



Hektar Real Estate Investment Trust

# SECOND QUARTER 2011 FINANCIAL RESULTS PRESENTATION

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17 AUGUST 2011

HEKTAR ASSET MANAGEMENT SDN BHD



## Disclaimer

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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. Hektar REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006. 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.

# Financial Summary

## Second Quarter 2011

1 April 2011 – 30 June 2011

Three (3) months

### Operational & Financial Performance

- Portfolio Occupancy: ~ 95.7%
- Rent Reversions: + 15%
- Net Income per Unit (2Q11)  
vs. previous comparable period<sup>1</sup>: **2.94 sen**  
+3.1%

<sup>1</sup> 1Q 10 Net Income per unit: 2.85 sen.

### Dividend Distribution

First Quarter Interim  
Dividend Per Unit

(DPU): **2.50 sen**

DPU Yield<sup>2</sup>: **7.4%**

<sup>2</sup> Based on YTD 6 months DPU of 5.0 sen annualised and closing price of RM1.35 on 30 June 2011.

## Distribution Details

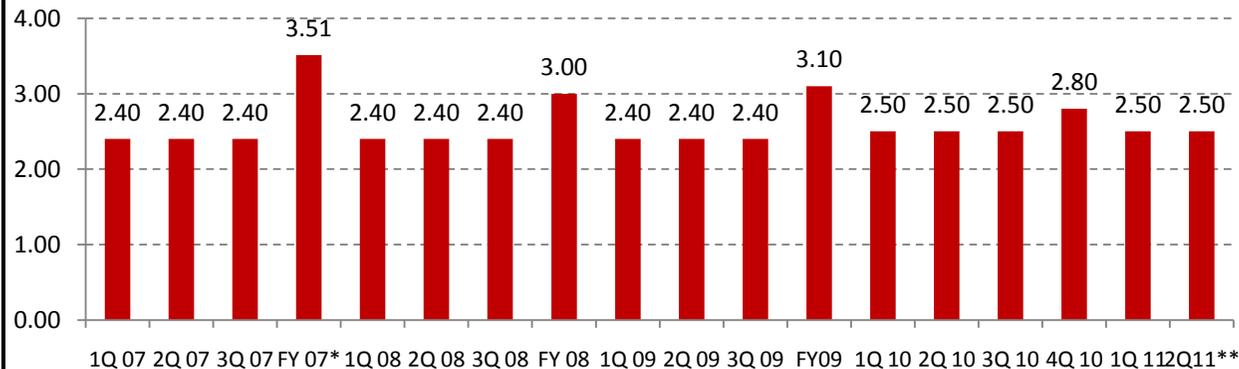
# Hektar REIT Annual DPU Growth Positive Since IPO

### Current Dividend Distribution Details

Second Quarter 2011

- Distribution Period: 1 April – 30 June 2011
- Quarterly DPU: 2.50 sen
- Notice of Entitlement: 17 August 2011
- Ex-Dividend Date: 5 September 2011
- Book Closure Date: 7 September 2011
- Payment Date: 23 September 2011

### Dividend Distribution Track Record



### Hektar REIT Dividend Policy

Barring unforeseen circumstances, Hektar REIT will pay dividends equivalent to at least 90% of distributable net income for the financial year 2011. Distributable net income excludes non-cash items such as FRS117 revenue recognition and capital allowances.

