

THIRD QUARTER 2014 FINANCIAL RESULTS PRESENTATION

7 NOVEMBER 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

Third Quarter FY 2014

1 July 2014 – 30 September 2014

Commentary

- 3Q2014 Interim Distribution Per Unit: 2.6 sen
- Seven Years Track Record of Positive Results – distribution and net income
- Slight drop in realised net income mainly due to tariff hike impact.

Operational & Financial Performance (Third Quarter)

- Portfolio Occupancy: ~ 94.5%
- Rent Reversions: ~ 15.0%
- Net Income per Unit (Realised) **2.71 sen**
vs. previous comparable period/quarter¹: **-2.1%**
- Distribution per Unit (DPU) **2.60 sen**
vs. previous comparable period¹: **maintained**

¹ 3Q13 Net Income per unit: 2.77 sen

Distribution and Yield

3Q14 DPU:	2.6 sen
3Q13 DPU:	2.6 sen
DPU Yield ² :	6.9%

² Based on total annualized declared DPU of 2.60 sen for 3Q14 and closing price of RM1.51 on 30 Sept 2014.

Distribution Details

Sustainable Annual DPU Positive Growth Since IPO

Current Distribution Details

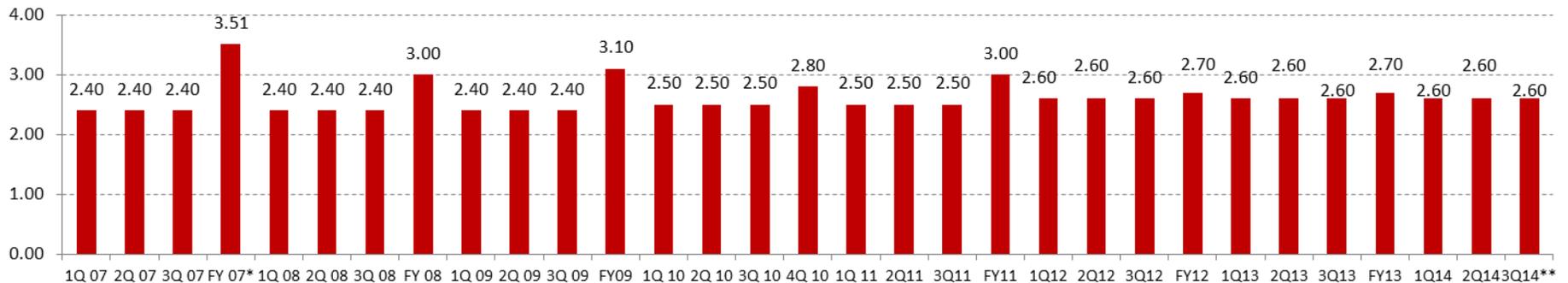
Third Quarter 2014

- Distribution Period: 1 July 2014 – 30 Sept 2014
- Quarterly DPU: 2.6 sen
- Notice of Entitlement: 7 November 2014
- Ex-Dividend Date: 24 November 2014
- Book Closure Date: 26 November 2014
- Payment Date: 12 December 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



