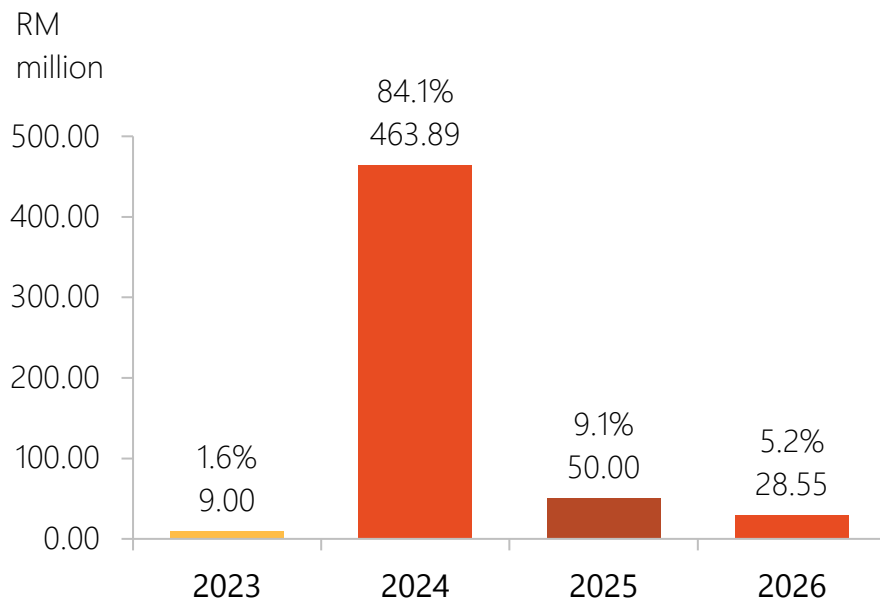
NAV Per Unit

RM1.269

RM1.162 as of 31 Dec 2021

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

December 2022

Total Debt

RM551.4 million
[FY2021: RM581.1 million]

Effective Cost

3.67%
[FY2021: 3.27%]

Gearing Ratio¹

44.6%
[FY2021: 47.2%]

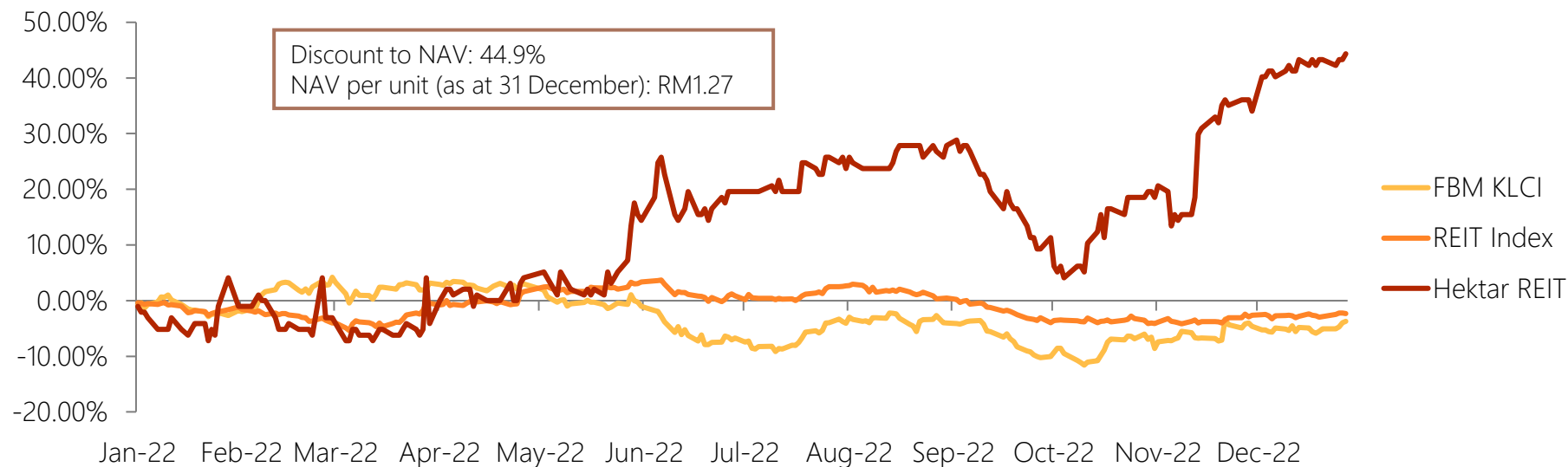
Interest Cover²

2.80 times
[FY2021: 1.68 times]

¹ Gearing ratio calculated by financing liabilities over Gross Asset Value (GAV).

² Based on financial year ended 31 December 2022.

