

HEKTAR REIT



**HEKTAR REIT
SECOND QUARTER 2008
FINANCIAL RESULTS PRESENTATION**

HEKTAR ASSET MANAGEMENT SDN BHD

13 AUGUST 2008

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Financial Summary

Financial Summary – Second Quarter 2008

Second Quarter 2008	<ul style="list-style-type: none"> ▪ 1 April 2008 – 30 June 2008 ▪ 3 Months
Operational Performance	<ul style="list-style-type: none"> ▪ Portfolio Occupancy: ~97.4% ▪ Rent Reversions: +11% ▪ Net Income per Unit: 2.94 sen ▪ Net Income +10.9% over previous comparable quarter and +25.8% over Budget*
DPU Distribution	<ul style="list-style-type: none"> ▪ Declared: 2.40 sen ▪ 7.3% yield**
Updates	<ul style="list-style-type: none"> ▪ Wetex Parade Tenant Re-Mixing ▪ Selected Refurbishment of Mahkota Parade

*As per Hektar REIT Initial Public Offering Prospectus dated 15 November 2006.

** Based on DPU (annualised) and closing price of RM1.31 on 30 June 2008. DPU = Dividend Per Unit

Distribution Details

Hektar REIT Quarterly Dividend Distributions

- Current Dividend Distribution Details: **2nd Quarter 2008**

Distribution Period	1 April 2008 – 30 June 2008
Quarterly DPU	2.40 sen
Notice of Entitlement	14 August 2008
Ex-Dividend Date	25 August 2008
Book Closure Date	27 August 2008
Distribution Payment Date	9 September 2008

