

# Hektar Real Estate Investment Trust



## THIRD QUARTER 2010 FINANCIAL RESULTS PRESENTATION

HEKTAR ASSET MANAGEMENT SDN BHD  
3 NOVEMBER 2010

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The past performance of Hektar REIT is not necessarily indicative of the future performance of Hektar REIT.

## About Hektar

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Hektar Real Estate Investment Trust (Hektar REIT) is Malaysia's first retail-focused REIT. Hektar REIT's principal objective is to provide its Unitholders with a defensible income distribution and to enhance the long-term value of the fund. Hektar REIT invests in income-producing real estate primarily used for retail purposes.

Hektar REIT's portfolio mainly consists of quality shopping centres situated in Subang Jaya, Bandar Melaka and Muar with a combined value of RM720 million as of 31 December 2009. Hektar REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006 and has outperformed its forecast in its first two years of listing.

The REIT's cornerstone investor is Frasers Centrepoint Trust, part of the Fraser & Neave Group, headquartered in Singapore. Hektar REIT is managed by Hektar Asset Management Sdn. Bhd., a part of the Hektar Group.

The Hektar Group was formed with a vision to develop world-class shopping centres for Malaysian consumers, based on international best practices.

For more information, please refer to the back page of this Presentation for Contact Information.

This Presentation should be read in conjunction with the Quarterly Report Announcement as reported on Bursa Malaysia.

## Third Quarter 2010 (3Q10)

1 July 2010 – 30 September 2010

Three (3) months

### Commentary

- Portfolio Updates
- Mahkota Parade Revitalisation Continues with new Second Floor Tenancies
- Subang Parade plans a Cinema to open in mid-2011
- New Retail Zone Launching in Wetex Parade

### Operational & Financial Performance

- Portfolio Occupancy: ~95.5%
- Rent Reversions: - 1%
- Net Income per Unit (Realised) **3.04 sen**  
vs. previous comparable period<sup>1</sup>: + 1.5%
- Dividend per Unit (DPU) **2.50 sen**  
vs. previous comparable period<sup>1</sup>: + 4.2%

<sup>1</sup> 3Q 09 Net Income per unit: 2.996 sen, DPU: 2.40 sen

### Dividend Distribution

Dividend Per Unit

(DPU) : **2.50 sen**

DPU Yield<sup>2</sup>: **7.9%**

<sup>2</sup> Based on annualised DPU of 2.50 sen and closing price of RM1.26 on 30 September 2010.

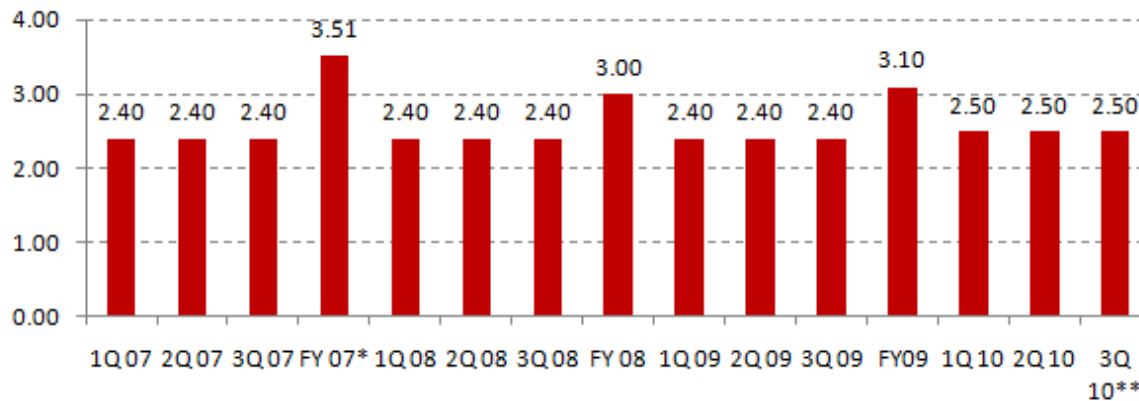
## Hektar REIT Annual DPU Growth Positive Since IPO

### Current Dividend Distribution Details

Third Quarter 2010

- Distribution Period: 1 July – 30 September 2010
- Quarterly DPU: 2.50 sen
- Notice of Entitlement: 3 November 2010
- Ex-Dividend Date: 18 November 2010
- Book Closure Date: 22 November 2010
- Payment Date: 6 December 2010

