

# THIRD QUARTER 2011 FINANCIAL RESULTS PRESENTATION

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4 NOVEMBER 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.

## Third Quarter 2011

1 July 2011 – 30 September 2011

Three (3) months

### Operational & Financial Performance

- Portfolio Occupancy: ~ 97.8%
- Rent Reversions: + 27%
- Net Income per Unit (3Q11)  
vs. previous comparable period<sup>1</sup>: **3.00 sen**  
-0.2%

<sup>1</sup> 3Q 10 Net Income per unit: 3.05 sen.

### Dividend Distribution

Third Quarter Interim  
Dividend Per Unit

(DPU): **2.50 sen**

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

<sup>2</sup> Based on YTD 9 months DPU of 7.5 sen annualised and closing price of RM1.26 on 30 September 2011.

## Distribution Details

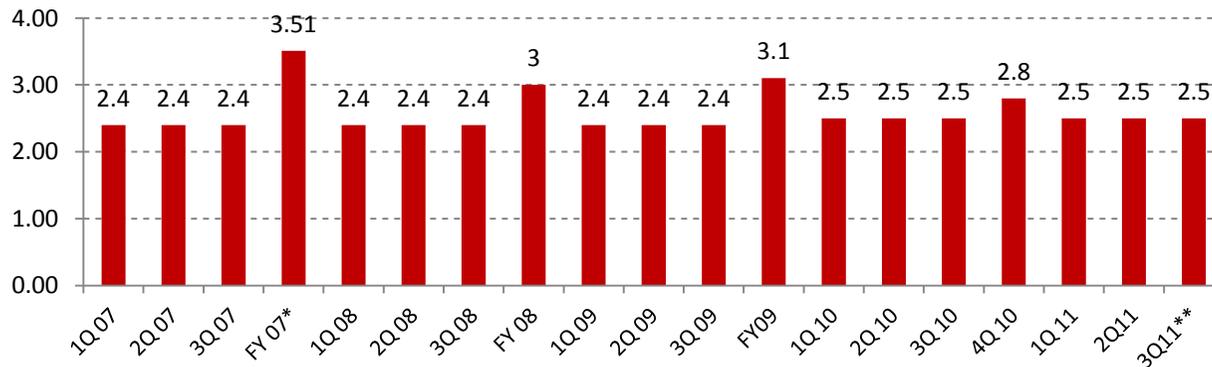
# Hektar REIT Annual DPU Growth Positive Since IPO

### Current Dividend Distribution Details

Third Quarter 2011

- Distribution Period: 1 July – 30 Sept 2011
- Quarterly DPU: 2.50 sen
- Notice of Entitlement: 4 November 2011
- Ex-Dividend Date: 21 November 2011
- Book Closure Date: 23 November 2011
- Payment Date: 12 December 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.

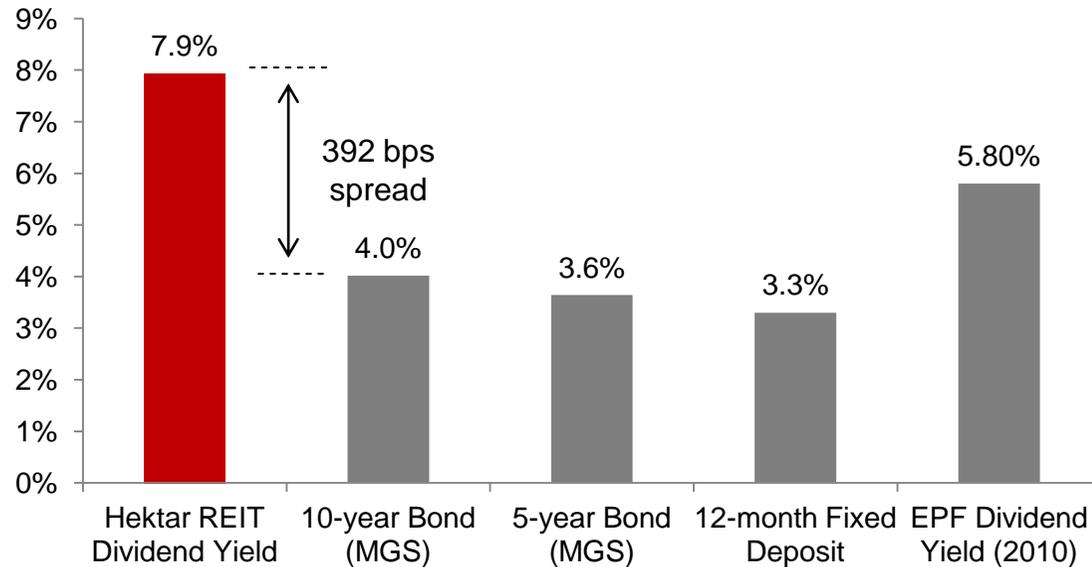
\* FY 07 represented a 13 month period from December 2006 to 31 December 2007 \*\* Declared

