



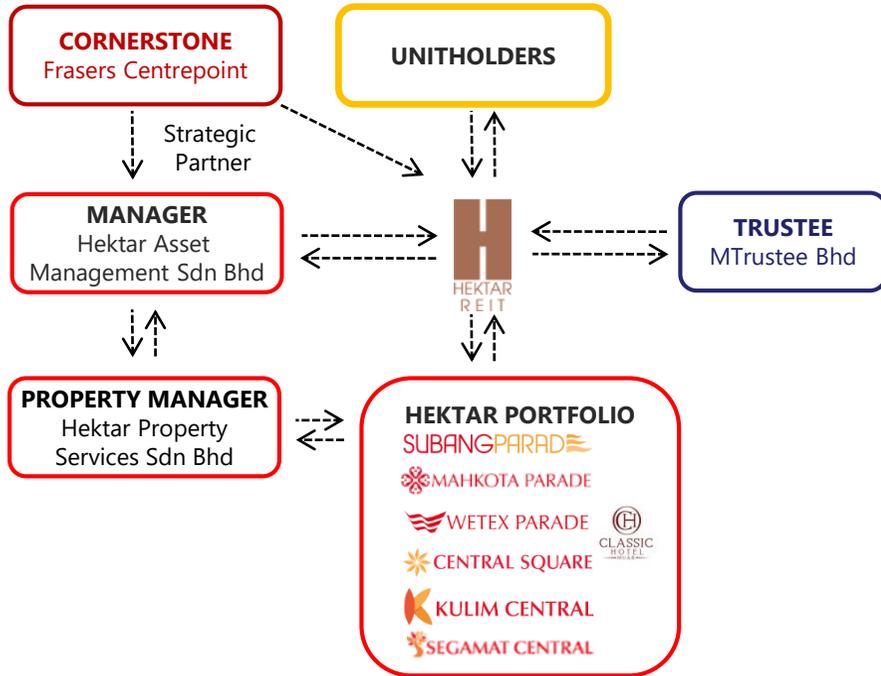
Creating The Places People Love



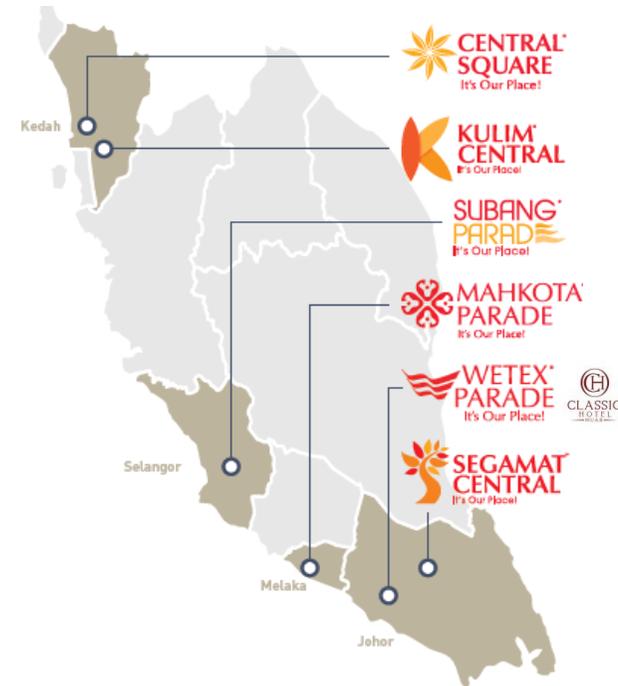
HEKTAR REAL ESTATE INVESTMENT TRUST
1Q 2019 RESULTS PRESENTATION
23 May 2019



Organisation



Diverse Portfolio



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First Quarter 2019 (1Q19)