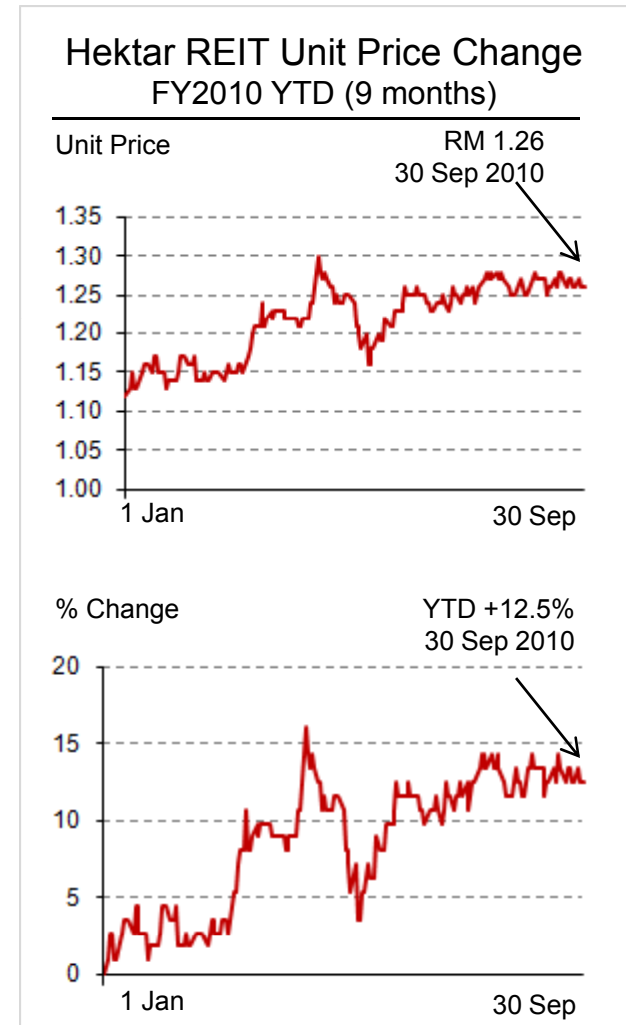
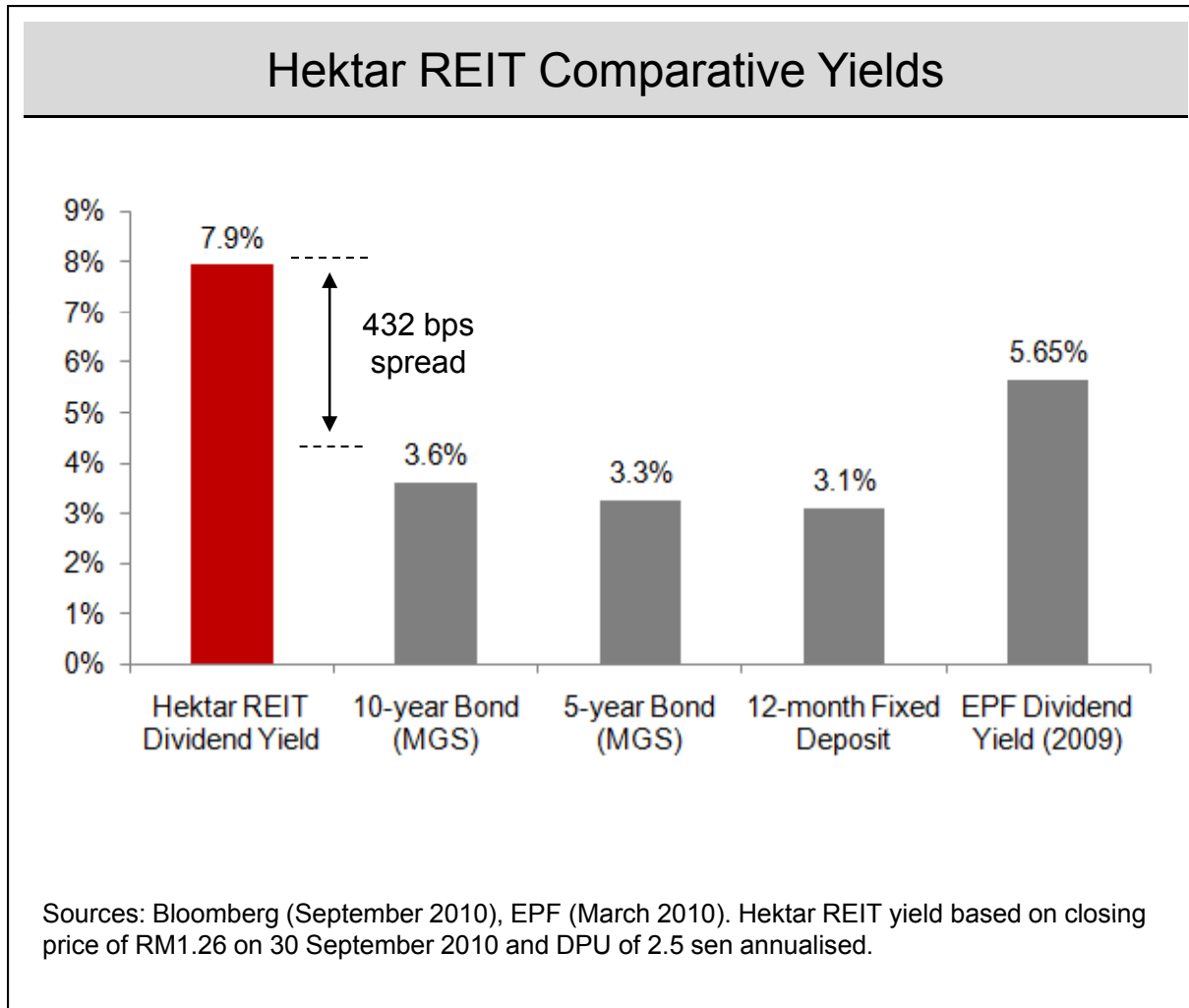
### Dividend Distribution Track Record



