



Hektar Real Estate Investment Trust

FIRST QUARTER 2014 FINANCIAL RESULTS PRESENTATION

6 MAY 2014

HEKTAR ASSET MANAGEMENT SDN BHD



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

About Hektar

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, Muar, Sungai Petani and Kulim. 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.

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

First Quarter FY 2014

1 January 2014 – 31 March 2014

Commentary

- 1Q2014 Interim Distribution Per Unit: 2.6 sen
- Seven Years Track Record of Positive Results

Operational & Financial Performance (First Quarter)

- Portfolio Occupancy: ~ 94.0%
- Rent Reversions: ~ 4.9%
- Net Income per Unit (Realised) 2.61 sen
vs. previous comparable period/quarter¹: -5.4%
- Distribution per Unit (DPU) 2.60 sen
vs. previous comparable period¹: maintained

¹ 1Q13 Net Income per unit: 2.76 sen

Distribution and Yield

1Q14 DPU:	2.6 sen
1Q13 DPU:	2.6 sen
DPU Yield ² :	6.9%

² Based on total annualized declared DPU of 2.6 sen for 1Q14 and closing price of RM1.51 on 31 Mar 2014.

Distribution Details

Hektar REIT Annual DPU Positive Growth Since IPO

Current Distribution Details

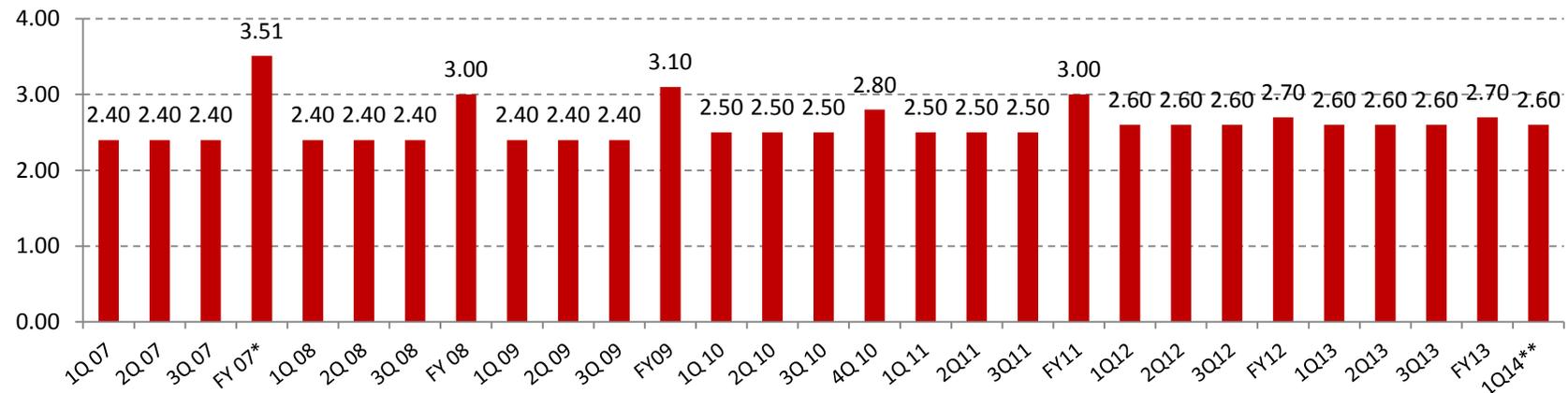
First Quarter 2014

- Distribution Period: 1 Jan 2014 – 31 Mar 2014
- Quarterly DPU: 2.6 sen
- Notice of Entitlement: 6 May 2014
- Ex-Dividend Date: 20 May 2014
- Book Closure Date: 22 May 2014
- Payment Date: 9 June 2014

Hektar REIT Distribution Policy

Barring unforeseen circumstances, Hektar REIT will pay distributions equivalent to at least 90% of distributable net income for the financial year 2013. Distributable net income excludes non-cash items such as FRS117 revenue recognition and capital allowances.