# Comparative Yields - Malaysia

## Hektar REIT Dividend Yield at approximately 7.9%

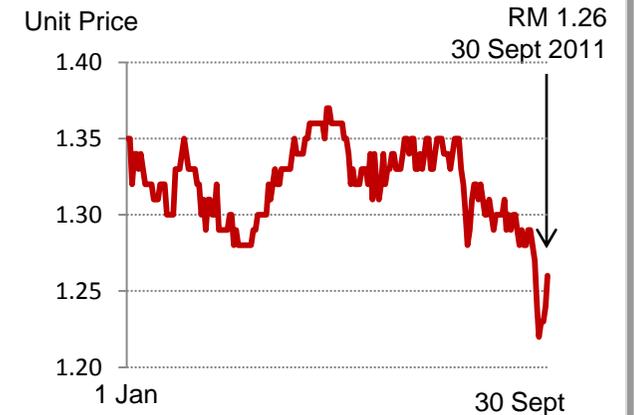
- Traded at a 392 bps spread over MGS 10-year

### Hektar REIT Comparative Yields



Sources: Bank Negara Malaysia website, EPF (February 2011), RHB Bank website. Hektar REIT's yield based on closing price of RM1.26 on 30 Sept 2011 and annualised quarter DPU of 2.5 sen.

### Hektar REIT Unit Price Change First 9 Months 2011



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# Portfolio Performance

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- Overall Occupancy at ~97.8% ►
- Rental Reversions at a positive 27% for 3Q 2011 ►
- Tenancy Expiry Profile ►

# Hektar REIT Portfolio - Occupancy

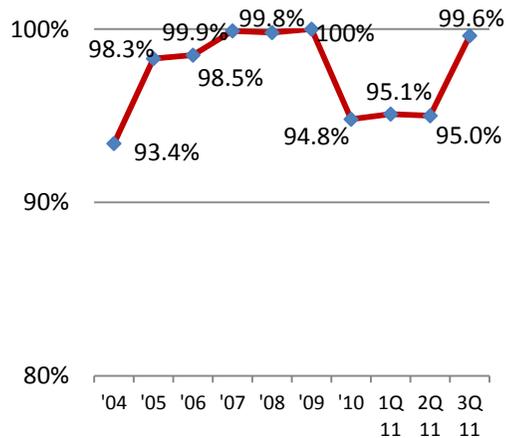
## Overall Portfolio Occupancy at ~97.8%

### Hektar REIT Portfolio Occupancy

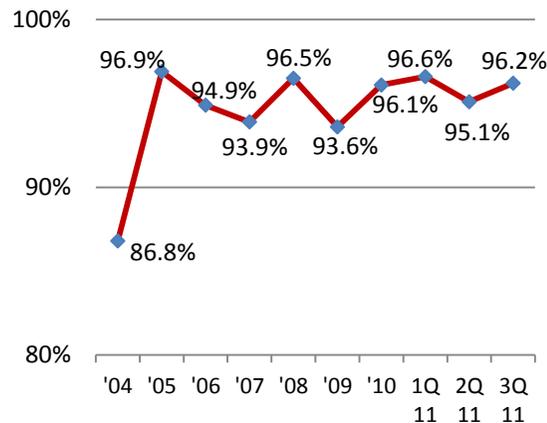
Property	As at 31 December 2004	As at 31 December 2005	As at 30 September 2006	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 31 March 2011	As at 30 June 2011	As at 30 September 2011
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	95.1%	95.0%	99.6%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	96.6%	95.1%	96.2%
Wetex Parade					83.1%	90.1%	95.6%	96.3%	99.6%	98.6%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	95.9%	95.7%	97.8%

\*Approximate average, weighted by Net Lettable Area.

