

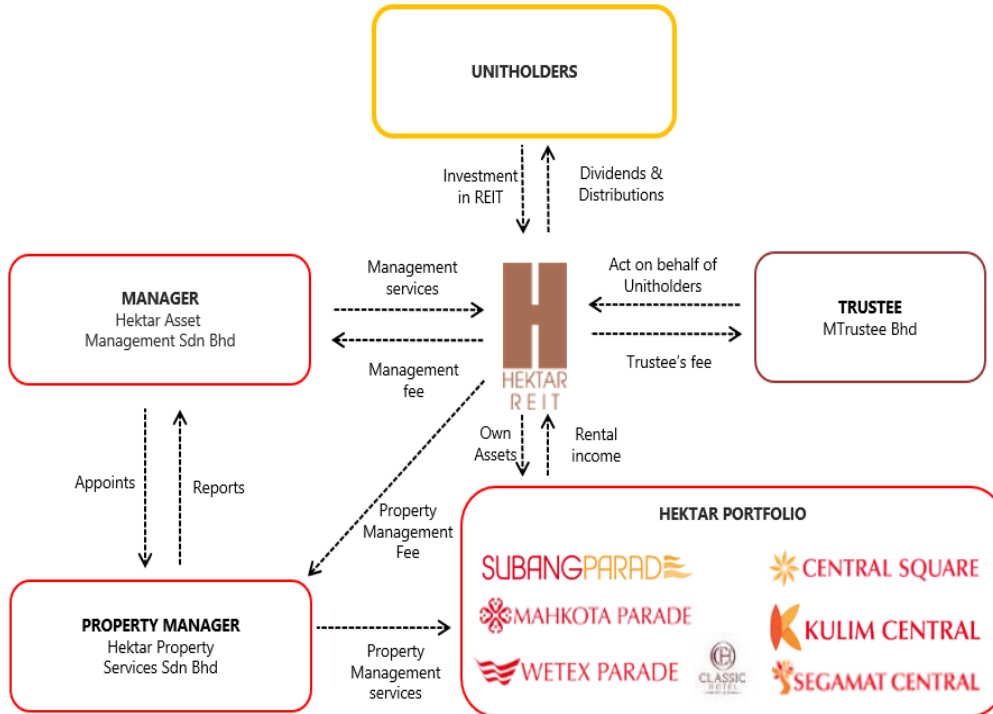


Creating The Places People Love



**HEKTAR REAL ESTATE INVESTMENT TRUST**  
**2Q 2023 RESULTS PRESENTATION**  
28 August 2023

## ORGANISATION



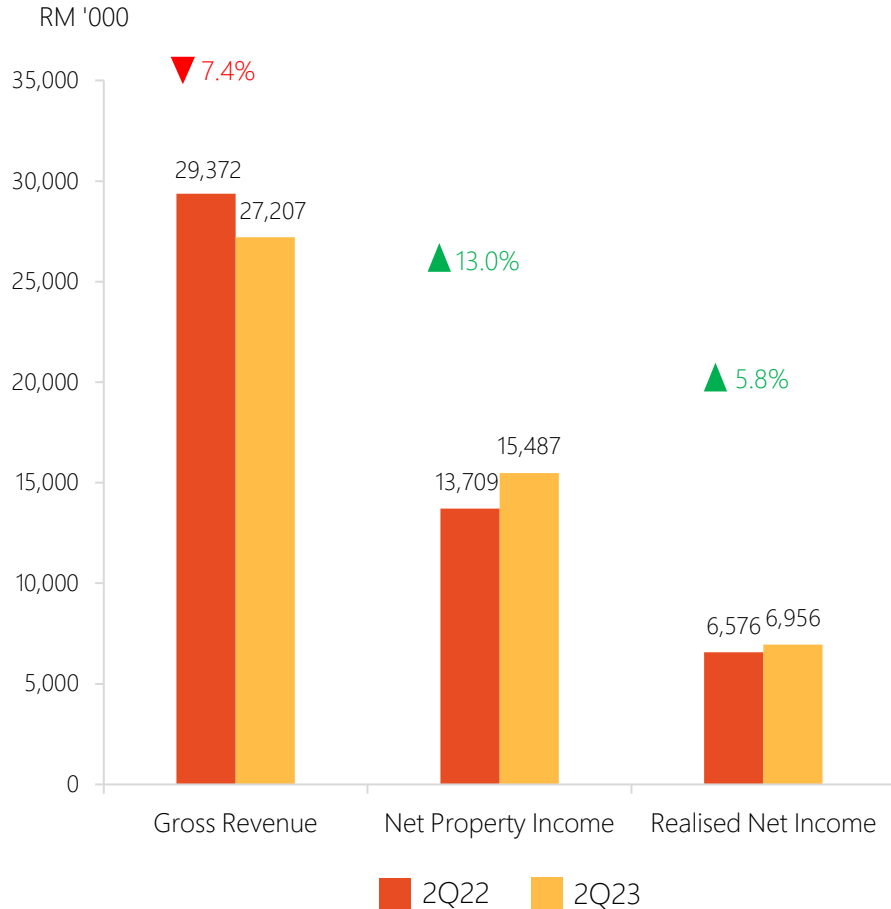