January – March 2019 / 3 Months

Financial Performance vs. Previous Period

1Q19 Gross Revenue: RM33.3 million, -1.8%

1Q19 Realised Income: RM8.9 million, -14.4%

Net Property Income dipped - 4.4%

Financing Renewed: 92% of Debt expires in 2024

Cost of Debt: 4.61%

Operational Performance as at 31 March 2019

Portfolio Occupancy: 90.8%

Rent Reversions: -4.2%

Expiry Profile: 36% of Net Lettable Area

Classic Hotel Refurbished and reopened in December 2018

Dividend Per Unit

1Q 2019 : 1.93 sen

2Q 2019 : -

3Q 2019 : -

4Q 2019 : -

DPU Yield* : 6.8%

* Based on 1Q19 DPU of 1.93 sen annualised over closing price of RM1.14 on 31 March 2019

Distribution Details First Quarter 2019

Distribution Period:	1 January 2019 – 31 March 2019
Quarterly DPU:	1.93 sen
Notice of Entitlement:	23 May 2019
Ex-Dividend Date:	10 June 2019
Book Closure Date:	11 June 2019
Payment Date:	10 July 2019



Note: FY07 represented a 13-month financial year period from December 2006 to 31 December 2007. Only 3 dividends paid in FY17.

Hektar REIT offers a competitive **6.8%** dividend yield for 1Q 2019

- Dividend Yield based on annualised DPU and FY2018 closing price of RM1.14

Dividend Per Unit

1Q 2019 : 1.93 sen
 2Q 2019 : -
 3Q 2019 : -
 4Q 2019 : -

DPU Yield* : 6.8%

* Based on 1Q19 DPU of 1.93 sen annualised over closing price of RM1.14 on 31 March 2019

Comparative Yields



Sources: FTSE Russell (April 2019), Maybank (May 2019), Bank Negara (31 March 2019), EPF

Overall Occupancy at ~90.8% ▶

Rental Reversions -4.2% for 1Q19 ▶

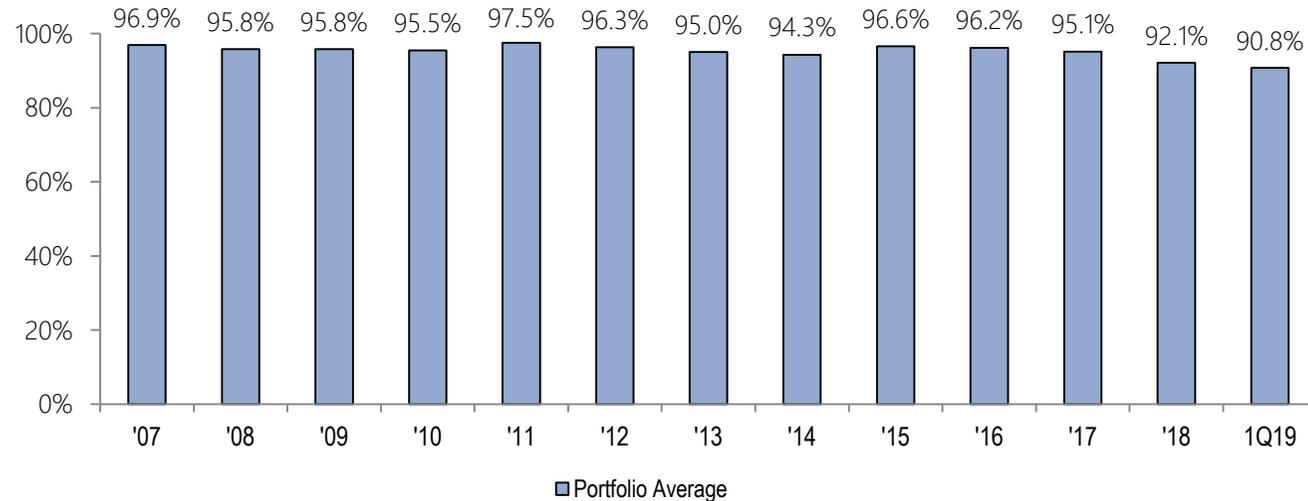
Expiry Profile: 38% NLA expires in 2019 ▶

