



Hektar Real Estate Investment Trust

SECOND QUARTER 2016 FINANCIAL RESULTS PRESENTATION

1 AUGUST 2016

HEKTAR ASSET MANAGEMENT SDN BHD



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The material that follows is a presentation of general background information about the activities of the Hektar REIT (including Hektar REIT's any other affiliates) as at the date of this Presentation.

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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

Second Quarter FY 2016

1 April 2016 – 30 June 2016

Commentary

- 2Q2016 Interim Distribution Per Unit: 2.6 sen
- Net Income for the period down 12.1% due to higher borrowing cost

Operational & Financial Performance (Second Quarter)

- Portfolio Occupancy: ~ 96.5%
- Rent Reversions: ~ -12.1%
- Net Income per Unit (Realised) 2.60 sen
vs. previous comparable period/quarter¹: -12.1%
- Distribution per Unit (DPU) 2.60 sen
vs. previous comparable period¹: maintained

¹ 2Q15 Net Income per unit: 2.96 sen

Distribution and Yield

2Q16 DPU:	2.6 sen
2Q15 DPU:	2.6 sen
DPU Yield ² :	6.9%

² Based on total annualised DPU of 10.40 sen for FY16 and closing price of RM1.51 on 30 June 2016.

Distribution Details

Hektar REIT Annual DPU Positive Growth Since IPO

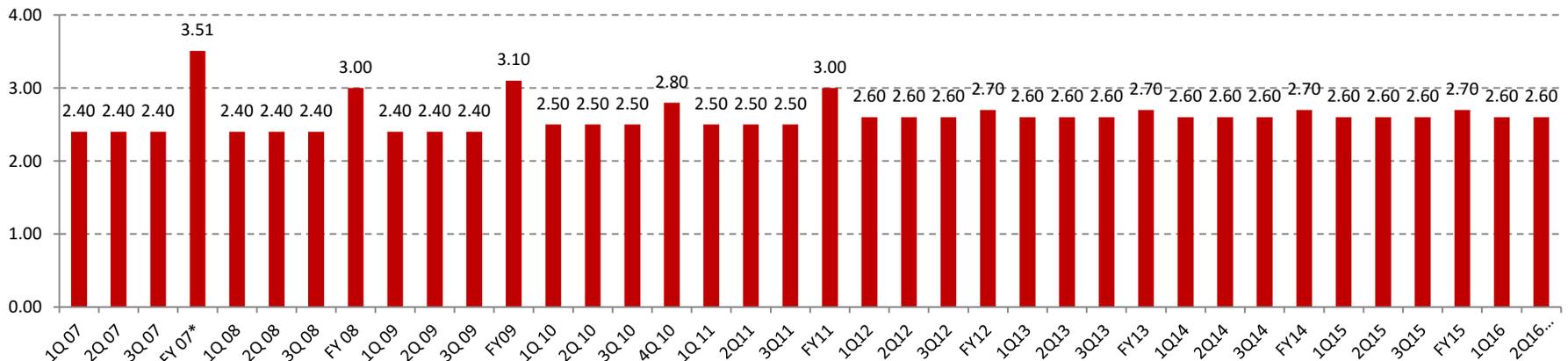
Current Distribution Details Second Quarter 2016

- Distribution Period: 1 Apr 2016 – 30 Jun 2016
- Quarterly DPU: 2.6 sen
- Notice of Entitlement: 1 August 2016
- Ex-Dividend Date: 15 August 2016
- Book Closure Date: 17 August 2016
- Payment Date: 2 September 2016