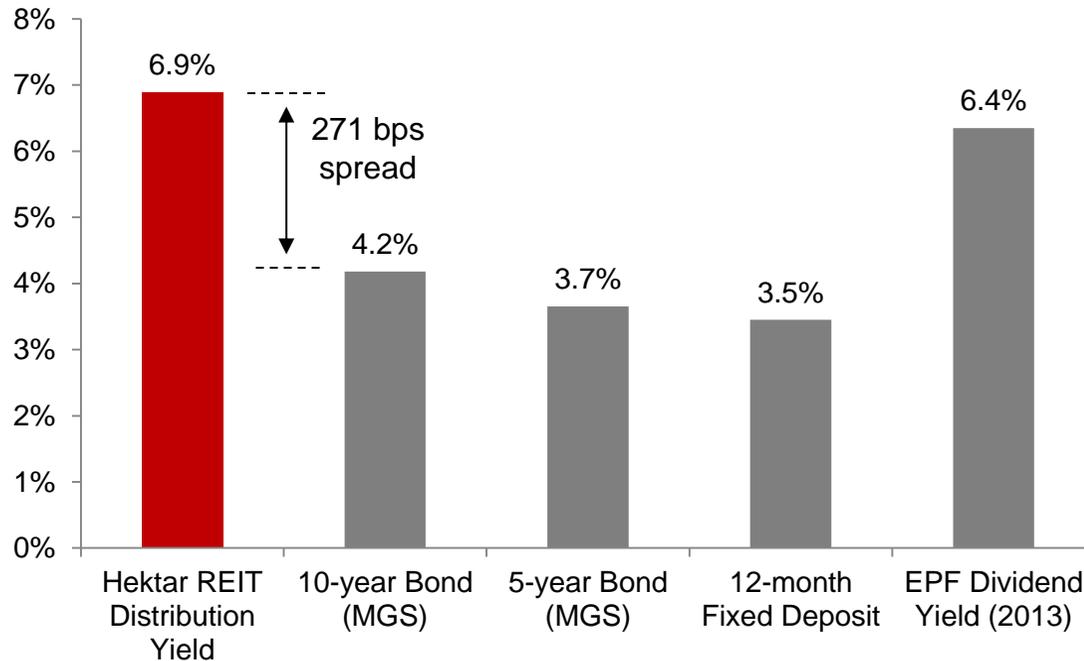
* FY 07 represented a 13 month period from December 2006 to 31 December 2007 ** Declared

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

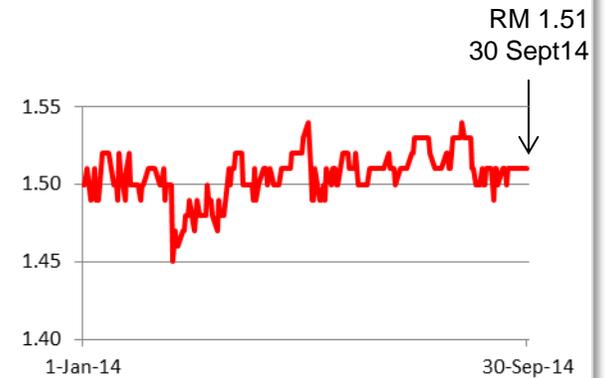
Hektar REIT Comparative Yields



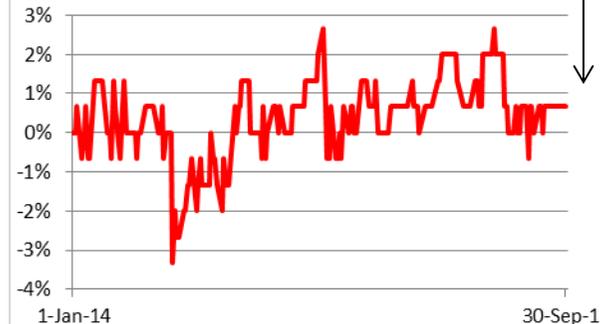
Sources: Bloomberg (30 Sept 2014), EPF (Feb 2014), BNM (31 Oct 2014), RHB (18 Jul 2014). Hektar REIT's yield based on closing price of RM1.51 on 30 Sept 2014 and Annualised Declared DPU of 10.40 sen.

Hektar REIT Unit Price Change 3Q2014 (9 months)

Unit Price



% Change YTD +0.7%
30 Sept 14



Portfolio Performance

- Overall Occupancy at ~94.5% ▶
- Rental Reversions +14.0% for 3Q14 ▶
- Tenancy Expiry Profile ▶
- 34% of Portfolio Tenancy Rental Income Expires in 2015 ▶