## DIVERSIFICATION



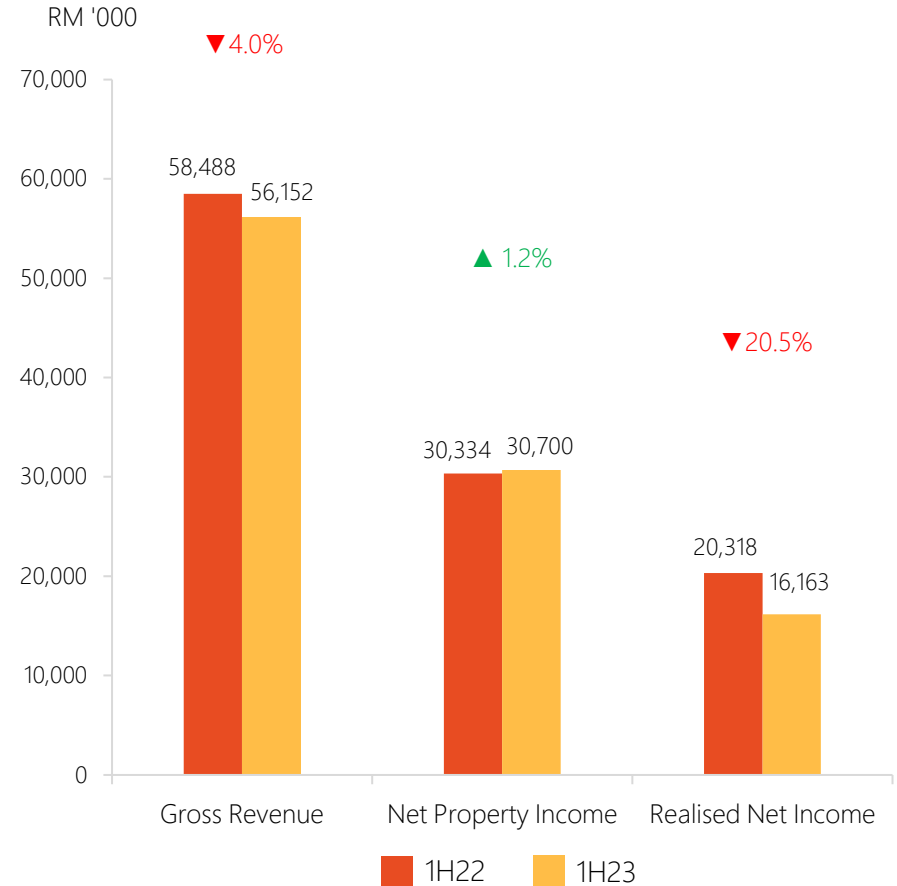
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## 2<sup>nd</sup> Quarter 2023 (2Q23): April - June 2023 | 3 Months



## First Half 2023 (1H23): Jan-June 2023 | 6 Months



DPU (1H2023)