Portfolio Performance

Average portfolio occupancy steady at **90.8%**

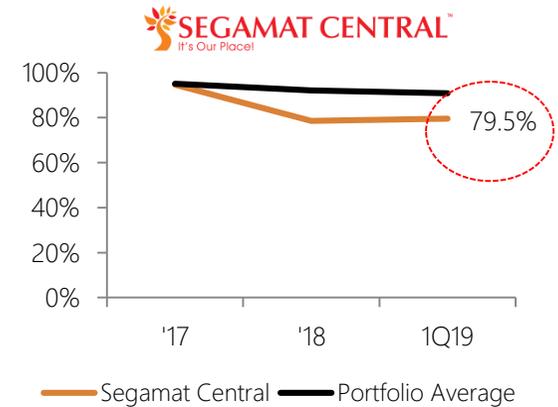
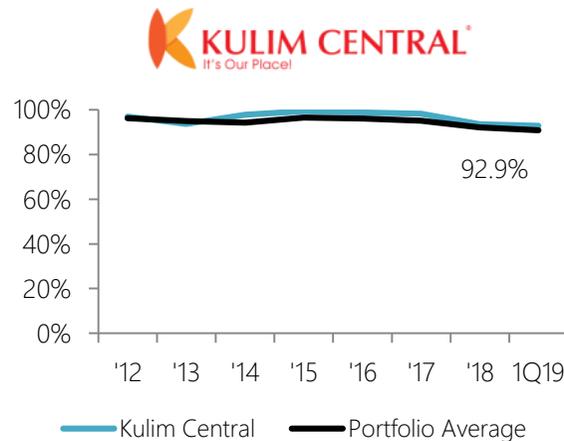
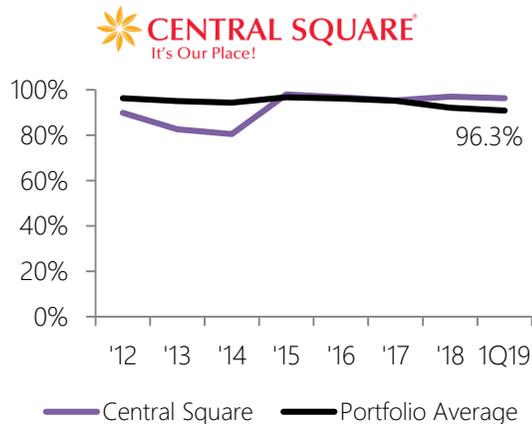
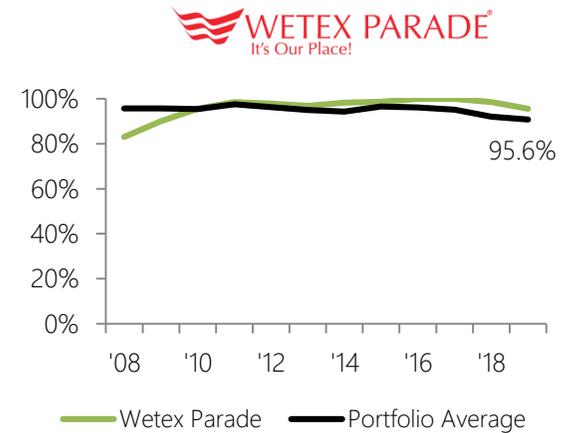
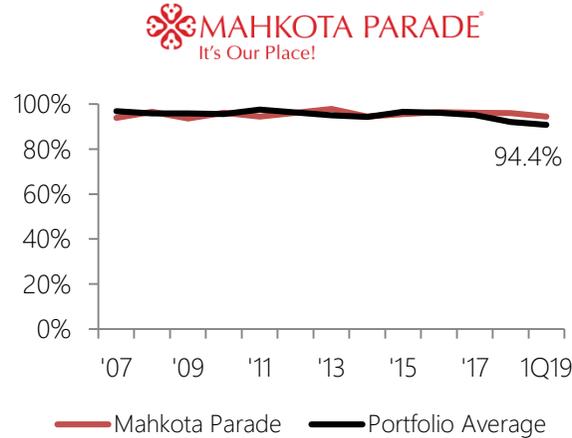
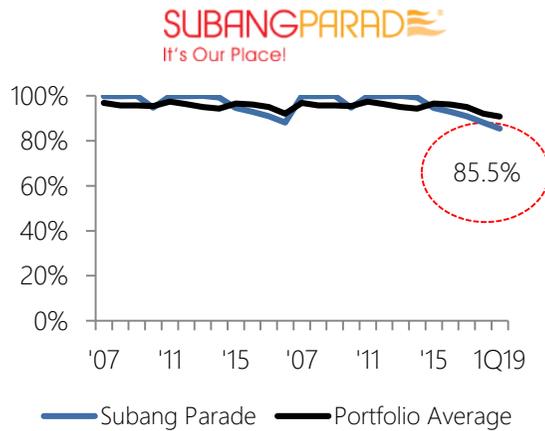
Portfolio Occupancy 2007-2019

