

**HEKTAR REIT**



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

**HEKTAR ASSET MANAGEMENT SDN BHD**

**4 NOVEMBER 2008**

PRIVATE & CONFIDENTIAL

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# Financial Summary

# Financial Summary – Third Quarter 2008

|                                    |  |
|------------------------------------|--|
| <b>Second Quarter<br/>2008</b>     | <ul style="list-style-type: none"> <li>▪ 1 July 2008 – 30 September 2008</li> <li>▪ 3 Months</li> </ul>  |
| <b>Operational<br/>Performance</b> | <ul style="list-style-type: none"> <li>▪ Portfolio Occupancy: ~96.8%</li> <li>▪ Rent Reversions: +6% (Y-T-D)</li> <li>▪ Net Income per Unit: <b>3.00</b> sen</li> <li>▪ Net Income <b>+7.6%</b> over previous comparable quarter and <b>+34.4%</b> over Budget*</li> </ul> |
| <b>DPU</b>                         | <ul style="list-style-type: none"> <li>▪ Declared: 2.40 sen</li> </ul>   |
| <b>Distribution</b>                | <ul style="list-style-type: none"> <li>▪ 9.1% yield**</li> </ul>   |

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

\*\* Based on DPU (annualised) and closing price of RM1.05 on 30 September 2008. DPU = Dividend Per Unit

# Distribution Details

## Hektar REIT Quarterly Dividend Distributions

- Current Dividend Distribution Details: **3<sup>rd</sup> Quarter 2008**

|                                  |                                 |
|----------------------------------|---------------------------------|
| <b>Distribution Period</b>       | 1 July 2008 – 30 September 2008 |
| <b>Quarterly DPU</b>             | 2.40 sen                        |
| <b>Notice of Entitlement</b>     | 5 November 2008                 |
| <b>Ex-Dividend Date</b>          | 14 November 2008                |
| <b>Book Closure Date</b>         | 18 November 2008                |
| <b>Distribution Payment Date</b> | 5 December 2008                 |