Comparative Price Performance Trend



PERFORMANCE STATISTICS

Opening Unit Price (3 Jan 2022)	: RM0.485
Closing Unit Price (31 Dec 2022)	: RM0.700
Highest Price	: RM0.700
Lowest Price	: RM0.440
Unit Price Change¹	: 44.3%
REIT Index Price Change	: (2.3%)
FBM KLCI Price Change	: (3.7%)

TOTAL RETURN

Unit Price Change ¹	: 44.3%
FY2022 DPU (sen)	: 8.00
DPU Yield ²	: 11.4%
Total Return³	: 60.8%

¹Based on difference between opening and closing market prices of the respective period.

²Based on DPU over closing price as of 31 December 2022 of RM0.70.

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

Private Placement

Involve issuance of new type/class of securities?	No
Types of corporate proposal	Private Proposal
Details of corporate proposal	Private placement of up to 23,098,000 new units in Hektar REIT, representing up to 5% of its total issued units ("Private Placement")
No. of shares issued under this corporate proposal	9,300,000 units
Amount raised	RM 4.23 million

Bursa Securities has granted the extension of time of 6 months up to 23 November 2022 for REIT to complete the implementation of the Private Placement. The mandate was not further extended and has expired.

CORPORATE DEVELOPMENT UPDATE

Income Distribution Reinvestment Plan (“IDRP”)

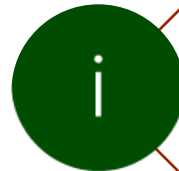
Overview

The IDRP will provide Unitholders with an opportunity to reinvest in whole or in part, their Income Distribution in new Units, in lieu of receiving cash.

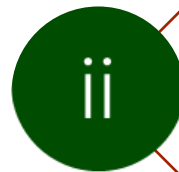
In relation to any future Income Distribution declared, the Board may determine whether to pay such Income Distribution in cash or to offer Unitholders the Reinvestment Option and in the event the Reinvestment Option is applied, to declare the size of the Electable Portion.

Election

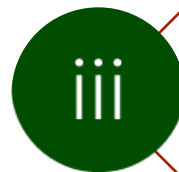
Unitholders will have the following options in respect of the Reinvestment Option under the Proposed IDRP



to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date;



to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date, and to receive the balance of the Electable Portion and Non-Electable Portion in cash; or



to elect not to participate in the Reinvestment Option and thereby receive their entire Income Distribution (both Electable Portion and Non-Electable Portion) in cash.

CORPORATE DEVELOPMENT UPDATE

Income Distribution Reinvestment Plan (“IDRP”)

Rationale and justifications

Provides an **opportunity for Unitholders** to exercise the Electable Portion into new Units at a discount to the market price in lieu of receiving cash

Provides the **Manager with flexibility** in managing and strengthening its capital position

Potentially **improve the liquidity** of Units through the enlarged unit capital base

Utilisation of Proceeds

The cash reinvested will be utilised to **partially pare down our debt** and also for **future working capital requirements** of Hektar REIT's existing portfolio of properties.