Property	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	1Q19
Subang Parade	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	99.3%	94.7%	93.0%	90.9%	88.2%	85.5%
Mahkota Parade	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	94.5%	95.5%	96.4%	96.1%	96.0%	94.4%
Wetex Parade	83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	98.5%	95.6%
Central Square					89.8%	82.5%	80.5%	98.0%	96.6%	95.3%	96.9%	96.3%
Kulim Central					96.9%	93.7%	97.8%	99.3%	98.9%	98.2%	93.5%	92.9%
Segamat Central										94.7%	78.6%	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%	90.8%



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

- Portfolio Average at 90.8% for 1Q 2019



First Quarter Rental Reversions negative (-4.2%)

- Represented by only 3.1% of NLA
- Weighed down by Subang Parade due to Asset Enhancement planning and positioning
- Mahkota Parade undergoing tenancy remixing for 2nd floor
- Strong performance by Segamat Central, Wetex Parade and Kulim Central

Portfolio Rental Reversions 1Q2019

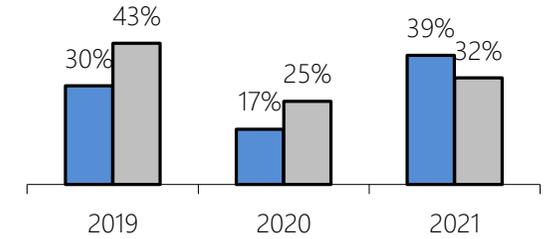
First Quarter (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq.. ft..)	% of Total NLA	+/- vs Previous Rental Rate
Subang Parade	4	7,173	1.4%	-32.7%
Mahkota Parade	2	37,105	7.1%	-28.3%
Wetex Parade	6	7,552	4.3%	50.8%
Central Square	1	338	0.1%	0.0%
Kulim Central	2	4,219	1.4%	12.9%
Segamat Central	3	5,868	2.7%	57.5%
Total / Average*	18	62,255	3.1%	-4.2%

	+57.5%
<ul style="list-style-type: none"> ▪ Positive reversions for all 3 tenants ▪ Key Renewed/New Tenants: Super Fun Toys Enterprise 	
	+50.8%
<ul style="list-style-type: none"> ▪ Positive reversions for all 6 tenants ▪ Key Renewed/New Tenants: McDonalds, Little Muar, I Love Yoo, Baker House Confectionery 	
	+12.9%
<ul style="list-style-type: none"> ▪ Positive reversions for 2 out of 2 tenants ▪ Key Renewed/New Tenants: Western Blue (Edwin) and Pizza Hut Restaurants Sdn Bhd 	
	0.0%
<ul style="list-style-type: none"> ▪ Only 1 small tenant renewed this quarter 	
	-28.3%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants : Ampang Superbowl 	
	-32.7%
<ul style="list-style-type: none"> ▪ Key Renewed/New Tenants: Novacell, Dodo Dim Sum & Bowls, Penyet Express and Daiso 	