**2.7 sen**

Annualised DPU Yield

**8.0%**

Based on Annualised DPU over closing price as of 30 June 2023 of RM0.675

# Financial Results

2Q23 Revenue lower by 7.4% ▶

2Q23 Net Property Income higher by 13% ▶

2Q23 Realised Net Income higher by 5.8% ▶

Debt Expiry well-distributed ▶



Night View @ Mahkota Parade, Melaka

# Income Statement: Quarter Comparative

Income Statement	2Q23	2Q22	Variance
Second Quarter 2023 (Unaudited)	(RM '000)	(RM '000)	(%)
Revenue	27,207	29,372	(7.4%)
Direct cost & Property expenses	(11,720)	(15,663)	25.2%
<b>Net property income (NPI)</b>	<b>15,487</b>	<b>13,709</b>	<b>13.0%</b>
Interest & Other income	799	638	25.3%
Trust fees & Expenses	(3,253)	(3,088)	(5.3%)
Interest expense <sup>1</sup>	(6,077)	(4,683)	(29.8%)
<b>Realised income before taxation</b>	<b>6,956</b>	<b>6,576</b>	<b>5.8%</b>
Fair value adjustment of investment properties	-	-	-
Taxation	-	-	-
<b>Net (loss)/income before tax</b>	<b>6,956</b>	<b>6,576</b>	<b>5.8%</b>
<b>Net income per unit (sen)</b>	<b>1.39</b>	<b>1.40</b>	<b>(0.1%)</b>
<b>- realised</b>	<b>1.39</b>	<b>1.40</b>	<b>(0.1%)</b>

Note: Please refer to the Quarterly Results Announcement for further details.

<sup>1</sup>Higher Interest expenses due to higher OPR rate subsequent to several hikes in 2022 & 2023

Balance Sheet	As at 30.06.2023	As at 31.12.2022
(Unaudited)	(RM '000)	(RM '000)
<b>Non-Current Assets</b>		
Investment properties	1,206,540	1,206,126
Plant & Equipment	460	46
<b>Current Assets</b>	<b>24,287</b>	<b>29,381</b>
Trade receivables	3,481	4,492
Other receivables, deposits and prepayments	4,294	1,737
Cash and bank balances	16,513	23,153
<b>TOTAL ASSETS</b>	<b>1,230,827</b>	<b>1,235,507</b>
<b>Long Term Liabilities</b>	<b>594,218</b>	<b>596,257</b>
Tenancy deposits	25,748	25,582
Deferred tax liability	28,231	28,231
Bank borrowings	540,239	542,444
<b>Current Liabilities</b>	<b>29,568</b>	<b>41,289</b>
Trade payables	7,113	5,653
Other payables and accruals	17,184	23,157
Tenancy deposits	2,272	3,479
Bank borrowings	3,000	9,000
<b>TOTAL LIABILITIES</b>	<b>623,786</b>	<b>637,545</b>
<b>NET ASSET VALUE</b>	<b>607,041</b>	<b>597,962</b>
Unitholders' capital	514,625	496,732
Retained earnings – realised	58,154	66,968
Retained earnings – unrealised	34,262	34,262
<b>TOTAL UNITHOLDERS' FUNDS</b>	<b>607,041</b>	<b>597,962</b>

## UNIT PRICE STATISTICS

as at 30 June 2023

No. of Units

**498,787,970**

Net Asset Value  
Per Unit

**RM1.21**

Unit Price

**RM0.675**

Market Capitalisation

**RM336.68 mil**

Discount to NAV

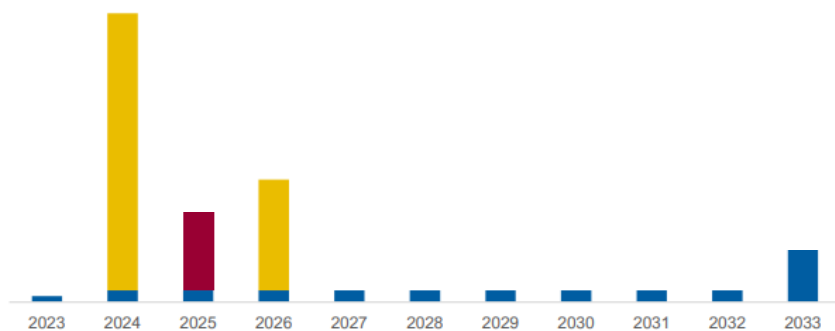
**44.2%**

Note: Please refer to the Quarterly Results Announcement for further details.