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

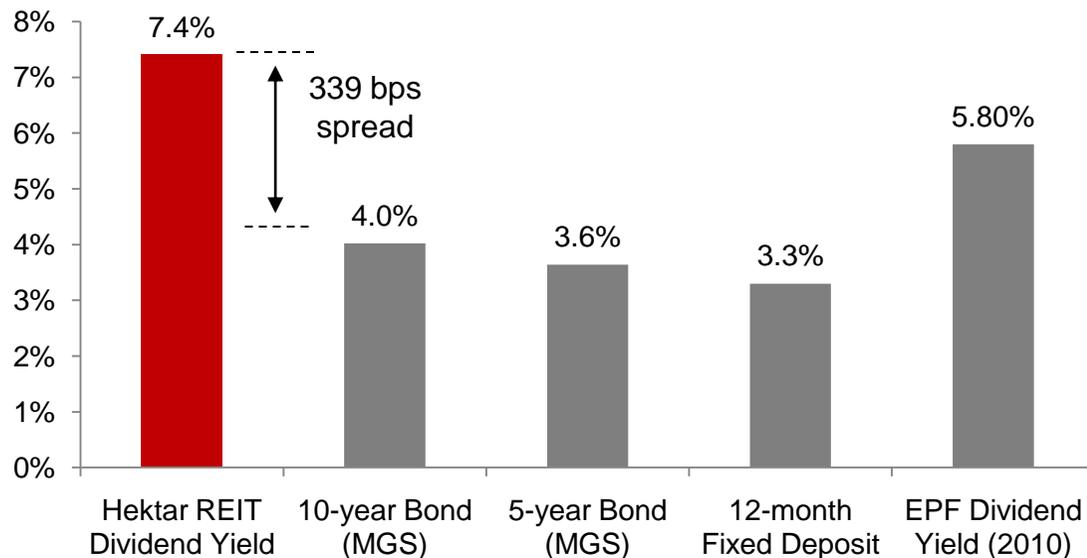


## Comparative Yields - Malaysia

### Hektar REIT Dividend Yield at approximately 7.4%

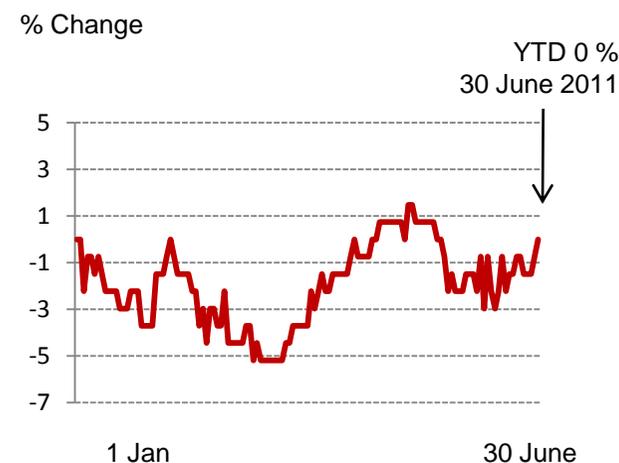
- Traded at a 339 bps spread over MGS 10-year

#### Hektar REIT Comparative Yields



Sources: Bank Negara Malaysia website, EPF (February 2011), RHB Bank website. Hektar REIT's yield based on closing price of RM1.35 on 30 June 2010 and annualised quarter DPU of 2.5 sen.

#### Hektar REIT Unit Price Change First Half 2011 (6 months)



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# Portfolio Performance

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- Overall Occupancy at ~95.7% ►
- Rental Reversions at a positive 15% for 2Q 2011 ►
- Tenancy Expiry Profile ►

# Hektar REIT Portfolio - Occupancy

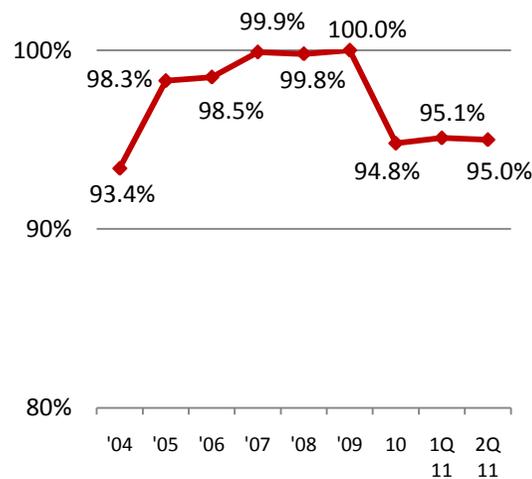
## Overall Portfolio Occupancy at ~95.7%

### Hektar REIT Portfolio Occupancy

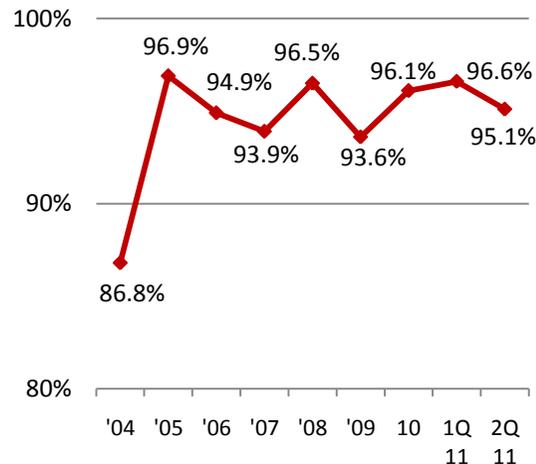
Property	As at 31 December 2004	As at 31 December 2005	As at 30 September 2006	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 31 March 2011	As at 30 June 2011
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	95.1%	95.0%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	96.6%	95.1%
Wetex Parade					83.1%	90.1%	95.6%	96.3%	99.6%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	95.9%	95.7%

\*Approximate average, weighted by Net Lettable Area.