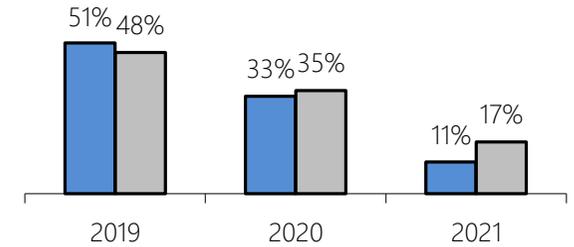
Tenancy Expiry by Property



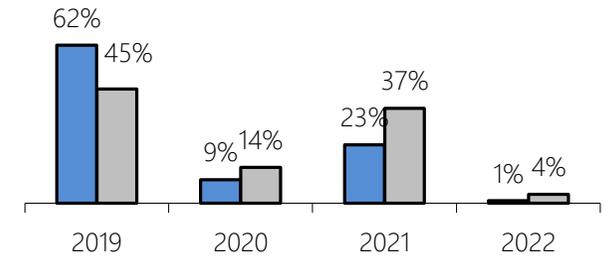
Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	60	152,178	30%	43%
2020	30	85,388	17%	25%
2021	22	199,077	39%	32%



Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	61	264,045	51%	48%
2020	26	171,075	33%	35%
2021	25	55,558	11%	17%



Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	28	108,961	62%	45%
2020	11	16,271	9%	14%
2021	30	40,267	23%	37%
2022	3	1871	1%	4%

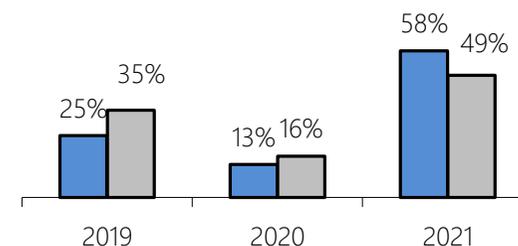


*Based on monthly rental income for Dec 2018. Figures may not round to 100% due to misc. items

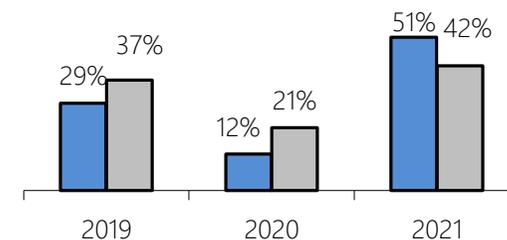
Tenancy Expiry by Property



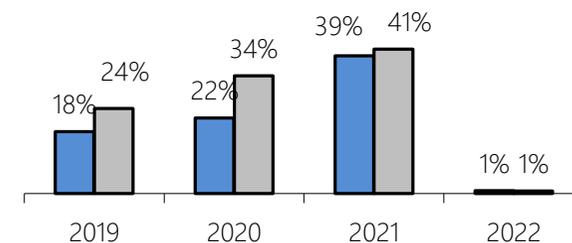
Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	26	76,616	25%	35%
2020	20	41,113	13%	16%
2021	16	181,480	58%	49%



Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	33	87,757	29%	37%
2020	23	36,541	12%	21%
2021	22	153,992	51%	42%



Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	19	38,253	18%	24%
2020	14	46,843	22%	34%
2021	17	85,226	39%	41%
2022	1	1,776	1%	1%



*Based on monthly rental income for Dec 2018. Figures may not round to 100% due to misc. items

