



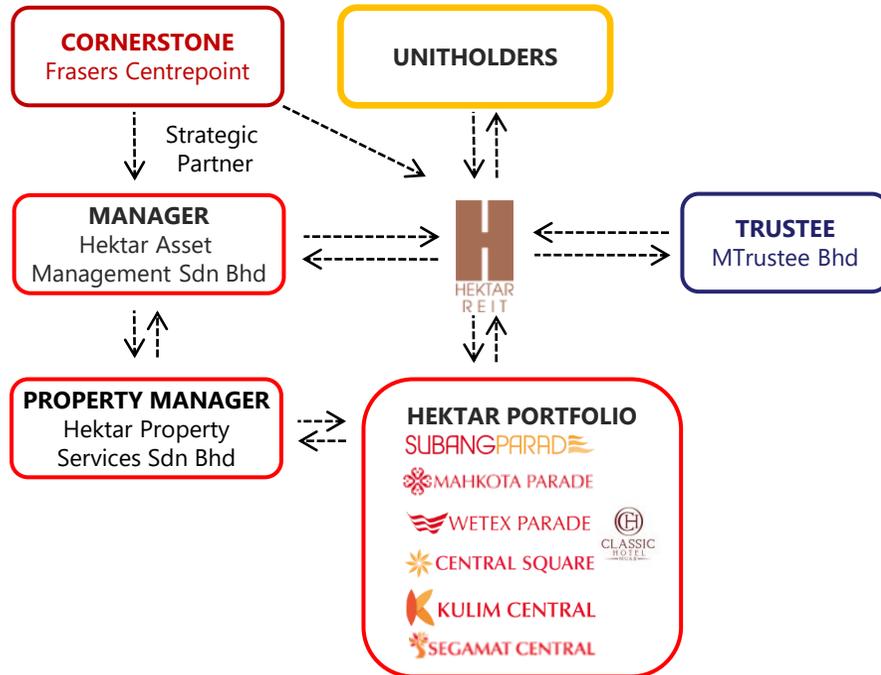
Creating The Places People Love



HEKTAR REAL ESTATE INVESTMENT TRUST
1Q 2020 RESULTS PRESENTATION
22 May 2020



Organisation



Diverse Portfolio



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Government Movement Control Order (MCO) Impact for 1Q2020

- MCO Start: 18 March
 - Mandatory government order designed to minimise spread of COVID-19
 - Only essential services open (supermarkets, pharmacies, food supply, others)
- Conditional MCO Start: 4 May
 - All other tenants categories re-opened except for salons, entertainment, leisure, etc
 - Approximately 79% of all tenants throughout portfolio open as at 19 May 2020
- Revenue Impact 1Q2020
 - Car Park: negligible during MCO, 18 March to 31 March (FY19: ~RM13.70 million)
 - Casual Leasing: negligible during MCO, 18 March to 31 March (FY19: ~RM11.09 million)
 - Turnover Rent: negligible during MCO, 18 March to 31 March (FY19: ~RM3.46 million)
 - Hotel closed during MCO with no revenue, 20 March onwards (FY19: ~RM3.57 million)
- Cost Reduction
 - Property Maintenance: managed reduction in costs
 - Marketing Expense: Post-MCO, target up to 40% reduction (FY19: ~RM2.86 million)
- Tenant Support Program: Hektar to offer support for tenants
 - Rent Rebates applied selectively on a case-by-case basis
 - Details to be announced

First Quarter 2020 (1Q20)

January – March 2020 / 3 Months

Financial Performance vs. Previous Period

1Q20 Gross Revenue: RM30.7 million, -7.9%

1Q20 Net Property Income: RM15.7 million, -15.4%

1Q20 Realised Income: RM7.1 million, -20.6%

New Financier: CIMB refinanced Central Square

Financing: 92% of Debt expiring in 2024-2025

Cost of Debt: 4.21%

Operational Performance as at 31 March 2020

Portfolio Occupancy: ~91.3%

Rent Reversions: -30.0%

Expiry Profile: 33% of Net Lettable Area

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 April to 30 September 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 ~91.3% ▶