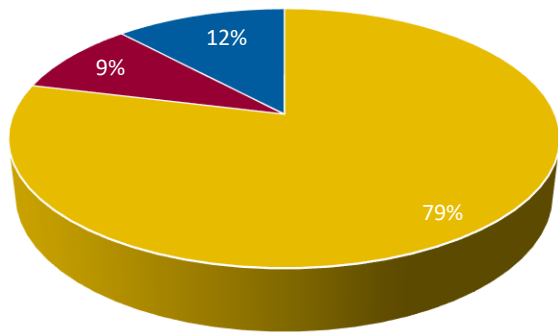
# Debt Expiries well-distributed

## EXPIRY PROFILE

2023-2026



<b>MBB</b>	Al-Murabahah Overdraft (MOD)	: RM428.24 mil
<b>CIMB</b>	Term Financing (TF)	: RM50.00 mil
<b>HLB</b>	Commodity Murabahah Term Financing-i (CMTF-i)	: RM65.00 mil



■ MOD ■ TF ■ CMTF-i

## DEBT SUMMARY

As at 30 June 2023

Facilities	<ul style="list-style-type: none"> <li>Al-Murabahah Overdraft (MOD)</li> <li>Term Financing (TF)</li> <li>Commodity Murabahah Term Financing-i (CMTF-i)</li> </ul>
Financiers	<b>Maybank, CIMB, HLB</b>
Total Debt	<b>RM543.2 million</b> [FY2022: RM551.4 million]
Cost Structure	<b>Cost of Funds + (1.00%-1.50%)</b>
Effective Cost	<b>4.53%</b> [FY2022: 3.66%]
Gearing Ratio <sup>1</sup>	<b>44.1%</b> [FY2022: 44.6%]
Interest Cover <sup>2</sup>	<b>2.3 times</b> [FY2022: 2.8 times]

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

<sup>2</sup> Based on 3 months ended 30 June 2023.