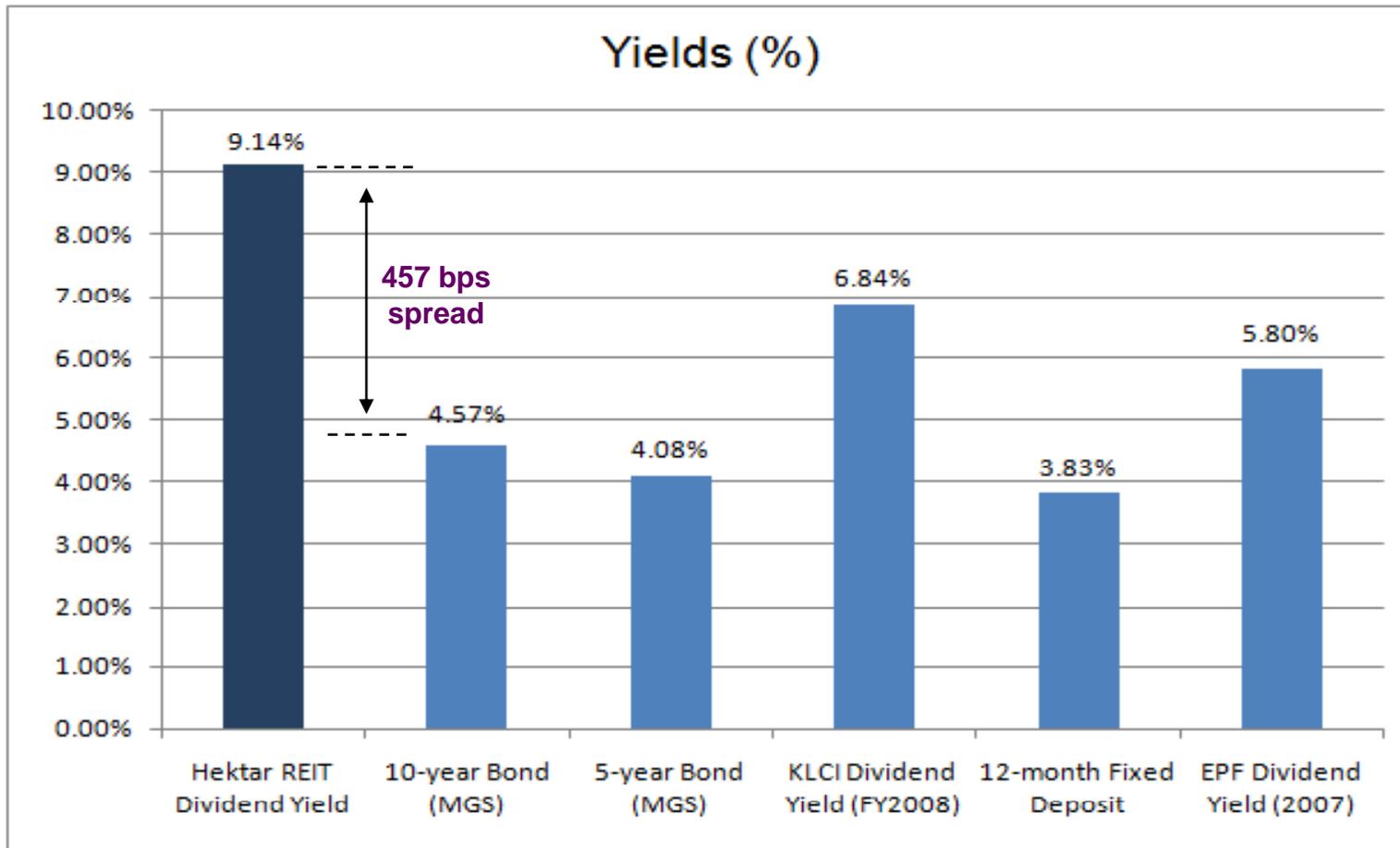
- Previous Dividend Distributions

| Year | Dividend     | Period               | Ex-Date     | Distribution Date | DPU      |
|------|--------------|----------------------|-------------|-------------------|----------|
| 2008 | 2Q08 Interim | 1 Apr 08 – 30 Jun 08 | 25 Aug 2008 | 9 Sep 2008        | 2.40 sen |
| 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 457 bps spread over MGS 10-year



Sources: Bloomberg (MGS: September 2008) , The Star. Hektar REIT yield based on closing price of RM1.05 on 30 September 2008 and annualised DPU of 2.4 sen.

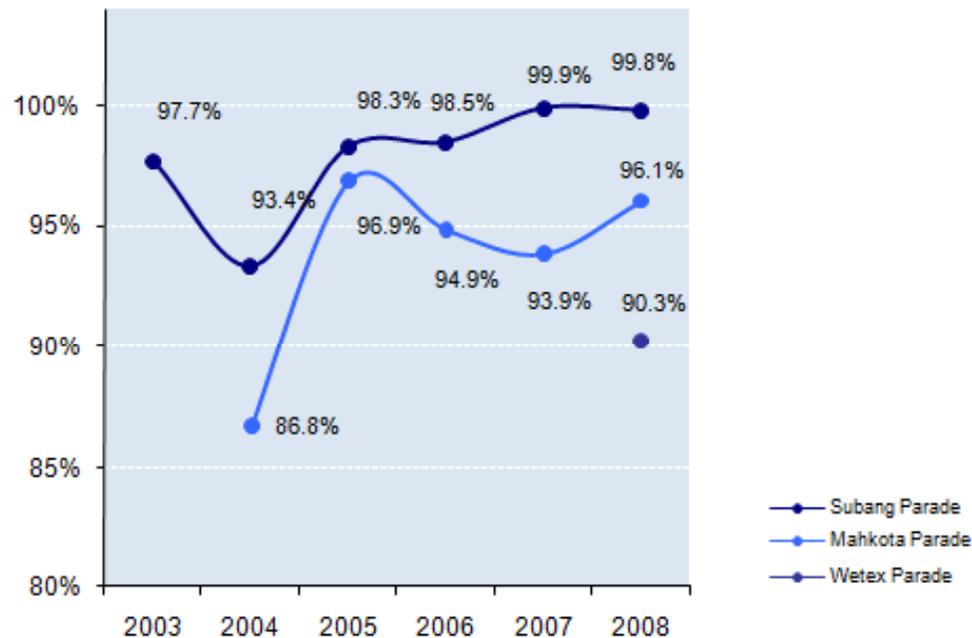
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# Portfolio Performance