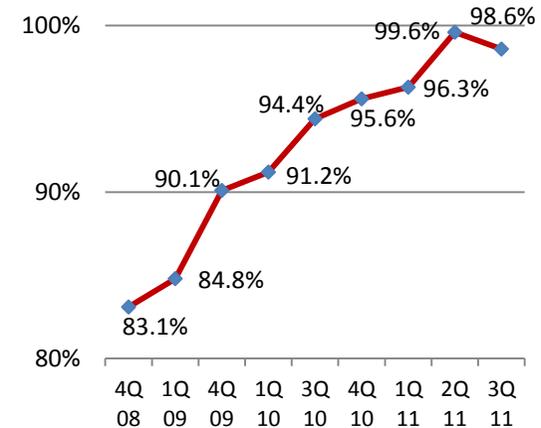
#### Subang Parade Occupancy (%)



#### Mahkota Parade Occupancy (%)



#### Wetex Parade Occupancy (%)



# Hektar REIT Portfolio – Rental Reversions

## Rental Reversions positive at 27% for third quarter

- 3Q 11: 38 new tenancies / renewals at 27% higher average rental rate
- Year-To-Date rental reversion at 18% higher
- Subang Parade opened new F&B zone at the Market Place

### Hektar REIT Rental Reversions: Quarter

Third Quarter (3 months) (Ended 30 September)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	28	43,911	9%		48%
Mahkota Parade	8	54,117	11%		4%
Wetex Parade	2	2,962	2%		8%
Total / Average*	38	100,990	9%		27%

\* Average Weighted by NLA

Addition of new F&B outlet Market Place

### Hektar REIT Rental Reversions: Year To Date

Year-To-Date (9 months) (Ended 30 September)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	55	116,226	24%		30%
Mahkota Parade	25	82,340	16%		-1%
Wetex Parade	17	96,573	62%		21%
Total / Average*	97	295,139	26%		18%

\* Average Weighted by NLA

Impact from the creation of new NLA occupied by Market Place

Impact from the creation of new IT Zone

Impact from the creation of new entertainment outlet at the Quadrix

# Hektar REIT Portfolio – Tenancy Expiry Profile

## Hektar REIT Tenancy Expiry Profile by Property

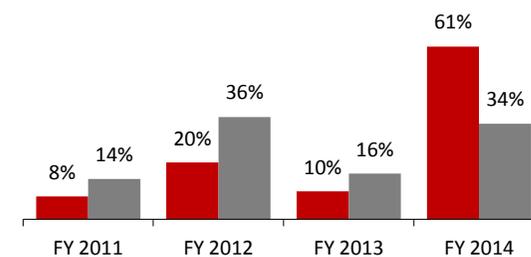
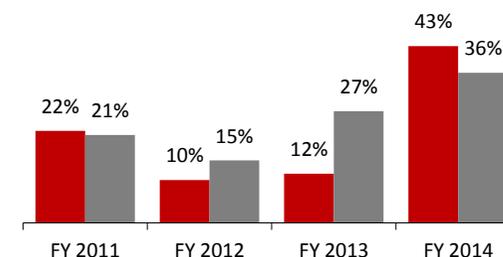
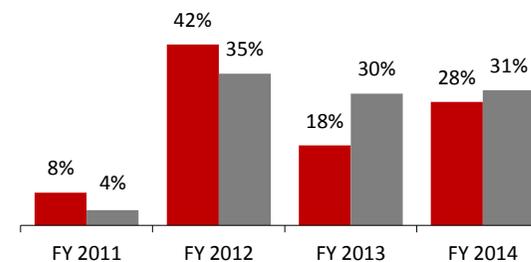
### Hektar REIT Tenancy Expiry Profile by Property

As at 30 September 2011

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 2011	3	36,841	8%	4%
FY 2012	33	204,387	42%	35%
FY 2013	41	90,552	18%	30%
FY 2014	38	139,414	28%	31%
Total	115	471,194		

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 2011	18	113,459	22%	21%
FY 2012	28	52,851	10%	15%
FY 2013	35	60,479	12%	27%
FY 2014	28	217,853	43%	36%
Total	109	444,642		