# Portfolio Performance

Overall Occupancy at ~85.7% ▶

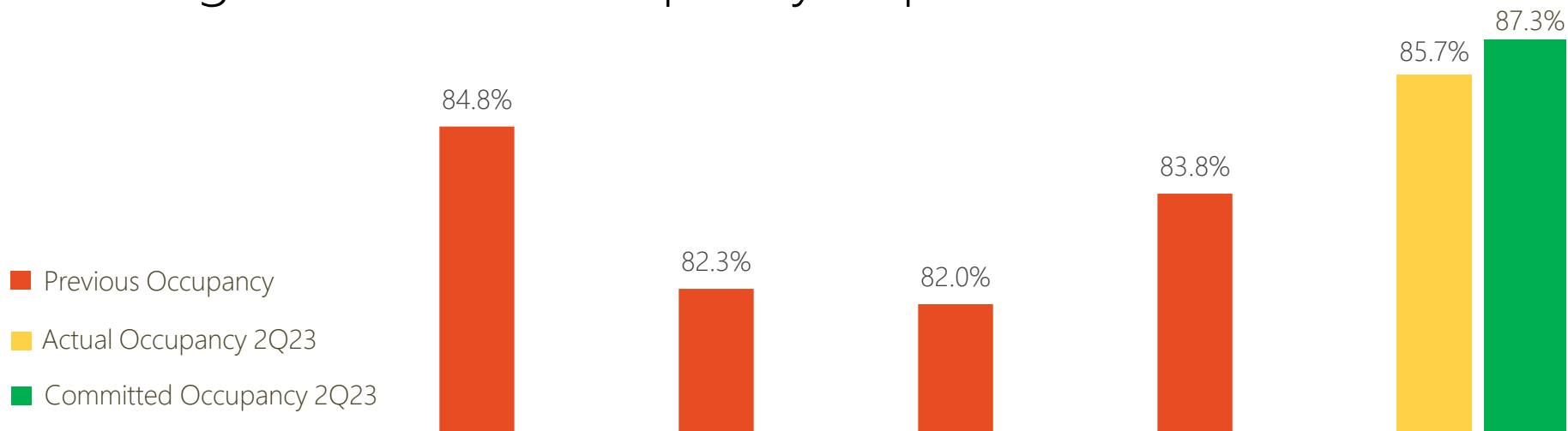
Rental Reversions at -2.5% ▶

33.8% of NLA expires in 2023 ▶



Night View, Kulim Central

# Average Portfolio Occupancy improved to **85.7%**



Occupancy (%)	2Q22	3Q22	4Q22	1Q23	2Q23
Subang Parade	81.1%	73.5%	70.3%	72.4%	75.0%
Mahkota Parade	86.0%	85.8%	86.9%	90.1%	91.0%
Wetex Parade	88.1%	88.5%	88.1%	90.8%	93.0%
Central Square	86.8%	82.5%	82.3%	84.0%	86.4%
Kulim Central	94.1%	94.6%	96.4%	95.8%	96.8%
Segamat Central	72.1%	72.4%	73.7%	73.7%	76.6%
<b>Portfolio Average</b>	<b>84.8%</b>	<b>82.3%</b>	<b>82.0%</b>	<b>83.8%</b>	<b>85.7%</b>

Note: Portfolio Average weighted by NLA



# Second Quarter Rental Reversions at **-2.5%**

- **43** new/renewed tenancies consisting of **3.4%** of total NLA for the quarter ended 30 June 2023.
- Positive reversions recorded at Wetex Parade, Kulim Central and Segamat Central.
- Given the dynamic and challenging environment, Management is continuing to adopt a rental review strategy and short-term tenancies for certain tenants to ensure that malls' occupancy continue to increase.

Second Quarter  
Ended 30 June 2023  
(3 months)

	Number of New Tenancies/ Renewals	NLA (Sq. Ft.)	Percentage of Total NLA	Percentage Change Over Previous Rent Rates
Subang Parade	9	12,284	2.3%	-1.2%
Mahkota Parade	5	9,327	1.8%	-11.7%
Wetex Parade	6	4,370	2.6%	0.6%
Central Square	10	23,284	7.5%	-2.1%
Kulim Central	8	12,209	4.1%	6.1%
Segamat Central	5	7,364	3.5%	6.3%
<b>Total/Average</b>	<b>43</b>	<b>68,838</b>	<b>3.4%</b>	<b>-2.5%</b>

Note: Average weighted by NLA

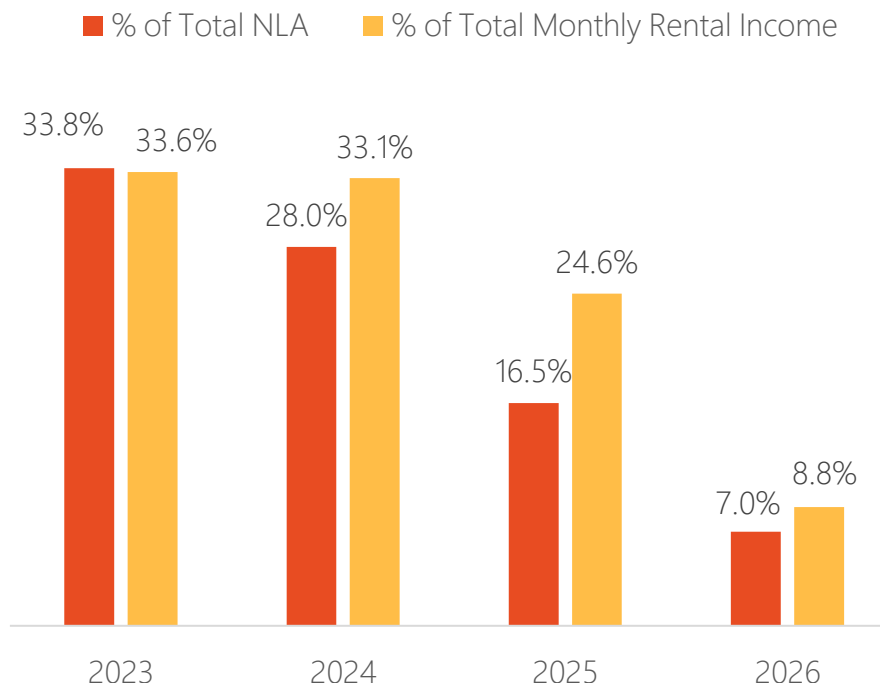


# Tenancies expiry well distributed

- 691,581 sq. ft. or about **33.8%** of total NLA expiring in 2023.
- Overall, a total of **43** tenancies covering **68,838** sq. ft. have been added / renewed as of 30 June 2023, representing **3.4%** of total NLA.
- YTD, a total of **121** tenancies this year covering **356,136** sq. ft have been added / renewed as of 30 June 2023, representing **17.4%** of total NLA