\* FY 07 represented a 13 month period from December 2006 to 31 December 2007 \*\* Declared

## Hektar REIT DPU Dividend Yield at annualised 7.9%

- Traded at a 432 bps spread over MGS 10-year



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# Portfolio Performance

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- Overall Occupancy at ~95.5% ▶
- Rental Reversions flat at -1% for 3Q10 ▶
- Tenancy Expiry Profile ▶

# Hektar REIT Portfolio - Occupancy

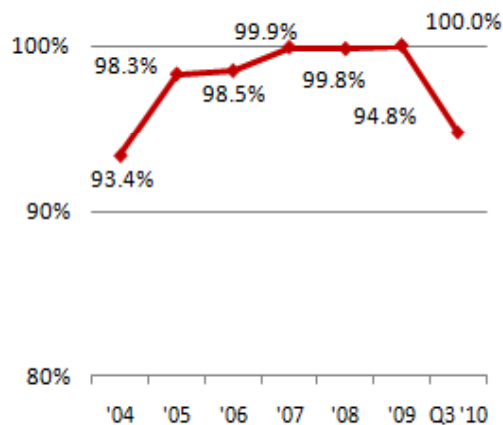
## Overall Portfolio Occupancy at ~95.5%

### Hektar REIT Portfolio Occupancy

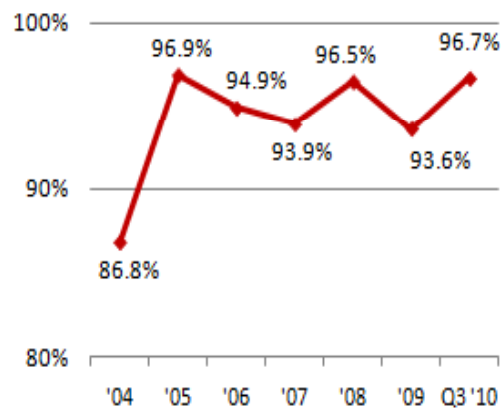
Property	As at 31 December 2004	As at 31 December 2005	As at 30 September 2006	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 September 2010
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.7%
Wetex Parade					83.1%	90.1%	94.4%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%

\*Approximate average, weighted by Net Lettable Area.

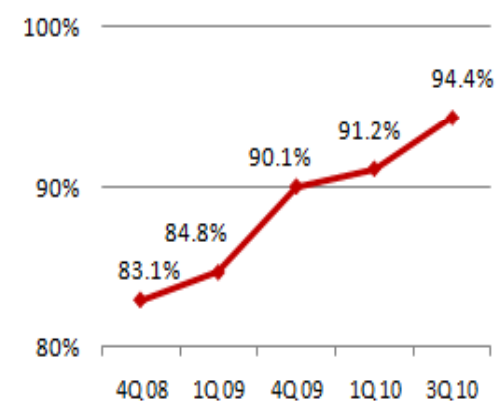
Subang Parade  
Occupancy (%)



Mahkota Parade  
Occupancy (%)



Wetex Parade  
Occupancy (%)



## Rental Reversions flat at -1% for the quarter

- 3Q 10: 20 new tenancies / renewals at -1% lower average rental rate
- Subang Parade's rental reversions bottoming out

<b>Hektar REIT Rental Reversions: Quarter</b>					
<b>Third Quarter (3 months) (Ended 30 September)</b>	<b>No. of New Tenancies / Renewals</b>	<b>NLA (sq ft)</b>	<b>% of Total NLA</b>	<b>Increase / (Decrease) Over Previous Rent Rates</b>	<b>%</b>
Subang Parade	9	25,511	5%	-4%	
Mahkota Parade	8	6,204	1%	1%	
Wetex Parade	3	4,833	3%	18%	
<b>Total / Average*</b>	<b>20</b>	<b>36,548</b>	<b>3%</b>		<b>-1%</b>

\*Average Weighted by NLA. NLA = Net Lettable Area

Tenancy Mix  
Stabilising at Subang  
Parade

<b>Hektar REIT Rental Reversions: Year-To-Date</b>					
<b>Year-To-Date (9 months) (Ended 30 September)</b>	<b>No. of New Tenancies / Renewals</b>	<b>NLA (sq ft)</b>	<b>% of Total NLA</b>	<b>Increase / (Decrease) Over Previous Rent Rates</b>	<b>%</b>
Subang Parade	31	62,441	13%	-3%	
Mahkota Parade	18	28,363	6%	-5%	
Wetex Parade	16	11,356	7%	14%	
<b>Total / Average*</b>	<b>65</b>	<b>102,160</b>	<b>9%</b>		<b>-2%</b>