Distribution Track Record



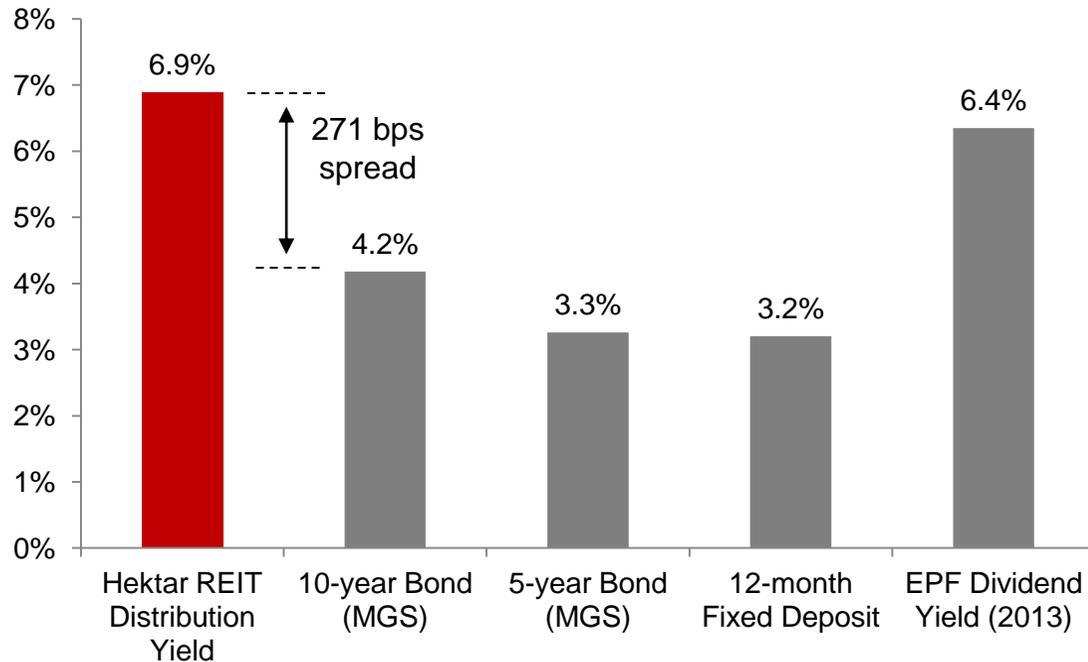
* FY 07 represented a 13 month period from December 2006 to 31 December 2007 ** Declared

Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 6.9%

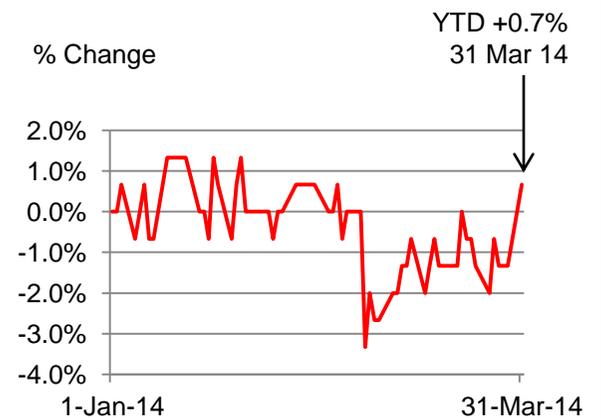
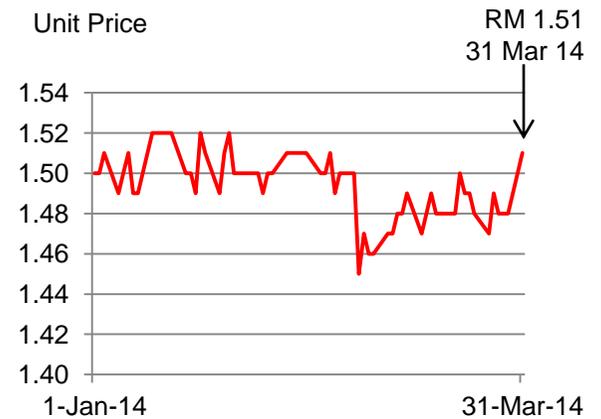
- Traded at a 271 bps spread over MGS 10-year
- Unit Price increased by 0.7% since beginning of the year

Hektar REIT Comparative Yields



Sources: Bloomberg (31 Mar 2014), EPF (Feb 2014), BNM (29 Apr 2014), RHB (13 Jan 2012). Hektar REIT's yield based on closing price of RM1.51 on 31 Mar 2014 and Annualised Declared DPU of 10.40 sen.

