

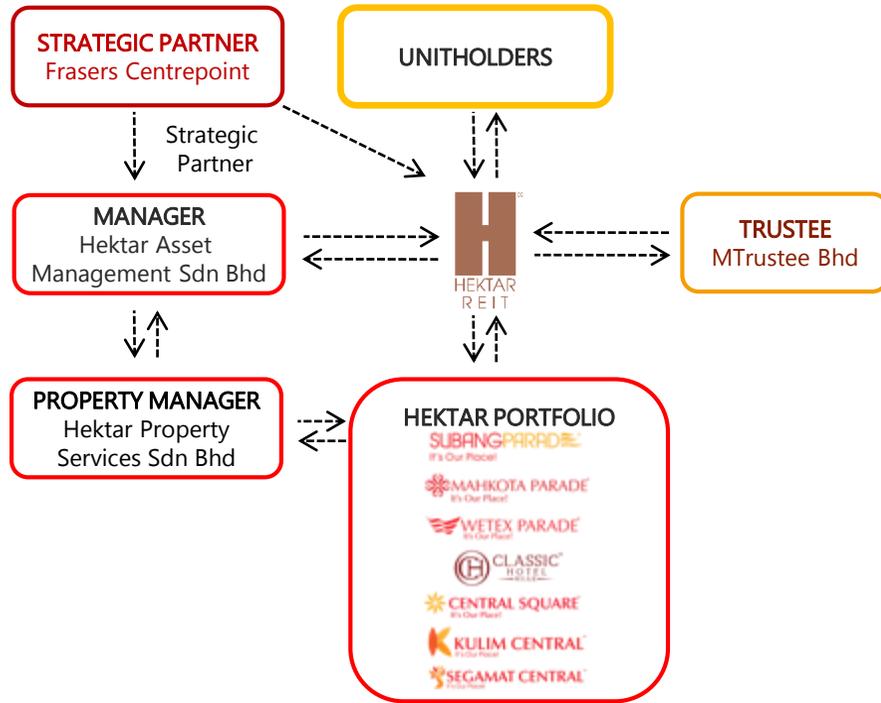


Creating The Places People Love



HEKTAR REAL ESTATE INVESTMENT TRUST
2Q 2021 RESULTS PRESENTATION
26 August 2021

Organisation



Diverse Portfolio

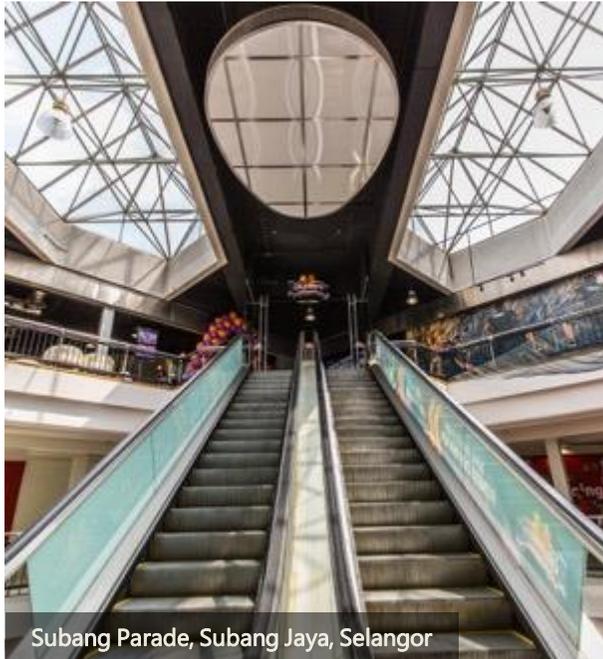


DISCLAIMER: The material that follows is a presentation of general background information about the activities of Hektar REIT (including Hektar REIT's any other affiliates) as at the date of this Presentation. The information contained herein is given in summary form solely to provide an understanding of the business of Hektar REIT and does not purport to be complete. You should conduct your own investigation and analysis of Hektar REIT and other data contained in this Presentation. It is not intended to be relied upon as advice for investment or invitation to invest in Hektar REIT or an evaluation of Hektar REIT. No representation, warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information contained herein. This presentation may contain forward-looking statements that involves risks and uncertainties. Actual future results may vary materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on Hektar REIT's current view of future events. Whilst we have used our best endeavour and exercised reasonable diligence in collating information from public domain, we have not independently verified the accuracy of such information. Hektar REIT and its affiliates or any of its directors, officers and employees shall not accept any responsibility for any errors or omission in this Presentation and shall not be liable for any loss or other consequence of any reliance upon the whole or any part of the contents of this Presentation thereon. The past performance of Hektar REIT is not necessarily indicative of the future performance of Hektar REIT.

- 1 2Q21 Overview**
- 2 Portfolio Performance**
- 3 Financial Results**
- 4 Portfolio Updates**
- 5 Sustainability**
- 6 Prospects**

2Q21 Overview





Subang Parade, Subang Jaya, Selangor

MCO 3.0 and FMCO

Hektar REIT's shopping malls have complied and continue to observe the Government and regulatory directives during the various Movement Control Order (MCO) periods. With the rise in COVID-19 cases, the Government had announced MCO 3.0 nationwide from 12 May 2021, which was then converted into a Full Nationwide Lockdown (FMCO) from 1 June to 28 June with only essential sectors allowed to operate along with no dine-in for F&B outlets and closure of spa & entertainment outlets.

The retail sector continues to struggle with the closure of non-essential businesses as well as reduction of household incomes resulting in lower purchasing power. With tighter mobility restrictions, shoppers were also refrained from mall visits which led to decline in tenant sales.