\*Average Weighted by NLA. NLA = Net Lettable Area



## Hektar REIT Tenancy Expiry Profile by Property

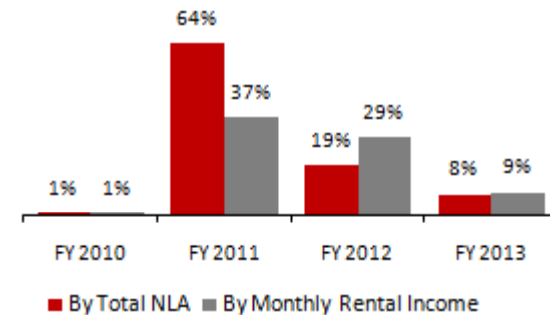
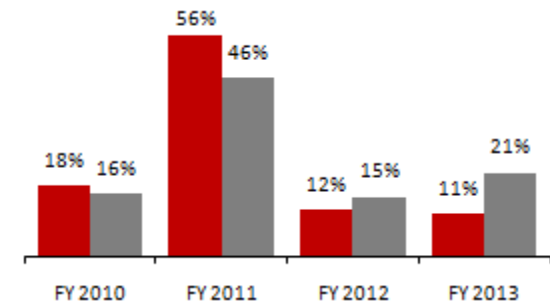
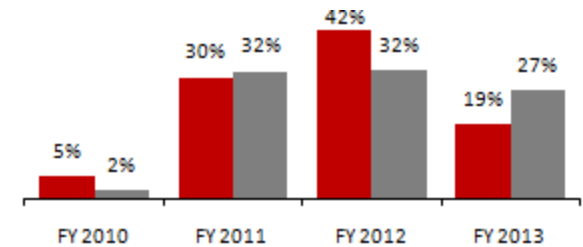
### Hektar REIT Tenancy Expiry Profile by Property

As At 30 September 2010

Subang Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	2	25,868	5%	2%
FY 2011	49	144,772	30%	32%
FY 2012	34	202,225	42%	32%
FY 2013	40	88,806	19%	27%

Mahkota Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	17	83,131	18%	16%
FY 2011	36	259,836	56%	46%
FY 2012	28	54,069	12%	15%
FY 2013	29	49,506	11%	21%

Wetex Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	2	1,292	1%	1%
FY 2011	19	104,149	64%	37%
FY 2012	45	30,671	19%	29%
FY 2013	15	12,937	8%	9%



\*Based on monthly rental income for September 2010. Figures may not round to 100% due to misc. items

■ By Total NLA ■ By Monthly Rental Income

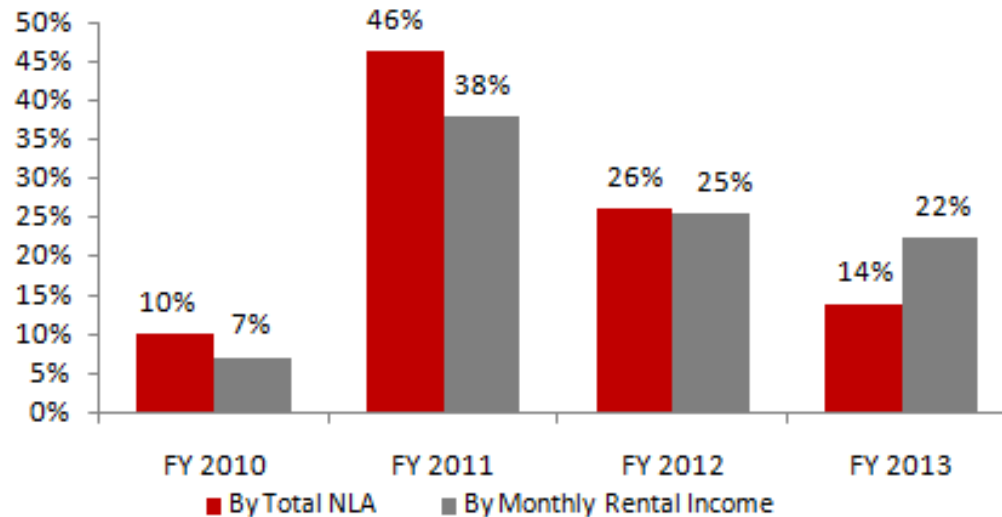
## Tenancy Portfolio Expiry Profile 2010 – 2013

- FY2010 tenancy expiries account for approximately 7% of monthly rental income\*

### Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As At 30 September 2010

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	21	110,291	10%	7%
FY 2011	104	508,757	46%	38%
FY 2012	107	286,965	26%	25%
FY 2013	84	151,249	14%	22%



\* Based on monthly rental income for September 2010. NLA = Net Lettable Area

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# Financial Results

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- Third Quarter 2010 Net Income up 1.5% from previous period ►
- Year-To-Date 2010 Net Income up 4.8% from previous period ►
- Hektar REIT trading at a 1.9% discount to NAV as at 3Q10 ►

## Income Statement – Quarter Comparative

### Third Quarter '10 Net Income up 1.5% vs previous quarter

For Period 1 July – 30 September 2010 (versus previous comparable period)