# Hektar Portfolio - Occupancy

Portfolio Occupancy reached 96.8% in 3Q 2008

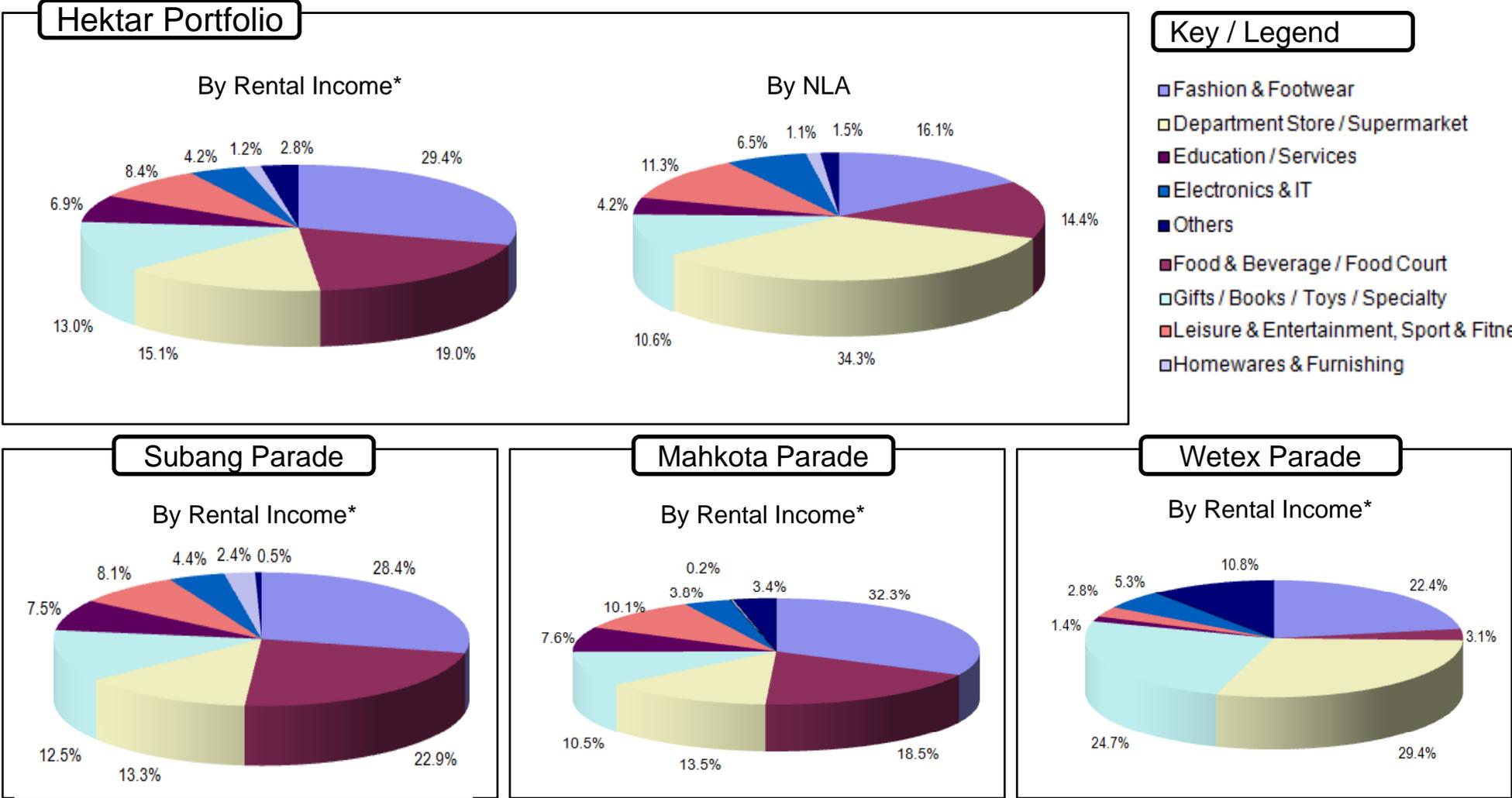
| Property       | As at 31 December 2003 | As at 31 December 2004 | As at 31 December 2005 | As at 30 September 2006 | As at 31 December 2007 | As at 30 September 2008 |
|----------------|------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|
| Subang Parade  | 97.7%                  | 93.4%                  | 98.3%                  | 98.5%                   | 99.9%                  | 99.8%                   |
| Mahkota Parade |                        | 86.8%                  | 96.9%                  | 94.9%                   | 93.9%                  | 96.1%                   |
| Wetex Parade   |                        |                        |                        |                         |                        | 90.3%                   |
| Overall*       | 97.7%                  | 91.3%                  | 97.6%                  | 96.7%                   | 96.9%                  | 96.8%                   |



\*Approximate average weighted by Net Lettable Area.