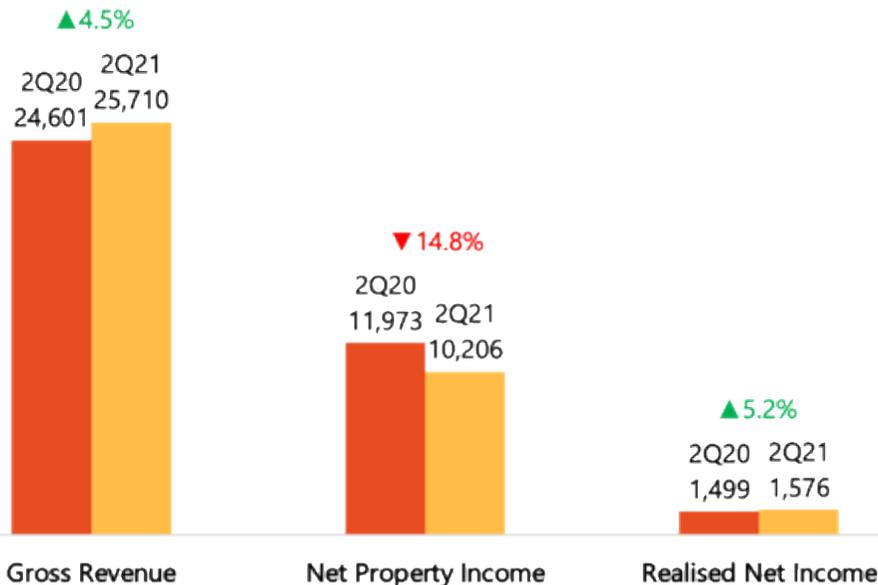
Malaysia's National Recovery Plan (NRP)

After the FMCO, the Government announced a four-phase National Recovery Plan ("NRP") with key indicators dependent on a certain threshold of average daily cases, reduced ICU bed occupancy and percentage of the population that has to be vaccinated for the states to progress from one phase to another which will allow certain economic sectors to operate as well as reduction in restrictions. A prolonged COVID-19 pandemic with the closure of economic sectors and restrictions on non-essential retailers to operate will worsen the economic recovery. Such conditions have a material adverse impact on Hektar REIT's financial results and valuation of investment properties for the year ending 31 December 2021.

Hektar REIT continues to enforce stringent standard operating procedures (SOP) in line with directives from the Ministry of Health to ensure a safe retail environment for our tenants, shoppers and employees.

Second Quarter 2021 (2Q21): April – June 2021 / 3 Months

Financial Performance



Note: Figures are in RM '000

Gross Revenue for 2Q21 increased by about 4.5% or RM1.1 million as compared to the previous corresponding quarter in 2020, in tandem with the increase of 17% in footfall experienced by all malls.

Net Property Income (NPI) for 2Q21 was lower by 14.8% or RM1.8 million on the back of higher direct cost of 23% or RM2.9 million, mainly due to provisions on property maintenance cost and marketing expenses.

Realised Income for 2Q21 was higher by 5.2% or RM77K due to lower administration expenses from lower provision of doubtful debts as well as lower borrowing cost arising from several reductions of OPR made by Bank Negara Malaysia in 2020.

In view of the uncertainty on the financial impact for 2021 following the sudden increase in Covid-19 cases, which resulted in the re-enforcement of MCO by the Government, for this quarter, there is no proposed income distribution.

Operational Performance as at 30 June 2021

- Portfolio Occupancy : ~84.6%
- Rent Reversions : -1.1%
- Expiry Profile : 35% of Net Lettable Area (NLA) expiring in 2021
- Footfall : 7.6 million

Portfolio Performance

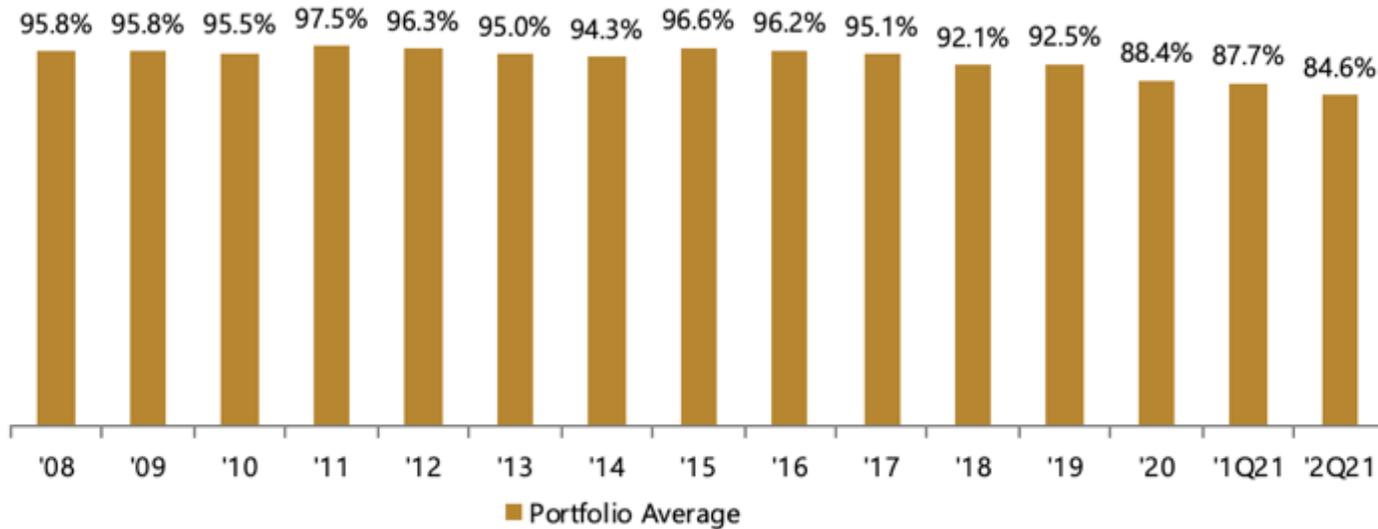


Overall Occupancy at ~84.6% ▶

Rental Reversions -2.7% for 2Q21 ▶

Expiry Profile: 35% NLA expires in 2021 ▶

Average portfolio occupancy has declined slightly in 2Q21 from 1Q21, falling by 3% to **84.6%**. The drop is in accordance with the various restrictions under the Movement Control Orders since March 2020 that has impacted the economy and retail sector.