## PORTFOLIO TENANCY EXPIRY PROFILE 2023-2026

Period Ended June 2023	Number of Tenancies Expiring	Expiring NLA (Sq. Ft.)
2023	125	691,581
2024	121	572,464
2025	105	336,629
2026	26	142,102
<b>Total</b>	<b>377</b>	<b>1,742,776</b>



<sup>1</sup> Based on the total Net Lettable Area (NLA) of 2,043,428 sq. ft. as at 30 June 2023.

<sup>2</sup> Based on monthly rental income for June 2023. Figures may not round to 100% due to misc. items.

# Portfolio Updates



Night view @ Segamat Central

# Refreshed retail offerings at Hektar Malls



M&B Concept Store, Mahkota Parade



RCBPC, Mahkota Parade



G Optical, Wetex Parade



By Style Trading, Kulim Central



Mix Collection, Segamat Central



Little Angel Indoor Playground, Wetex Parade



Zus Coffee, Subang Parade



Games in the City, Segamat Central



Gatti, Central Square & Kulim Central

# Marketing initiatives



Push Bike Challenge, Subang Parade



3 x 3 Street Basketball, Wetex Parade



Pertandingan Kecantikan & Kesenian Ayam Serama Melaka 2023, Mahkota Parade



Matta Fair Kedah, Central Square



Karnival Pendidikan & Pameran Buku 2023, Segamat Central



Father vs Mother Cooking Competition, Kulim Central

# Corporate Social Responsibility



Night view @ Subang Parade





Hektar REIT Awarded “Company of the Year (Retail Management) for Best in Sustainability Reporting & Community Support” at the Sustainability & CSR Malaysia Awards 2023.

## SUSTAINABILITY AND CSR MALAYSIA AWARDS 2023

### Hektar Asset Management wins accolade

**KUALA LUMPUR:** Hektar Asset Management Sdn Bhd has bagged the Company of the Year — Best in Sustainability Reporting and Community Support award at the Sustainability and CSR Malaysia Awards 2023 last week.

CSR Malaysia is a national organisation for sustainability and a publication and social initiative under the auspices of the Malaysian welfare society for corporate sustainability and responsibility.

Hektar Asset Management, which manages Hektar Real Estate Investment Trust (Hektar REIT), said the recognition is a testament to the company’s efforts in contributing to

people and the environment.

It said the company embraces its responsibility to create shared value for all stakeholders, including tenants, employees, shareholders and surrounding communities.

Hektar REIT has consistently partnered with communities and institutions to drive impactful social change through extensive corporate social responsibility (CSR) activities.

Hektar Asset Management executive director and chief executive officer Johari Shukri Jamil said the company’s responsibility remains clear, which extends beyond quarterly profits and shareholder value.



*Johari Shukri Jamil*



*Hektar Asset Management Sdn Bhd officials at the Sustainability and CSR Malaysia Awards 2023 last week.*





Hari Keselamatan, Subang Parade



Hopehaven Special Needs Care Centre Sewing Products Promotional Booth & Product Showcase, Mahkota Parade