# Hektar Portfolio – Tenant Mix

## Diversified Portfolio Tenant Mix



# Hektar Portfolio – Tenant Diversity

## Hektar Top Ten Tenants by Rental Income

- Top 10 Tenants Contribute 26.9% of REIT's Monthly Rental Income
  - Retailer Dependency: only Parkson contributes ~10.7% 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 Store        | 254,009          | 22.8%          | 10.7%                       |
| 2 The Store  | Department Store        | 91,357           | 8.2%           | 3.0%                        |
| 3 Bata   | Fashion & Footwear      | 8,409            | 0.8%           | 2.1%                        |
| 4 McDonalds  | F&B                     | 12,946           | 1.2%           | 1.9%                        |
| 5 The Reject Shop                                    | Fashion & Footwear      | 17,695           | 1.6%           | 1.8%                        |
| 6 Ampang Superbowl                                   | Leisure & Entertainment | 36,717           | 3.3%           | 1.6%                        |
| 7 World Of Sports                                    | Fashion & Footwear      | 10,796           | 1.0%           | 1.5%                        |
| 8 Kenny Rogers Roasters                              | F&B                     | 7,096            | 0.6%           | 1.4%                        |
| 9 B.U.M. City  | Fashion & Footwear      | 16,078           | 1.4%           | 1.4%                        |
| 10 KFC   | F&B                     | 10,282           | 0.9%           | 1.4%                        |
| <b>Top 10 Tenants<br/>(By Monthly Rental Income)</b> |                         | 465,385          | 41.7%          | <b>26.9%</b>                |
| Other Tenants  |                         | 650,800          | 58.3%          | 73.1%                       |
| <b>Total</b>   |                         | <b>1,116,185</b> | <b>100.0%</b>  | <b>100.0%</b>               |

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

# Hektar Portfolio – Rental Reversions

## Third Quarter 2008 – Rental Reversions up 5%

- 30 new tenancies / renewals at an average 5% higher rental rate
- Trend continues to remain positive currently

| Third Quarter<br>(3 months)<br>(Ended 30 September) | No. of New<br>Tenancies /<br>Renewals | NLA<br>(sq ft) | % of<br>Total NLA | %<br>Increase / (Decrease) Over<br>Previous Rent Rates |
|---|---------------------------------------|----------------|-------------------|--|
| Subang Parade                                       | 17                                    | 174,534        | 37%               | 4%   |
| Mahkota Parade                                      | 8                                     | 22,731         | 5%                | 1%   |
| Wetex Parade  | 5                                     | 2,730          | 2%                | 47%  |
| <b>Total / Average*</b>                             | <b>30</b>                             | <b>199,995</b> | <b>18%</b>        | <b>5%</b>  |

| Year-To-Date<br>(9 months)<br>(Ended 30 September) | No. of New<br>Tenancies /<br>Renewals | NLA<br>(sq ft) | % of<br>Total NLA | %<br>Increase / (Decrease) Over<br>Previous Rent Rates |
|--|---------------------------------------|----------------|-------------------|--|
| Subang Parade                                      | 29                                    | 212,696        | 45%               | 7%   |
| Mahkota Parade                                     | 30                                    | 59,329         | 13%               | 2%   |
| Wetex Parade                                       | 6                                     | 3,205          | 2%                | 41%  |
| <b>Total / Average*</b>                            | <b>65</b>                             | <b>275,230</b> | <b>25%</b>        | <b>6%</b>  |

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

# Hektar's Portfolio – Tenancy Expiry Profile

## Hektar's Tenancy Expiry Profile 2008 – 2012

- By Property (as at 30 September 2008)

| <b>Subang Parade</b><br>For Year Ending<br>31 December | No. of<br>Tenancies<br>Expiring | NLA of tenancies<br>expiring<br>(sq ft) | NLA of tenancies<br>expiring as % of<br>total NLA | % of Total<br>Monthly Rental<br>Income* |
|--|---------------------------------|---|---|---|
| FY 2008  | 6                               | 42,946                                  | 9%  | 5%                                      |
| FY 2009  | 30                              | 44,348                                  | 9%  | 17%                                     |
| FY 2010  | 45                              | 136,825                                 | 29%   | 31%                                     |
| FY 2011  | 44                              | 108,401                                 | 23%   | 28%                                     |
| FY 2012  | 1                               | 140,620                                 | 30%   | 14%                                     |

| <b>Mahkota Parade</b><br>For Year Ending<br>31 December | No. of<br>Tenancies<br>Expiring | NLA of tenancies<br>expiring<br>(sq ft) | NLA of tenancies<br>expiring as % of<br>total NLA | % of Total<br>Monthly Rental<br>Income* |
|---|---------------------------------|---|---|---|
| FY 2008   | 1                               | 24,143                                  | 5%  | 2%                                      |
| FY 2009   | 22                              | 271,926                                 | 58%   | 36%                                     |
| FY 2010   | 28                              | 56,518                                  | 12%   | 20%                                     |
| FY 2011   | 39                              | 59,046                                  | 13%   | 28%                                     |
| FY 2012   | 18                              | 40,572                                  | 9%  | 13%                                     |