Hektar REIT Portfolio - Occupancy

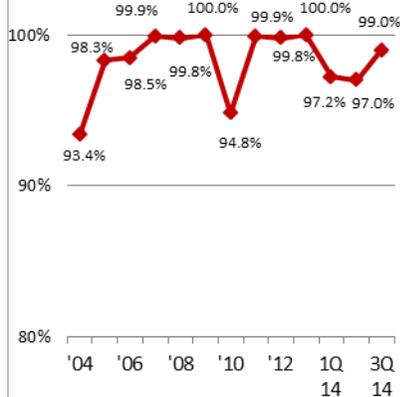
Overall Portfolio Occupancy at ~94.5%

Hektar REIT Portfolio Occupancy

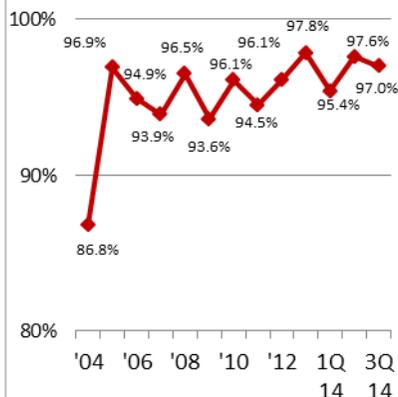
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Mar 2014	As at 30 Jun 2014	As at 30 Sep 2014
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	97.2%	97.0%	99.0%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	95.4%	97.6%	97.0%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	96.3%	95.7%	98.0%
Central Square									89.8%	82.5%	84.9%	84.0%	80.0%
Landmark Central									96.9%	93.7%	94.4%	94.7%	96.0%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	97.5%	96.3%	96.3%	94.0%	94.4%	94.5%

*Approximate average, weighted by Net Lettable Area.

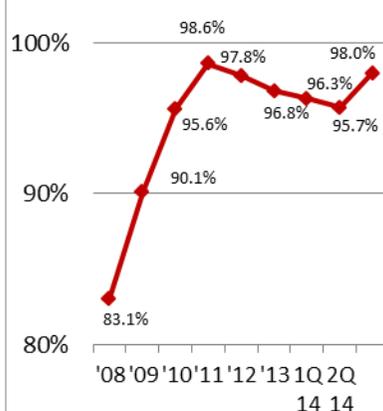
Subang Parade
Occupancy (%)



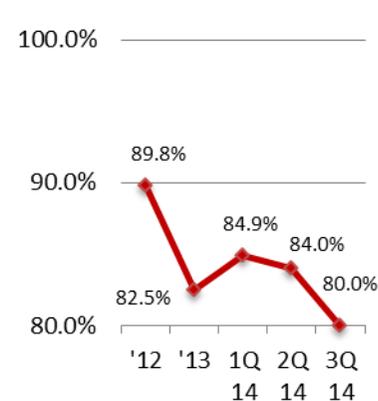
Mahkota Parade
Occupancy (%)



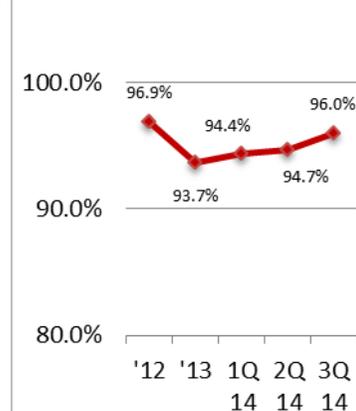
Wetex Parade
Occupancy (%)



Central Square
Occupancy (%)



Landmark Central
Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions +14.0% for 3Q 2014

- On going tenant remixing exercise at Kedah Malls generated high reversion rates.

Hektar REIT Rental Reversions: Quarter

Third Quarter (3 months) (Ended 30 Sep)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	13	42,421	8%		11.7%
Mahkota Parade	7	11,091	2%		2.2%
Wetex Parade	2	1,757	1%		2.7%
Central Square	9	25,357	8.4%		102.1%
Landmark Central	2	9,882	3.5%		9.6%
Total / Average*	33	90,508	5%		13.9%

*Average Weighted by NLA.