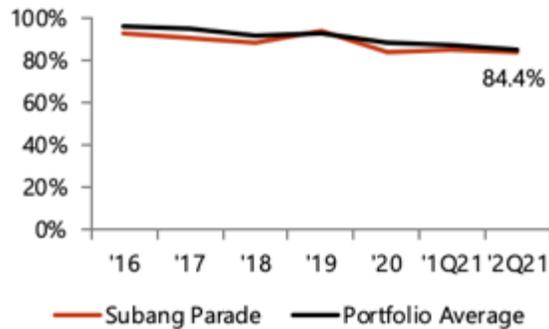


Property	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'1Q21	'2Q21	Trend
Subang Parade	99.9%	99.8%	100.0%	99.3%	94.7%	93.0%	90.9%	88.2%	93.9%	83.7%	85.1%	84.4%	
Mahkota Parade	94.5%	96.1%	97.8%	94.5%	95.5%	96.4%	96.1%	96.0%	96.4%	92.5%	89.1%	86.1%	
Wetex Parade	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	98.5%	96.2%	94.5%	93.7%	91.0%	
Central Square		89.8%	82.5%	80.5%	98.0%	96.6%	95.3%	96.9%	89.7%	87.9%	87.7%	76.0%	
Kulim Central		96.9%	93.7%	97.8%	99.3%	98.9%	98.2%	93.5%	95.0%	93.9%	93.5%	94.1%	
Segamat Central							94.7%	78.6%	77.1%	77.9%	77.2%	75.5%	
Portfolio Average	97.5%	96.3%	95.0%	94.3%	96.6%	96.2%	95.1%	92.1%	92.5%	88.4%	87.7%	84.6%	

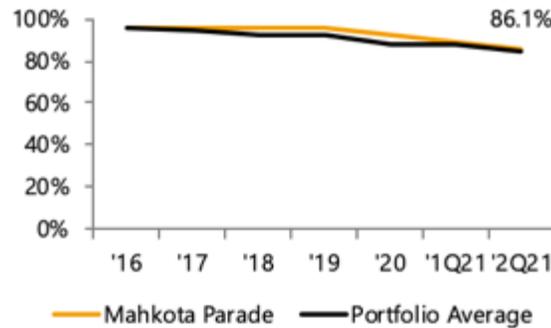
Note: Portfolio Average weighted by NLA

Subang Parade's occupancy fell slightly to 84.4%. Wetex Parade and Kulim Central occupancies remain strong at above 90%. Overall, the occupancy rates of the malls has remained above 80%.

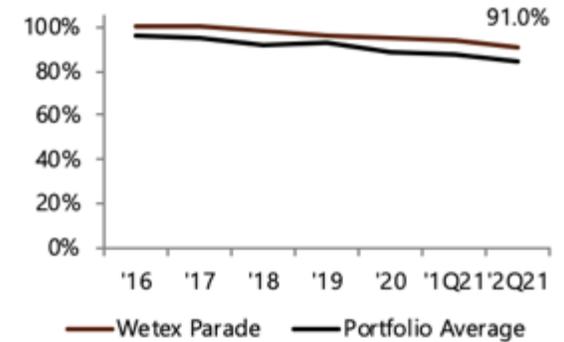
SUBANGPARADE
It's Our Place!



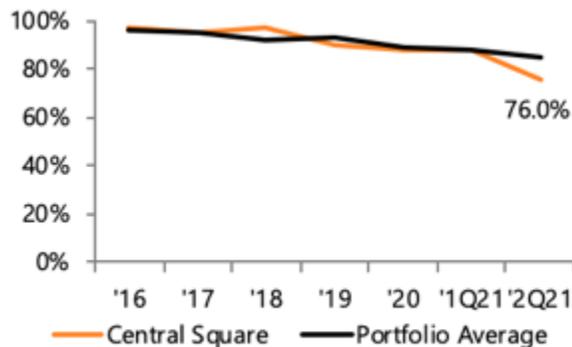
MAHKOTA PARADE
It's Our Place!



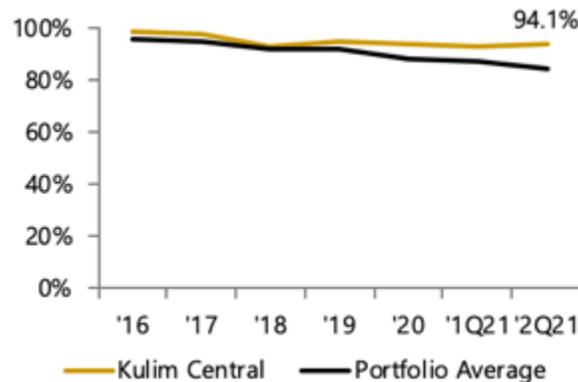
WETEX PARADE
It's Our Place!



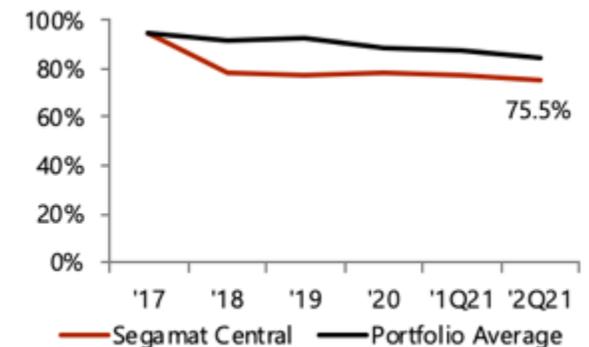
CENTRAL SQUARE
It's Our Place!



KULIM CENTRAL
It's Our Place!



SEGAMAT CENTRAL
It's Our Place!



Second Quarter Rental Reversions at -2.7%

- 25 new/renewed tenancies consisting of 9.8% of total NLA.
- Overall reversions were marginally negative due to negative reversions at Subang Parade, Mahkota Parade, Central Square & Segamat Central.
- Long-term anchor tenant MM Cineplexes renewed their tenancies at Mahkota Parade and Segamat Central while Giant renewed its tenancy at Kulim Central at a positive reversion.