| <b>Wetex Parade</b><br>For Year Ending<br>31 December | No. of<br>Tenancies<br>Expiring | NLA of tenancies<br>expiring<br>(sq ft) | NLA of tenancies<br>expiring as % of<br>total NLA | % of Total<br>Monthly Rental<br>Income* |
|---|---------------------------------|---|---|---|
| FY 2008   | 8                               | 2,994                                   | 2%  | 3%                                      |
| FY 2009   | 32                              | 22,864                                  | 13%   | 27%                                     |
| FY 2010   | 16                              | 13,238                                  | 8%  | 13%                                     |
| FY 2011   | 4                               | 90,976                                  | 52%   | 32%                                     |





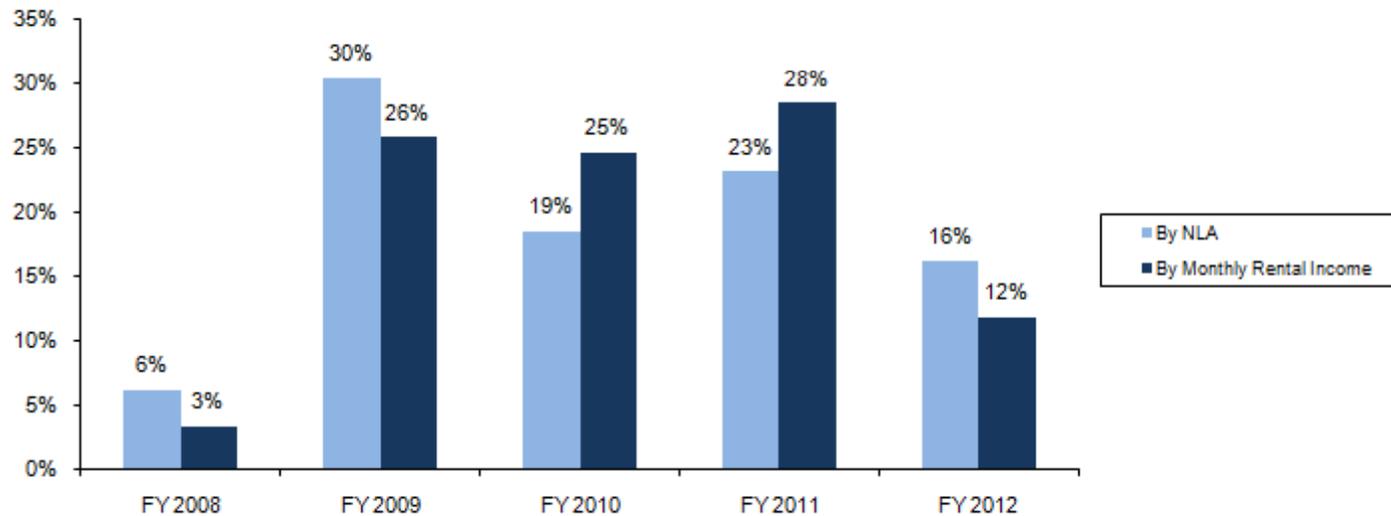
\* Based on monthly rental income for September 2008.

# Hektar's Portfolio – Tenancy Expiry Profile

## Portfolio Tenancy Expiry Profile 2008 – 2012

- Relatively Distributed Expiry Portfolio as at 30 September 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                               | 15                        | 70,083                            | 6%  | 3%                                |
| FY 2009                               | 84                        | 339,138                           | 30%   | 26%                               |
| FY 2010                               | 89                        | 206,581                           | 19%   | 25%                               |
| FY 2011                               | 87                        | 258,423                           | 23%   | 28%                               |
| FY 2012                               | 19                        | 181,192                           | 16%   | 12%                               |