Kiwanis Muar Day, Wetex Parade



Blood Donation Drive, Kulim Central



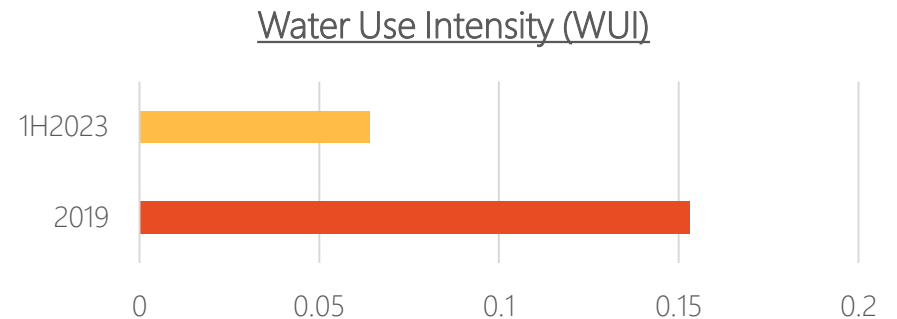
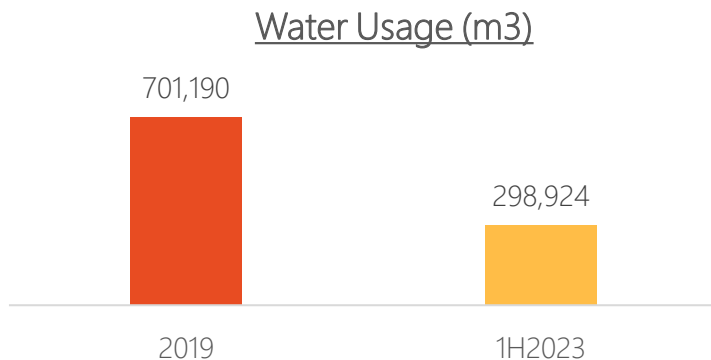
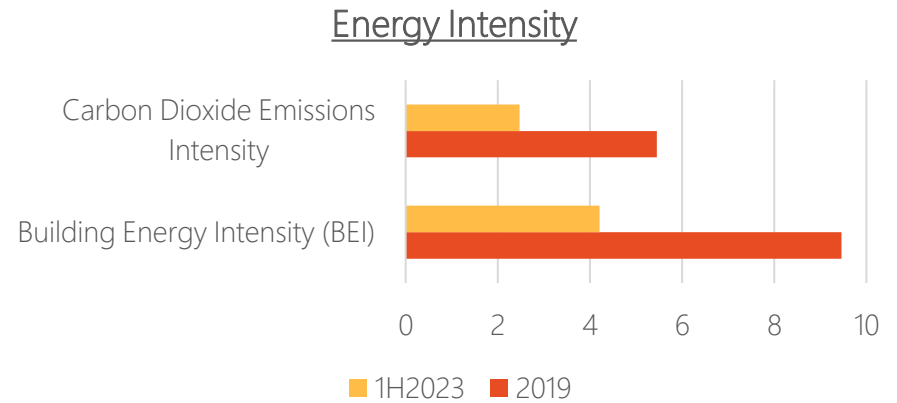
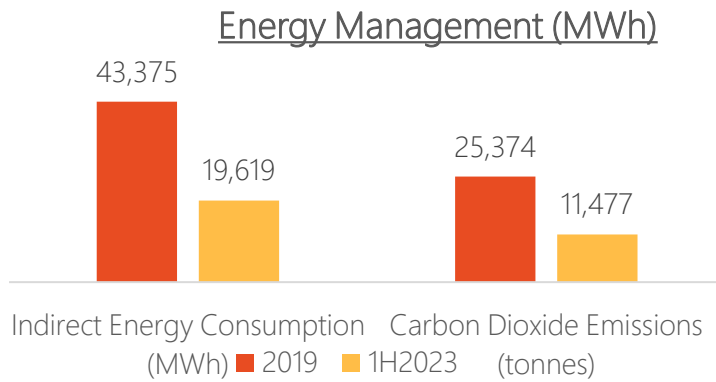
Sambutan Minggu Perpaduan, Central Square



Fun Ride Trash Challenge, Segamat Central

# ESG Performance Overview (2019 v 1H2023)

<b>ENERGY MANAGEMENT</b>	2019	1H2023
Indirect Energy Consumption, MWh	43,375	19,619
Building Energy Intensity (BEI)	9.46	4.21
Carbon Dioxide Emissions (tonnes)	25,374	11,477
Carbon Dioxide Emissions Intensity	5.45	2.47
<b>WATER MANAGEMENT</b>		
Water Usage, m <sup>3</sup>	701,190	298,924
Water Use Intensity (WUI)	0.153	0.064



## Asset Enhancement

- Enhancement initiatives at Subang Parade on track. Replacement of lifts and escalators has commenced to be completed in phases.
- Stronger focus on our customers and the community through the exploration and introduction of experiential concepts as well as improved tenancy remixing plans for Hektar Malls.
- Collaboration with community stakeholders and more flexible leasing strategies to attract good retailers
- Explore suitable niche retail offerings and services to complement current offerings.

## 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 and emphasize on fixed rates to hedge against increasing interest rates

## 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



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