



Creating The Places People Love

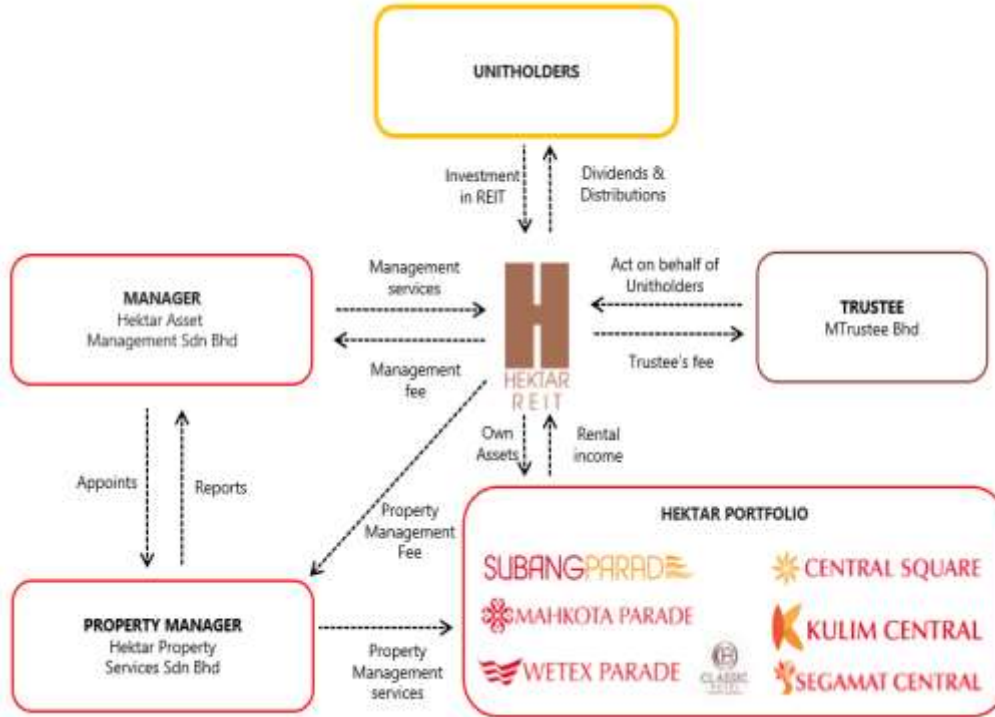


HEKTAR REAL ESTATE INVESTMENT TRUST

3Q 2023 RESULTS PRESENTATION

22 November 2023

ORGANISATION



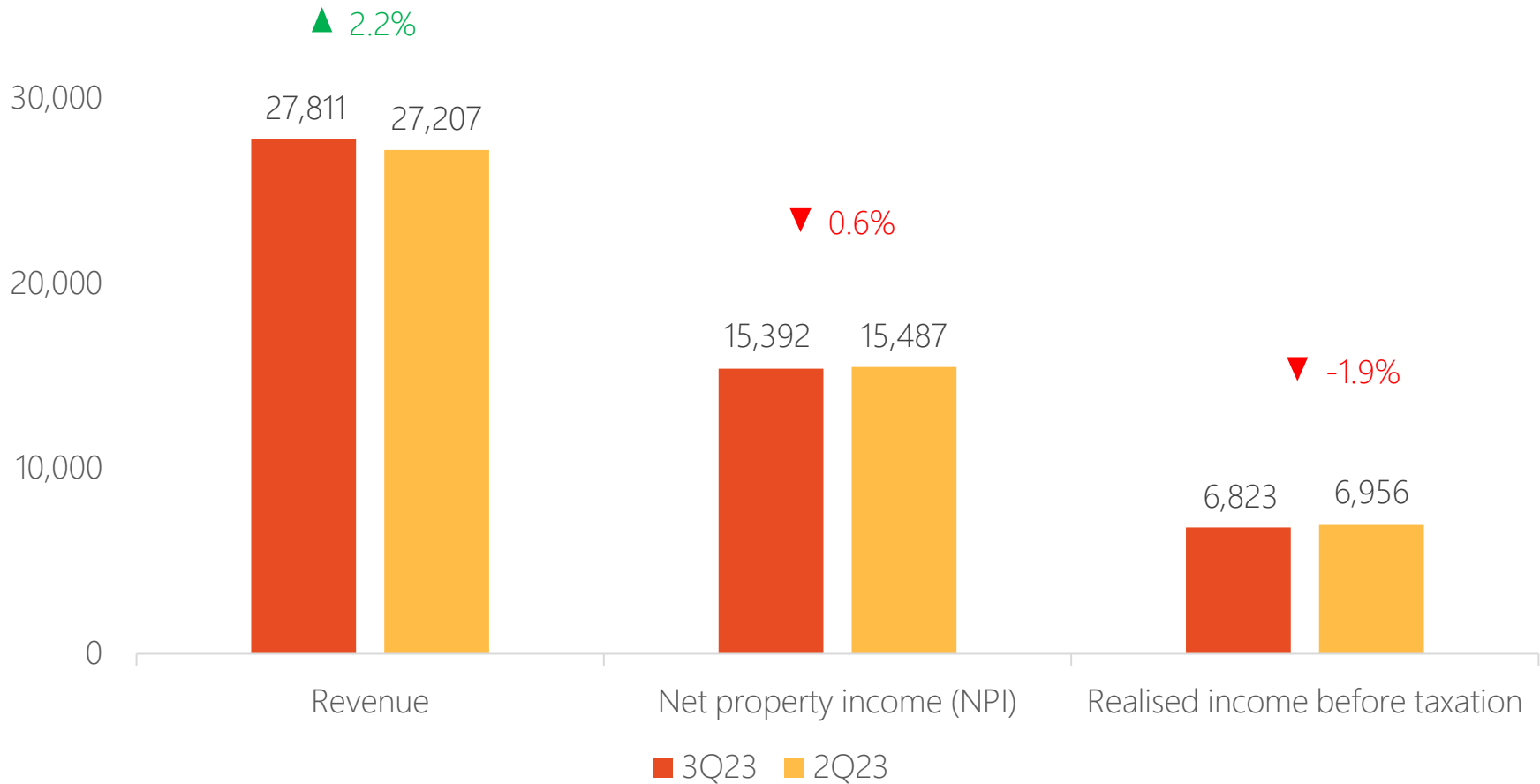
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3rd Quarter 2023 (3Q23): Jul-Sep 2023 | 3 Months



DPU (1H2023)

2.7 sen

Annualised Dividend Yield

8%

Financial Results



Balance Sheet

Balance Sheet	As at 30.09.2023	As at 31.12.2022
(Unaudited)	(RM '000)	(RM '000)
Non-Current Assets		
Investment properties	1,206,519	1,206,126
Plant & Equipment	439	46
Current Assets	34,001	29,381
Trade receivables	3,553	4,492
Other receivables, deposits and prepayments	11,741	1,737
Cash and bank balances	18,707	23,153
TOTAL ASSETS	1,240,520	1,235,507
Long Term Liabilities	599,368	596,257
Tenancy deposits	25,113	25,582
Deferred tax liability	28,231	28,231
Bank borrowings	546,025	542,444
Current Liabilities	27,289	41,289
Trade payables	7,807	5,653
Other payables and accruals	13,895	23,157
Tenancy deposits	2,587	3,479
Bank borrowings	3,000	9,000