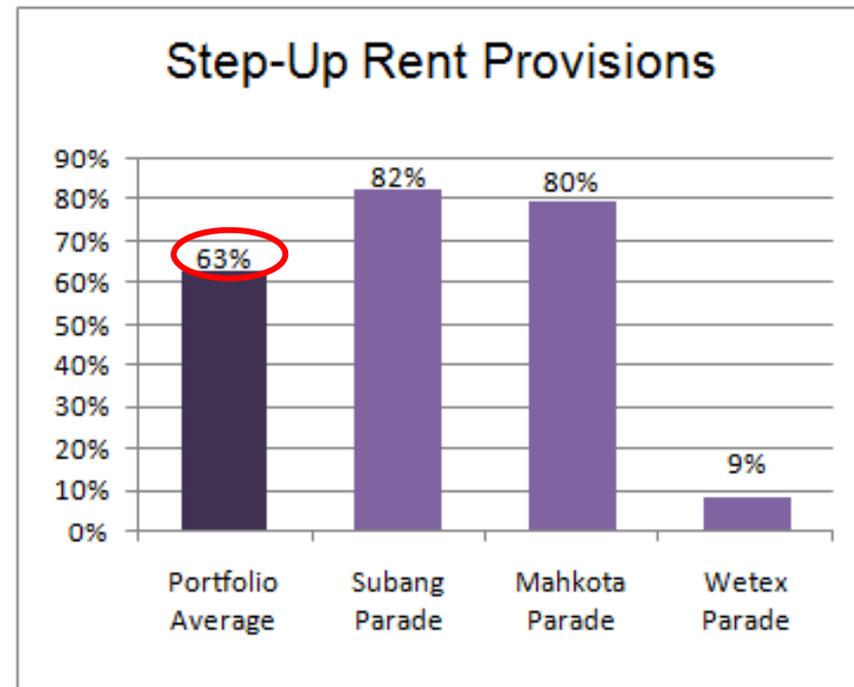
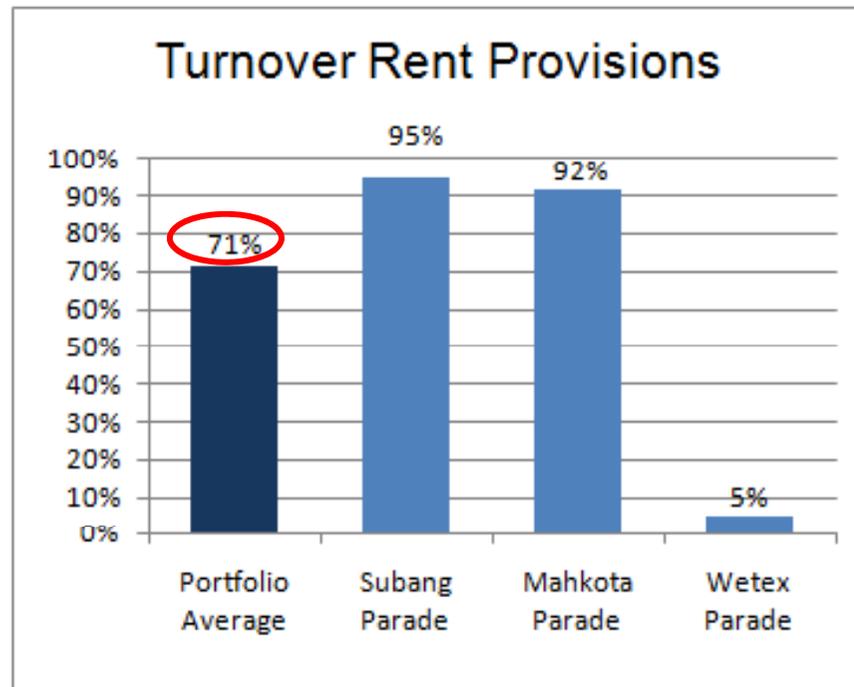


\* Based on monthly rental income for September 2008. NLA = Net Lettable Area

# Hektar's Portfolio – Step-Up & Turnover

## Hektar Portfolio Tenancy Provisions

- Turnover Rent Provisions: Portfolio average of 71% of tenancies
- Step-Up Rent Provisions: Portfolio average 63% of tenancies
- Wetex Parade: implementing provisions for new tenancies / renewals



Notes: Data as at 30 September 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 26.5% over Budget