NLA = Net Lettable Area

Entry of new entertainment tenant at the 4th floor

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	48	139,335	28%		7%
Mahkota Parade	20	177,316	37%		2%
Wetex Parade	8	90,197	57%		7%
Central Square	28	41,802	13.8%		48.0%
Landmark Central	13	19,570	7.0%		17.7%
Total / Average*	117	468,220	27%		7%

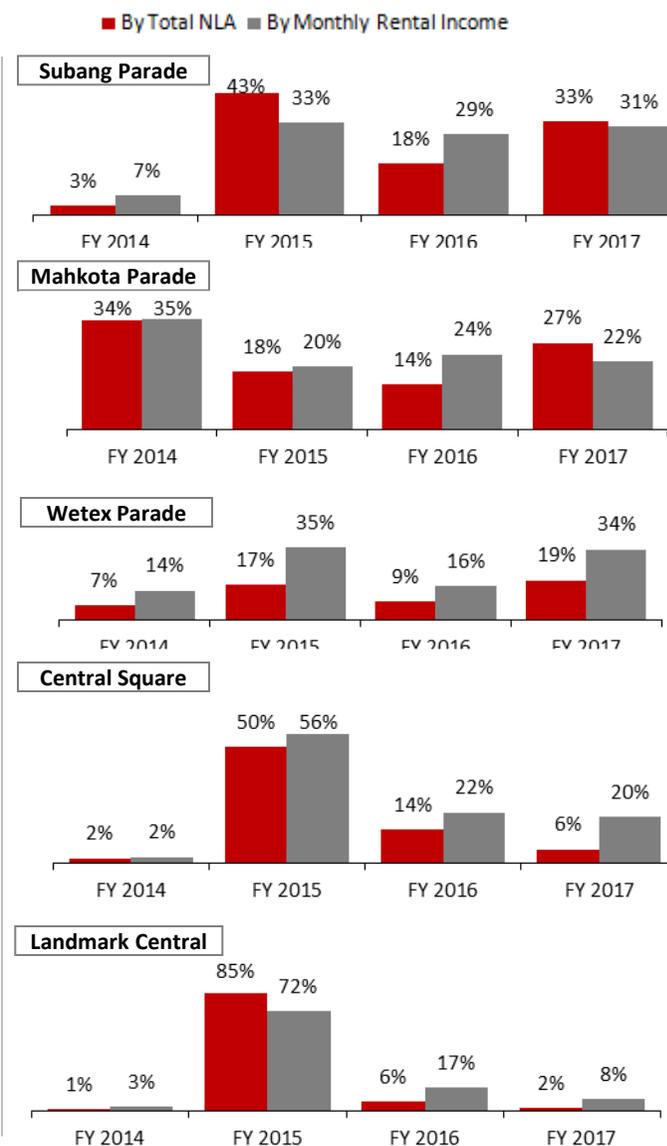
*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 30 Sept 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	13	16,225	3%	7%
FY 2015	33	218,254	43%	33%
FY 2016	48	91,412	18%	29%
FY 2017	44	167,916	33%	31%
Mahkota Parade				
FY 2014	30	166,452	34%	35%
FY 2015	31	87,959	18%	20%
FY 2016	36	68,797	14%	24%
FY 2017	17	138,257	27%	22%
Wetex Parade				
FY 2014	10	10,926	7%	14%
FY 2015	38	26,945	17%	35%
FY 2016	18	14,455	9%	16%
FY 2017	3	96,902	19%	34%
Central Square				
FY 2014	5	5,134	2%	2%
FY 2015	15	151,985	50%	56%
FY 2016	12	43,011	14%	22%
FY 2017	20	29,235	6%	20%
Landmark Central				
FY 2014	4	3,488	1%	3%
FY 2015	36	238,852	85%	72%
FY 2016	17	17,650	6%	17%
FY 2017	10	9,214	2%	8%