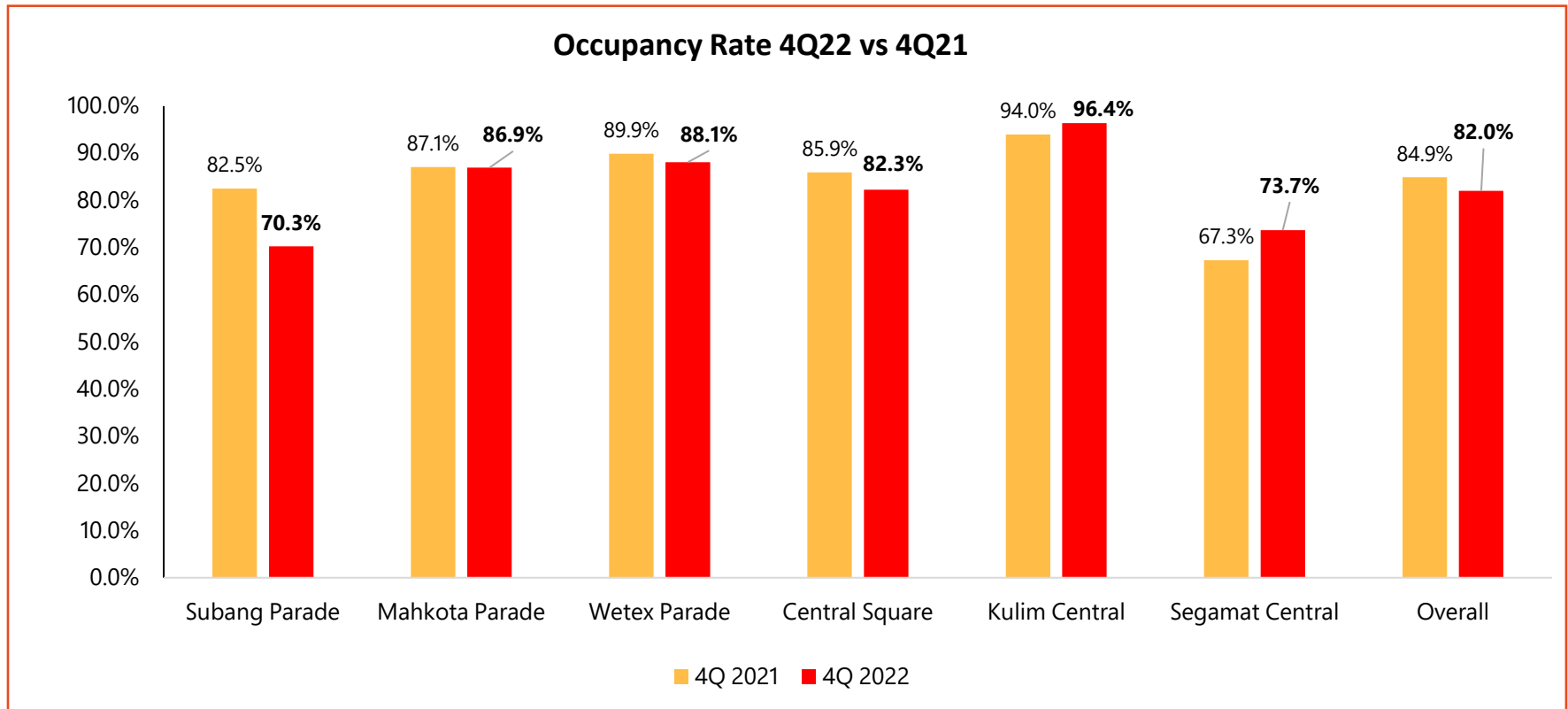
- The Board of Directors has determined the IDRP shall apply to the entire 2022 Final Income Distribution, of 5.3 sen (gross) per unit where the gross electable portion will be the entire 5.3 sen per unit (bound by the respective withholding tax rates) (“Electable Portion”).
- Accordingly, under the IDRP, unitholders would have the option to elect to invest, in whole or in part, the 2022 Final Income Distribution in new units instead of receiving them in cash. If a unitholder elects not to participate in the IDRP, then the Electable Portion will be paid wholly in cash.
- The issue price of the new units to be issued pursuant to the 1st IDRP has been fixed at **RM0.65** per new unit, after deducting for the 2022 Income Distribution and thereafter applying a discount of approximately 9.97%. Hektar REIT will issue new Units to Participating Unitholders who elect to exercise the reinvestment option under the IDRP. The new units arising from the Proposed IDRP are expected to be listed on the Main Market of Bursa Securities on **27 February 2023**.

Portfolio Updates



Portfolio Occupancy

- Hektar REIT's overall portfolio occupancy remained stable at **82.0%** at end FY2022.
- Committed/Signed occupancy rate as at 15 February 2023: **83.5%**
- As of end December 2022, Kulim Central achieved occupancy rate of **96.4%** while Mahkota Parade, Wetex Parade, Central Square maintained occupancy rates at above **80%** except Subang Parade & Segamat Central.
- Management remains steadfast on rejuvenating Subang Parade with focus on introducing niche retail offerings and services to complement current offerings.



4Q2022 Rental Reversions at -6.9%

- **58 new/renewed tenancies** consisting of **9%** of total NLA for the quarter ended 31 December 2022.
- 9 new tenancies were secured during the quarter with new tenants such as Anta Sports at Mahkota Parade, Myeongdong Topokki at Kulim Central and Ayam Penyet Best at Subang Parade.

PORTFOLIO RENTAL REVERSIONS

4Q 2022

Fourth Quarter Ended 31 December 2022

	Number of New Tenancies/ Renewals	NLA (Sq. Ft.)	Percentage of Total NLA	Percentage Change Over Previous Rent Rates
(3 months)				
Subang Parade	14	36,281	6.9%	5.3%
Mahkota Parade	17	90,023	17.3%	-20.5%
Wetex Parade	4	1,640	0.9%	-1.9%
Central Square	2	2,067	0.7%	4.0%
Kulim Central	12	23,589	7.9%	19.0%
Segamat Central	9	30,109	14.2%	-12.3%
Total/Average*	58	183,709	9.0%	-6.9%

* Average Weighted by NLA

FY2022 Rental Reversions at -11.0%

- Overall, a total of **178** tenancies covering 466,357 sq. ft. have been renewed as of 31 December 2022, representing 22.8% of total NLA.
- The overall portfolio rental reversion rate for the FY 2022 was a negative 11%, reflecting our strategy in balancing rental reversions and occupancy levels to ensure portfolio stability.