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



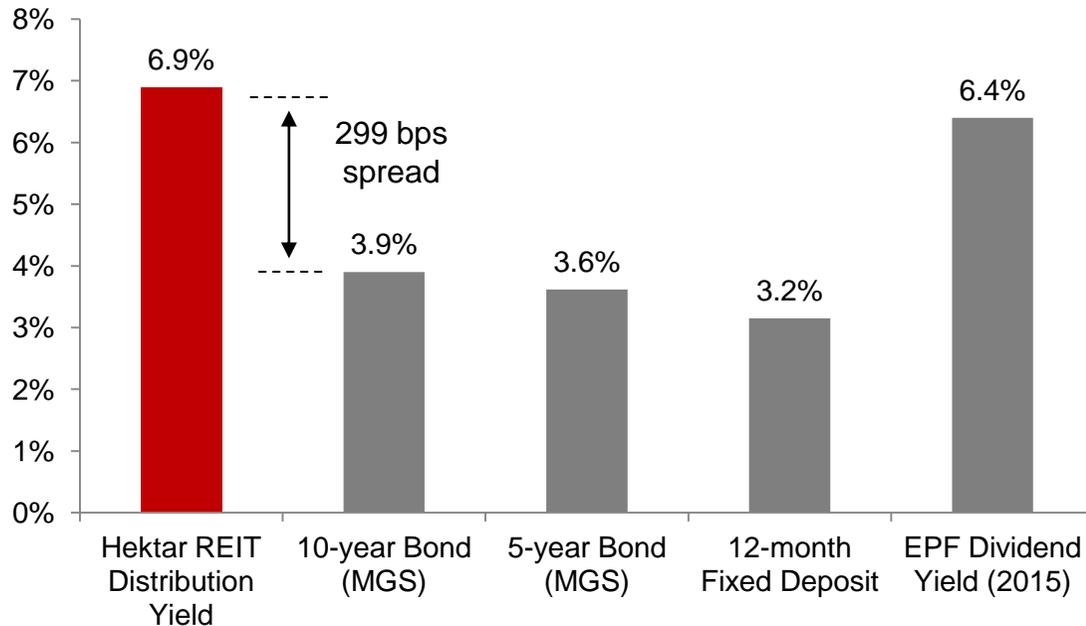
* FY 07 represented a 13 month period from December 2006 to 31 December 2007 ** Declared

Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 6.9%

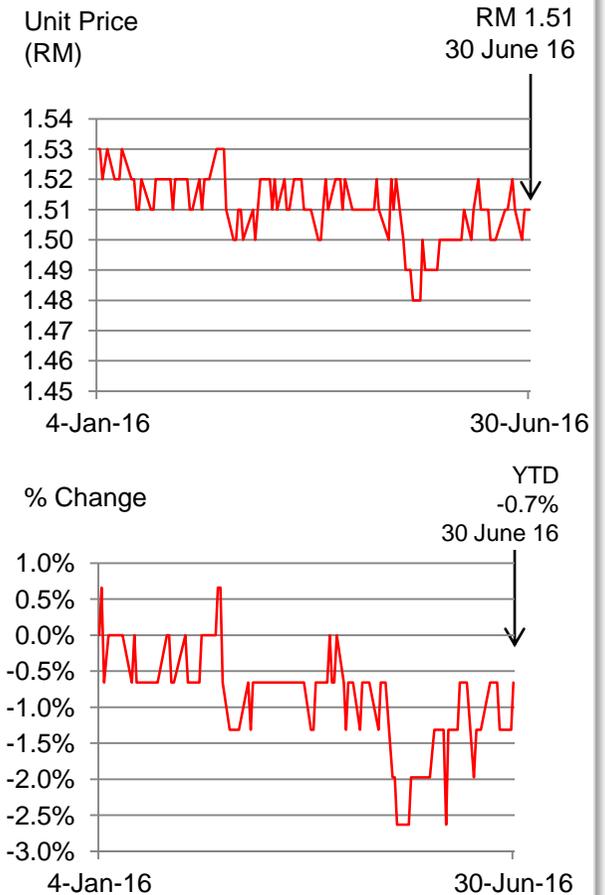
- Traded at a 293 bps spread over MGS 10-year
- Unit Price reduced by 1.3% since beginning of the year

Hektar REIT Comparative Yields



Sources: Bloomberg (30 June 2016), EPF (Feb 2016), BNM (27 Jul 2016), RHB (26 Jul 2016). Hektar REIT's yield based on closing price of RM1.51 on 30 Jun 2016 and Annualised Declared DPU of 10.40 sen for FY 2016.