Portfolio Rental Reversions 2Q 2021

Second Quarter Ended 30 June 2021 (3 months)	Number of New Tenancies / Renewals	NLA (Sq. Ft.)	Percentage of Total NLA	Percentage Change Over Previous Rent Rates
Subang Parade	1	557	0.1%	-26.6%
Mahkota Parade	7	68,855	13.2%	-2.4%
Wetex Parade	9	14,221	8.1%	4.9%
Central Square	1	2,464	0.8%	-55.3%
Kulim Central	3	79,200	26.4%	8.6%
Segamat Central	4	34,111	16.1%	-22.3%
Total/Average*	25	199,407	9.8%	-2.7%

* Average Weighted by NLA

KULIM CENTRAL
▲
8.6%

Key Renewed Tenants: Giant and KFC

WETEX PARADE
▲
4.9%

Key Renewed Tenants: The Coffee Bean & Tea Leaf, Popular, McDonald's

MAHKOTA PARADE
▼
-2.4%

Renewed Tenants: Secret Recipe, MR. D.I.Y, Boat Noodle, MM Cineplexes, Pizza Hut, The Chicken Rice Shop

SEGAMAT CENTRAL
▼
-22.3%

Renewed Tenants: Cool Blog, CHK, Topstar, MM Cineplexes

SUBANG PARADE
▼
-26.6%

Renewed Tenant: Proeyes Studio

CENTRAL SQUARE
▼
-55.3%

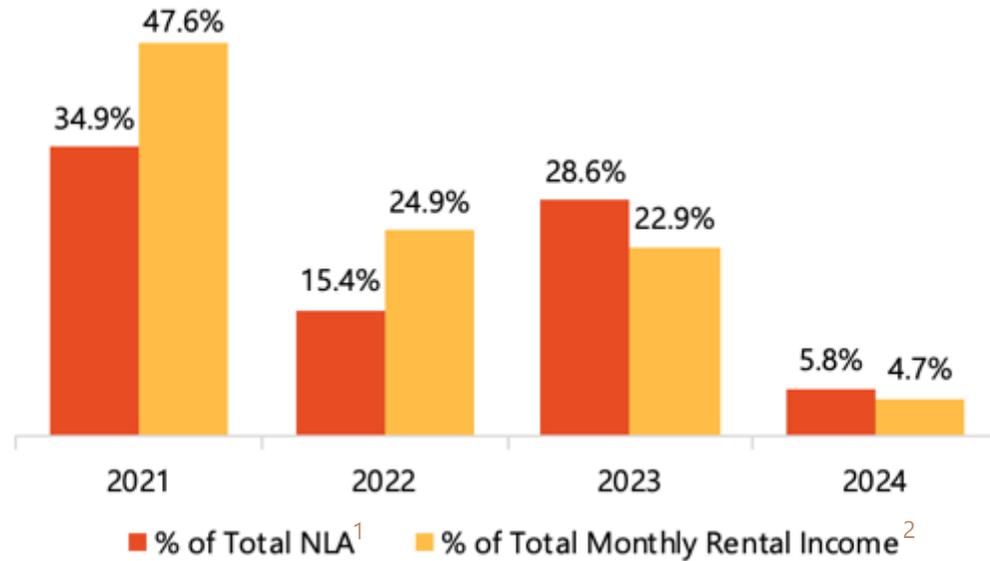
New Tenant: Original Classic

Tenancy Expiry for Portfolio 2021-2024

- Total amount of tenancies expiring in FY 2021 is 237 which represents 713,573 sq. ft. or about 35% of total NLA.
- Total of 25 tenancies covering 199,407 sq. ft. were renewed in 2Q 2021, representing 9.8% of total NLA.

Portfolio Expiry Profile 2021-2024

Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	237	713,573
2022	109	313,666
2023	43	583,173
2024	14	117,709
Total	403	1,728,120

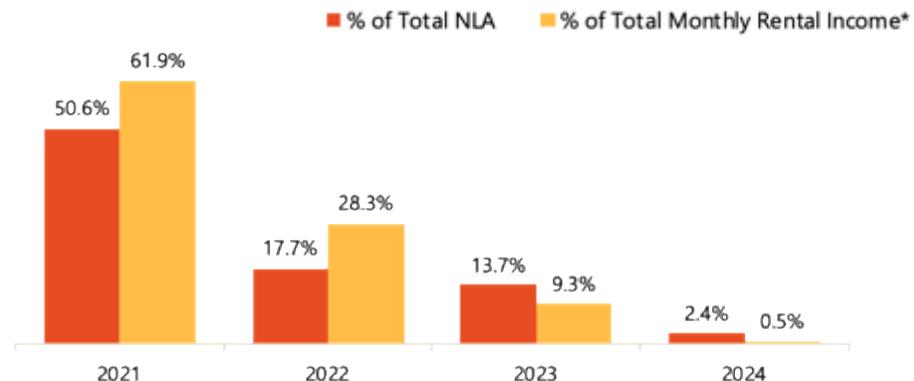


¹ Based on the total Net Lettable Area (NLA) of 2,041,934 sq. ft. as at 30 June 2021

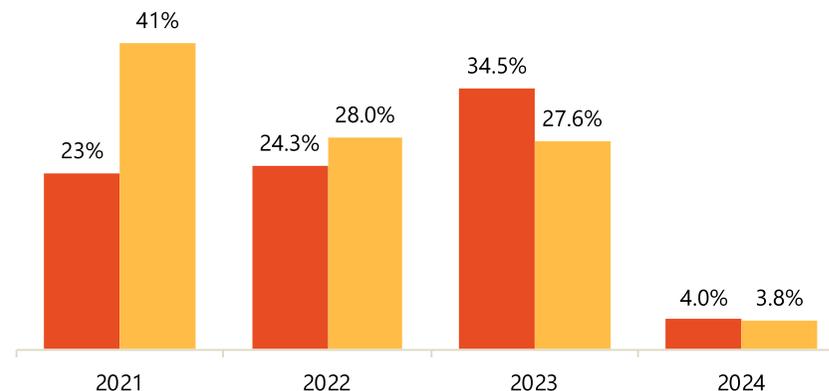
² Based on monthly rental income for June 2021. Figures may not round to 100% due to misc. items



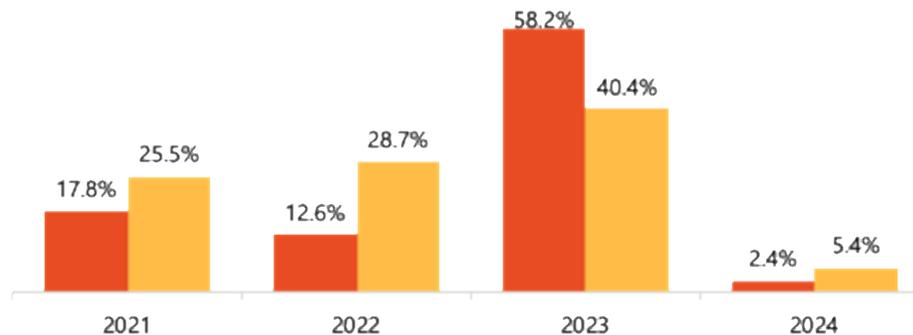
Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	56	264,969
2022	32	92,663
2023	8	71,935
2024	1	12,440



Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	56	121,446
2022	25	126,711
2023	11	179,873
2024	4	20,747



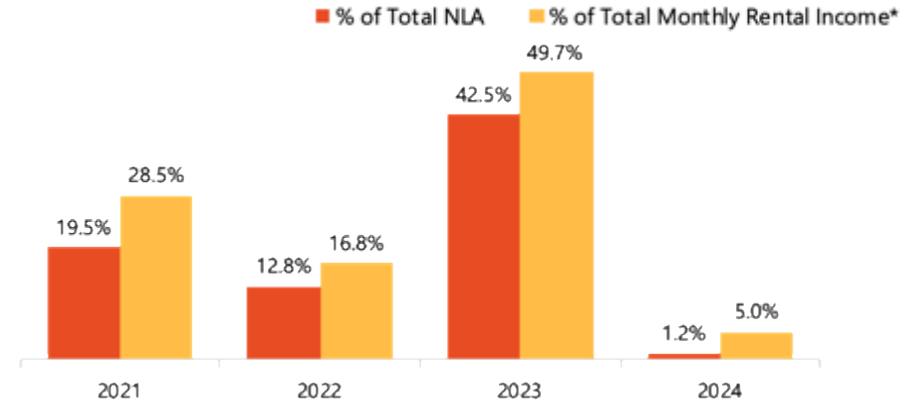
Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	22	31,142
2022	22	22,119
2023	13	101,854
2024	5	4,199



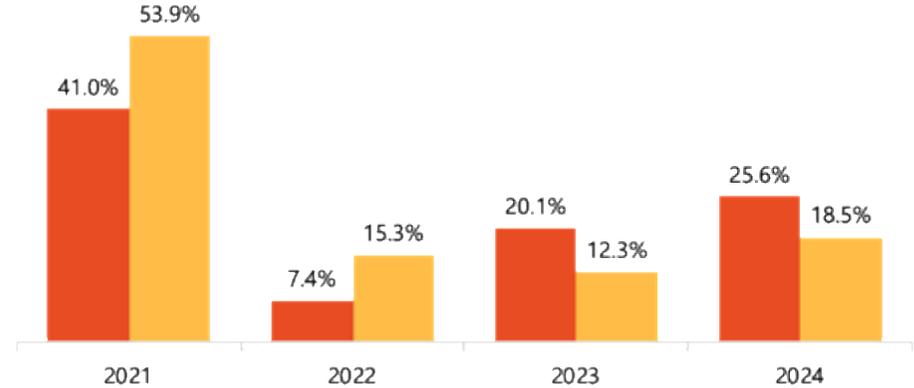
*Based on monthly rental income for June 2021. Figures may not round to 100% due to misc. items



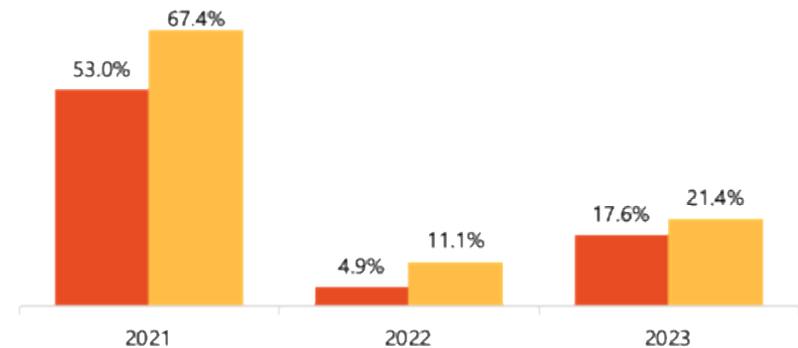
Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	30	60,669
2022	8	39,740
2023	5	131,915
2024	1	3,619



Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	50	123,011
2022	13	22,069
2023	4	60,266
2024	3	76,704



Period End June	Tenancies Expiring	Expiring NLA (Sq. Ft.)
2021	23	112,336
2022	9	10,364
2023	2	37,330



*Based on monthly rental income for June 2021. Figures may not round to 100% due to misc. items

Financial Results

A photograph of a multi-story, modern building with a light-colored facade and many windows. The building is viewed from a low angle, looking up. The sky is blue with some clouds. The name 'WETEX PARADE' is written in large, red, 3D letters on the side of the building.

WETEX PARADE

2Q21 Revenue rose 4.5% from preceding period ►

2Q21 Net Property Income lower by 14.8% ►

97% of Debt expires in 2024-2026 ►

Income Statement Second Quarter 2021 (Unaudited)	2Q21 (RM '000)	2Q20 (RM '000)	Variance (%)
Revenue ¹	25,710	24,601	4.5%
Direct cost & Property expenses ²	-15,504	-12,628	-22.8%
Net property income (NPI)	10,206	11,973	-14.8%
Interest & Other income	116	127	-9.0%
Trust fees & Expenses ³	-4,051	-5,089	20.4%
Interest expense ⁴	-4,695	-5,512	14.8%
Realised income before taxation	1,576	1,499	5.2%
Fair value adjustment of investment properties	-	-	-
Taxation	-	-	-
Net income before tax	1,576	1,499	5.2%
Net income per unit (sen)	0.34	0.32	5.2%
- realised	0.34	0.32	5.2%

¹ Mainly due to higher tenancy, hotel income, carpark income and casual leasing .

² Mainly due to higher property maintenance, utilities and marketing & promotion.

³ Mainly due to higher provision for doubtful debts in the previous quarter

⁴ Due to lower cost of funds percentage

Please refer to the Quarterly Results Announcement for further details.