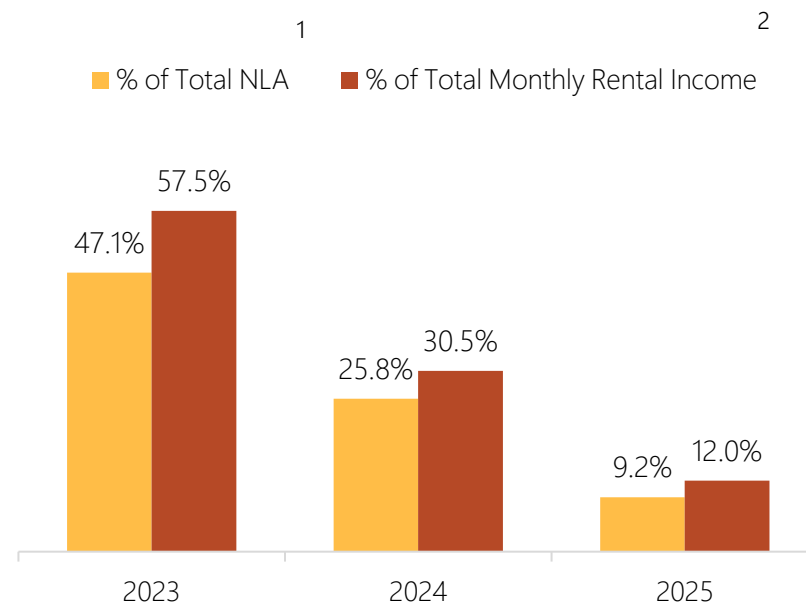
PORTFOLIO RENTAL REVERSIONS

FY 2022

Financial Year Ended 31 December 2022	Number of New Tenancies/ Renewals	NLA (Sq. Ft.)	Percentage of Total NLA	Percentage Change Over Previous Rent Rates
(12 months)				
Subang Parade	33	69,390	13.2%	-4.9%
Mahkota Parade	55	174,979	33.6%	-13.5%
Wetex Parade	26	23,185	13.3%	-7.9%
Central Square	12	44,556	14.3%	-4.2%
Kulim Central	21	35,378	11.8%	22.0%
Segamat Central	31	118,869	56.1%	-35.0%
Overall	178	466,357	22.8%	-11.0%

- For FY2022, majority of the tenancies expiring in the year have been renewed with only 6.9% remaining under negotiation which will be carried forward to 2023.
- A total of 213 tenancies will expire in 2023 representing approximately 47.1% of NLA and 57.5% of monthly rental income as at 31 December. This includes the holdovers from previous year which is still under negotiation.
- Nevertheless, our tenancy expiry profile represents low risk. Our team has successfully reduced the amount of holdover tenancies that were unresolved during the peak of Covid-19 pandemic.

PORTFOLIO TENANCY EXPIRY PROFILE 2023-2025		
Period End December	Number of Tenancies Expiring	Expiring NLA (Sq. Ft.)
2023	213	962,565
2024	94	528,121
2025	58	187,202
Total	365	1,677,887



¹Based on the total Net Lettable Area (NLA) of 2,045,196 sq. ft. as at 31 December 2022.

²Based on monthly rental income for December 2022. Figures may not round to 100% due to misc. items.