Hektar REIT Unit Price Change 2Q 2016 (6 months)



Portfolio Performance

- Overall Occupancy at ~96.5% ►
- Rental Reversions -12.1% for 2Q16 ►
- Tenancy Expiry Profile ►
- 30% of Portfolio Tenancy Rental Income Expiries in 2016 ►

Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~96.5%

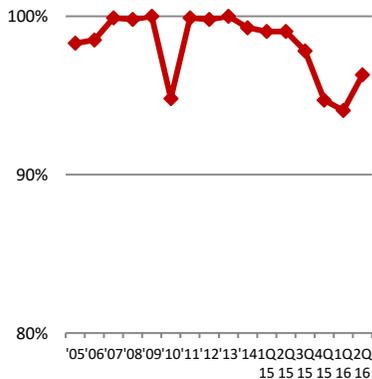
Occupancy rate at Central Square continues to improve

Hektar REIT Portfolio Occupancy

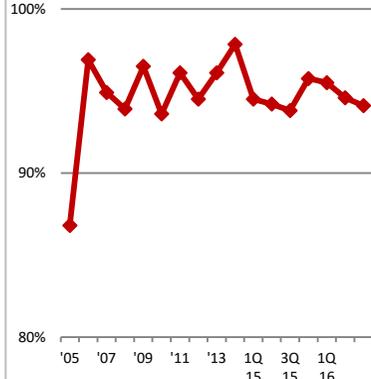
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Mar 2015	As at 30 Jun 2015	As at 30 Sep 2015	As at 31 Dec 2015	As at 31 Mar 2016	As at 30 Jun 2016
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	99.3%	99.0%	99.0%	97.8%	94.7%	94.1%	96.3%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	94.5%	94.2%	93.8%	95.8%	95.5%	94.6%	94.1%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	97.9%	97.9%	97.9%	98.7%	100.0%	99.8%
Central Square									89.8%	82.5%	80.5%	86.3%	97.3%	97.8%	98.0%	98.3%	98.0%
Landmark Central										96.9%	93.7%	97.8%	97.6%	97.6%	99.5%	99.3%	97.8%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	97.5%	96.3%	96.3%	94.3%	95.1%	96.9%	97.5%	96.6%	96.1%	96.5%

*Approximate average, weighted by Net Lettable Area.

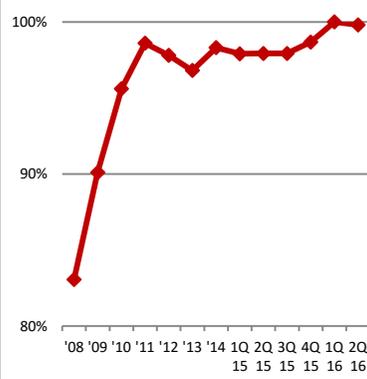
Subang Parade
Occupancy (%)



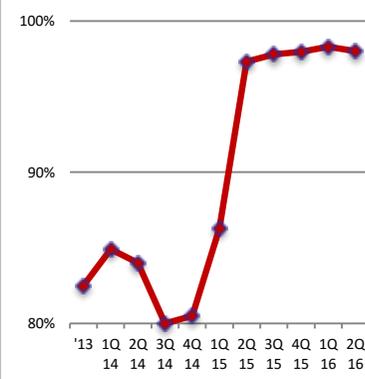
Mahkota Parade
Occupancy (%)



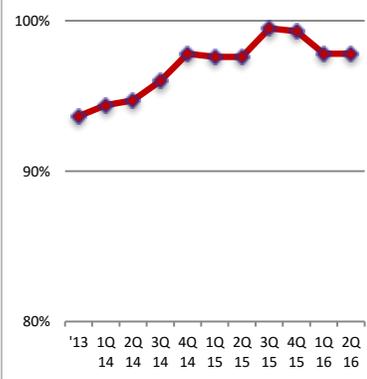
Wetex Parade
Occupancy (%)



Central Square
Occupancy (%)



Landmark Central
Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions -12.1% for 2Q 2016

- Negative reversion recorded at Subang Parade, Mahkota Parade and Central Square

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	7	16,229	3%	-15.1%	←
Mahkota Parade	9	25,538	5%	-17.0%	←
Wetex Parade	10	7,072	4%	1.3%	
Central Square	2	927	0.3%	-1.2%	
Landmark Central	3	7,043	2.5%	9.6%	
Total / Average*	31	56,809	3%	-12.1%	

*Average Weighted by NLA.