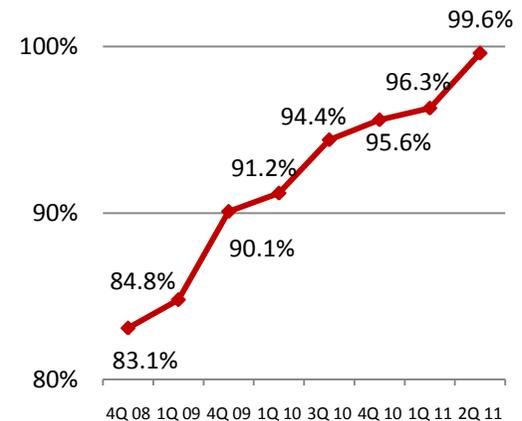
#### Subang Parade Occupancy (%)



#### Mahkota Parade Occupancy (%)



#### Wetex Parade Occupancy (%)



## Hektar REIT Portfolio – Rental Reversions

# Rental Reversions positive at 15% for second quarter

- 2Q 11: 23 new tenancies / renewals at 15% higher average rental rate
- Year-To-Date rental reversion at 13% higher
- Wetex Parade opened new entertainment zone at the Quadrix

### Hektar REIT Rental Reversions: Quarter

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	12	45,679	10%		10%
Mahkota Parade	5	6,604	1%		8%
Wetex Parade	6	6,985	4%		199%
Total / Average*	23	59,268	5%		15%

\* Average Weighted by NLA

Addition of new entertainment outlet at the Quadrix.

### Hektar REIT Rental Reversions: Year To Date

1H 2011 (6 months) (Ended 30 June)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	27	72,315	15%		20%
Mahkota Parade	17	28,223	6%		-5%
Wetex Parade	15	93,611	60%		23%
Total / Average*	59	194,149	18%		13%

\* Average Weighted by NLA

Impact from the creation of new IT zone & entry of an IT mini tenant there.

# Hektar REIT Portfolio – Tenancy Expiry Profile

## Hektar REIT Tenancy Expiry Profile by Property

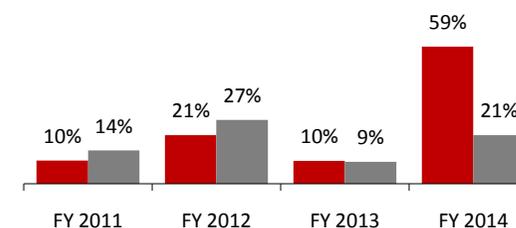
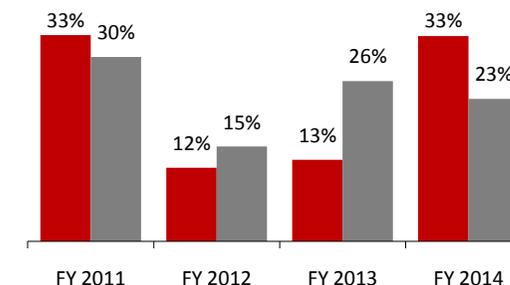
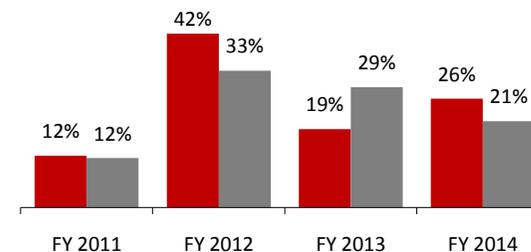
### Hektar REIT Tenancy Expiry Profile by Property

As At 30 June 2011

<b>Subang Parade</b> 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 2011	15	59,061	12%	12%
FY 2012	30	198,946	42%	33%
FY 2013	40	89,636	19%	29%
FY 2014	31	124,648	26%	21%
<b>Total</b>	<b>116</b>	<b>472,291</b>		

<b>Mahkota Parade</b> 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 2011	32	152,676	33%	30%
FY 2012	39	54,564	12%	15%
FY 2013	42	60,479	13%	26%
FY 2014	24	152,008	33%	23%
<b>Total</b>	<b>137</b>	<b>419,727</b>		

<b>Wetex Parade</b> 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 2011	15	15,533	10%	14%
FY 2012	56	32,641	21%	27%
FY 2013	25	15,287	10%	9%
FY 2014	4	91,893	59%	21%
<b>Total</b>	<b>100</b>	<b>155,354</b>		



■ By Total NLA ■ By Monthly Rental Income

\*Based on monthly rental income for June 2011. Figures may not round to 100% due to misc. items