TOTAL LIABILITIES	626,657	637,545
NET ASSET VALUE	613,863	597,962
Unitholders' capital	514,625	496,732
Retained earnings – realised	64,976	66,968
Retained earnings – unrealised	34,262	34,262
TOTAL UNITHOLDERS' FUNDS	613,863	597,962

UNIT PRICE STATISTICS

as at 30 Sep 2023

No. of Units

498,787,970

Net Asset Value
Per Unit

RM1.204

Unit Price

RM0.605

Market Capitalisation

RM301.77 mil

Discount to NAV

49.8%

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

Income Statement: Quarter Comparative

Income Statement	3Q23	2Q23	Variance
Third Quarter 3Q2023 (Unaudited)	(RM '000)	(RM '000)	(%)
Revenue	27,811	27,207	2.2%
Direct cost & Property expenses	(12,419)	(11,720)	(6.0%)
Net property income (NPI)	15,392	15,487	(0.6%)
Interest & Other income	113	799	(85.9%)
Trust fees & Expenses	(1,991)	(3,253)	38.8%
Interest expense ¹	(6,691)	(6,077)	(10.1%)
Realised income before taxation	6,823	6,956	-1.9%
Fair value adjustment of investment properties	-	-	-
Taxation	-	-	-
Net (loss)/income before tax	6,823	6,956	-1.9%
Net income per unit (sen)	1.37	1.39	-1.9%
- realised	1.37	1.39	-1.9%