Top 10 Tenants contributed 39.9% of the total monthly rental income

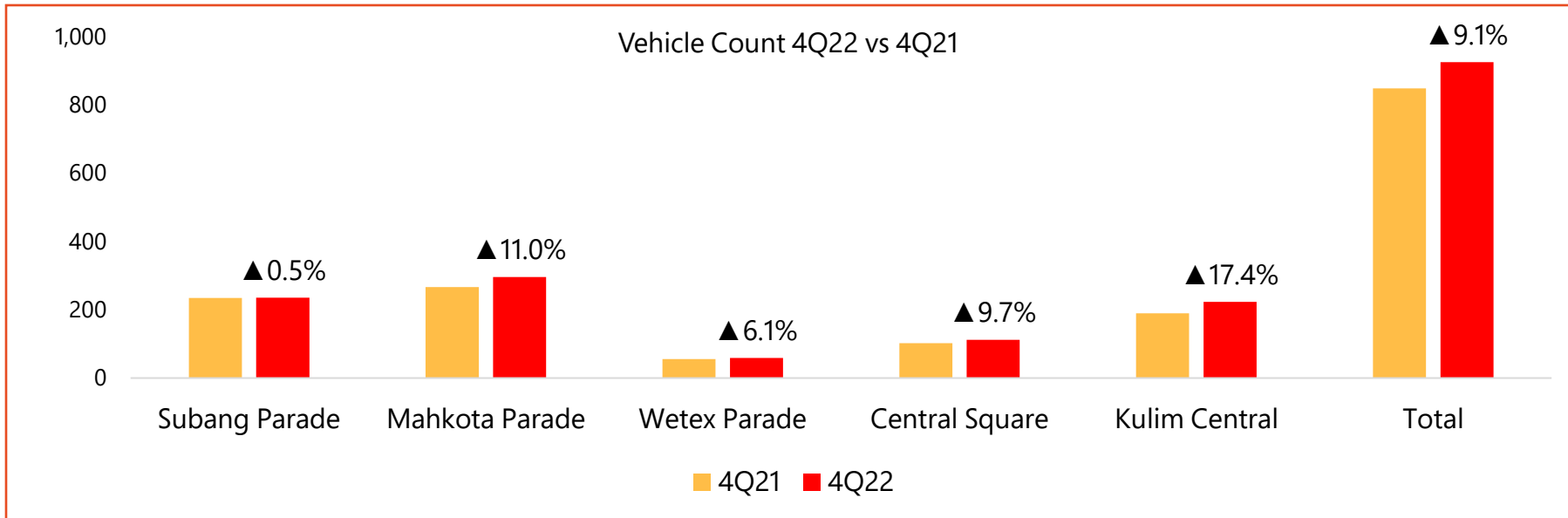
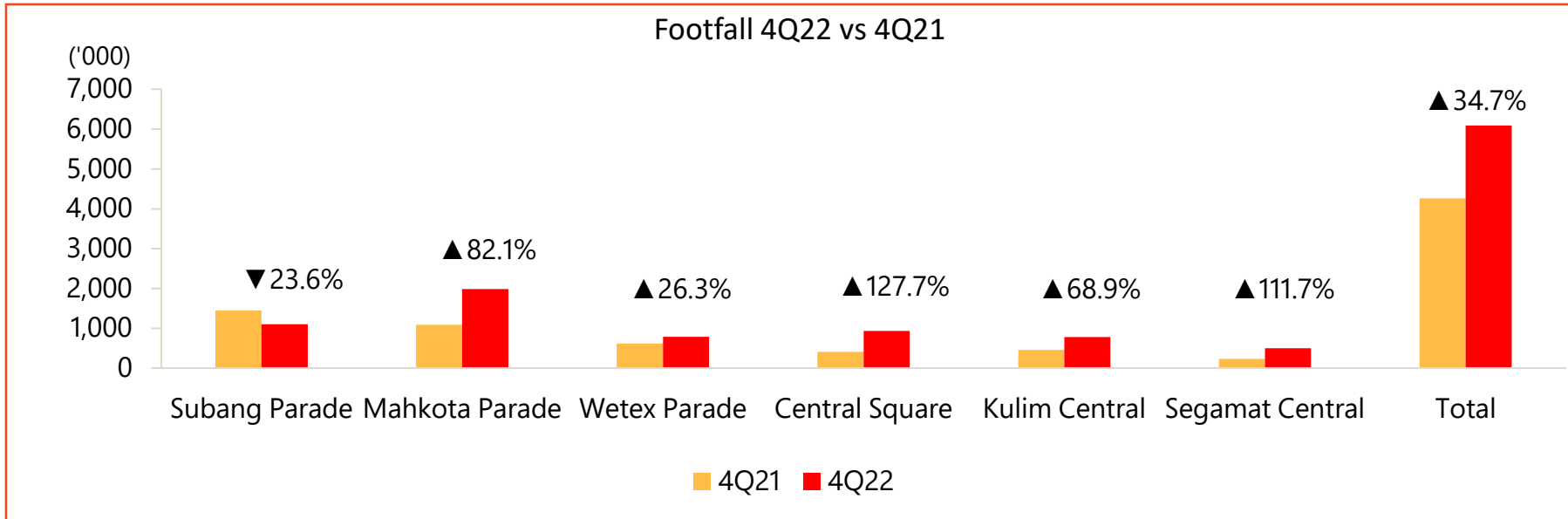
- Top 2 anchors: Parkson and The Store contributes 13.0% and 9.2%, respectively.
- Parkson's tenancies at Subang Parade and Mahkota Parade were renewed in 2021 and 2022 respectively.
- No other tenant contributes more than 5% of monthly rental income.

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	252,515	12.3%	13.0%
The Store	Department Store/Supermarket	273,198	13.4%	9.2%
GSC	Leisure & Entertainment/Sports & Fitness	88,670	4.3%	2.6%
Watson's	Health & Beauty	11,965	0.6%	2.5%
MR. D.I.Y.	Homewares & Furnishing	74,301	3.6%	2.3%
Seleria Food Court	Food & Beverage/Food Court	47,760	2.3%	2.2%
Guardian	Health & Beauty	12,164	0.6%	2.1%
Giant Superstore	Department Store/Supermarket	72,140	3.5%	2.1%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	75,928	3.7%	1.9%
KFC	Food & Beverage/Food Court	15,792	0.8%	1.8%
Top 10 Tenants (By Monthly Rental Income)		924,432	45.2%	39.9%
Other Tenants		1,120,764	54.8%	60.1%
Total		2,045,196	100.0%	100.0%