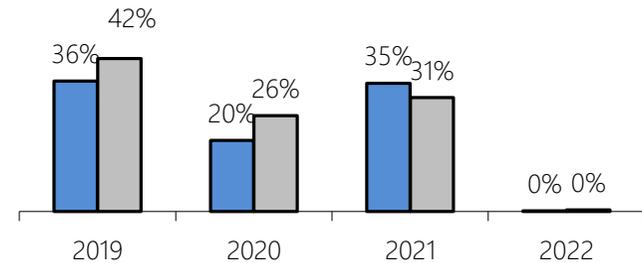
Tenancy Expiry for Portfolio 2019-2022

- As at 31 March 2019, the total amount of tenancies due for expiry was 227 which represented 727,810 sq. ft. or 36% of Total NLA.
- For 1Q 2019, a total of 18 tenancies covering 62,555 sq. ft. were renewed, representing 3.1% of Total NLA

Portfolio Expiry Profile 2019-2021

Period End March	Tenancies Expiring	Expiring NLA (sq. ft.)	Expiring NLA as % of Total NLA	% of Monthly Rental Income*
2019	227	727,810	36%	42%
2020	124	397,231	20%	26%
2021	132	715,600	35%	31%
2022	4	3,647	0%	0%

*Based on monthly rental income for March 2019. Figures may not round to 100% due to misc. items



■ By Total NLA ■ By Monthly Rental Income

1Q19 Gross Revenue fell -1.8% from preceding period ▶

1Q19 Net Property Income up lower by -4.4% ▶

Financing Renewed: 92% of Debt expires in 2024 ▶

Financial Results



Revenue slightly down by 1.8% in 1Q19

- Net Property Income lower by 4.4%
- Realised Income declined 14.4% vs previous quarter due to higher trust fees & expenses and interest fees

Income Statement	1Q19	1Q18	Variance
First Quarter 2018 (unaudited)	(RM '000)	(RM '000)	(%)
Revenue	33,349	33,960	-1.8%
Direct Cost & Property Expenses	-14,774	-14,536	-1.6%
Net Property Income (NPI)	<u>18,575</u>	<u>19,423</u>	<u>-4.4%</u>
Interest & Other Income	314	93	237.6%
Trust Fees & Expenses	-3,610	-2,945	-22.6%
Interest Expense	-6,364	-6,160	-3.3%
Realised Income Before Taxation	<u>8,914</u>	<u>10,411</u>	<u>-14.4%</u>
Fair Value Adjustment of Investment Properties	-	-	-
Fair Value Change on Derivatives	-	265	N/A
Net Income Before Tax	<u>8,914</u>	<u>10,676</u>	<u>-16.5%</u>
Net Income per Unit (sen)	1.93	2.31	-16.5%
- realised	1.93	2.25	-14.2%

Balance Sheet (Unaudited) RM '000	31.03.2019	31.12.2018
Non-Current Assets		
Investment Properties	1,221,500	1,221,500
Plant & Equipment	205	141
Capital Work in Progress	8,421	6,129
Fixed Deposit with a licensed bank	1,491	1,447
	<u>1,231,617</u>	<u>1,229,217</u>
Current Assets		
Trade Receivables	17,416	18,217
Other Receivables, Deposits, Prepayments	8,201	7,504
Cash and Bank Balances	6,953	13,335
TOTAL ASSETS	<u>1,264,188</u>	<u>1,268,273</u>
Long Term Liabilities		
Tenancy Deposits	13,187	15,902
Borrowings	548,072	548,072
Derivative Financial Instrument	-	-
	<u>561,258</u>	<u>563,974</u>
Current Liabilities		
Trade Payables	6,969	5,588
Other Payables and Accruals	29,030	30,488
Tenancy Deposits	18,372	17,907
Borrowings	15,000	15,000
TOTAL LIABILITIES	<u>630,629</u>	<u>632,957</u>
NET ASSET VALUE	633,559	635,316
Unitholders' Capital	492,500	492,500
Retained Earnings - realised	41,382	43,140
Retained Earnings – unrealised	99,675	99,675
TOTAL UNITHOLDERS' FUND	<u>633,558</u>	<u>635,315</u>