NLA = Net Lettable Area

Subang Parade :
1) Lower rental provided to fill up long vacant lots;
2) Remixing exercise at 1st Floor

Mahkota Parade :
Remixing exercise to bring in more F&B tenants like Tony Roma's and Manhattan Fish Market

Hektar REIT Rental Reversions: Year-To-Date

1H 2016 (6 months) (Ended 30 June)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	14	29,504	6%	-5.8%	
Mahkota Parade	12	32,889	7%	-16.4%	
Wetex Parade	17	13,077	8%	-7.7%	
Central Square	6	14,429	5%	8.0%	
Landmark Central	7	33,283	12%	9.9%	
Total / Average*	56	123,182	7%	-7.4%	

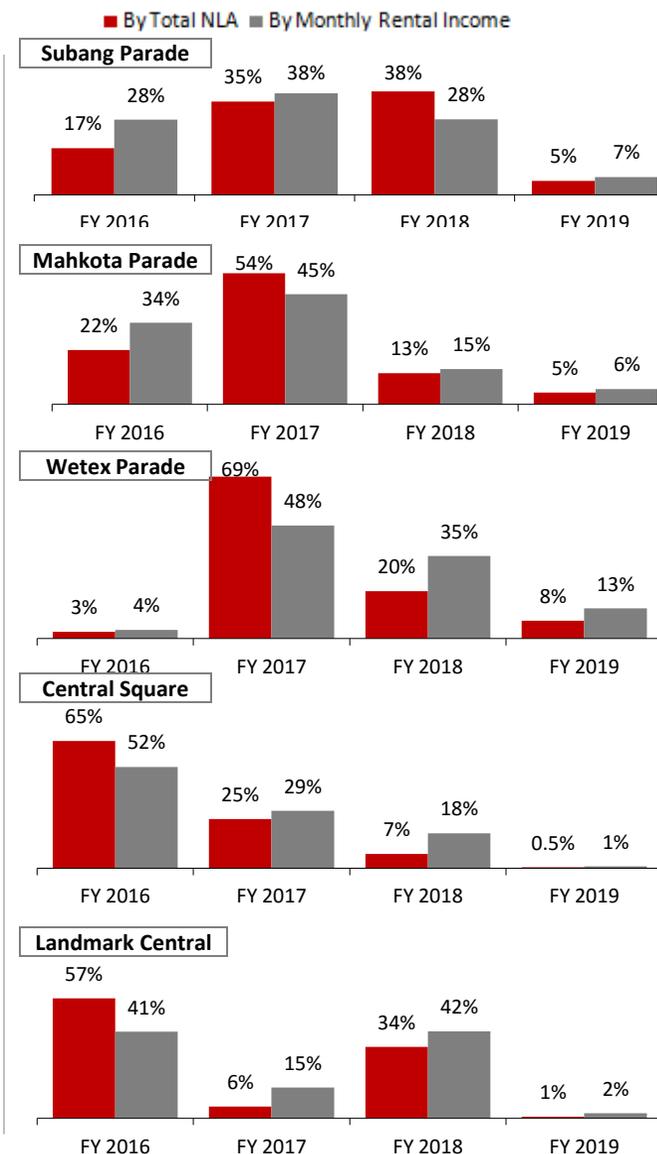
*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 30 June 2016

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 2016	38	87,388	17%	28%
FY 2017	51	175,495	35%	38%
FY 2018	22	194,348	38%	28%
FY 2019	15	26,127	5%	7%
Mahkota Parade				
FY 2016	49	116,282	22%	34%
FY 2017	50	281,466	54%	45%
FY 2018	33	67,078	13%	15%
FY 2019	12	25,247	5%	6%
Wetex Parade				
FY 2016	3	4,544	3%	4%
FY 2017	20	110,008	69%	48%
FY 2018	39	32,203	20%	35%
FY 2019	15	12,032	8%	13%
Central Square				
FY 2016	14	203,316	65%	52%
FY 2017	30	78,431	25%	29%
FY 2018	22	22,501	7%	18%
FY 2019	3	1,405	0.5%	1%
Landmark Central				
FY 2016	20	161,531	57%	41%
FY 2017	18	15,631	6%	15%
FY 2018	27	95,958	34%	42%
FY 2019	2	2,068	1%	2%

*Based on monthly rental income for June 2016. Figures may not round to 100% due to misc. items