For Period 1 July 2008 – 30 September 2008

| Third Quarter 2008                         | Actual<br>(RM '000) | Budget<br>(RM '000) | Variance<br>(%) |
|--|---------------------|---------------------|-----------------|
| <b>Gross Rental Income</b>                 |                     |                     |                 |
| Revenue from Tenancy                       | 20,372              | 16,104              | + 26.5%         |
| Car Park                                   | 1,792               | 1,415               | + 26.7%         |
| <b>Gross Revenue</b>                       | <u>22,164</u>       | <u>17,519</u>       | <u>+ 26.5%</u>  |
| <b>Direct Cost &amp; Property Expenses</b> |                     |                     |                 |
| Property Management Fees                   | (444)               | (369)               | - 20.2%         |
| Assessment, Quit Rent & Insurance          | (707)               | (774)               | + 8.7%          |
| Other Operating Expenses                   | (6,967)             | (5,707)             | - 22.1%         |
| <b>Total Property Expenses</b>             | <u>(8,118)</u>      | <u>(6,851)</u>      | <u>- 18.5%</u>  |
| <b>Trust Fees &amp; Expenses</b>           |                     |                     |                 |
| Manager's fee                              |                     |                     |                 |
| Base Fee                                   | (446)               | (348)               | - 28.2%         |
| Performance Fee                            | (507)               | (407)               | - 24.6%         |
| Trustee's fee                              | (34)                | (30)                | - 10.9%         |
| Valuation fee                              | (13)                | (12)                | - .0%           |
| Administration expenses                    | (236)               | (100)               | - 136.5%        |
| <b>Total Trust Fees &amp; Expenses</b>     | <u>(1,236)</u>      | <u>(898)</u>        | <u>- 37.7%</u>  |

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

# Income Statement – Quarter

Third Quarter 2008 Net Income exceeds Budget by 34.4%

For Period 1 July 2008 – 30 September 2008 (versus Budget)

| Third Quarter 2008                      | Actual<br>(RM '000) | Budget<br>(RM '000) | Variance<br>(%) |
|---|---------------------|---------------------|-----------------|
| Gross Revenue                           | 22,164              | 17,519              | + 26.5%         |
| Direct Cost & Property Expenses         | (8,118)             | (6,851)             | - 18.5%         |
| <b>Net Property Income (NPI)</b>        | <u>14,046</u>       | <u>10,668</u>       | <u>+ 31.7%</u>  |
| Interest & Other Income                 | 84                  | 57                  | + 47.6%         |
| <b>Total Income</b>                     | <u>14,130</u>       | <u>10,725</u>       | <u>+ 31.7%</u>  |
| Trust Fees & Expenses                   | (1,236)             | (898)               | - 37.7%         |
| Interest Expense                        | (3,305)             | (2,691)             | - 22.8%         |
| <b>Net Income Before Tax - Realised</b> | <u>9,589</u>        | <u>7,136</u>        | <u>+ 34.4%</u>  |
| <b>Net Income per Unit (sen)</b>        | <b>3.00</b>         | <b>2.23</b>         | <b>+ 34.4%</b>  |

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

# Income Statement – Quarter Comparative

Third Quarter 2008 Net Income exceeds 3Q07 by 7.6%

For Period 1 July 2008 – 30 September 2008 (versus Previous Comparable Quarter)

| Third Quarter 2008                      | 3Q08<br>(RM '000) | 3Q07<br>(RM '000) | Variance<br>(%) |
|---|-------------------|-------------------|-----------------|
| Gross Revenue                           | 22,164            | 18,332            | + 20.9%         |
| Direct Cost & Property Expenses         | (8,118)           | (6,589)           | - 23.2%         |
| <b>Net Property Income (NPI)</b>        | <u>14,046</u>     | <u>11,743</u>     | <u>+ 19.6%</u>  |
| Interest & Other Income                 | 84                | 30                | + 182.4%        |
| <b>Total Income</b>                     | <u>14,130</u>     | <u>11,773</u>     | <u>+ 20.0%</u>  |
| Trust Fees & Expenses                   | (1,236)           | (931)             | - 32.7%         |
| Interest Expense                        | (3,305)           | (1,930)           | - 71.2%         |
| <b>Net Income Before Tax - Realised</b> | <u>9,589</u>      | <u>8,912</u>      | <u>+ 7.6%</u>   |
| <b>Net Income per Unit (sen)</b>        | <b>3.00</b>       | <b>2.78</b>       | <b>+ 7.6%</b>   |

# Income Statement – Year-To-Date

## YTD 2008 (9 Months) Net Income is 30.4% over Budget

For period 1 January – 30 September 2008 (9 months)

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

| Year-To-Date (9-months)                     | YTD Actual<br>(RM '000) | YTD Budget<br>(RM '000) | Variance<br>(%) |
|---|-------------------------|-------------------------|-----------------|
| Gross Revenue                               | 61,834                  | 52,402                  | + 18.0%         |
| Direct Cost & Property Expenses             | (22,283)                | (20,552)                | - 8.4%          |
| <b>Net Property Income (NPI)</b>            | <b>39,551</b>           | <b>31,850</b>           | <b>+ 24.2%</b>  |
| Interest & Other Income                     | 146                     | 170                     | - 14.1%         |
| <b>Total Income</b>                         | <b>39,697</b>           | <b>32,020</b>           | <b>+ 24.0%</b>  |
| Trust Fees & Expenses                       | (3,853)                 | (2,693)                 | - 43.1%         |
| Interest Expense                            | (8,118)                 | (8,073)                 | - 0.6%          |
| <b>Net Income Before Tax - Realised</b>     | <b>27,725</b>           | <b>21,254</b>           | <b>+ 30.4%</b>  |
| <b>Net Income per Unit - Realised (sen)</b> | <b>8.66</b>             | <b>6.64</b>             | <b>+ 30.4%</b>  |