Income Statement Third Quarter 2010 (Unaudited)	3Q10 (RM '000)	3Q09 (RM '000)	Variance (%)
Revenue	22,684	22,565	+ 0.5%
Direct Cost & Property Expenses	(8,888)	(8,969)	- 0.9%
<b>Net Property Income (NPI)</b>	<b>13,796</b>	<b>13,596</b>	<b>+ 1.5%</b>
Interest & Other Income	37	27	+ 37.6%
<b>Total Income</b>	<b>13,833</b>	<b>13,623</b>	<b>+ 1.5%</b>
Trust Fees & Expenses	(1,577)	(1,109)	+ 42.2%
Interest Expense	(2,523)	(2,926)	- 13.8%
<b>Net Income Before Tax - Realised</b>	<b>9,733</b>	<b>9,588</b>	<b>+ 1.5%</b>
<b>Net Income per Unit (sen)</b>	<b>3.041</b>	<b>2.996</b>	<b>+ 1.5%</b>

Note: revenue is now reported following implementation of FRS 117, which recognises rental income on an averaged basis over the term of tenancy; step-up rent in future periods is averaged and reported proportionately in the present period, while turnover rent is recognised in each accounting period on a receipt basis.

## Income Statement – Quarter Year-To-Date Comparative

Third Quarter '10 Year-To-Date up 4.8% vs previous period

For Period 1 January – 30 September 2010 (versus previous comparable period)

<b>Income Statement Year-To-Date (Unaudited)</b>	<b>9M10 (RM '000)</b>	<b>9M09 (RM '000)</b>	<b>Variance (%)</b>
Revenue	67,897	66,183	+ 2.6%
Direct Cost & Property Expenses	(26,799)	(26,140)	+ 2.5%
<b>Net Property Income (NPI)</b>	<b>41,098</b>	<b>40,043</b>	<b>+ 2.6%</b>
Interest & Other Income	111	82	+ 36.8%
<b>Total Income</b>	<b>41,210</b>	<b>40,124</b>	<b>+ 2.7%</b>
Trust Fees & Expenses	(4,844)	(3,391)	+ 42.9%
Interest Expense	(7,463)	(9,167)	- 18.6%
<b>Net Income Before Tax - Realised</b>	<b>28,903</b>	<b>27,566</b>	<b>+ 4.8%</b>
<b>Net Income per Unit (sen)</b>	<b>9.03</b>	<b>8.61</b>	<b>+ 4.8%</b>

## Hektar REIT's Balance Sheet & Debt Info as at 3Q10

Balance Sheet in RM '000	As at 30.9.2010 (Unaudited)	As at 31.12.2009 (Audited)
<b>Non-Current Assets</b>		
Investment Properties	715,973	720,000
<b>Current Assets</b>		
Trade Receivables	1,766	375
Other Receivables, Deposits, Prepayments	9,323	5,974
Capital Work in Progress	29,334	14,202
Cash and Bank Balances	21,729	36,574
<b>TOTAL ASSETS</b>	<b>778,126</b>	<b>777,125</b>
<b>Liabilities</b>		
Trade Payables	282	3,466
Other Payables and Accruals	3,254	2,776
Tenancy Deposits	20,350	20,685
Deferred Income	1,059	-
Provision for Income Distribution	8,000	9,920
Borrowings	334,000	334,000
<b>TOTAL LIABILITIES</b>	<b>366,945</b>	<b>370,847</b>
<b>NET ASSET VALUE</b>	<b>411,181</b>	<b>406,278</b>
Unitholders' Capital	328,137	328,137
Retained Earnings - realised	14,687	9,785
Retained Earnings - unrealised	68,357	68,357
<b>TOTAL UNITHOLDERS' FUND</b>	<b>411,181</b>	<b>406,278</b>

### Unit Price Statistics

As at 30 September 2010

#### No. of Units Outstanding

320,001,000

#### Net Asset Value (RM)

1.285

#### Unit Price (RM)

1.26

#### Premium / (Discount) to NAV

(1.9%)

### Debt Information\*

As at 30 September 2010

#### Borrowings

RM334,000,000

#### Weighted Average Cost of Debt\*

3.27%

#### Gearing Ratio

42.9%

#### Expiry Profile\*

2 Tranches in 2011 &amp; 2013

\*Full Details in 1Q10 Results Presentation

# Portfolio Updates

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Revitalisation @ Mahkota Parade ►