# Hektar REIT Portfolio – Tenancy Expiry Profile

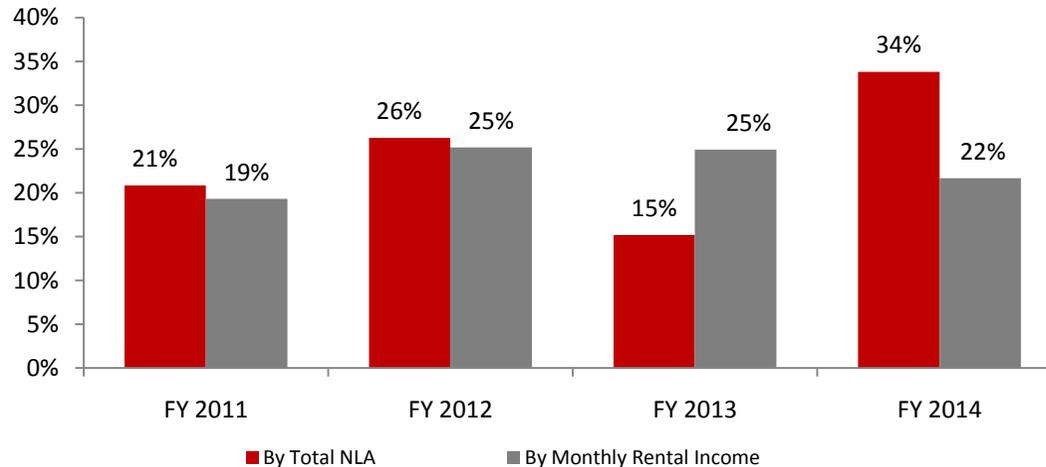
## Tenancy Portfolio Expiry Profile 2011 – 2014

- FY2011 tenancy expiries account for approximately 19% of monthly rental income\*
- 81% of Portfolio Tenancy Rental Income locked in for 2011

### Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As At 30 June 2011

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 2011	62	227,270	21%	19%
FY 2012	125	286,151	26%	25%
FY 2013	107	165,402	15%	25%
FY 2014	59	368,549	34%	22%
<b>Total</b>	<b>353</b>	<b>1,047,372</b>	<b>96%</b>	<b>91%</b>



\* Based on monthly rental income for June 2011. NLA = Net Lettable Area

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# Financial Results

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- Second Quarter 2011 Net Income up 3% from previous corresponding quarter ►
- Year-To-Date 2011 Net Income up 0.9% from previous corresponding period ►
- Hektar REIT trading at a 1.9% premium to NAV as at 2Q11 ►
- Hektar REIT Average Cost of Debt at 4.11% ►

## Income Statement – Quarter Comparative

### Second Quarter 2011 Net Income up 3% vs previous quarter

For Period 1 April – 30 June 2011 (versus previous comparable period)

Income Statement Second Quarter 2011 (Unaudited)	2Q11 (RM '000)	2Q10 (RM '000)	Variance (%)
Revenue	23,258	22,198	+ 4.8%
Direct Cost & Property Expenses	(9,130)	(9,025)	+ 1.2%
<b>Net Property Income (NPI)</b>	<u>14,128</u>	<u>13,173</u>	<u>+ 7.3%</u>
Interest & Other Income	59	36	+ 64.8%
<b>Total Income</b>	<u>14,187</u>	<u>13,209</u>	<u>+ 7.4%</u>
Trust Fees & Expenses	(1,628)	(1,588)	+ 2.5%
Interest Expense	(3,157)	(2,488)	+ 26.9%
<b>Net Income Before Tax</b>	<u>9,402</u>	<u>9,132</u>	<u>+ 2.9%</u>
<b>Net Income per Unit (sen)</b>	<u>2.94</u>	<u>2.85</u>	<u>+ 2.9%</u>

Note: With effect from 1 January 2010, 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

Second Quarter 2011 Year To Date Net Income up 0.9% vs previous period  
 For Period 1 January – 30 June 2011 (versus previous comparable period)

Income Statement Year-To-Date 2011 (Unaudited)	1H11 (RM '000)	1H10 (RM '000)	Variance (%)
Revenue	46,598	45,213	+ 3.1%
Direct Cost & Property Expenses	<u>(18,078)</u>	<u>(17,910)</u>	<u>+ .9%</u>
<b>Net Property Income (NPI)</b>	<u>28,520</u>	<u>27,302</u>	<u>+ 4.5%</u>
Interest & Other Income	<u>90</u>	<u>75</u>	<u>+ 20.9%</u>
<b>Total Income</b>	<u>28,611</u>	<u>27,377</u>	<u>+ 4.5%</u>
Trust Fees & Expenses	(3,292)	(3,267)	+ .8%
Interest Expense	(5,974)	(4,940)	+ 20.9%
<b>Net Income Before Tax</b>	<u>19,345</u>	<u>19,170</u>	<u>+ 0.9%</u>
<b>Net Income per Unit (sen)</b>	<u>6.05</u>	<u>5.99</u>	<u>+ 0.9%</u>