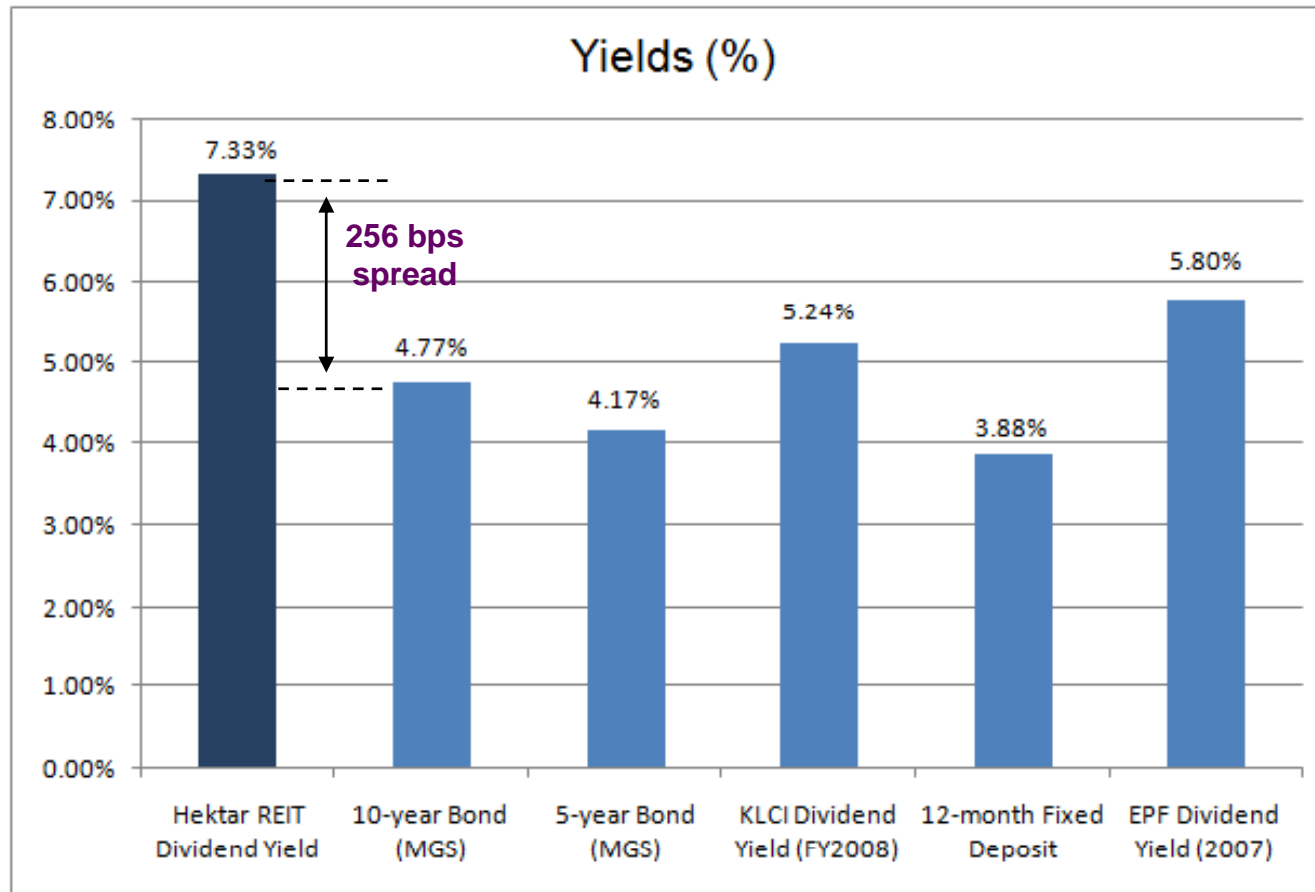
- Previous Dividend Distributions

Year	Dividend	Period	Ex-Date	Distribution Date	DPU
2008	1Q08 Interim	1 Jan 08 – 30 Mar 08	16 May 2008	3 Jun 2008	2.40 sen
2007	FY07 Final	1 Oct 07 – 30 Dec 07	19 Feb 2008	04 Mar 2008	3.51 sen
2007	3Q07 Interim	1 Jul 07 – 30 Sep 07	21 Nov 2007	30 Nov 2007	2.40 sen
2007	2Q07 Interim	1 Apr 07 – 30 Jun 07	17 Aug 2007	30 Aug 2007	2.40 sen
2007	1Q07 Interim	1 Dec 06 – 31 Mar 07	7 May 2007	17 May 2007	2.40 sen

Comparative Yields - Malaysia

Hektar REIT Dividend Yield Spread (FY2008)

- Traded at a 256 bps spread over MGS 10-year



Sources: Bloomberg (August 2008) , The Star. Hektar REIT yield based on closing price of RM1.31 on 30 June 2008 and annualised DPU of 2.4 sen.

General

- Market / Demographic-focus of shopping centres resilient against possible consumer downturn
- Projected energy costs and inflation increases factored in budget

Portfolio Updates

- Planned Selected Refurbishment of Mahkota Parade (Melaka)
- Tenant Re-mixing of Wetex Parade (Johor)

Acquisition Update

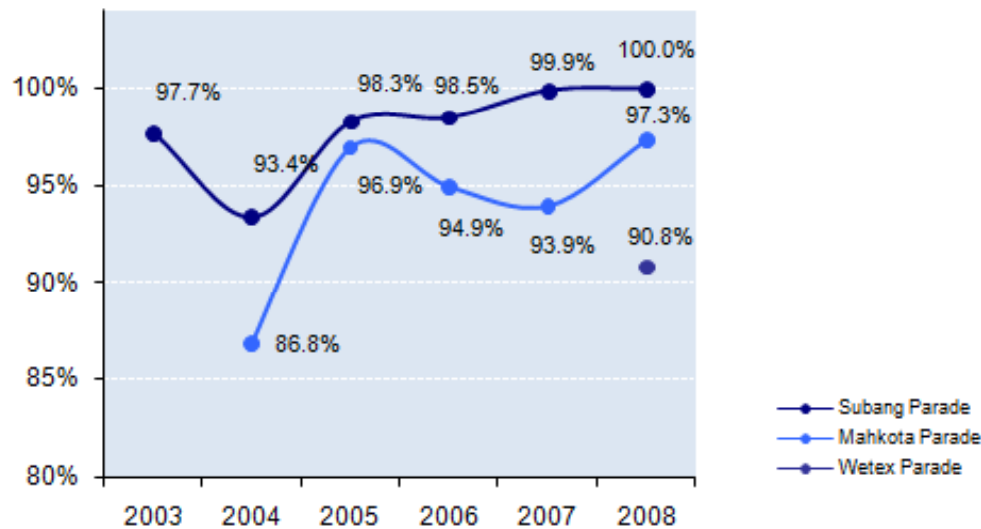
- Muar Acquisition Implementation on Schedule
- Continuing Sold Lots acquisitions in Subang Parade