**Balance Sheet
(Unaudited)**

	As at 30.06.2021 (RM '000)	As at 31.12.2020 (RM '000)
Non-Current Assets		
Investment properties	1,207,000	1,207,000
Plant & Equipment	79	91
Capital work In progress	1,626	1,380
Fixed deposits with a licensed bank	1,565	1,552
	1,210,270	1,210,022
Current Assets		
Trade receivables	4,066	4,251
Other receivables, deposits and prepayments	2,908	17,356
Cash and bank balances	40,933	27,346
TOTAL ASSETS	1,258,176	1,258,975
Long Term Liabilities		
Tenancy deposits	8,444	9,081
Deferred tax liability	27,922	27,922
Borrowings	566,091	536,091
	602,457	573,094
Current Liabilities		
Trade payables	23,781	16,353
Other payables and accruals	13,959	25,672
Tenancy deposits	22,685	22,502
Borrowings	15,000	45,000
TOTAL LIABILITIES	677,882	682,620
NET ASSET VALUE	580,293	576,355
Unitholders' capital	492,500	492,500
Retained earnings – realised	50,610	46,672
Retained earnings – unrealised	37,183	37,183
TOTAL UNITHOLDERS' FUND	580,293	576,355

Unit Price Statistics As at 30 June 2021

No. of Units

461,960,178

Net Asset Value Per Unit

RM1.26

Unit Price

RM0.60

Market Capitalisation

RM277,176,107

Premium / Discount to NAV

-52%

Please refer to the Quarterly Results Announcement for further details.

Debt Summary June 2021

- Facilities
 - Al-Murabahah Overdraft (MOD)
 - Term Financing (TF)
 - Short-Term Revolving Credit (STRC)
- Financiers : Maybank, CIMB
- Total Debt : RM581.1 million
- Cost Structure : Cost of Funds + (1.00%-1.25%)
- Weighted Cost : 3.26%
- Gearing Ratio¹ : 46.2%
- Interest Cover² : 1.34

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

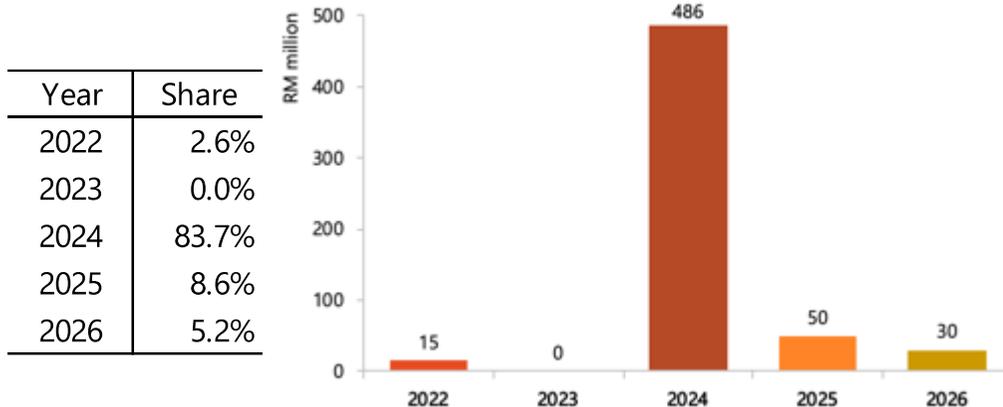
² Based on 3 months ended 30 June 2021

Facilities

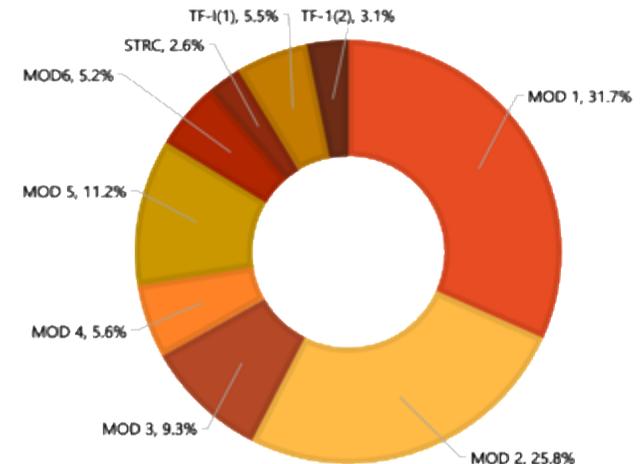
	Facility	Amount (RM'000)	% Total Debt	Expiry
1	MOD 1	184,000	31.7%	Feb-24
2	MOD 2	150,000	25.8%	Feb-24
3	MOD 3	54,300	9.3%	Feb-24
4	MOD 4	32,800	5.6%	Feb-24
5	MOD 5	64,991	11.2%	Feb-24
6	MOD6	30,000	5.2%	Mar-26
7	STRC	15,000	2.6%	Apr-22
8	TF-I(1)	32,000	5.5%	Jan-25
9	TF-1(2)	18,000	3.1%	Jun-25
Total		581,091	100.0%	

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

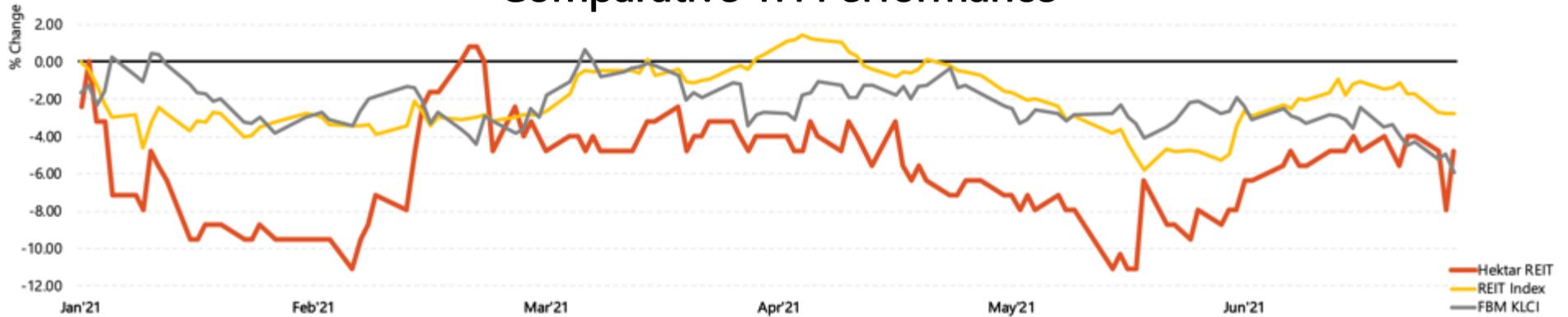
Expiry Profile 2022-2026



Funding Composition



Comparative 1H Performance



Performance statistics

Opening Unit Price (4 Jan 2021)	: RM0.63
Closing Unit Price (30 June 2021)	: RM0.60
Highest Price	: RM0.64
Lowest Price	: RM0.55
Daily Average Volume ('000 units)	: 339.45
Unit Price Change	: -4.76%
REIT Index Price Change	: -2.74%
FBM KLCI Price Change	: -5.92%

Total Return

Unit Price Change	: -4.76%
DPU Yield (1H21)	: 0.0%
Total Return	: -4.76%

Portfolio Updates



Segamat Central, Segamat, Johor

"Pickup -n- Go"

For the convenience of our shoppers, we are offering curbside pickup by participating stores and restaurants at the mall entrances for shoppers to collect their purchases and orders.