## Hektar REIT's Balance Sheet for Second Quarter 2011

Balance Sheet (Unaudited)	As at 31.6.2011 (RM '000)	As at 31.12.2010 (RM '000)
<b>Non-Current Assets</b>		
Investment Properties	752,000	752,000
Capital Work in Progress	10,745	553
Fixed Deposit with a licensed bank	2,306	2,269
	<u>765,051</u>	<u>754,822</u>
<b>Current Assets</b>		
Trade Receivables	2,505	1,931
Other Receivables, Deposits, Prepayments	1,161	1,016
Cash and Bank Balances	23,654	24,671
	<u>792,370</u>	<u>782,439</u>
<b>TOTAL ASSETS</b>		
<b>Current Liabilities</b>		
Trade Payables	394	565
Other Payables and Accruals	3,607	4,896
Tenancy Deposits	20,880	20,470
Deferred Income	1,486	1,046
Borrowings	184,000	184,000
	<u>582,002</u>	<u>571,462</u>
Unitholders' Capital	328,137	328,137
Retained Earnings - realised	26,342	23,957
Retained Earnings - unrealised	69,368	69,368
<b>NET ASSET VALUE</b>	<u>423,847</u>	<u>421,462</u>
<b>Long Term Liabilities</b>		
Borrowings	158,155	150,000

### Unit Price Statistics

As at 30 June 2011

#### No. of Units Outstanding

320,001,000

#### Net Asset Value (RM)

1.32

#### Unit Price (RM)

1.35

#### Premium / (Discount) to NAV

1.9%

# Debt Profile

## Debt Profile for Second Quarter 2011

### Debt Information

As at 30 June 2011

- Total Debt: **RM342 million**
- Weighted Cost of Debt: **4.11%**
- Gearing Ratio<sup>1</sup>: **43.2%**
- Interest Cover<sup>2</sup>: **3.98**
- Unencumbered Asset: **Wetex Parade**

<sup>1</sup> Gearing ratio calculated by total long term liabilities over Gross Asset Value (GAV).

<sup>2</sup> Based on quarter ended 30 June 2011

### Financing Details

Al-Murabahah / OD  
 Fixed Term Loan, Annual Floating Rate  
 Structure: Cost of Funds + 0.75%

#### Tranche 1

- Term: 5 Years, Expiring 2011
- Pledged: Subang Parade
- Facility Size: RM184 million
- Drawdown: Fully Drawn
- Cost: 4.06%
- Refinancing: December 2011

#### Tranche 2

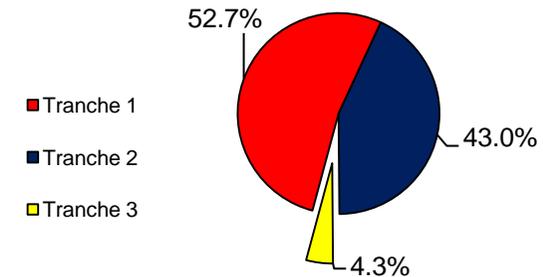
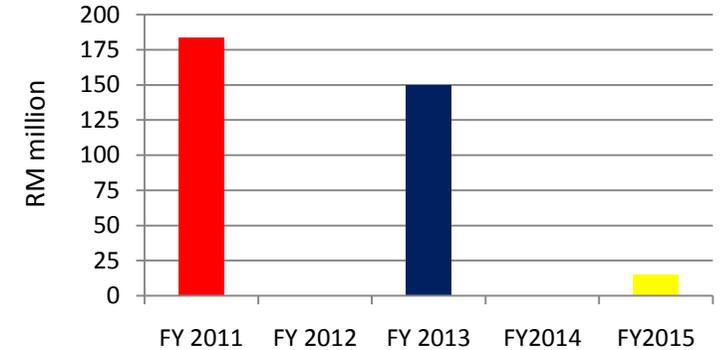
- Term: 5 Years, Expiring 2013
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.16%
- Rate Reset: April 2012

#### Tranche 3

- Term: 5 Years, Expiring 2015
- Pledged: Subang Parade
- Facility Size: RM15 million
- Drawdown: Partially Drawn
- Cost: 4.11%
- Refinancing: December 2015

### Debt Expiry Profile

As at 30 June 2011



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

Investor Relations

**Hektar Asset Management Sdn Bhd**

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