Portfolio Performance

Hektar Portfolio - Occupancy

Portfolio Occupancy reached 97.4% in 2Q 2008

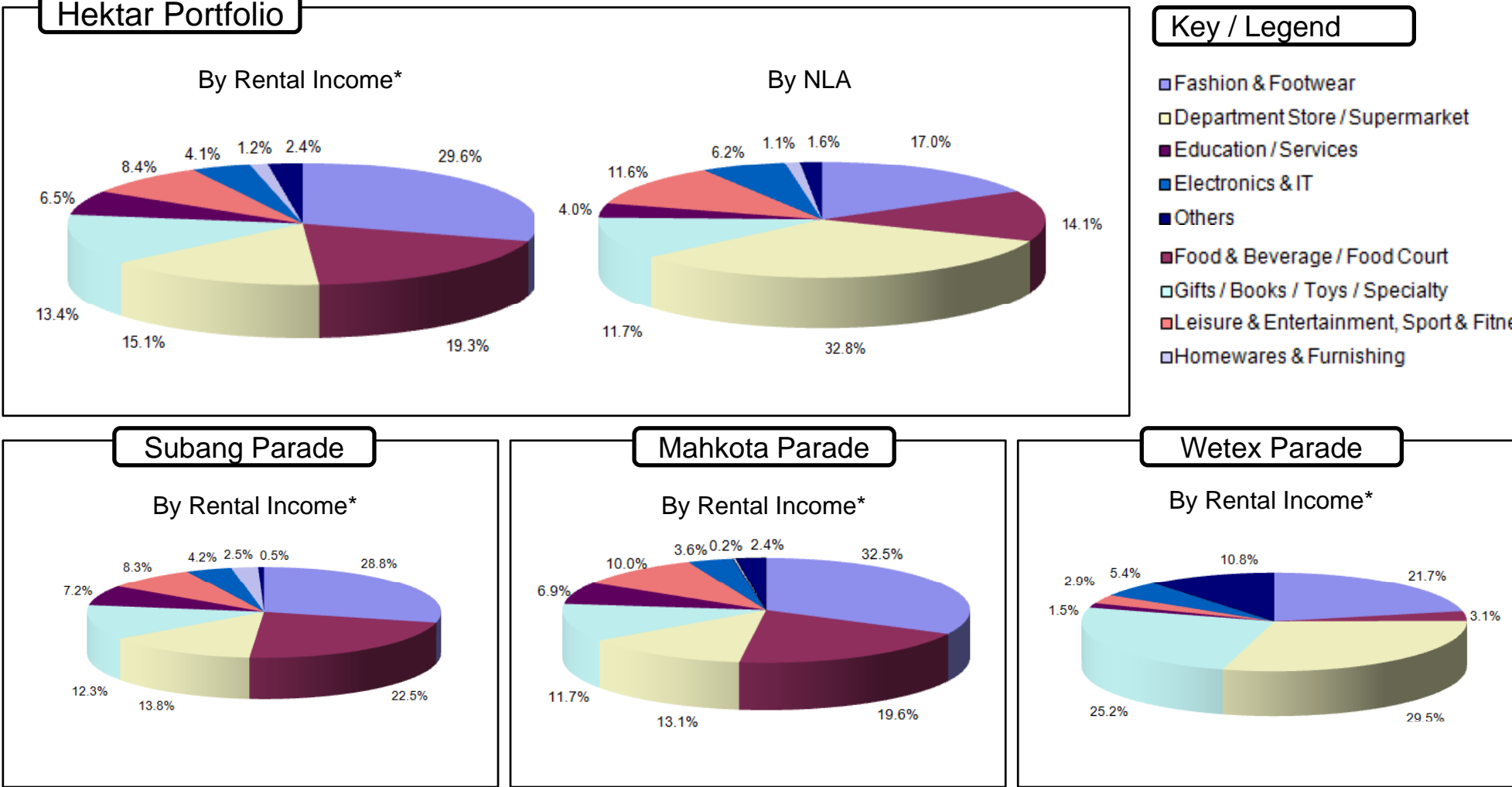
Property	As at 31 December 2003	As at 31 December 2004	As at 31 December 2005	As at 30 September 2006	As at 31 December 2007	As at 30 June 2008
Subang Parade	97.7%	93.4%	98.3%	98.5%	99.9%	100.0%
Mahkota Parade		86.8%	96.9%	94.9%	93.9%	97.3%
Wetex Parade						90.8%
Overall*	97.7%	91.3%	97.6%	96.7%	96.9%	97.4%