Rental Reversions -30% for 1Q20 ▶

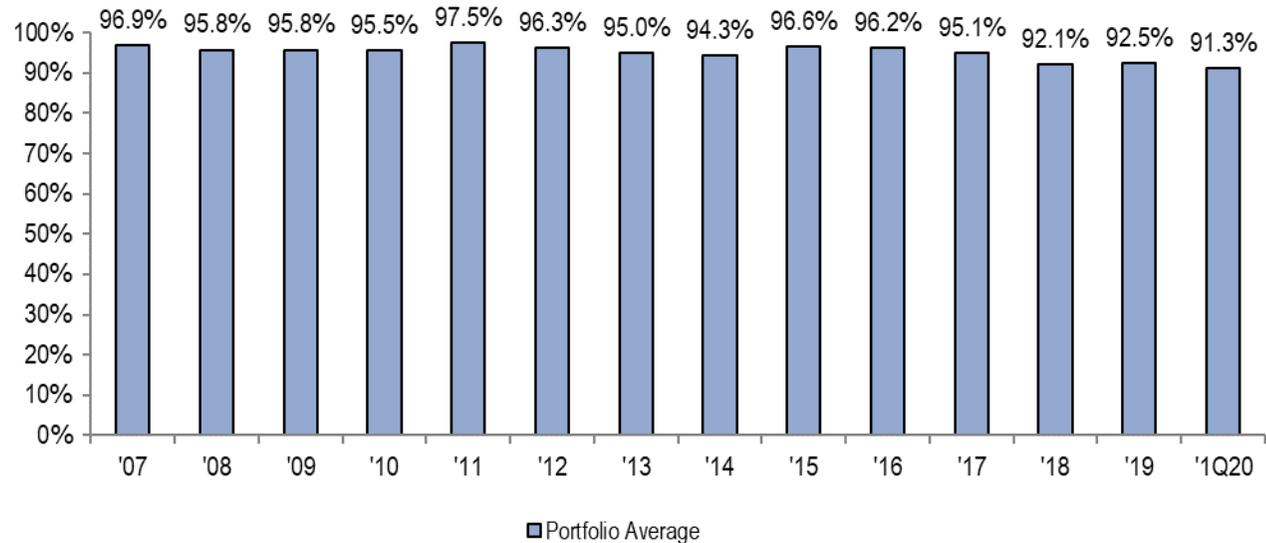
Expiry Profile: 33% NLA expires in 2020 ▶