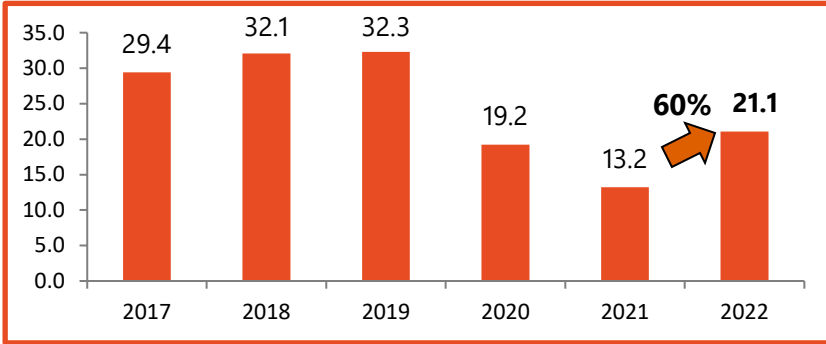
*Based on monthly rental income for Dec 2022

Note : For key or anchor tenants, the tenure offered to tenant is usually for 3 years with option to renew for another term. Typically, negotiations for key tenants will commence at least 12 months before and will be concluded 6 months prior to expiry.

Improvement in footfall and vehicle count as shoppers return to Hektar malls

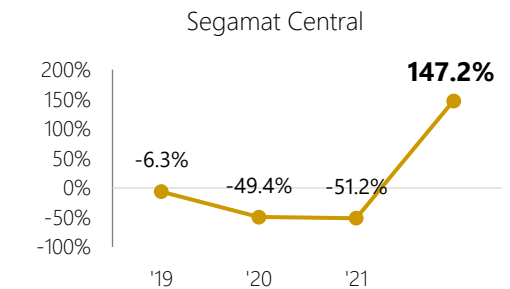
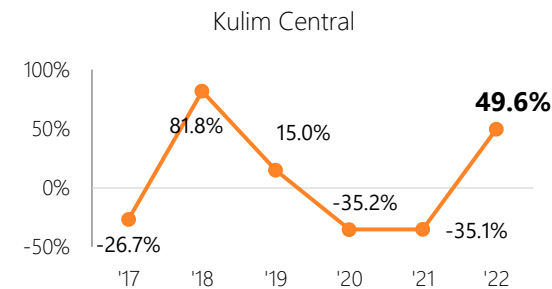
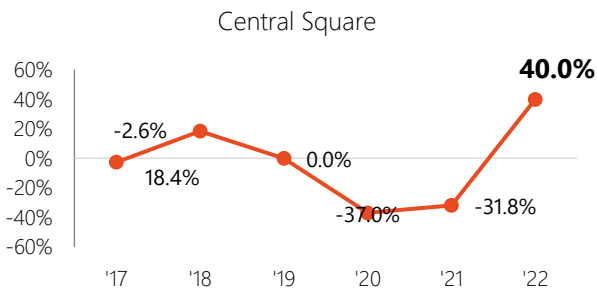
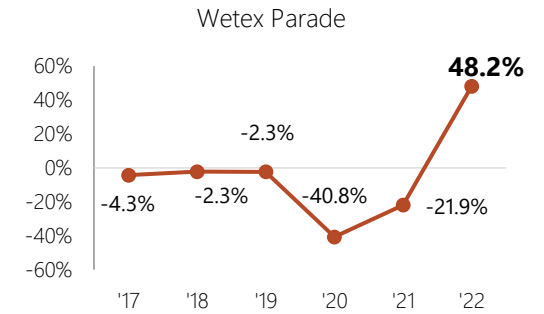
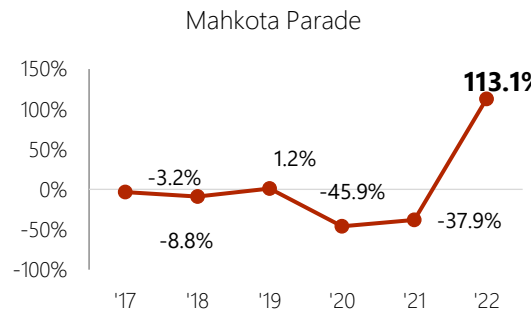
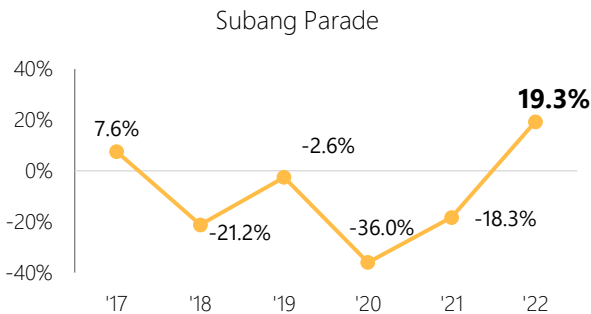