*Approximate average weighted by Net Lettable Area.

Hektar Portfolio – Tenant Mix

Portfolio Tenant Mix Remains Well-Diversified



* Based on monthly rental income for June 2008. NLA = Net Lettable Area

Hektar Portfolio – Tenant Diversity

Hektar Top Ten Tenants by Rental Income

- Top 10 Tenants Contribute 26.2% of REIT's Monthly Rental Income
 - Retailer Dependency: only Parkson contributes ~10.8% of total monthly rental income to REIT, no other tenant contributes more than 3.0%

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department	254,009	22.7%	10.8%
2 The Store	Department	91,357	8.2%	3.0%
3 McDonald's	F&B	12,946	1.2%	1.9%
4 The Reject Shop	Fashion	17,695	1.6%	1.8%
5 Ampang Superbowl	Leisure	36,717	3.3%	1.6%
6 Bata Malaysia	Fashion	5,287	0.5%	1.5%
7 World of Sports	Fashion	10,796	1.0%	1.5%
8 Kenny Rogers Roasters	F&B	7,096	0.6%	1.4%
9 B.U.M City	Fashion	16,078	1.4%	1.4%
10 Bonia	Fashion	4,835	0.4%	1.3%
Top 10 Tenants (By Monthly Rental Income)		456,816	40.9%	26.2%
Other Tenants		660,703	59.1%	73.8%
Total		1,117,519	100.0%	100.0%

* Based on monthly rental income for June 2008. NLA = Net Lettable Area

Hektar Portfolio – Rental Reversions

Second Quarter 2008 – Rental Reversions up 11%

- 17 new tenancies / renewals at average 11% higher rental rate
- Wetex Parade undergoing tenant re-mixing process

Second Quarter (3 months) (Ended 30 June)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	% Increase / (Decrease) Over Previous Rent Rates
Subang Parade	9	21,338	4%	11%
Mahkota Parade	7	14,250	3%	9%
Wetex Parade	1	475	0%	18%
Total / Average*	17	36,063	3%	11%

1H 2008 (6 months) (Ended 30 June)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	% Increase / (Decrease) Over Previous Rent Rates
Subang Parade	12	38,162	8%	11%
Mahkota Parade	22	36,598	8%	2%
Wetex Parade	1	475	0%	18%
Total / Average*	35	75,235	7%	6%

*Average Weighted by NLA. Figures as of 30 June 2008. Outstanding tenancies are currently in negotiation. NLA = Net Lettable Area

Hektar's Portfolio – Tenancy Expiry Profile

Hektar's Tenancy Expiry Profile 2008 – 2011

- By Property (as of 30 June 2008)