Portfolio Performance

Average portfolio occupancy steady at **91.3%**

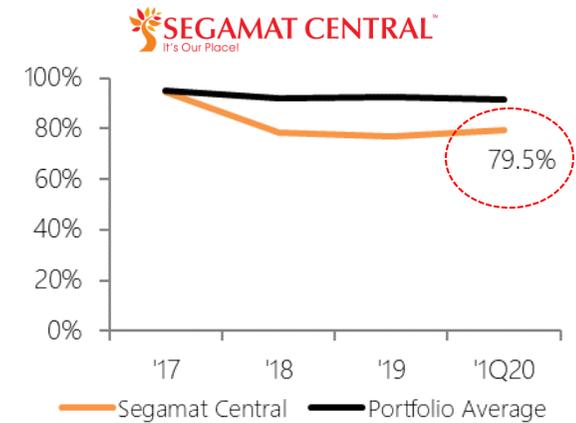
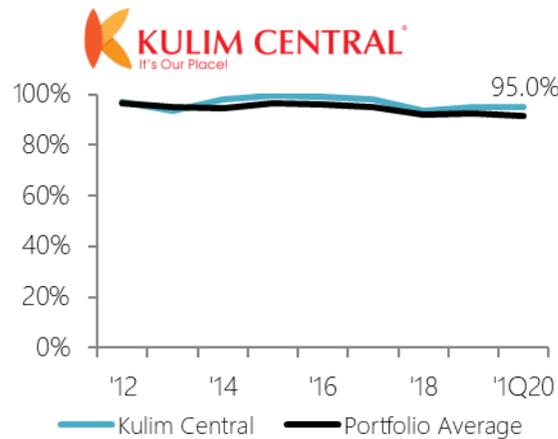
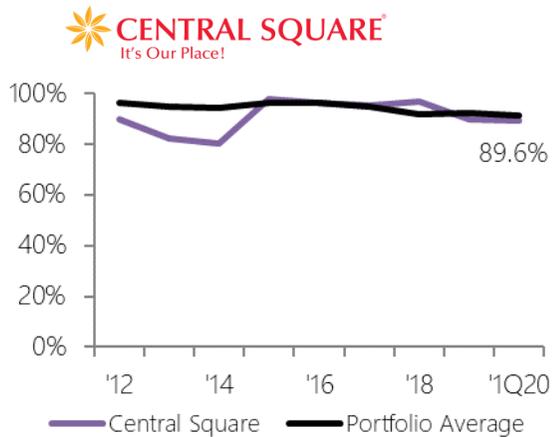
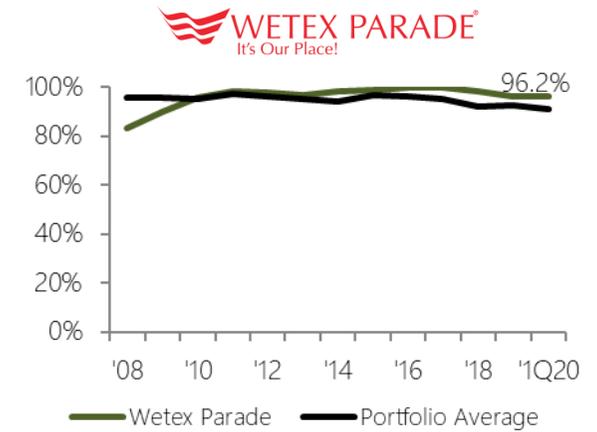
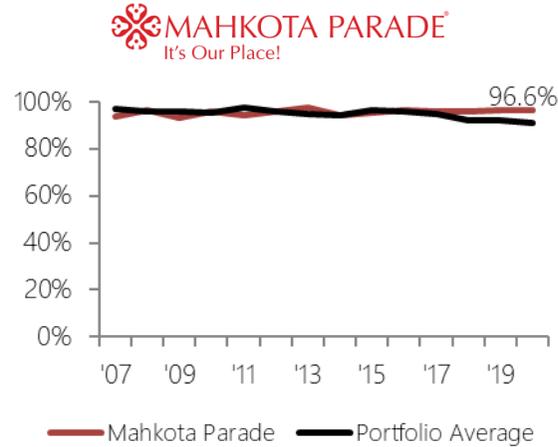
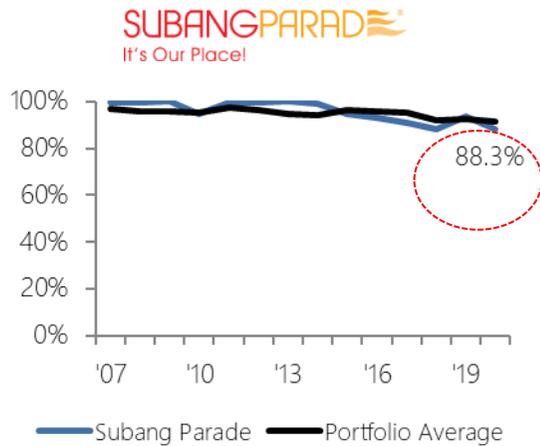
Portfolio Occupancy 2007- 1Q 2020

Property	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'1Q20
Subang Parade	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	99.3%	94.7%	93.0%	90.9%	88.2%	93.9%	88.3%
Mahkota Parade	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	94.5%	95.5%	96.4%	96.1%	96.0%	96.4%	96.6%
Wetex Parade	83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	98.5%	96.2%	96.2%
Central Square					89.8%	82.5%	80.5%	98.0%	96.6%	95.3%	96.9%	89.7%	89.6%
Kulim Central					96.9%	93.7%	97.8%	99.3%	98.9%	98.2%	93.5%	95.0%	95.0%
Segamat Central										94.7%	78.6%	77.1%	79.5%
Portfolio Average	95.8%	95.8%	95.5%	97.5%	96.3%	95.0%	94.3%	96.6%	96.2%	95.1%	92.1%	92.5%	91.3%



Subang Parade and Segamat Central occupancy still fluctuating due to Asset Enhancement planning & repositioning

- Portfolio Average at 91.3% for 1Q 2020



First Quarter Rental Reversions negative (-30.0%)