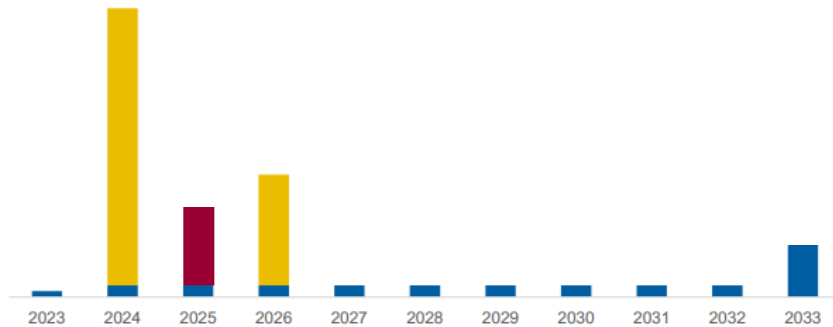
Note: Please refer to the Quarterly Results Announcement for further details.

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

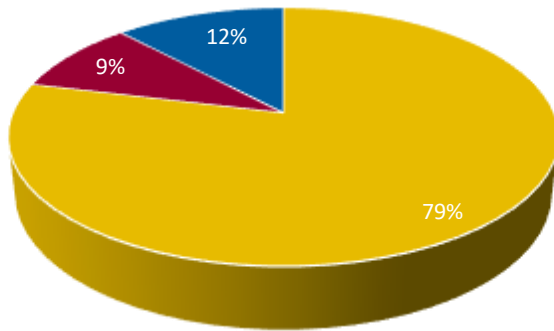
Debt Expiries well-distributed

EXPIRY PROFILE

2023-2026



MBB	Al-Murabahah Overdraft (MOD)	: RM434.77 mil
CIMB	Term Financing (TF)	: RM50.00 mil
HLB	Commodity Murabahah Term Financing-i (CMTF-i)	: RM64.25 mil



■ MOD ■ TF ■ CMTF-i

DEBT SUMMARY

As at 30 September 2023

Facilities	<ul style="list-style-type: none"> Al-Murabahah Overdraft (MOD) Term Financing (TF) Commodity Murabahah Term Financing-i (CMTF-i)
Financiers	Maybank, CIMB, HLB
Total Debt	RM549.02 million [FY2022: RM551.4 million]
Cost Structure	Cost of Funds + (1.00%-1.50%)
Effective Cost	4.60% [FY2022: 3.66%]
Gearing Ratio ¹	44.26% [FY2022: 44.6%]
Interest Cover ²	2.2 times [FY2022: 2.8 times]

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

² Based on 3 months ended 30 September 2023.