Coming Soon to Subang Parade ►

The Top Floor @ Wetex Parade ►

## Mahkota Parade's Revitalisation

# Mahkota Parade's Post-Refurbishment Continues

New Tenants: Body Glove, Poney, Converse, Nature Republic, Lee Cooper, etc



Body Glove



Poney



Converse



Nature Republic



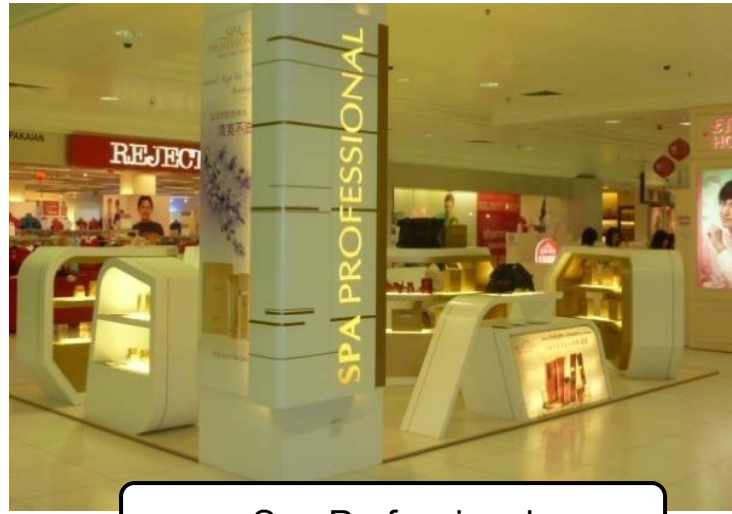
## Mahkota Parade's Revitalisation

# Mahkota Parade's Revitalised Tenant Mix

New Tenants: Pro Eyes Studio, The Face Shop, Spa Professional, etc



Pro Eyes Studio



Spa Professional



The Face Shop



Young Collection

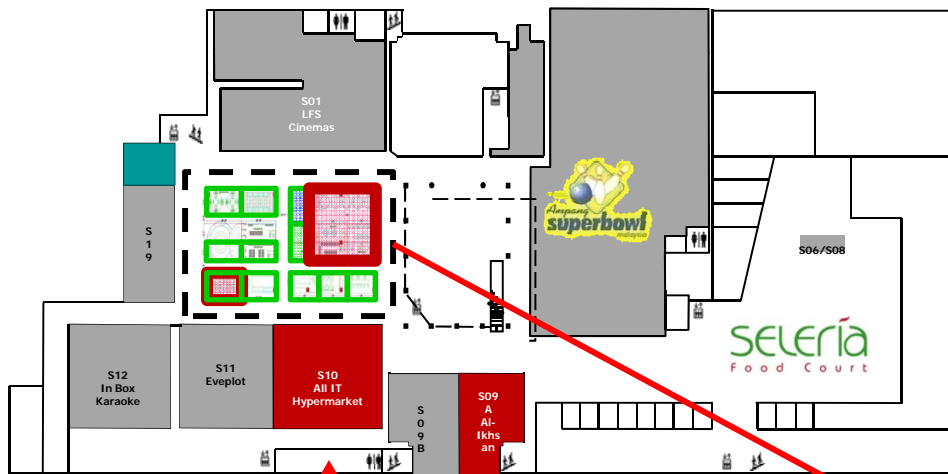
# Mahkota Parade's Revitalisation

## Mahkota Parade's Second Floor: New in 2010

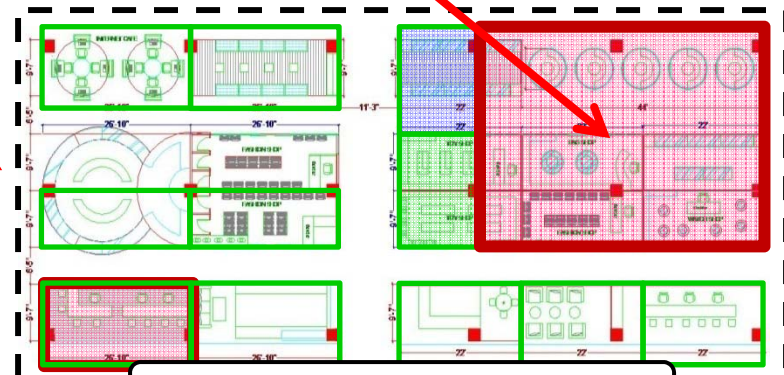
- All IT Hypermarket: Largest IT Store in Melaka
- Al-Ikhsan: Largest Sports Store in Melaka
- New M-Square Zone: Stars Archery opening November 2010

**Opening  
Nov' 2010**

Second Floor Area Plan



Stars Archery



M-Square Zone

**all IT™**

**Largest IT Store in Melaka**

**aL-ikhsaN**

**Largest Sports Store in Melaka**

Note: Diagrams and images are for illustrative purposes only.