Hektar REIT Unit Price Change 1Q2014 (3 months)



Portfolio Performance

- Overall Occupancy at ~94.0% ►
- Rental Reversions +4.9% for 1Q14 ►
- Tenancy Expiry Profile ►
- 34% of Portfolio Tenancy Rental Income Expires in 2015 ►

Hektar REIT Portfolio - Occupancy

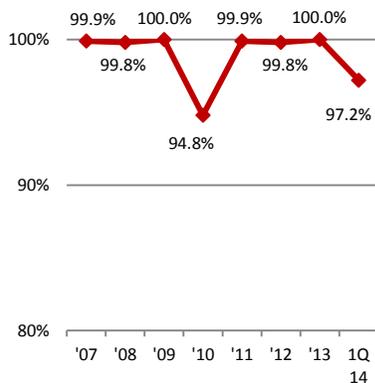
Overall Portfolio Occupancy at ~95.0%

Hektar REIT Portfolio Occupancy

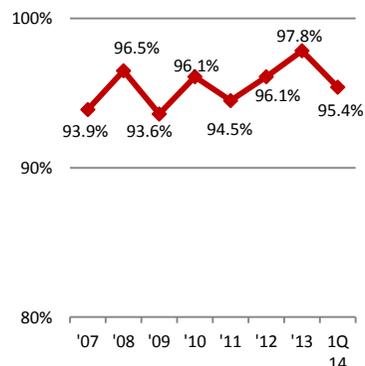
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Mar 2014
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	97.2%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	95.4%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	96.3%
Central Square									89.8%	82.5%	84.9%
Landmark Central									96.9%	93.7%	94.4%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	97.5%	96.3%	96.3%	94.0%

*Approximate average, weighted by Net Lettable Area.

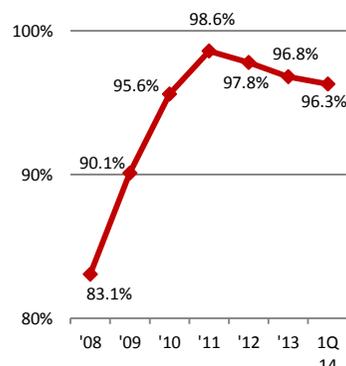
Subang Parade
Occupancy (%)



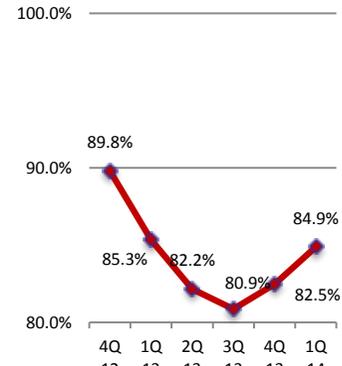
Mahkota Parade
Occupancy (%)



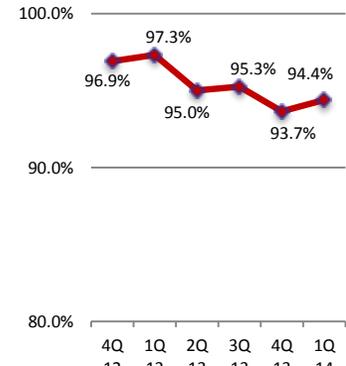
Wetex Parade
Occupancy (%)



Central Square
Occupancy (%)



Landmark Central
Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions +5.0% for 1Q 2014

- Tenant remixing exercise at Landmark Central with high reversion rates.

Hektar REIT Rental Reversions: Quarter

First Quarter (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	19	42,305	8%		3%
Mahkota Parade	7	154,222	32%		4%
Wetex Parade	1	85,413	55%		10%
Central Square	6	4,469	1.5%		-12%
Landmark Central	4	3,788	1.3%		32%
Total / Average*	37	290,197	17%		5%

*Average Weighted by NLA.

NLA = Net Lettable Area

Negative reversion from PolyShoe – lower rates as the tenant now occupies additional 2 lots (larger space).