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



Hektar REIT Portfolio – Tenancy Expiry Profile

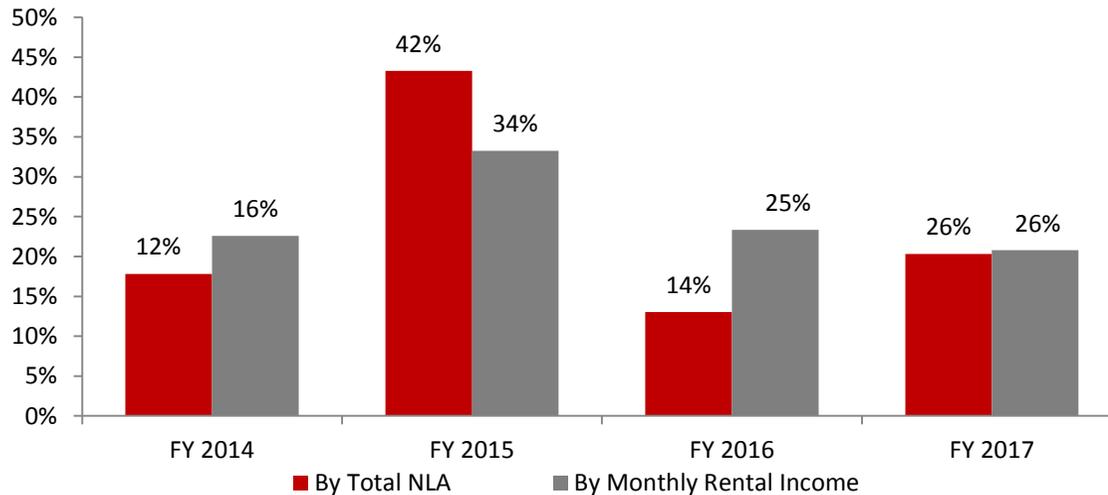
Tenancy Portfolio Expiry Profile 2014 – 2017

- FY2015 - 153 tenancy expiries account for approximately 34% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 Sept 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	62	202,225	12%	16%
FY 2015	153	723,995	42%	34%
FY 2016	131	235,325	14%	25%
FY 2017	94	441,524	26%	26%



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

Financial Results

- 3Q2014 Gross Revenue up 2.4%; NPI up 2.0% from preceding year ►
- 3Q2014 Net Income (Realised) -2.1 % from preceding year ►
- Hektar REIT Average Cost of Debt at 4.5% ►

Income Statement – Quarter Comparative

3Q2014 Net Income (Realised) up 2% vs corresponding quarter 3Q2013

Income Statement Third Quarter 2014 (Unaudited)	3Q14 (RM '000)	3Q13 (RM '000)	Variance (%)
Revenue	30,792	30,068	+ 2.4%
Direct Cost & Property Expenses	(12,595)	(12,234)	- 2.9%
Net Property Income (NPI)	18,197	17,834	+ 2.0%
Interest & Other Income	83	231	- 64.1%
Total Income	18,280	18,065	+ 1.2%
Trust Fees & Expenses	(2,470)	(2,227)	- 10.9%
Interest Expense	(4,935)	(4,730)	- 4.3%
Fair Value Adjustment of Investment Properties	—	—	—
Net Income Before Tax	10,875	11,108	- 2.1%
Net Income per Unit (sen)	2.71	2.77	- 2.1%
- realised	2.71	2.77	- 2.1%

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 – 30 September 2014
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	9M14 (RM '000)	9M13 (RM '000)	Variance (%)
Revenue	91,163	89,803	+ 1.5%
Direct Cost & Property Expenses	(36,744)	(35,736)	- 2.8%
Net Property Income (NPI)	<u>54,419</u>	<u>54,067</u>	<u>+ 0.7%</u>
Interest & Other Income	219	411	- 46.7%
Total Income	<u>54,637</u>	<u>54,478</u>	<u>+ 0.3%</u>
Trust Fees & Expenses	(7,289)	(7,323)	+ 0.5%
Interest Expense	(14,537)	(14,173)	- 2.6%
Fair Value Adjustment of Investment Properties			
Net Income Before Tax	<u><u>32,811</u></u>	<u><u>32,982</u></u>	<u><u>- 0.5%</u></u>
Net Income per Unit (sen)	<u>8.19</u>	<u>8.23</u>	<u>- 0.5%</u>
- realised	<u>8.19</u>	<u>8.23</u>	<u>- 0.5%</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. 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 3Q2014