Win-A-Car Contest

The "Win-A-Car" contest was held by Segamat Central to encourage shoppers to spend more than RM100 for a chance to win a Perodua Axia as well as other attractive prizes ([view here on Instagram](#)).



Sustainability



Mahkota Parade, Melaka

Hektar REIT is committed towards ensuring that our business activities are performed to high standards of environmental, social and governance conduct. We have put in place various energy utilisation and optimisation initiatives since 2017 for all our shopping malls and have achieved significant reduction in energy usage over the last five years. Data on our GHG emissions (recorded as CO₂e¹) as well as energy consumption for the past five years has been collected to facilitate regular monitoring with the intention of establishing long-term targets. The scope used to measure our emissions is as follows:

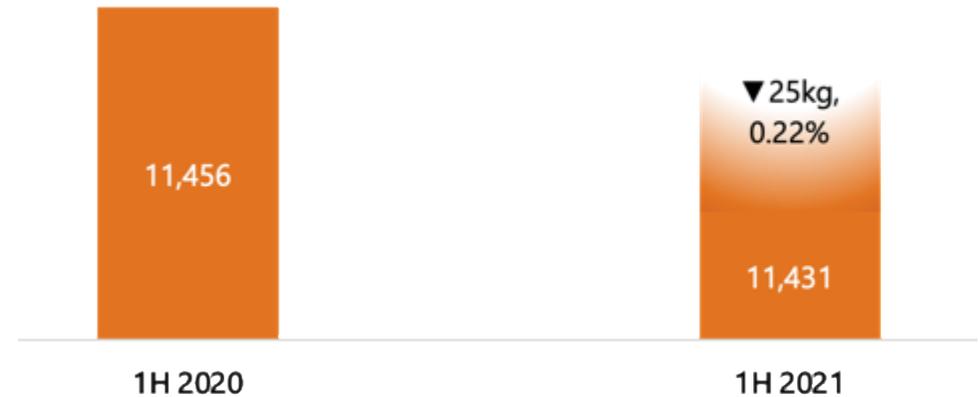
Scope	CO ₂ e Emitted	CO ₂ e Avoided ¹
Scope 2	Refer to indirect emissions from purchase electricity using the location-based and market-based methods.	Obtained from energy savings.

¹ According to the U.S. Environmental Protection Agency (US EPA), carbon dioxide equivalent or CO₂e means the number of metric tons of CO₂ emissions with the same global warming potential (GWP) as one metric ton of another greenhouse gas, and is calculated using Equation A-1 in 40 CFR Part 98 (a common unit of measurement).

Financial year	CO ₂ e Emitted (kg)	CO ₂ e Avoided (kg)	Trees Saved
2017	33,592,707	1,905,708	49,162
2018	31,759,169	4,557,809	117,578
2019	30,777,301	1,812,444	46,756
2020	24,760,293	6,017,008	155,221
2021*	11,430,744	25,247	651
Total	132,320,214	14,318,216	369,368

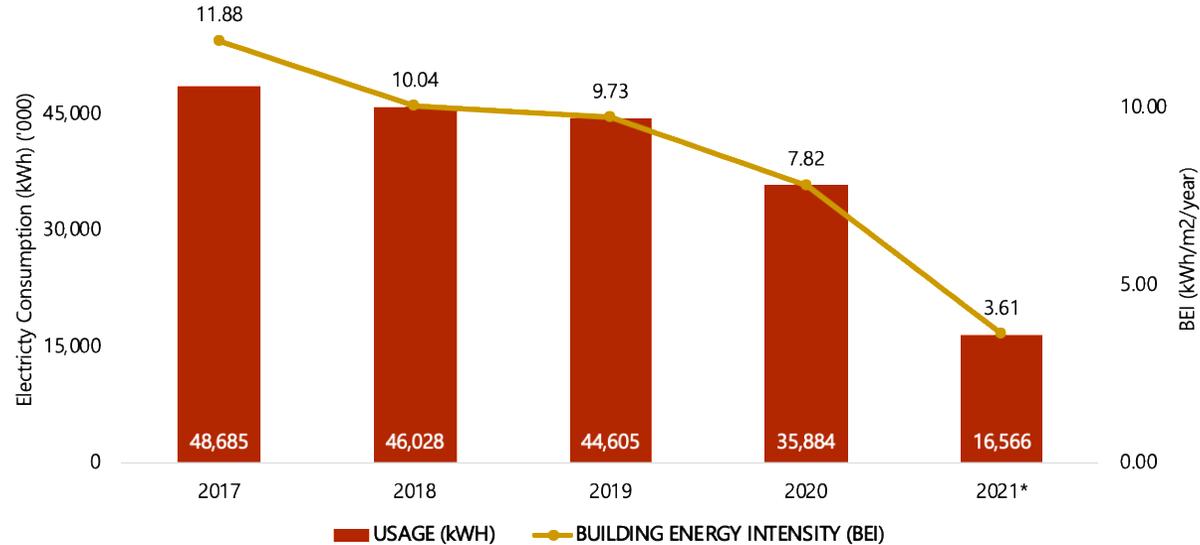
* 2021 data ranges from Jan - Jun 2021

CO₂e Emitted for the 1H20 and 1H21 (kg) ('000)