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 2011	13	12,494	8%	14%
FY 2012	55	31,141	20%	36%
FY 2013	25	15,287	10%	16%
FY 2014	6	94,855	61%	34%
Total	99	153,777		



■ By Total NLA ■ By Monthly Rental Income

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

# Hektar REIT Portfolio – Tenancy Expiry Profile

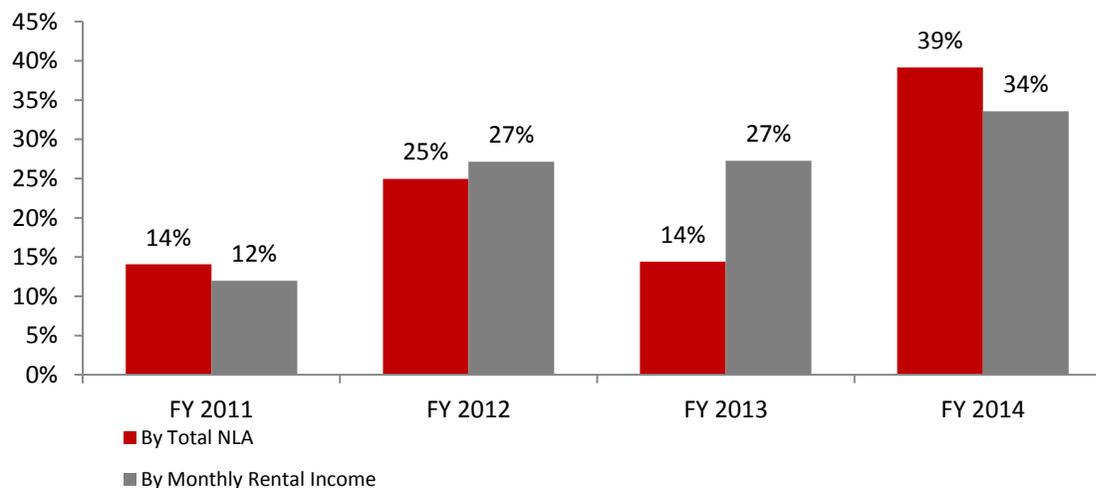
## Tenancy Portfolio Expiry Profile 2011 – 2014

- FY2011 tenancy expiries account for approximately 12% of monthly rental income\*
- 88% of Portfolio Tenancy Rental Income locked in for 2011

### Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 September 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	34	162,794	14%	12%
FY 2012	116	288,379	25%	27%
FY 2013	101	166,318	14%	27%
FY 2014	72	452,122	39%	34%
<i>Total</i>	323	1,069,613	93%	100%



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

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# Financial Results

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- Third Quarter 2011 Net Income down 1.2% from previous corresponding quarter ►
- Year-To-Date 2011 Net Income up 0.2% from previous corresponding period ►
- Hektar REIT trading at a 5% discount to NAV as at 3Q11 ►
- Hektar REIT Average Cost of Debt at 4.11% ►

## Income Statement – Quarter Comparative

Third Quarter 2011 Net Income down 1.2% vs previous year's third quarter  
 For Period 1 July – 30 September 2011 (versus previous comparable period)

Income Statement Third Quarter 2011 (Unaudited)	3Q11 (RM '000)	3Q10 (RM '000)	Variance (%)
Revenue	24,028	22,684	+ 5.9%
Direct Cost & Property Expenses	(9,406)	(8,888)	+ 5.8%
<b>Net Property Income (NPI)</b>	<b>14,622</b>	<b>13,796</b>	<b>+ 6.0%</b>
Interest & Other Income	27	37	- 26.0%
<b>Total Income</b>	<b>14,649</b>	<b>13,833</b>	<b>+ 5.9%</b>
Trust Fees & Expenses	(1,680)	(1,577)	+ 6.5%
Interest Expense	(3,354)	(2,523)	+ 32.9%
<b>Net Income Before Tax</b>	<b>9,615</b>	<b>9,733</b>	<b>- 1.2%</b>
<b>Net Income per Unit (sen)</b>	<b>3.00</b>	<b>3.04</b>	<b>- 1.2%</b>

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

Third Quarter 2011 Year To Date Net Income up 0.2% vs previous period  
 For Period 1 January – 30 September 2011 (versus previous comparable period)