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 2008	15	58,592	12%	9%
FY 2009	31	44,605	9%	16%
FY 2010	45	136,825	29%	32%
FY 2011	32	90,912	19%	24%
FY 2012	1	140,620	29%	14%

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 2008	1	24,143	5%	2%
FY 2009	29	287,724	62%	43%
FY 2010	29	61,189	13%	20%
FY 2011	40	59,507	13%	27%
FY 2012	9	21,296	5%	6%

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 2008	32	32,791	19%	28%
FY 2009	30	22,388	13%	27%
FY 2010	16	13,238	8%	13%
FY 2011	2	87,937	51%	28%





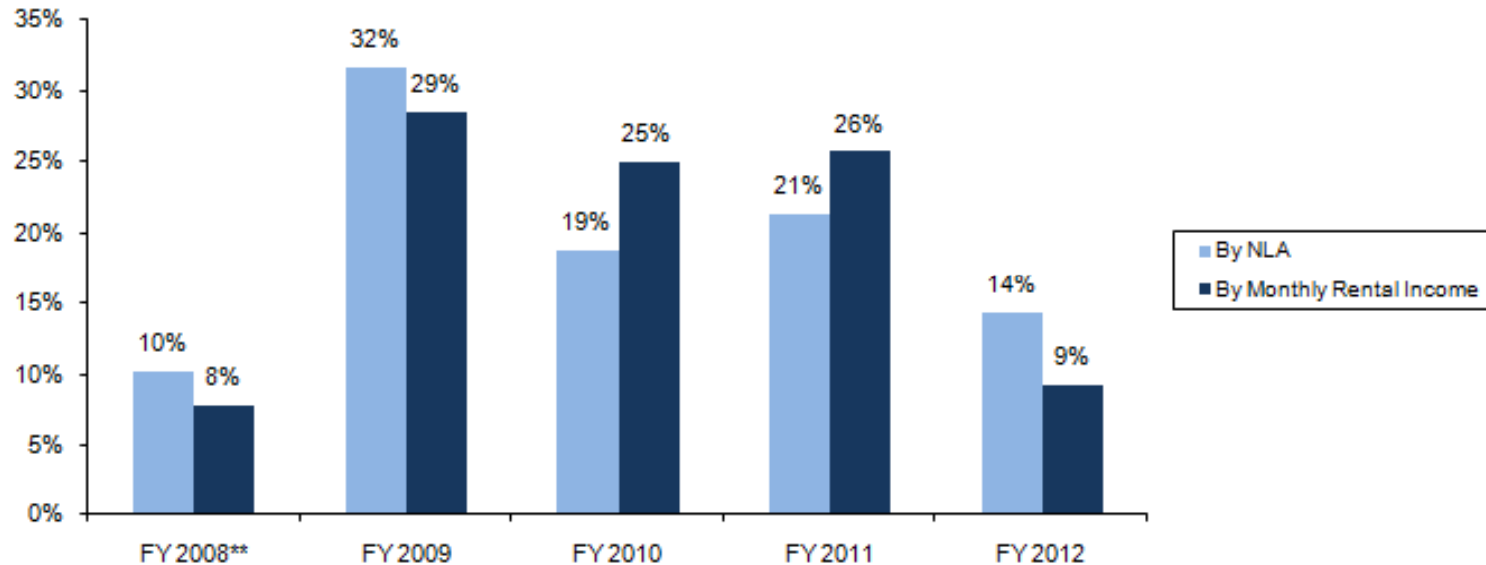
* Based on monthly rental income for March 2008.