0.69 tonne (690kg) of CO₂e Avoided saves approximately 17.8 trees

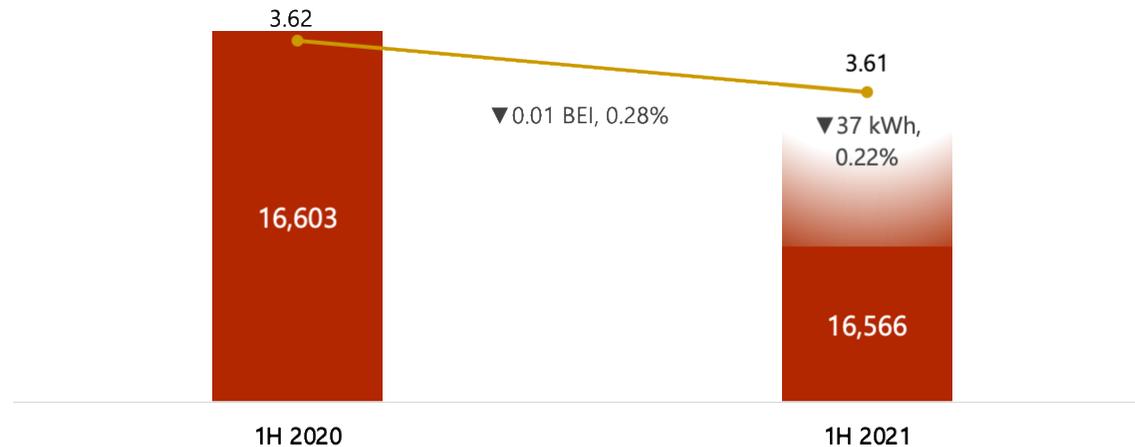
5-Year Total Electricity Consumption and Building Energy Intensity (BEI)



During the 1H of 2021, our shopping malls enjoyed considerable savings in electricity consumption due to the restrictions under the Movement Control Orders (MCO) and the nationwide lockdown imposed by the Government. During this time, only tenants offering essential services were allowed to operate.

* 2021 Data ranges from Jan - Jun 2021

Total Electricity Consumption (kWh) ('000) and BEI for the 1H20 and 1H21



"Re-Fabricate Recycle"

As an initiative to reduce textile waste, Subang Parade has partnered with DRB-HICOM and Kloth in offering shoppers the chance to recycle their unwanted clothes or fabric at the Kloth Bin located in Subang Parade's basement carpark ([view here on Instagram](#)).



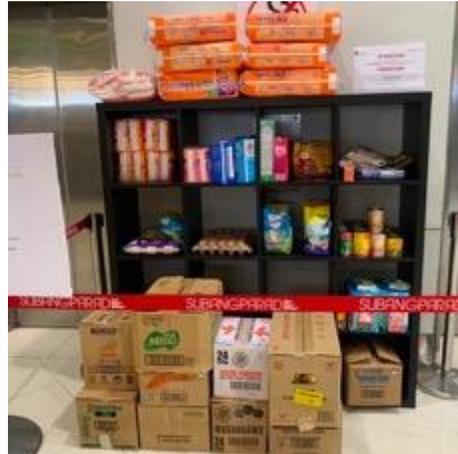
#JomKitaRecycle

Segamat Central organized a recycling campaign to create public awareness about environmental protection where people are encouraged to bring recyclable items to Segamat Central ([view here on Facebook](#))



"Let's Share because We Care"

Subang Parade has set up a food bank/essential item counter for the public to donate amidst the pandemic, a collaborative effort with YB Michelle Ng Sze, the ADUN of Subang Jaya. The items collected from the food bank will be distributed to the community of Subang ([view here on Facebook](#)).



Wetex Parade has also set up a CSR Dropbox for donations of daily necessities, partnering with YB Syed Saddiq Syed Abdul Rahman, the MP of Muar for distribution to needy families ([view here on Facebook](#)).



Blood Donation

Wetex Parade’s organized several blood donation campaigns in collaboration with Hospital Pakar Sultanah Fatimah Muar – Rasmi ([view here on Facebook](#)).



Segamat Central meanwhile held several blood donation campaigns in collaboration with NGOs such as Pertubuhan Bistari Kesejahteraan Sosial Segamat, St. John Ambulance of Malaysia & JCI Bandar Segamat during the months of April to June ([view here on Instagram](#)).



Tautan Mesra

Wetex Parade and Classic Hotel organized a donation drive to collect necessity items for the elderly in Pusat Jagaan Sinar Kasih, Muar, Johor in collaboration with Moet Glory Services Sdn. Bhd. and Puan Shafinaz Abd Rahim ([view here on Instagram](#)).



Contribution to Frontliners

As part of the Hari Raya Aidilfitri celebration, Mahkota Parade with Seleria Food Court contributed food and beverages to the frontline workers at Balai Bomba Kubu, Hospital Melaka, Balai Polis Melaka Tengah, and Balai Polis Pelancong as a token of appreciation for their contributions ([view here on Facebook](#)).



Prospects



With the implementation of the MCO 3.0 in May this year, Retail Group Malaysia (RGM) has lowered its retail sales growth rate for 2021 to 4.0%, which was earlier estimated at 4.1%. Based on a recent survey by the Malaysian Retail Chain Association (MRCA), 91% of retail businesses have reported a decline in sales from January to June 2021. The recent hike in COVID-19 cases has led to MCO 3.0, FMCO, EMCO, followed by the implementation of NRP, whereby the borders will remain closed and the ban on inter-state travelling is still in place except for emergencies, work or vaccination appointments. The Government is also enforcing various restrictions with stringent SOPs and mobility restrictions to control the rise in COVID-19 cases, impacting visitor footfall and consumer sentiment negatively.



Most of the states in Malaysia, including Kuala Lumpur and Selangor, are currently in Phase 1, whereby only essential services are allowed to operate. With the acceleration in the National Immunisation Programme and the introduction of vaccination for the retail frontliners under the Retail Industry Vaccination Programme (RiVAC), it will help to reopen the retail sectors and progress our way to recovery.

The retail market is expected to remain challenging given the prolonged disruption from the pandemic with the emergence of variants of concern, particularly the Delta variant, as well as political uncertainties. Management is closely monitoring this situation and remain focused on ensuring the safety and well-being of shoppers, tenants, employees and communities at all its properties.



Investor Communications
Hektar Asset Management Sdn Bhd
D1-U3-10, Solaris Dutamas
No1, Jalan Dutamas 1
50480 Kuala Lumpur
MALAYSIA



Tel: +6 03 6205 5570

Fax: +6 03 6205 5571

Web: www.HektarREIT.com

Email: ir@HektarREIT.com