Hektar REIT Portfolio – Tenancy Expiry Profile

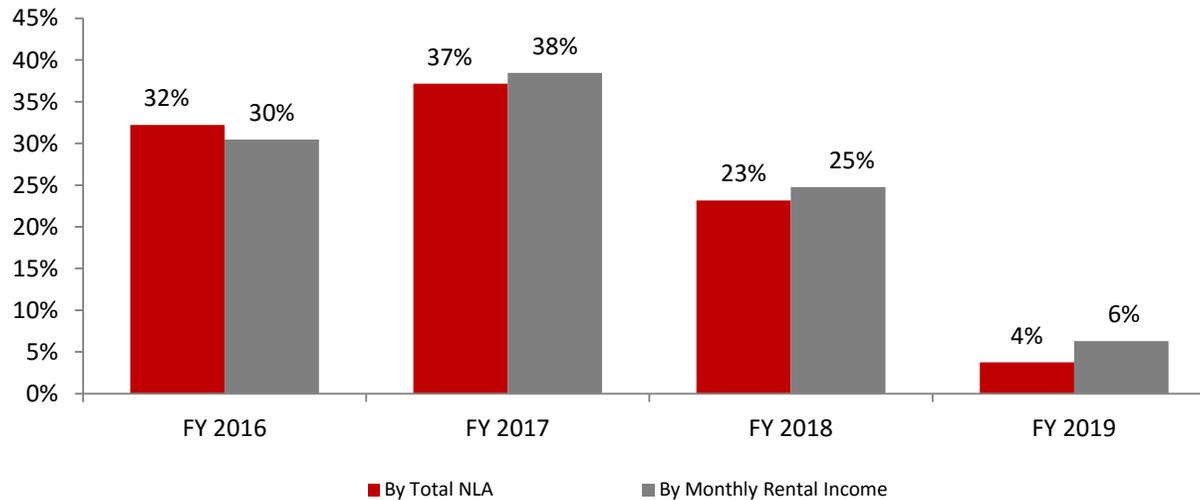
Tenancy Portfolio Expiry Profile 2016 – 2019

- FY2016 - 124 tenancy expiries account for approximately 30% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 June 2016

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	124	573,061	32%	30%
FY 2017	169	661,031	37%	38%
FY 2018	143	412,088	23%	25%
FY 2019	47	66,879	4%	6%



*Based on monthly rental income for June 2016. NLA = Net Lettable Area

Financial Results

2Q2016 Gross Revenue flatish (-0.1%); NPI down 3.9% from preceding year ►

2Q2016 Net Income (Realised) down 12.1% from preceding year ►

Income Statement – Quarter Comparative

2Q2016 Net Income down 12.1% vs corresponding quarter 2Q2015

Income Statement Second Quarter 2016 (Unaudited)	2Q16 (RM '000)	2Q15 (RM '000)	Variance (%)
Revenue	30,941	30,980	- 0.1%
Direct Cost & Property Expenses	(12,051)	(11,327)	+ 6.4%
Net Property Income (NPI)	18,890	19,653	- 3.9%
Interest & Other Income	81	315	- 74.2%
Total Income	18,972	19,968	- 5.0%
Trust Fees & Expenses	(2,647)	(2,700)	- 2.0%
Interest Expense	(5,896)	(5,405)	+ 9.1%
Fair Value Adjustment of Investment Properties	_____	_____	_____
Net Income Before Tax	10,429	11,863	- 12.1%
Net Income per Unit (sen)	2.60	2.96	- 12.1%
- realised	2.60	2.96	- 12.1%

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 – 31 December 2016
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	1H16 (RM '000)	1H15 (RM '000)	Variance (%)
Revenue	62,544	62,191	+0.6%
Direct Cost & Property Expenses	(24,980)	(23,918)	+ 4.4%
Net Property Income (NPI)	<u>37,565</u>	<u>38,273</u>	- 1.9%
Interest & Other Income	214	385	- 44.3%
Total Income	<u>37,779</u>	<u>38,658</u>	- 2.3%
Trust Fees & Expenses	(5,078)	(5,168)	- 1.7%
Interest Expense	(11,566)	(10,534)	+ 9.8%
Fair Value Adjustment of Investment Properties			
Net Income Before Tax	<u><u>21,135</u></u>	<u><u>22,957</u></u>	<u><u>- 7.9%</u></u>
Net Income per Unit (sen)	<u>5.28</u>	<u>5.73</u>	<u>- 7.9%</u>
- realised	<u>5.28</u>	<u>5.73</u>	<u>- 7.9%</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. 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 2Q2016