Hektar REIT Rental Reversions: Year-To-Date

First Quarter (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
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Total / Average*	37	290,197	17%		5%

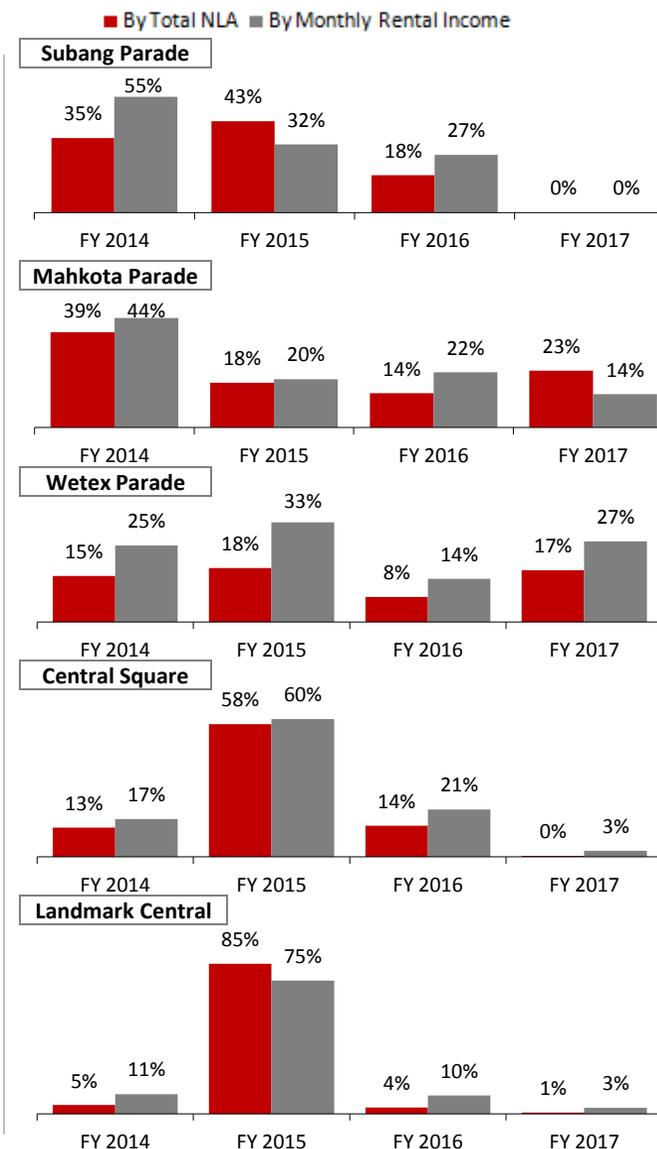
*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 31 March 2014

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*
Subang Parade				
FY 2014	57	177,476	35%	55%
FY 2015	32	216,803	43%	32%
FY 2016	44	88,851	18%	27%
FY 2017	0	-	0%	0%
Mahkota Parade				
FY 2014	37	187,483	39%	44%
FY 2015	27	87,959	18%	20%
FY 2016	34	67,280	14%	22%
FY 2017	4	115,462	23%	14%
Wetex Parade				
FY 2014	24	23,633	15%	25%
FY 2015	40	27,656	18%	33%
FY 2016	15	12,861	8%	14%
FY 2017	1	85,413	17%	27%
Central Square				
FY 2014	26	38,493	13%	17%
FY 2015	14	175,319	58%	60%
FY 2016	9	41,320	14%	21%
FY 2017	2	1,989	0%	3%
Landmark Central				
FY 2014	12	13,748	5%	11%
FY 2015	36	238,852	85%	75%
FY 2016	11	10,016	4%	10%
FY 2017	4	3,143	1%	3%

*Based on monthly rental income for Mar 2014. Figures may not round to 100% due to misc. items