- Represented by 5.1% of NLA
- Weighed down by Subang Parade due to planning and positioning for new mini-anchors
- Positive reversion were recorded for Wetex Parade, Central Square and Kulim Central

Portfolio Rental Reversions 1Q 2020

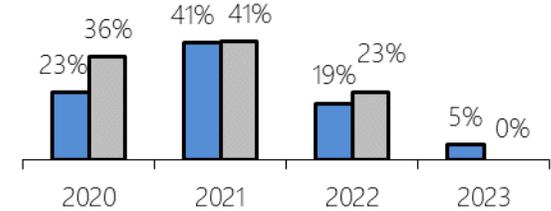
First Quarter (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	+/- vs Previous Rent Rates
Subang Parade	9	33,864	6.5%	-42.8%
Mahkota Parade	9	59,789	11.5%	-8.6%
Wetex Parade	3	1,560	0.9%	12.1%
Central Square	2	1,807	0.6%	7.9%
Kulim Central	3	1,616	0.5%	7.9%
Segamat Central	2	4,671	2.2%	-70.2%
Total / Average	28	103,307	5.1%	-30.0%

<ul style="list-style-type: none"> ▪ Positive reversions for all 3 tenants 	12.1%
<ul style="list-style-type: none"> ▪ Only 2 tenants renewed this quarter 	7.9%
<ul style="list-style-type: none"> ▪ Positive reversions for all 3 tenants 	7.9%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants : Ampang Superbowl 	-8.6%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants: Fashion and F&B 	-42.8%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants: Telecoms 	-70.2%

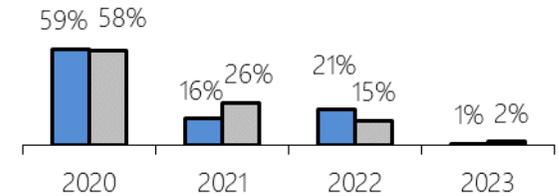
Tenancy Expiry by Property



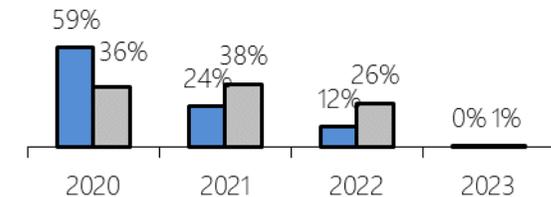
Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	52	121,641	23%	36%
2021	30	211,640	41%	41%
2022	32	101,053	19%	23%
2023	1	26,375	5%	0%



Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	57	306,028	59%	58%
2021	34	82,918	16%	26%
2022	18	111,617	21%	15%
2023	2	2,808	1%	2%



Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	18	103,835	59%	36%
2021	31	42,623	24%	38%
2022	21	21,452	12%	26%
2023	1	398	0%	1%

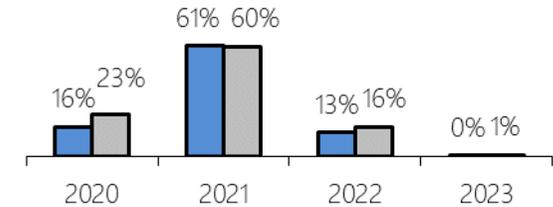


*Based on monthly rental income for Mar 2020. Figures may not round to 100% due to misc. items

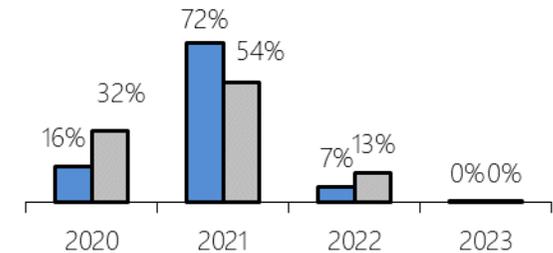
Tenancy Expiry by Property



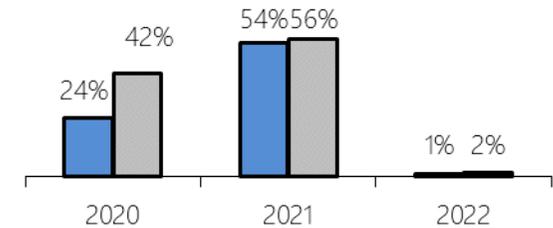
Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	25	49,637	16%	23%
2021	20	188,179	61%	60%
2022	8	39,887	13%	16%
2023	1	468	0%	1%



Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	31	48,526	16%	32%
2021	32	214,556	72%	54%
2022	12	21,036	7%	13%
2023	1	689	0%	0%



Period End	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
Mar				
2020	22	50,935	24%	42%
2021	27	116,283	54%	56%
2022	2	2,357	1%	2%



*Based on monthly rental income for Mar 2020. Figures may not round to 100% due to misc. items

■ By Total NLA ■ By Monthly Rental Income

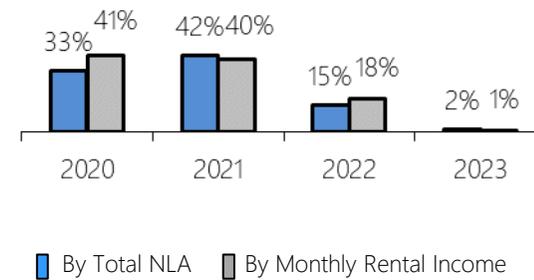
Tenancy Expiry for Portfolio 2020-2023

- For FY 2020, the total amount of tenancies due for expiry was 205 which represented 680,602 sq. ft. or 33% of Total NLA.
- For 1Q 2020, a total of 28 tenancies covering 103,307 sq. ft. were renewed, representing 5.1% of Total NLA

Portfolio Expiry Profile 2019-2021

Period End Mar	Tenancies Expiring	Expiring NLA (sq ft)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2020	205	680,602	33%	41%
2021	174	856,199	42%	40%
2022	93	297,402	15%	18%
2023	6	30,738	2%	1%

*Based on monthly rental income for Mar 2020. Figures may not round to 100% due to misc. items





1Q20 Revenue fell 7.9% from preceding period ▶

1Q20 Net Property Income lower by 15.4% ▶

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

Financial Results

The Movement Control Order has impacted operations

- Revenue slightly down by 7.9%
- Net Property Income lower by 15.4%

Income Statement	1Q20	1Q19	Variance
First Quarter 2020 (unaudited)	(RM '000)	(RM '000)	(%)
Revenue	30,714	33,349	-7.9%
Direct Cost & Property Expenses	-15,000	-14,774	-1.5%
Net Property Income (NPI)	<u>15,715</u>	<u>18,575</u>	<u>-15.4%</u>
Interest & Other Income	96	314	-69.4%
Trust Fees & Expenses	-3,090	-3,610	14.4%
Interest Expense	-5,644	-6,364	11.3%
Realised Income Before Taxation	<u>7,076</u>	<u>8,914</u>	<u>-20.6%</u>
Fair Value Adjustment of Investment Properties	-	-	-
Fair Value Change on Derivatives	-	-	-
Taxation	-	-	-
Net Income Before Tax	<u>7,076</u>	<u>8,914</u>	<u>-20.6%</u>
Net Income per Unit (sen)	1.53	1.93	-20.6%
- realised	1.53	1.93	-20.6%

Please refer to the Quarterly Results Announcement for further details.

Balance Sheet (Unaudited)	As at 31.3.2020 (RM '000)	As at 31.12.2019 (RM '000)
Non-Current Assets		
Investment Properties	1,236,500	1,236,500
Plant & Equipment	99	113
Capital Work in Progress	1,486	1,158
Fixed Deposit with a licensed bank	1,532	1,527
	<u>1,239,618</u>	<u>1,239,298</u>
Current Assets		
Trade Receivables	20,397	19,995
Other Receivables, Deposits, Prepayments	6,652	6,317
Cash and Bank Balances	10,944	10,467
TOTAL ASSETS	<u>1,277,610</u>	<u>1,276,076</u>
Long Term Liabilities		
Tenancy Deposits	12,205	13,290
Deferred tax liability	28,171	28,171
Borrowings	548,091	548,091
	<u>588,467</u>	<u>589,552</u>
Current Liabilities		
Trade Payables	12,758	9,135
Other Payables and Accruals	32,705	31,336
Tenancy Deposits	21,412	21,621
Borrowings	15,000	15,000
TOTAL LIABILITIES	<u>670,342</u>	<u>666,645</u>
NET ASSET VALUE	607,268	609,432
Unitholders' Capital	492,500	492,500
Retained Earnings - realised	39,524	41,688
Retained Earnings – unrealised	75,244	75,244
TOTAL UNITHOLDERS' FUND	<u>607,268</u>	<u>609,432</u>