Hektar's Portfolio – Tenancy Expiry Profile

Portfolio Tenancy Expiry Profile 2008 – 2011

- Relatively Distributed Expiry Portfolio as at 30 June 2008
 - No expires accounting for more than 29% of monthly rental income in any year

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 2008	48	115,526	10%	8%
FY 2009	90	354,717	32%	29%
FY 2010	90	211,252	19%	25%
FY 2011	74	238,356	21%	26%
FY 2012	10	161,916	14%	9%

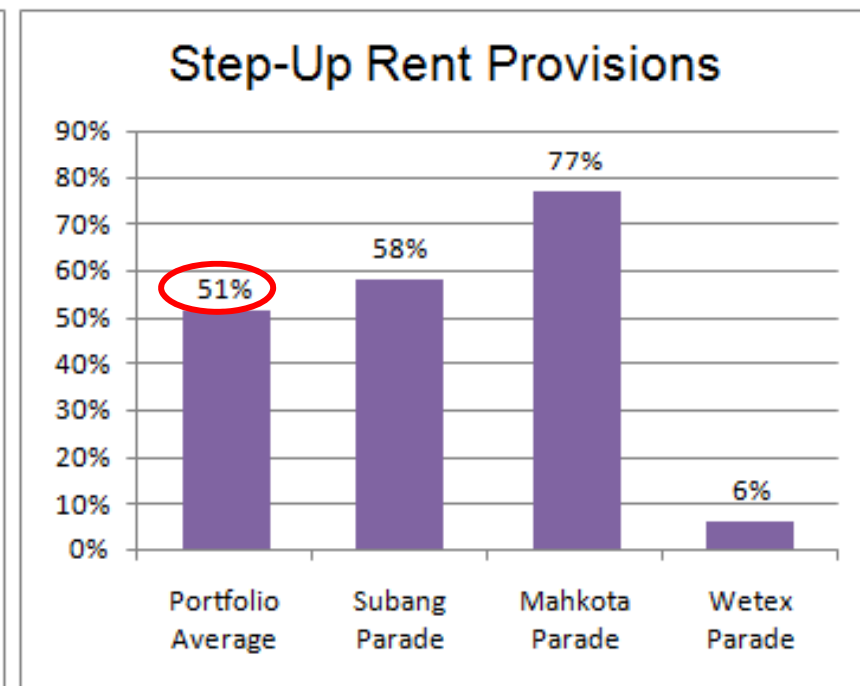
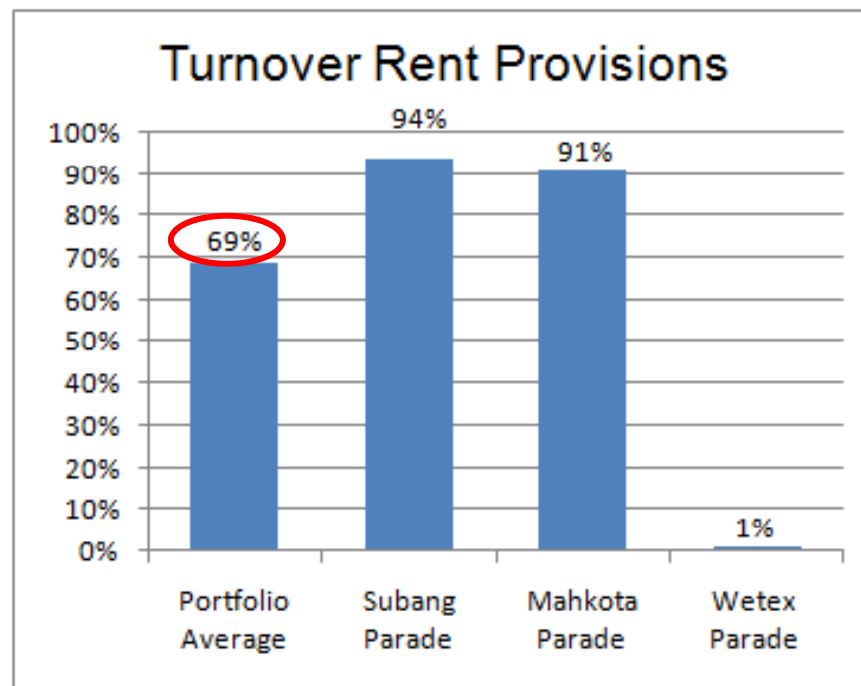