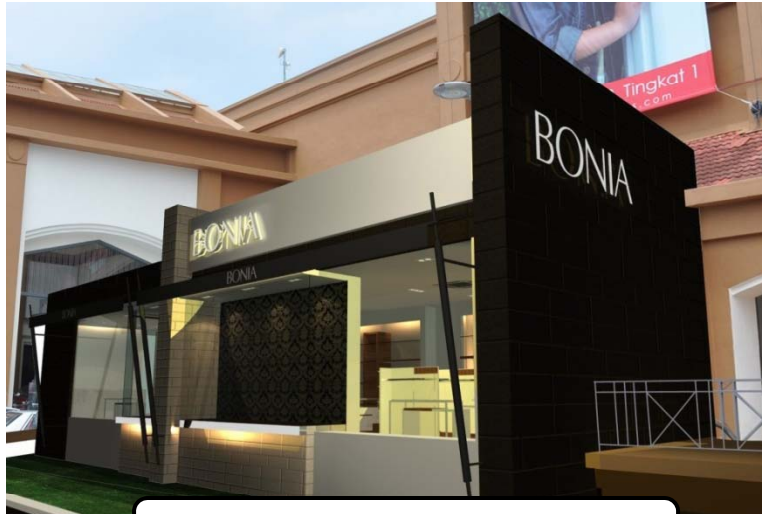


## Mahkota Parade's New Flagships

# Bonia & Carlo Rino Flagships Stores at Mahkota Parade

- Tenant Refitting in Progress: target opening January 2011

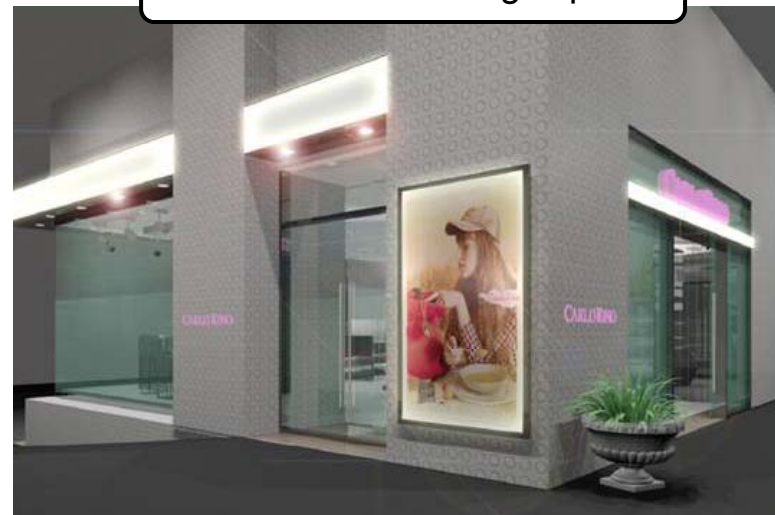
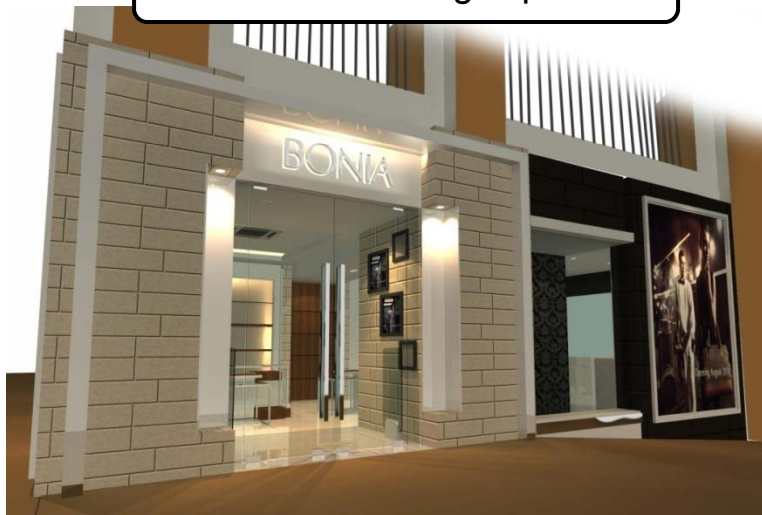
**Opening  
Jan' 2011**



Bonia's "Flagship"



Carlo Rino's "Flagship"



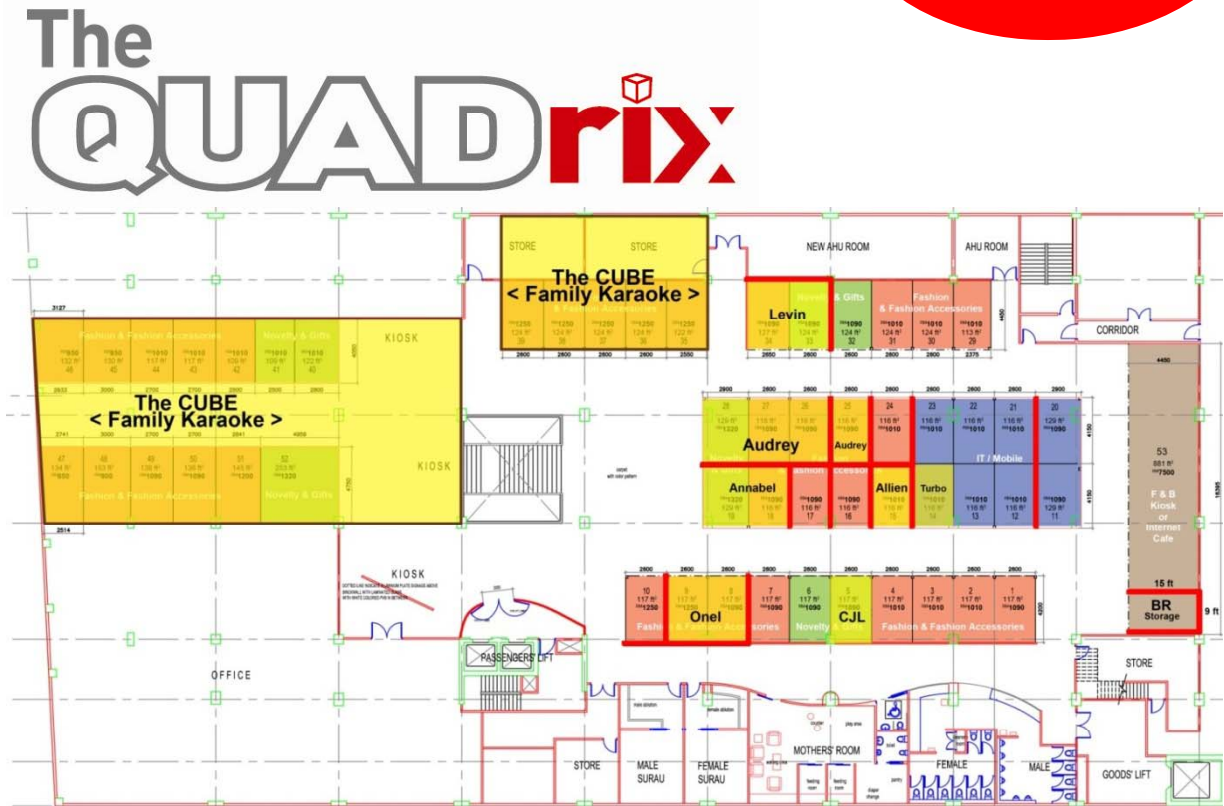
Note: Diagrams and images are for illustrative purposes only.