Hektar REIT Portfolio – Tenancy Expiry Profile

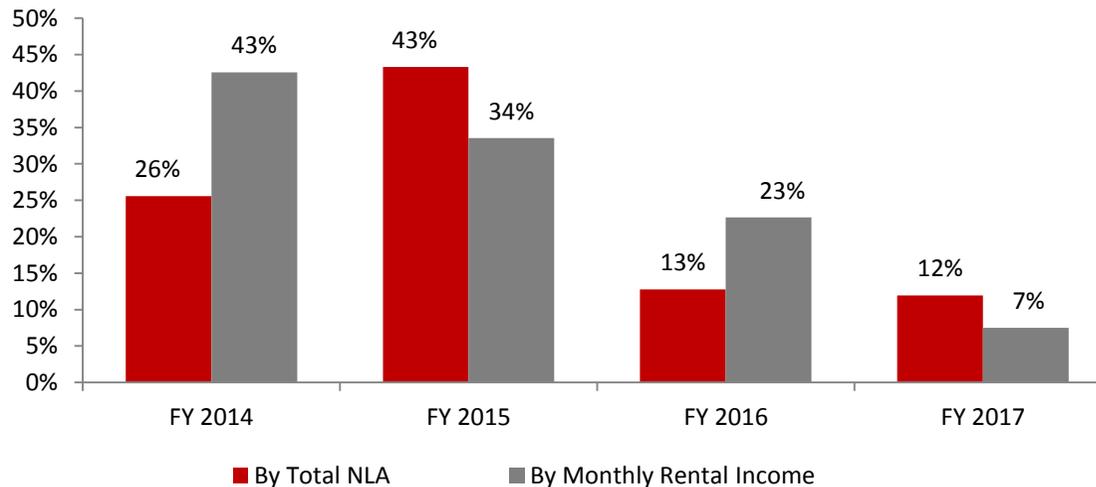
Tenancy Portfolio Expiry Profile 2014 – 2017

- FY2015 - 149 tenancy expiries account for approximately 34% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 31 March 2014

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 2014	156	440,833	26%	43%
FY 2015	149	746,589	43%	34%
FY 2016	113	220,328	13%	23%
FY 2017	11	206,007	12%	7%



* Based on monthly rental income for Mar 2014. NLA = Net Lettable Area

Financial Results

- Gross Revenue up 0.3% but NPI down 4.2% from preceding year ►
- 1Q2014 Net Income (Realised) down 5.4% from preceding year ►
- Hektar REIT Average Cost of Debt at 4.5% ►

Income Statement – Quarter Comparative

1Q2014 Net Income (Realised) down 5.4% vs corresponding quarter 1Q2013

- Due to the impact from tariff hike.

Income Statement First Quarter 2014 (Unaudited)	1Q14 (RM '000)	1Q13 (RM '000)	Variance (%)
Revenue	30,177	30,078	+ 0.3%
Direct Cost & Property Expenses	(12,574)	(11,703)	+ 7.4%
Net Property Income (NPI)	17,603	18,375	- 4.2%
Interest & Other Income	74	79	- 6.8%
Total Income	17,677	18,454	- 4.2%
Trust Fees & Expenses	(2,454)	(2,691)	- 8.8%
Interest Expense	(4,764)	(4,703)	+ 1.3%
Fair Value Adjustment of Investment Properties			
Net Income Before Tax	10,459	11,060	- 5.4%
Net Income per Unit (sen)	2.61	2.76	- 5.4%
- realised	2.61	2.76	- 5.4%

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 – Year-To-Date Comparative

For Period 1 January – 31 March 2014
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	1Q14 (RM '000)	1Q13 (RM '000)	Variance (%)
Revenue	30,177	30,078	+ .3%
Direct Cost & Property Expenses	(12,574)	(11,703)	+ 7.4%
Net Property Income (NPI)	17,603	18,375	- 4.2%
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Total Income	17,677	18,454	- 4.2%
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- realised	2.61	2.76	- 5.4%

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. FRS117 rental income for FY2011 was RM1.12 million (FY2010: RM1.37 million). Barring unforeseen circumstances, Hektar REIT will pay dividends equivalent to at least 90% of distributable net income for the financial year 2010. Distributable net income excludes non-cash items such as FRS117 revenue recognition and capital allowances.