* Based on monthly rental income for June 2008. NLA = Net Lettable Area

Hektar's Portfolio – Step-Up & Turnover

Hektar Portfolio Tenancy Provisions

- Turnover Rent Provisions: Portfolio average of 69% of tenancies
- Step-Up Rent Provisions: Portfolio average 51% of tenancies
- Wetex Parade: implementing provisions for new tenancies / renewals



Notes: Data as at 30 June 2008. Wetex Parade acquired in May 2008. Turnover Rent Provision: rent calculated as a proportion of annual turnover of the tenant's business. Turnover Rent is paid to the REIT if it exceeds the base rent specified in the tenancy agreement on an annual basis. Step-Up Rent Provision: Specified in tenancy agreement as a pre-determined increase in rent at defined intervals during a tenancy agreement, typically each year. Forms the base rent of any tenancy agreement.

Financial Results

Revenues & Expenses

Gross Revenue up 16.9% over budget

For Period 1 April 2008 – 30 June 2008

Second Quarter 2008	Actual (RM '000)	Budget (RM '000)	Variance (%)
Gross Rental Income			
Revenue from Tenancy	19,132	16,457	+ 16.3%
Car Park	1,756	1,405	+ 25.0%
Gross Revenue	<u>20,888</u>	<u>17,862</u>	<u>+ 16.9%</u>
Direct Cost & Property Expenses			
Property Management Fees	(418)	(369)	- 13.3%
Assessment, Quit Rent & Insurance	(855)	(774)	- 10.5%
Other Operating Expenses	(6,128)	(5,707)	- 7.4%
Total Property Expenses	<u>(7,401)</u>	<u>(6,851)</u>	<u>- 8.0%</u>
Trust Fees & Expenses			
Manager's fee			
Base Fee	(442)	(348)	- 27.1%
Performance Fee	(487)	(407)	- 19.6%
Trustee's fee	(33)	(30)	- 9.7%
Valuation fee	(13)	(12)	- .0%
Administration expenses	(250)	(100)	- 149.9%
Total Trust Fees & Expenses	<u>(1,225)</u>	<u>(898)</u>	<u>- 36.4%</u>

Budget based on FY2008 figures from Hektar REIT Initial Public Offering Prospectus dated 15 November 2006.

Income Statement – Quarter

2nd Quarter 2008 Net Income exceeds budget by 25.8%

For Period 1 April 2008 – 30 June 2008 (versus Budget)

Second Quarter 2008	Actual (RM '000)	Budget (RM '000)	Variance (%)
Gross Revenue	20,888	17,862	+ 16.9%
Direct Cost & Property Expenses	(7,401)	(6,851)	- 8.0%
Net Property Income (NPI)	<u>13,487</u>	<u>11,011</u>	<u>+ 22.5%</u>
Interest & Other Income	29	57	- 48.7%
Total Income	<u>13,516</u>	<u>11,068</u>	<u>+ 22.1%</u>
Trust Fees & Expenses	(1,225)	(898)	- 36.4%
Interest Expense	(2,885)	(2,691)	- 7.2%
Net Income Before Tax - Realised	<u>9,407</u>	<u>7,479</u>	<u>+ 25.8%</u>
Net Income per Unit (sen)	2.94	2.34	+ 25.8%

Income Statement – Quarter Comparative

2nd Quarter 2008 Net Income exceeds 2Q07 by 10.9%

For Period 1 April 2008 – 30 June 2008 (versus Previous Comparable Quarter)

Second Quarter 2008	2Q08 (RM '000)	2Q07 (RM '000)	Variance (%)
Gross Revenue	20,888	18,062	+ 15.6%
Direct Cost & Property Expenses	(7,401)	(6,675)	- 10.9%
Net Property Income (NPI)	<u>13,487</u>	<u>11,388</u>	<u>+ 18.4%</u>
Interest & Other Income	29	15	+ 91.5%
Total Income	<u>13,516</u>	<u>11,403</u>	<u>+ 18.5%</u>
Trust Fees & Expenses	(1,225)	(997)	- 22.8%
Interest Expense	(2,885)	(1,920)	- 50.2%
Net Income Before Tax - Realised	<u>9,407</u>	<u>8,486</u>	<u>+ 10.9%</u>
Net Income per Unit (sen)	2.94	2.65	+ 10.9%