# Wetex Parade Asset Enhancement

## Wetex Parade Top Floor: New Entertainment & Fashion Zone

- New Retail Zone on Top Floor: The Quadrix
- Entertainment and Fashion zone covering 9,072 sq feet
- Target Opening by December 2010
- Tenant Target Take-Up: 38 of 52 lots [70%]

**Opening  
Dec' 2010**



Top Floor Area Plan

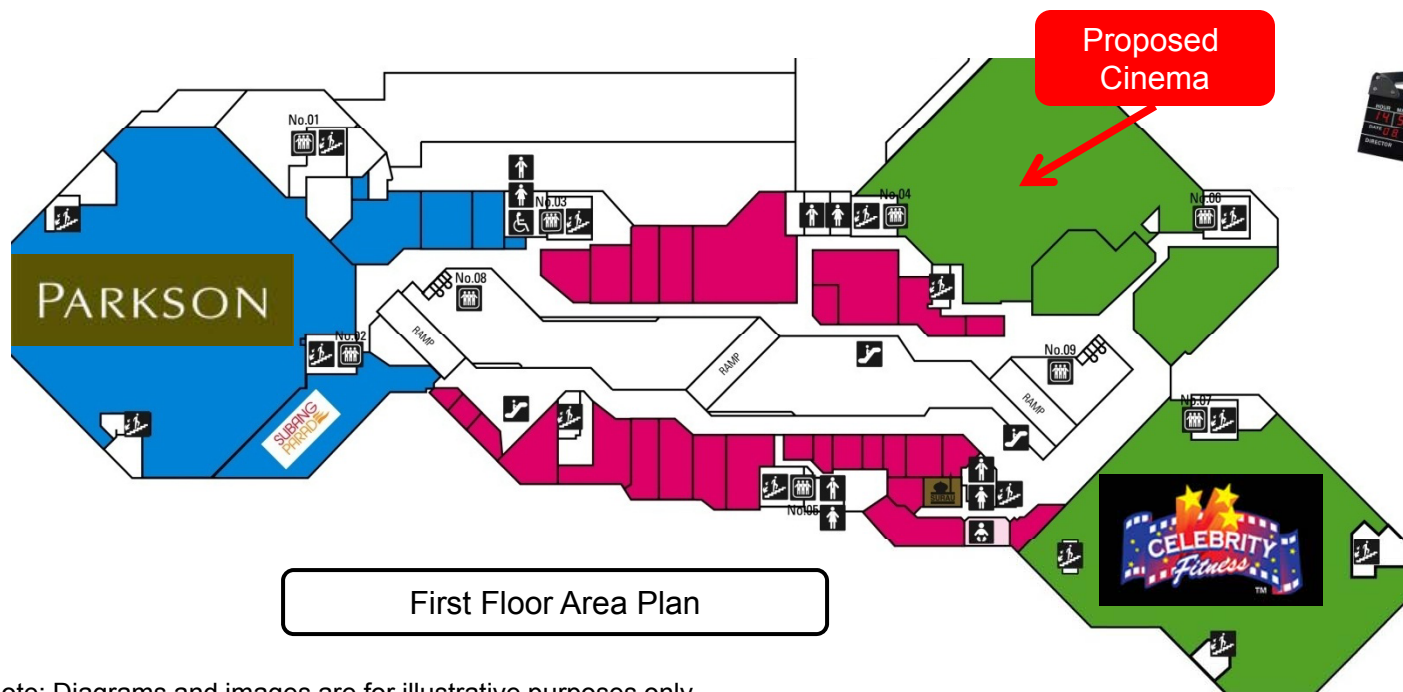
Note: Diagrams and images are for illustrative purposes only.

# Subang Parade Asset Enhancement

## Subang Parade's Proposed Cinema

- Creating an Entertainment Anchor
- Positioning Subang Parade as a Family Entertainment Centre
- Strong support by shoppers & retailers
- Operator Identified: 8 screens covering over 20,000 sq ft
- Target Opening: Mid-2011
- Status: Tender in Progress

**Opening  
Mid-2011**



First Floor Area Plan

Note: Diagrams and images are for illustrative purposes only.



*“Creating The Places Where People Love To Shop”*

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