Income Statement Year-To-Date 2011 (Unaudited)	9M11 (RM '000)	9M10 (RM '000)	Variance (%)
Revenue	70,626	67,897	+ 4.0%
Direct Cost & Property Expenses	(27,484)	(26,799)	+ 2.6%
<b>Net Property Income (NPI)</b>	<b>43,142</b>	<b>41,098</b>	<b>+ 5.0%</b>
Interest & Other Income	118	112	+ 5.5%
<b>Total Income</b>	<b>43,260</b>	<b>41,210</b>	<b>+ 5.0%</b>
Trust Fees & Expenses	(4,972)	(4,844)	+ 2.6%
Interest Expense	(9,328)	(7,463)	+ 25.0%
<b>Net Income Before Tax</b>	<b>28,961</b>	<b>28,903</b>	<b>+ 0.2%</b>
<b>Net Income per Unit (sen)</b>	<b>9.05</b>	<b>9.03</b>	<b>+ 0.2%</b>

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

Balance Sheet (Unaudited)	As at 30.9.2011 (RM '000)	As at 31.12.2010 (RM '000)
<b>Non-Current Assets</b>		
Investment Properties	752,000	752,000
Capital Work in Progress	15,777	553
Fixed Deposit with a licensed bank	2,322	2,269
	<u>770,099</u>	<u>754,822</u>
<b>Current Assets</b>		
Trade Receivables	2,830	1,931
Other Receivables, Deposits, Prepayments	5,246	1,016
Cash and Bank Balances	21,304	24,671
	<u>799,480</u>	<u>782,439</u>
<b>TOTAL ASSETS</b>		
<b>Current Liabilities</b>		
Trade Payables	264	565
Other Payables and Accruals	3,821	4,896
Tenancy Deposits	22,834	21,516
Borrowings	184,000	184,000
	<u>588,560</u>	<u>571,462</u>
Unitholders' Capital	328,137	328,137
Retained Earnings - realised	27,957	23,957
Retained Earnings - unrealised	69,368	69,368
<b>NET ASSET VALUE</b>	<u>425,463</u>	<u>421,462</u>
<b>Long Term Liabilities</b>		
Borrowings	163,098	150,000
	<u>588,560</u>	<u>571,462</u>

Unit Price Statistics	
As at 30 Sept 2011	
<b>No. of Units Outstanding</b>	320,001,000
<b>Net Asset Value (RM)</b>	1.33
<b>Unit Price (RM)</b>	1.26
<b>Premium / (Discount) to NAV</b>	(5%)

# Debt Profile

## Debt Profile for Third Quarter 2011

### Debt Information

As at 30 September 2011

- Total Debt: **RM347 million**
- Weighted Cost of Debt: **4.11%**
- Gearing Ratio<sup>1</sup>: **43.4%**
- Interest Cover<sup>2</sup>: **3.87**
- 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 September 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

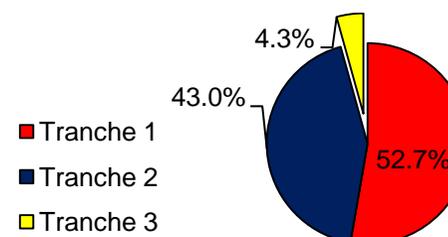
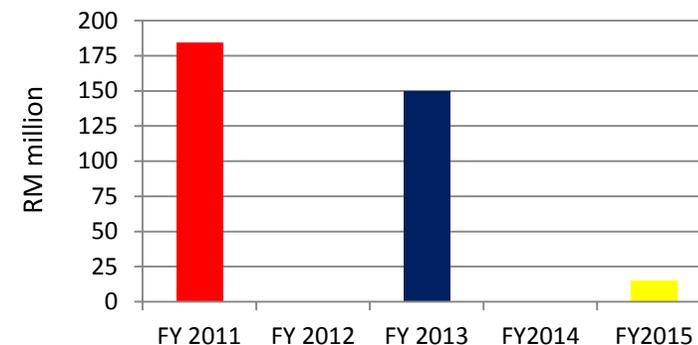
- Term: 5 Years, Expiring 2013
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.16%
- Rate Reset: April 2012

#### 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 September 2011



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

Investor Relations  
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