Income Statement – Year-To-Date

First Half 2008 Net Income is 28.5% over Forecast

For period 1 January – 30 June 2008 (6 months)

- Attributed to Higher Rentals at Subang & Mahkota Parade
- Inclusion of Wetex Parade's two-months' operations (acquisition completed in May 2008)

Year-To-Date (1H) (6-months)	YTD Actual (RM '000)	YTD Budget (RM '000)	Variance (%)
Gross Revenue	39,669	34,883	+ 13.7%
Direct Cost & Property Expenses	(14,165)	(13,701)	- 3.4%
Net Property Income (NPI)	25,505	21,182	+ 20.4%
Interest & Other Income	62	113	- 44.9%
Total Income	25,567	21,295	+ 20.1%
Trust Fees & Expenses	(2,617)	(1,796)	- 45.8%
Interest Expense	(4,813)	(5,382)	+ 10.6%
Net Income Before Tax - Realised	18,136	14,118	+ 28.5%
Net Income per Unit - Realised (sen)	5.67	4.41	+ 28.5%

Budget based on FY2008 figures from Hektar REIT Initial Public Offering Prospectus dated 15 November 2006.

Income Statement – Year-To-Date Comparative

YTD Comparative: 1H08 v 1H07

Different comparative period: 6 months v 7 months

- 1H FY2007 from 1 December 2006 – 30 June 2007 (7-months) due to IPO
- Excluding December 2006, first half revenue and net income is 5% and 7% higher, respectively

Year-To-Date (1H)	1H08 6 months (RM '000)	1H07 7 months (RM '000)	Variance (%)
Gross Revenue	39,669	41,646	- 4.7%
Direct Cost & Property Expenses	(14,165)	(15,395)	+ 8.0%
Net Property Income (NPI)	<u>25,505</u>	<u>26,251</u>	<u>- 2.8%</u>
Interest & Other Income	62	72	- 13.2%
Total Income	<u>25,567</u>	<u>26,322</u>	<u>- 2.9%</u>
Trust Fees & Expenses	(2,617)	(2,144)	- 22.1%
Interest Expense	(4,813)	(4,451)	- 8.1%
Net Income Before Tax - Realised	<u>18,136</u>	<u>19,727</u>	<u>- 8.1%</u>
Net Income per Unit - Realised (sen)	<u>5.67</u>	<u>6.16</u>	<u>-8.1%</u>


	As at 30.06.2008 (Unaudited) RM ('000)	As at 31.12.2007 (Audited) RM ('000)	
Non-Current Assets			No. of Units
Investment Properties	680,012	559,400	320,001,000
Current Assets			Net Asset Value Per Unit
Trade Receivables	1,404	916	1.179
Other Receivables, Deposits, Prepayments	5,330	6,629	Unit Price, 30 June 2008
Capital Work In Progress	3,313	2,756	1.31
Cash and Bank Balances	18,683	18,097	Premium / (Discount) NAV
	28,729	28,397	11%
TOTAL ASSETS	708,741	587,797	
Liabilities			Debt Structure
Trade Payables	398	135	Al-Murabahah / OD
Other Payables and Accruals	2,149	1,959	Gearing (Debt/GAV)*
Tenancy Deposits	19,849	16,083	42.5%
Provision for Income Distribution	7,680	11,232	Interest Expense
Borrowings	301,500	184,000	4.95% (2008)
TOTAL LIABILITIES	331,576	213,409	
NET ASSET VALUE	377,165	374,389	
Financed by:			
Unitholders' Capital	328,137	328,137	
Undistributed Income - realised	5,187	2,410	
Undistributed Income - unrealised	43,842	43,842	
TOTAL UNITHOLDERS' FUND	377,165	374,389	


*Gearing Limited for Malaysian REITs:
50% of GAV (Gross Asset Value)



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