Hektar REIT's Balance Sheet for 1Q2014

Balance Sheet (Unaudited)	As at 31.3.2014 (RM '000)	As at 31.12.2013 (RM '000)
Non-Current Assets		
Investment Properties	1,047,280	1,047,280
Capital Work in Progress	10,256	1,740
Fixed Deposit with a licensed bank	4,257	4,227
	<u>1,061,792</u>	<u>1,053,247</u>
Current Assets		
Trade Receivables	2,845	3,077
Other Receivables, Deposits, Prepayments	5,903	5,495
Cash and Bank Balances	18,289	23,284
	<u>1,088,830</u>	<u>1,085,103</u>
TOTAL ASSETS	<u>1,088,830</u>	<u>1,085,103</u>
Long Term Liabilities		
Tenancy Deposits	11,165	13,889
Borrowings	440,723	436,100
	<u>451,888</u>	<u>449,989</u>
Current Liabilities		
Trade Payables	1,539	2,657
Other Payables and Accruals	5,476	5,045
Tenancy Deposits	16,922	14,047
Borrowings		
	<u>475,824</u>	<u>471,739</u>
TOTAL LIABILITIES	<u>475,824</u>	<u>471,739</u>
NET ASSET VALUE	<u>613,006</u>	<u>613,364</u>
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	38,817	39,176
Retained Earnings - unrealised	148,450	148,450
	<u>613,006</u>	<u>613,364</u>
TOTAL UNITHOLDERS' FUND	<u>613,006</u>	<u>613,364</u>

Unit Price Statistics

As at 31 Mar 2014

No. of Units Outstanding

400,634,117

Net Asset Value (RM)

1.5301

Unit Price (RM)

1.51

Premium / (Discount) to NAV

(1.3%)

Debt Profile

Debt Profile for 1Q 2014

Debt Information

As at 31 Mar 2014

- Total Debt: **RM436 million**
- Weighted Cost of Debt: **4.5%**
- Gearing Ratio¹: **40.5%**
- Interest Cover²: **3.20**

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

² Based on quarter ended 31 March 2014

Financing Details

Al-Murabahah / OD

Fixed Term Loan, Annual Floating Rate with Partial Hedging

Structure: Cost of Funds + 0.75%

Tranche 1

- Term: 5 Years, Expiring **2016**
- Pledged: Subang Parade
- Facility Size: RM184 million
- Drawdown: Fully Drawn
- Cost: 4.85%
- Refinancing: December 2016

Tranche 2

- Term: 5 Years, Expiring **2017**
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.10%
- Refinancing: April 2017

Tranche 3

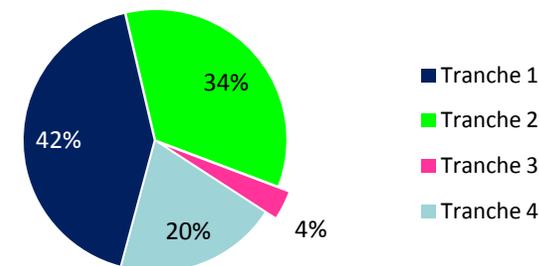
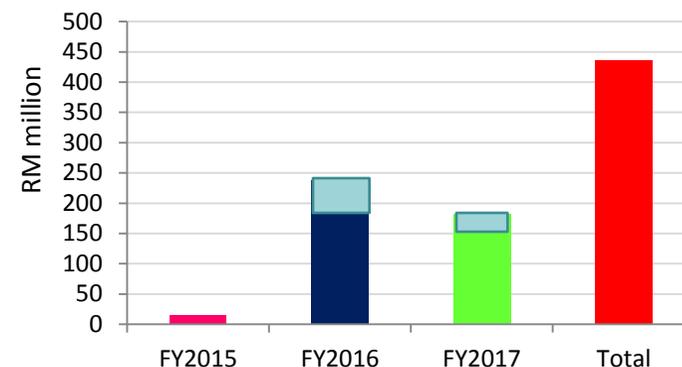
- Term: 5 Years, Expiring **2015**
- Pledged: Subang Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.10%
- Refinancing: August 2015

Tranche 4

- Term: 5 Years, Expiring **2016/17**
- Pledged: Wetex Parade
- Facility Size: RM87.1 million
- Drawdown: Fully Drawn
- Cost: 4.58%
- Refinancing: December 2016 & October 2017

Debt Expiry Profile

As at 31 Mar 2014



“Creating The Places Where People Love To Shop”

Investor Relations
Hektar Asset Management Sdn Bhd
D1-U3-10, Solaris Dutamas
No1, Jalan Dutamas 1
50480 Kuala Lumpur
MALAYSIA



 Tel: +6 03 6205 5570

 Fax: +6 03 6205 5571

 Web: www.HektarREIT.com

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