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

# Income Statement – Year-To-Date Comparative

## YTD Comparative: 9M08 v 10M07

Different comparative period: 9 months v 10 months

- 10MFY2007 from 1 December 2006 – 30 September 2007 (10-months) due to IPO
- Excluding December 2006, cumulative net income is 7% higher

| Year-To-Date                                | YTD '08<br>9 months<br>(RM '000) | YTD '07<br>10 months<br>(RM '000) | Variance<br>(%) |
|---|----------------------------------|-----------------------------------|-----------------|
| Gross Revenue                               | 61,834                           | 59,978                            | + 3.1%          |
| Direct Cost & Property Expenses             | (22,283)                         | (21,984)                          | - 1.4%          |
| <b>Net Property Income (NPI)</b>            | <b>39,551</b>                    | <b>37,994</b>                     | <b>+ 4.1%</b>   |
| Interest & Other Income                     | 146                              | 101                               | + 43.9%         |
| <b>Total Income</b>                         | <b>39,697</b>                    | <b>38,095</b>                     | <b>+ 4.2%</b>   |
| Trust Fees & Expenses                       | (3,853)                          | (3,075)                           | - 25.3%         |
| Interest Expense                            | (8,118)                          | (6,381)                           | - 27.2%         |
| <b>Net Income Before Tax - Realised</b>     | <b>27,725</b>                    | <b>28,639</b>                     | <b>- 3.2%</b>   |
| <b>Net Income per Unit - Realised (sen)</b> | <b>8.66</b>                      | <b>8.95</b>                       | <b>-3.2%</b>    |

|  | As at 30.09.2008<br>(Unaudited)<br>RM ('000) | As at 31.12.2007<br>(Audited)<br>RM ('000) |                                 |
|--|--|--|---------------------------------|
| <b>Non-Current Assets</b>                |  |  | <b>No. of Units</b>             |
| Investment Properties                    | 681,740                                      | 559,400                                    | 320,001,000                     |
| <b>Current Assets</b>                    |  |  | <b>Net Asset Value Per Unit</b> |
| Trade Receivables                        | 1,036  | 916  | 1.185                           |
| Other Receivables, Deposits, Prepayments | 5,996  | 6,629                                      | <b>Unit Price, 30 Sep 2008</b>  |
| Capital Work In Progress                 | 4,803  | 2,756                                      | 1.05                            |
| Cash and Bank Balances                   | 18,738                                       | 18,097                                     | <b>Premium / (Discount) NAV</b> |
|  | 30,574                                       | 28,397                                     | (11%)                           |
| <b>TOTAL ASSETS</b>                      | <b>712,313</b>                               | <b>587,797</b>                             |                                 |
| <b>Liabilities</b>                       |  |  | <b>Debt Structure</b>           |
| Trade Payables                           | 534  | 135  | Al-Murabahah / OD               |
| Other Payables and Accruals              | 2,723  | 1,959                                      | <b>Gearing (Debt/GAV)*</b>      |
| Tenancy Deposits                         | 20,028                                       | 16,083                                     | 42.3%                           |
| Provision for Income Distribution        | 8,454  | 11,232                                     | <b>Interest Expense</b>         |
| Borrowings                               | 301,500                                      | 184,000                                    | 4.95% (2008)                    |
| <b>TOTAL LIABILITIES</b>                 | <b>333,239</b>                               | <b>213,409</b>                             |                                 |
| <b>NET ASSET VALUE</b>                   | <b>379,074</b>                               | <b>374,389</b>                             |                                 |
| <b>Financed by:</b>                      |  |  |                                 |
| Unitholders' Capital                     | 328,137                                      | 328,137                                    |                                 |
| Undistributed Income - realised          | 7,096  | 2,410                                      |                                 |
| Undistributed Income - unrealised        | 43,842                                       | 43,842                                     |                                 |
| <b>TOTAL UNITHOLDERS' FUND</b>           | <b>379,074</b>                               | <b>374,389</b>                             |                                 |

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





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