Balance Sheet (Unaudited)	As at 30.9.2014 (RM '000)	As at 31.12.2013 (RM '000)
Non-Current Assets		
Investment Properties	1,047,280	1,047,280
Capital Work in Progress	22,586	1,740
Fixed Deposit with a licensed bank	4,294	4,227
	<u>1,074,160</u>	<u>1,053,247</u>
Current Assets		
Trade Receivables	2,829	3,077
Other Receivables, Deposits, Prepayments	4,767	5,495
Cash and Bank Balances	18,469	23,284
	<u>1,100,225</u>	<u>1,085,103</u>
TOTAL ASSETS		
Long Term Liabilities		
Tenancy Deposits	14,794	13,889
Borrowings	451,844	436,100
	<u>466,638</u>	<u>449,989</u>
Current Liabilities		
Trade Payables	927	2,657
Other Payables and Accruals	4,035	5,045
Tenancy Deposits	14,100	14,047
Borrowings		
	<u>485,699</u>	<u>471,739</u>
TOTAL LIABILITIES		
NET ASSET VALUE		
	<u>614,525</u>	<u>613,364</u>
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	40,337	39,176
Retained Earnings - unrealised	148,450	148,450
	<u>614,525</u>	<u>613,364</u>
TOTAL UNITHOLDERS' FUND		

Unit Price Statistics
As at 30 Sept 2014
No. of Units Outstanding 400,634,117
Net Asset Value (RM) 1.5339
Unit Price (RM) 1.51
Premium / (Discount) to NAV (1.6%)

Debt Profile

Debt Profile for 3Q 2014

Debt Information

As at 30 Sept 2014

- Total Debt: **RM436 million**
- Weighted Cost of Debt: **4.5%**
- Gearing Ratio¹: **40.7%**
- Interest Cover²: **3.37**

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

² Based on quarter ended 30 June 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

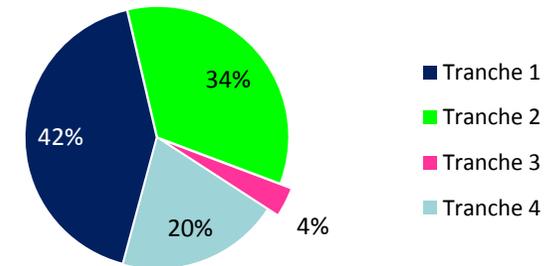
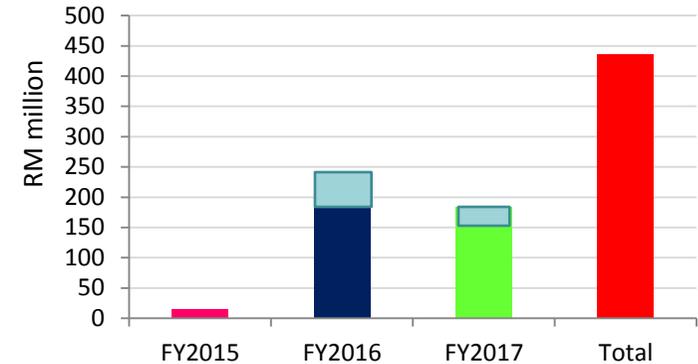
- Term: 5 Years, Expiring **2015**
- Pledged: Subang Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.10%
- Refinancing: August 2015

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

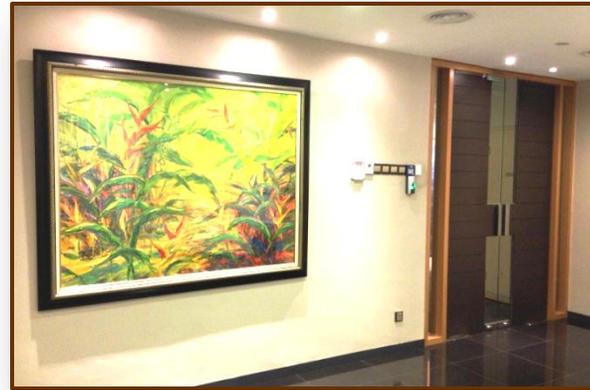
Debt Expiry Profile

As at 30 Sept 2014



“Creating The Places Where People Love To Shop”

Investor Relations
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