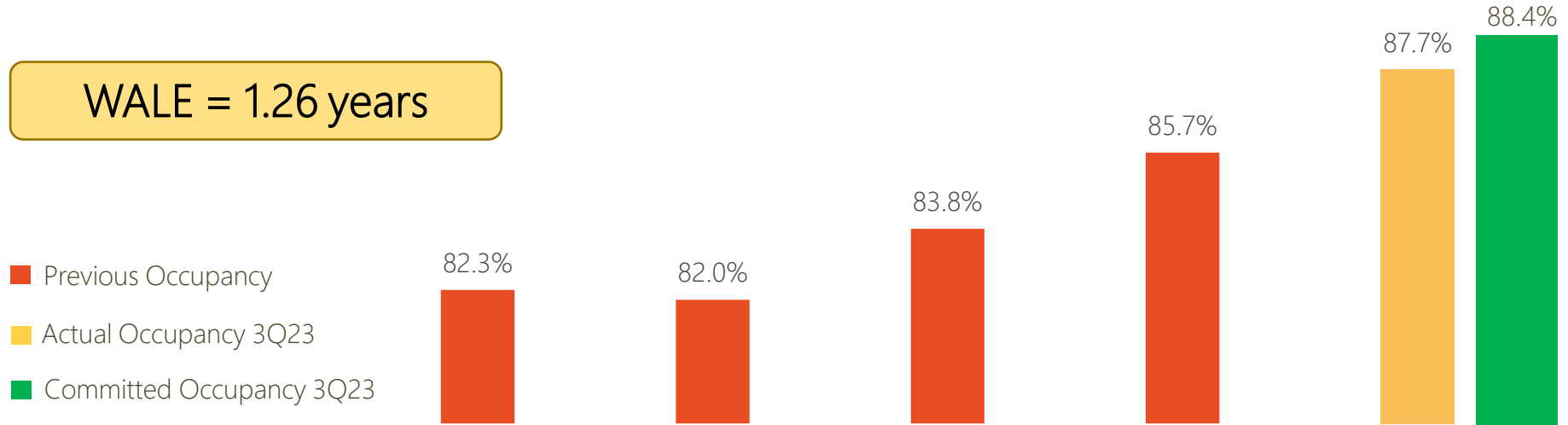
Portfolio Performance

- Overall Occupancy at ~87.7% ▶
- Rental Reversions at 1.8% ▶
- 28.7% of NLA expires in 2023 ▶
- WALE maintains at 1.13 years ▶



Average Portfolio Occupancy improved to 87.7%

WALE = 1.26 years



Occupancy (%)	3Q22	4Q22	1Q23	2Q23	3Q23
Subang Parade	73.5%	70.3%	72.4%	75.0%	79.5%
Mahkota Parade	85.8%	86.9%	90.1%	91.0%	93.1%
Wetex Parade	88.5%	88.1%	90.8%	93.0%	93.9%
Central Square	82.5%	82.3%	84.0%	86.4%	87.1%
Kulim Central	94.6%	96.4%	95.8%	96.8%	97.8%
Segamat Central	72.4%	73.7%	73.7%	76.6%	76.3%
Portfolio Average	82.3%	82.0%	83.8%	85.7%	87.7%

Note: Portfolio Average weighted by NLA

Third Quarter Rental Reversions at 1.8%

- 55 new/renewed tenancies consisting of 6.9% of total NLA for the quarter ended 30 September 2023.
- Positive reversions recorded at all malls except Subang Parade

Third Quarter Ended 30 Sep 2023 (3 months)	Number of New Tenancies/ Renewals	NLA (Sq. Ft.)	Percentage of Total NLA	Percentage Change Over Previous Rent Rates
Subang Parade	19	56,307	10.6%	(2.8%)
Mahkota Parade	12	30,475	5.8%	1.6%
Wetex Parade	4	5,340	3.1%	13.1%
Central Square	5	4,437	1.4%	4.0%
Kulim Central	13	34,032	11.4%	12.4%
Segamat Central	2	9,979	4.7%	2.8%
Total/Average	55	140,570	6.9%	1.8%