Footfall traffic increased 60% YOY to 21.1 million for FY2022



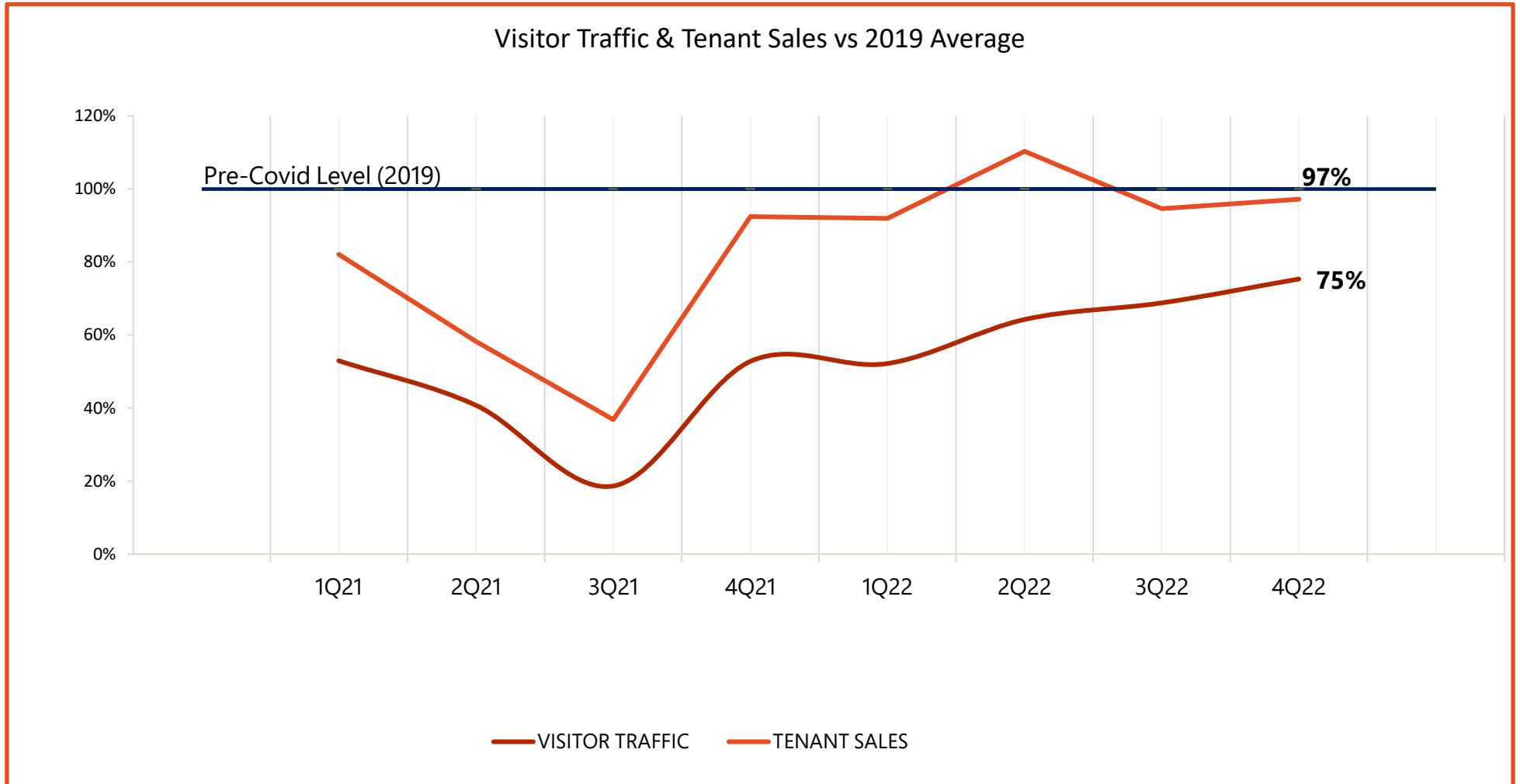
Overall footfall traffic increased to **21.1 million** visits in 2022 as we intensified our marketing initiatives including sales-driven promotional campaigns at all our malls within the portfolio on the back of the lifting of the various restrictive containment measures. All malls experienced an uptrend following Malaysia's transition to endemicity after the COVID-19 pandemic, showing positive signs of return in shopper confidence at Hektar malls.