Unit Price Statistics As at 31 March 2020

No. of Units
461,960,178

Net Asset Value Per Unit
RM 1.31

Unit Price
RM 0.69

Market Capitalisation
RM318,752,523

Premium / Discount to NAV
-47.3%

Please refer to the Quarterly Results
Announcement for further details.

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

Debt Summary March 2020

- Facilities: Al-Murabahah, Term Loan (TL), Short-Term Revolving Credit (STRC)
- Financiers: [Maybank, CIMB](#)
- Total Debt: [RM563.1 million](#)
- Cost Structure: [Cost of Funds +1.00%](#)
- Weighted Cost: [4.21%](#)
- Gearing Ratio¹: [44.1%](#)
- Interest Cover²: [2.25](#)

¹ Gearing ratio calculated by financing liabilities over Gross Asset Value (GAV). ² Based on 3 months ended 31 Mar 2020

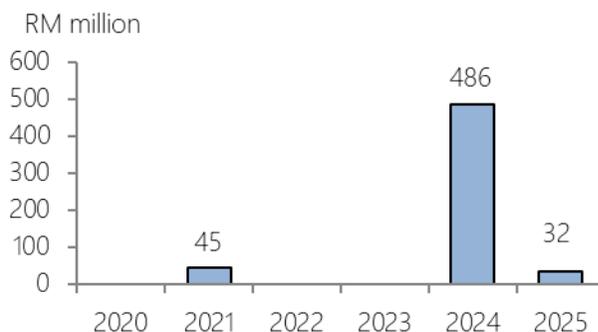
Facilities

#	Facility	Amount (RM'000)	% Total Debt	Security	Expiry	Cost
1	MOD 1	184,000	32.7%	Subang Parade	Feb-24	4.41%
2	MOD 2	150,000	26.6%	Mahkota Parade	Feb-24	4.06%
3	STRC	15,000	2.7%	Mahkota Parade	Mar-21	4.01%
4	Term Loan	30,000	5.3%	Mahkota Parade	Mar-21	4.12%
5	MOD 3	54,300	9.6%	Wetex Parade	Feb-24	4.08%
6	MOD 4	32,800	5.8%	Wetex Parade	Feb-24	4.08%
7	MOD 5	64,991	11.5%	Kulim Central	Feb-24	4.11%
8	TF-I(1)	32,000	5.7%	Central Square	Jan-25	4.42%
Total		563,091	100.0%			4.21%

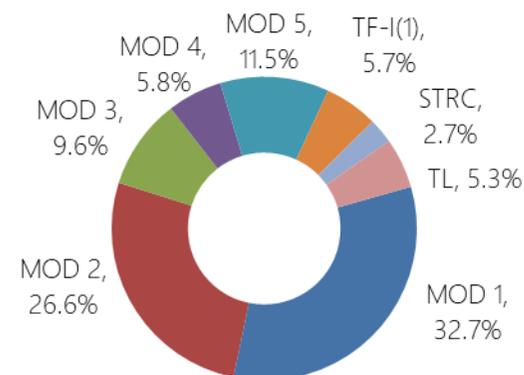
Note: STRC is reviewed annually, Cost of Funds based on Floating Rate

Expiry Profile 2020-2025

Year	% Debt
2020	0.0%
2021	8.0%
2022	0.0%
2023	0.0%
2024	86.3%
2025	5.7%



Funding Composition





Portfolio Updates

Comprehensive Plan post-MCO

- Public Health Initiatives: health checks and monitoring of traffic at key entry points
- Social Distancing Measures: applied to all applicable businesses
- Marketing: Recovery campaigns shift to sales-focused tenant promotions
- Subang Parade: Supermarket anchor Village Grocer opening now set for 4Q2020
- Tenant Support Program: supporting tenants and mall occupancy for 2020



Creating The Places People Love



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