Balance Sheet (Unaudited)	As at 30.6.2016 (RM '000)	As at 31.12.2015 (RM '000)
Non-Current Assets		
Investment Properties	1,086,910	1,086,580
Capital Work in Progress	1,949	335
Fixed Deposit with a licensed bank	635	635
	1,089,494	1,087,550
Current Assets		
Trade Receivables	4,367	3,725
Other Receivables, Deposits, Prepayments	15,842	5,954
Cash and Bank Balances	17,565	19,086
	1,127,268	1,116,315
TOTAL ASSETS		
Long Term Liabilities		
Tenancy Deposits	12,524	15,090
Borrowings	492,660	479,215
	505,184	494,305
Current Liabilities		
Trade Payables	1,204	903
Other Payables and Accruals	4,808	7,117
Tenancy Deposits	16,793	14,613
Borrowings	15,000	15,000
	542,990	531,938
TOTAL LIABILITIES		
NET ASSET VALUE		
	584,278	584,377
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	43,898	43,997
Retained Earnings - unrealised	114,642	114,642
	584,278	584,377
TOTAL UNITHOLDERS' FUND		

Unit Price Statistics

As at 30 June 2016

No. of Units Outstanding

400,634,117

Net Asset Value (RM)

1.4584

Unit Price (RM)

1.51

Premium / (Discount) to NAV

3.54%

Debt Profile

Debt Profile for 2Q 2016

Debt Information

As at 30 June 2016

- Total Debt: **RM497 million**
- Weighted Cost of Debt: **4.8%**
- Gearing Ratio¹: **45.0%**
- Interest Cover²: **2.83**

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

² Based on 6 months ended 30 June 2016

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 2019
- Pledged: Subang Parade
- Facility Size: RM184 million
- Drawdown: Fully Drawn
- Cost: 4.85%
- Refinancing: December 2019

Tranche 2

- Term: 5 Years, Expiring 2019
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.90%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.70%
- Renew: January 2017 (Annual Review)

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM87.1 million
- Drawdown: Fully Drawn
- Cost: 4.82%
- Refinancing: December 2019

Tranche 5

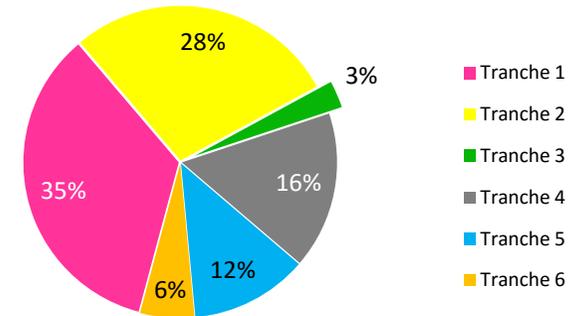
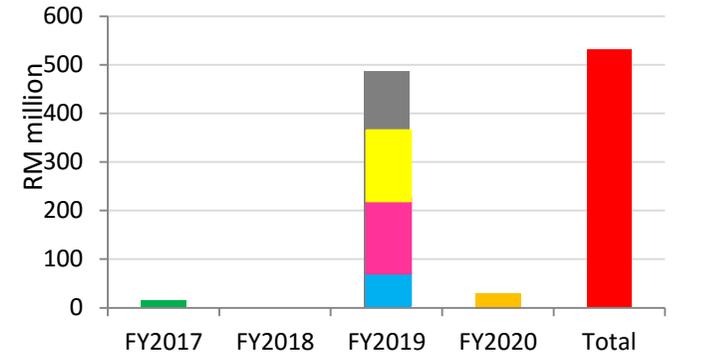
- Term: 5 Years, Expiring 2019
- Pledged: Landmark Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.82%
- Refinancing: April 2019

Tranche 6

- Term: 5 Years, Expiring 2020
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Partially Drawn
- Cost: 4.70%
- Refinancing: March 2020

Debt Expiry Profile

As at 30 June 2016



“Creating The Places Where People Love To Shop”

Investor Relations
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