Unit Price Statistics As at 31 March 2019

No. of Units Outstanding
461,960,178

Net Asset Value Per Unit
RM 1.37

Unit Price
RM 1.14

Market Capitalisation
RM526,634,603

Premium / Discount to NAV
-16.8%

Debt Summary February 2019

- Facilities: Al-Murabahah, Term Loan (TL), Short-Term Revolving Credit (STRC)
- Financier: [Maybank](#)
- Total Debt: [RM563.1 million](#)
- Cost Structure: [Cost of Funds +0.70%](#)
- Weighted Cost: [4.61%](#)
- Gearing Ratio¹: [44.4%](#)
- Interest Cover²: [2.68](#)

¹ Gearing ratio calculated by financing liabilities over Gross Asset Value (GAV). ² Based on FY2018 Balance Sheet

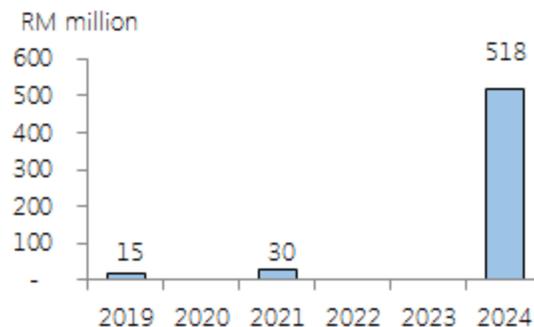
Facilities

#	Facility	Amount (RM'000)	% Total Debt	Security	Expiry	Cost
1	MOD 1	184,000	32.7%	Subang Parade	Feb-24	4.74%
2	MOD 2	150,000	26.6%	Mahkota Parade	Feb-24	4.48%
3	STRC	15,000	2.7%	Mahkota Parade	2019	4.51%
4	Term Loan	30,000	5.3%	Mahkota Parade	Mar-21	4.62%
5	MOD 3	54,300	9.6%	Wetex Parade	Feb-24	4.58%
6	MOD 4	32,800	5.8%	Wetex Parade	Feb-24	4.58%
7	MOD 5	64,972	11.5%	Kulim Central	Feb-24	4.58%
8	MOD 6	32,000	5.7%	Central Square	Feb-24	4.58%
Total		563,072	100%			4.61%

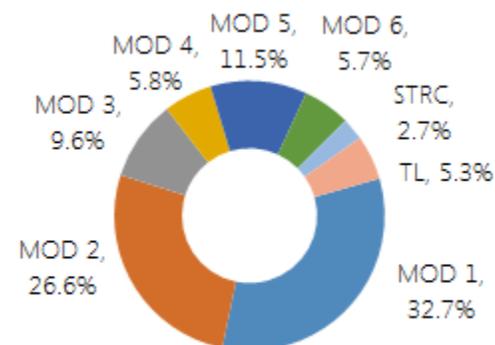
Note: STRC is reviewed annually, Cost of Funds based on Floating Rate

Expiry Profile 2019-2024

Year	% Debt
2019	2.7%
2020	0.0%
2021	5.3%
2022	0.0%
2023	0.0%
2024	92.0%



Funding Composition



SUBANG
PARADE
It's Our Place!

MAHKOTA
PARADE
It's Our Place!

WETEX
PARADE
It's Our Place!

CENTRAL
SQUARE
It's Our Place!

KUIM
CENTRAL
It's Our Place!

SEGAMAT
CENTRAL
It's Our Place!