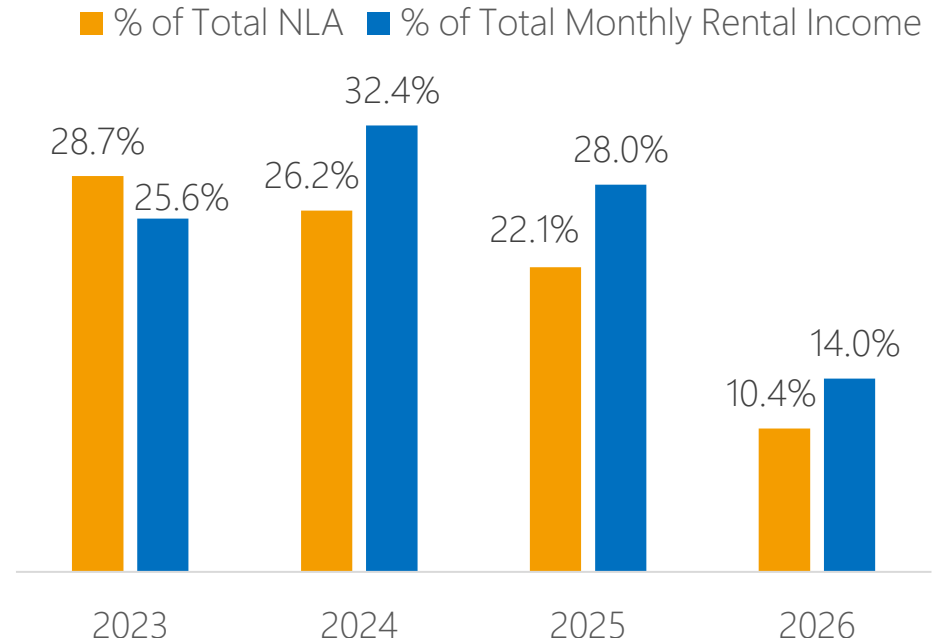
Note: Average weighted by NLA

Tenancies expiry well distributed

- 585,827 sq. ft. or about **28.7%** of total NLA expiring in 2023.
- In 3Q23, a total of 55 tenancies this year covering **140,570** sq. ft. have been renewed / added as of 30 September 2023, representing **6.9%** of total NLA.
- YTD, a total of **176** tenancies this year covering **496,706** sq. ft have been renewed / added as of 30 September 2023, representing **24.3%** of total NLA

PORTFOLIO TENANCY EXPIRY PROFILE 2023-2026

Period End Sep 2023	Number of Tenancies Expiring	Expiring NLA (Sq. Ft.)
2023	92	585,827
2024	129	534,953
2025	117	450,951
2026	54	212,055
Total	392	1,783,786



Notes:-

Based on the total Net Lettable Area (NLA) of 2,043,428 sq. ft. as at 30 September 2023.

Based on monthly rental income for September 2023. Figures may not round to 100% due to misc. items.

Portfolio Updates



Refreshed retail offerings at Hektar Malls



Baby Shop, Subang Parade



TD Lashes, Subang Parade



Scholl, Mahkota Parade



Zus Coffee, Kulim Central



Banana Bro, Subang Parade



Timberland, Mahkota Parade



Comfort Sole, Subang Parade



Good2U Concept Store, Mahkota Parade



Cat Model Runshow, Subang Parade



Merdeka Fun Run, Kulim Central



Merdeka Kids Costume, Central Square



Karate Competition, Central Square



Coloring Competition (Malaysia Day), Segamat Central



Chess Tournament, Kulim Central



MBSJ Car Free Day & Merdeka Parade, Subang Parade



World Heart Day by IJN, Mahkota Parade



Craft Exhibition by Warisan Seni Muar, Wetex Parade



Kibaran Bendera Malaysia, Kulim Central



Blood Donation Drive, Central Square



Karnival Bahasa Melayu, Segamat Central

THE EDGE ESG AWARDS 2023



The Edge Malaysia ESG Awards 2023

Hektar REIT Awarded with Dual Gold Accolades “Outstanding ESG and Dividend Return” and “REIT” at The Edge Malaysia ESG Awards 2023.



Proposed Acquisition



- Embarkment into private secondary education sector with the proposed acquisition of **Kolej Yayasan Saad**
- With reference to the announcement on 12th September 2023, MTrustee (Trustee of Hektar REIT) has signed a conditional SPA with the vendor (KYS College Sdn. Bhd).
- The lease between the vendor and lessee (KYSA Education Sdn. Bhd) will be novated to the trustee upon completion of acquisition by deed of novation
- Unitholder approval will be sought in the subsequent Extraordinary General Meeting (EGM)

Property Details

- KYS which was established in 1995 is a fully residential and co-educational private school located on a 121 acres piece of leasehold land situated in Ayer Keroh, Melaka. The school offers secondary school education under Malaysia’s New National School Curriculum (KBSM) for students from Form 1 to Form 5.
- The details of the property are as follows:

Item	Details
1. Name	Kolej Yayasan Saad Melaka P.O. Box 495, 75670 Ayer Keroh, Melaka
2. Registered Proprietor	KYS College Sdn Bhd
3. Operator	KYSA Education Sdn Bhd
4. Properties	Administration and Academic buildings; and Residential and Student Facilities



Asset Enhancement

- Enhancement initiatives at Subang Parade and Segamat Central are on track.
- Replacement of lifts and escalators has commenced in Subang Parade and will be completed in phases.
- Stronger collaboration with our customers and the community to deliver enhanced customer experience at Hektar Malls.

Leasing & Operational Efficiency

- Strategic curation of tenancy mix to appeal to captive customer base.
- Innovative leasing strategies to retain existing tenants and attract prominent new retailers.
- Explore suitable niche retail offerings and services to complement current offerings.
- Roll out plans post investment grade audit to optimise electricity consumption at Hektar Malls.

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.
- Undertake acquisition of yield accretive assets if the opportunity arises.



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