Annual Percentage Change in Traffic per Mall



Tenant sales back at pre-Covid level

Visitor traffic pacing towards recovery & Tenant sales have almost returned to pre-Covid level



Improvement in Portfolio Valuation

Property	Valuation (RM Million)		
	2021 Valuation	As of 31 Dec 2022	%
Subang Parade	423.0	417.0	-1.4%
Mahkota Parade	323.5	338.5	4.6%
Wetex Parade & Classic Hotel	142.0	156.6	10.3%
Central Square	90.0	91.0	1.1%
Kulim Central	129.0	138.0	7.0%
Segamat Central	57.0	65.0	14.0%
Total	1,164.5	1,206.1	3.6%

a. Based-on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2022

b. Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2022

c. Based on valuation carried out by Savills (Malaysia) Sdn. Bhd. on 31 December 2022

d. Based on valuation carried out by Raine Horne International Zaki & Partners on 31 December 2022

The real estates shall be revalued at least once a financial year based on an independent professional valuation pursuant to the SC REIT Guidelines.

Refreshed retail offerings at Hektar Malls



Ayam Penyet Best, Subang Parade



Younghearts, Mahkota Parade



Anta Sports, Mahkota Parade



Energized, Mahkota Parade



Madam Croffle, Mahkota Parade



Yole Yogurt, Wetex Parade



Premium Store, Wetex Parade



A Sama Thai Food, Central Square



Myeongdong Topokki, Kulim Central

Marketing campaigns and initiatives to drive visitor footfall



Football Fever Campaign



KYS String Orchestra Performance



Deepavali Kalam Decoration



Santa Meet & Greet Event



Hari Sukan Negara Fun Run



Pets and Hobbies Fiesta

Classic Hotel: Significant Improvements

Overall Occupancy & Average Room Rate (ARR)

- Overall Occupancy Rate in 2022 increased to **46%** from 23% in 2021.
- ARR increased by about **4.6% to RM137** from RM131.



Sustainability



Hektar REIT received two Silver Awards at The Edge Malaysia ESG Awards 2022

ENVIRONMENTAL

- Reduction of 11% in CO2e emissions
- Reduction of 10% in electricity usage
- Reduction of 9% in water usage

Note: Calculated based on 2022 data vs 2019 baseline

ESG AWARDS



Hektar REIT won two awards at The Edge Malaysia ESG Awards 2022:

1. Silver Award for Most Improved Performance over Three Years (Below RM300M Market Cap)
2. Silver Award under Property & REIT Sector

SOCIAL

Continuously organise **CSR** activities for our shoppers and employees.

Regular Engagement with the relevant stakeholders.



We are proud to be one of the corporate sponsors for Zoo Negara's Corporate Social Responsibility (CSR) programme.

FTSE4GOOD BURSA MALAYSIA INDEX

- **4-star** rating by FTSE Russell in June 2022 Evaluation.
- Constituent member of FTSE4Good Bursa Malaysia Index.

GOVERNANCE

- Maintained at least **30%** of **women Directors in the Board**.
- Maintained **regular communication with stakeholders** to disseminate Hektar's activities, performance and other relevant information.
- Uphold **high standards of disclosure** and corporate transparency.
- Maintained **Zero reported incidents** relating to Conduct and Ethics.
- Maintained **Zero reported incidents of non-compliance** with laws and regulations in the environment, health and safety, social and economic area.
- Established **Directors' Fit & Proper Policy** based on the guidelines issued by Bursa Malaysia.

REPORTING PRINCIPLES & GUIDELINES

- Global Reporting Initiative Universal Standards (Principle Guideline)
- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia ESG Index
- United Nations Sustainable Development Goals (UNSDGs)
- International Organization for Standardisation 26000:2010 Guidance on Social Responsibility

Continuous engagement with our communities



Orkids Down Syndrome Awareness Campaign

Subang Parade collaborated with ORKIDS (Persatuan Kebajikan Anak-anak Istimewa Selangor) to create awareness among the public on Down Syndrome as well as to promote inclusion in the society in conjunction with Down Syndrome Awareness Month in October.



Blood Donation Drives

Several blood donation drives were held at Hektar malls which successfully collected about 200 blood bags.



KLEAN Reverse Vending Machine

KLEAN reverse vending machine was placed in Subang Parade to encourage shoppers to recycle plastic bottles and aluminum cans by depositing them into the machine.

Moving Forward



Kulim Central, Kulim

Asset Enhancement

- Rejuvenation of Subang Parade on track. Stronger focus on our customers and the community through the exploration and introduction of experiential concepts as well as improved tenancy remixing plans.
- Collaboration with community stakeholders and more flexible leasing strategies to attract good retailers
- Explore suitable niche retail offerings and services to complement current offerings.

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

Capital Management

- Adopt prudent financial management, cost optimization initiatives, and enhancing our asset relevancy & efficiencies to ensure sustainability.
- Enhance our liquidity via Income Distribution Reinvestment Plan, Placement/Corporate exercise
- Improve the REIT's overall gearing ratio and create competitive funding platforms such as an MTN Programme etc
- Refinance existing borrowings into longer tenure

ESG

- Enhance our ESG Roadmap including establishment of long-term targets.
- Embark 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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