Portfolio Updates





Progress of Classic Hotel continues to improve

- Opened since December 2018
- First Quarter 2019 occupancy ranging from 39-41%
- Average room rate range from RM100- RM121
- Total available rooms: 156
- Average F&B per pax up from RM21 to RM28
- Business plan initiatives
 - Collaboration with agencies (Tourism Johor / Muar, PDM, MPM, etc.)
 - Buffet Promotions
 - Convention Business – Wedding Fair
 - Marketing initiatives (offline and online)
- Positive feedback from first guests



Classic Hotel Reopened in December 2018



Online Customer Rating Positive & Improving



OTA Customer Rating	Agoda	Booking.Com	Expedia	Traveloka
April	7.8/10	7.8/10	3.0/5	*NA



kaatkeepsgoing
Singapore, Singapore

423 263

★★★★★ Reviewed 6 February 2019

Refurbished, wonderful stay!

We stayed at this hotel for 1 night only. Parking is easy in the garage right underneath the hotel. Free for your stay. Staff is very kind and helpful with our questions. The large rooms are completely refurbished in a modern style. Everything is clean, bed is comfy, good Wifi. Quiet hotel in a great location. Next to a large mall with great food options. Breakfast is not served at this hotel. About 10-15 min walk to waterfront for river cruise or more downtown to more shops and restaurants.

[Show less](#)

Date of stay: February 2019

Trip type: Travelled as a couple

★★★★★ Sleep Quality

★★★★★ Rooms

★★★★ Service



reddahlia
Kuala Lumpur, Malaysia

3 5

★★★★★ Reviewed 24 December 2018 via mobile

5 star service!

I was here for a short vacay and booked 4 rooms with the whole family. Gosh the rooms are brand new and chic! The General Manager and Staff are super friendly. We needed a wheel chair for my mom and booked beforehand, and they were already waiting at the entrance when we arrived and brought my mom straight to the room at 7th floor. Definitely will come here again soon!

[Show less](#)

Date of stay: December 2018

Trip type: Travelled with family



Christabel90
London, United Kingdom

85 39

★★★★★ Reviewed 18 February 2019

We were really impressed with the hotel

We were really impressed with the hotel - it has been newly renovated and is clean, spacious, especially for the price. The hotel is really conveniently located, it is right next to Wetex Parade, so you can get Gong Cha, go to Watsons for any personal care item and have food nearby at Tam Chiak Street - Glutton Street, which is only 5 minutes walk away.

We would return if we come to Muar.

[Show less](#)

Date of stay: February 2019

Trip type: Travelled with family

★★★★★ Value

★★★★★ Cleanliness

★★★★ Service



brian_s_francis
Malaysia

3 2

★★★★★ Reviewed 21 January 2019

New and Convenient

The hotel has been newly refurbished. To my surprise, Wetex Parade, one of the largest malls in Muar is linked to the hotel. So convenient. Rooms are spacious and comfortable. The guest room corridors are wide and this make the rooms very quiet. Sheltered carpark provided.

Strongly suggest staying in this hotel if one is visiting Muar.

[Show less](#)

Date of stay: December 2018

[Ask brian_s_francis about Classic Hotel Muar](#)

Little Muar Café opened in January 2019



Hektar's Latest Acquisition Under Research & Planning

- Acquisition Completed in 2017
- New Anchor: TF Value Mart in late 2018
- Market Research currently being analysed
- New anchor driving retailer interest



Seleria Food Court opened April 2019

- 13 New F&B Tenants serving a wide variety of cuisines
- 100% Tenanted



Seleria Food Court Central Square – Opened April 2019







Opening Soon



Opening 2H 2019



Opening 2H 2019







MBO Upgraded! KECIL - Children & family-oriented cinema hall – opened 2Q 2019



Hektar is pursuing a review of its portfolio anchor strategies

- Subang Parade: New Supermarket Mini-Anchor to be Announced Soon
- Mahkota Parade: In Planning
- Wetex Parade: Refurbished Classic Hotel, MR. D.I.Y.
- Central Square: Revitalised Food Court to complement tenant mix
- Kulim Central: In Planning
- Segamat Central: New Anchor TF ValueMart, performing well, stimulating retailer interest



Creating The Places People Love



Investor Communications
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