

THIRD QUARTER 2016 FINANCIAL RESULTS PRESENTATION

16 NOVEMBER 2016

HEKTAR ASSET MANAGEMENT SDN BHD



Disclaimer

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.

The information contained herein is given in summary form solely to provide an understanding of the business of the Hektar REIT and does not purport to be complete. You should conduct your own investigation and analysis of the Hektar REIT and other data contained in this Presentation. It is not intended to be relied upon as advice for investment or invitation to invest in the Hektar REIT or an evaluation of the Hektar REIT. No representation, warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information contained herein. This presentation may contain forward-looking statements that involves risks and uncertainties. Actual future results may vary materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on Hektar REIT's current view of future events.

Whilst we have used our best endeavour and exercised reasonable diligence in collating information from public domain, we have not independently verified the accuracy of such information.

The Hektar REIT and its affiliates or any of its directors, officers and employees shall not accept any responsibility for any errors or omission in this Presentation and shall not be liable for any loss or other consequence of any reliance upon the whole or any part of the contents of this Presentation thereon.

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 2016

1 Jul 2016 – 30 Sep 2016

Commentary

- 3Q2016 Interim Distribution Per Unit: 2.6 sen
- Net Income for the period down 6.6% due to lower revenue

Operational & Financial Performance (Third Quarter)

- Portfolio Occupancy: ~ 95.1%
- Rent Reversions: ~ -7.9%
- Net Income per Unit (Realised) 2.50 sen
vs. previous comparable period/quarter¹: -6.6%
- Distribution per Unit (DPU) 2.60 sen
vs. previous comparable period¹: maintained

¹ 3Q15 Net Income per unit: 2.68 sen

Distribution and Yield

3Q16 DPU:	2.6 sen
3Q15 DPU:	2.6 sen
DPU Yield ² :	6.6%

² Based on total annualised DPU of 10.40 sen for FY16 and closing price of RM1.57 on 30 Sep 2016.

Distribution Details

Hektar REIT Annual DPU Positive Growth Since IPO

Current Distribution Details

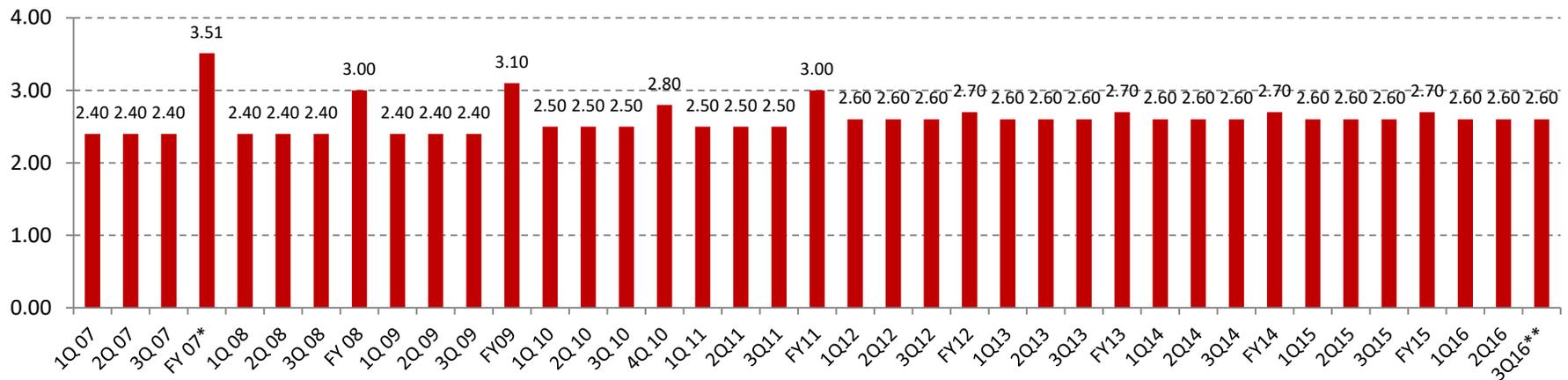
Third Quarter 2016

- Distribution Period: 1 Jul 2016 – 30 Sep 2016
- Quarterly DPU: 2.6 sen
- Notice of Entitlement: 17 November 2016
- Ex-Dividend Date: 1 December 2016
- Book Closure Date: 2 December 2016
- Payment Date: 20 December 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

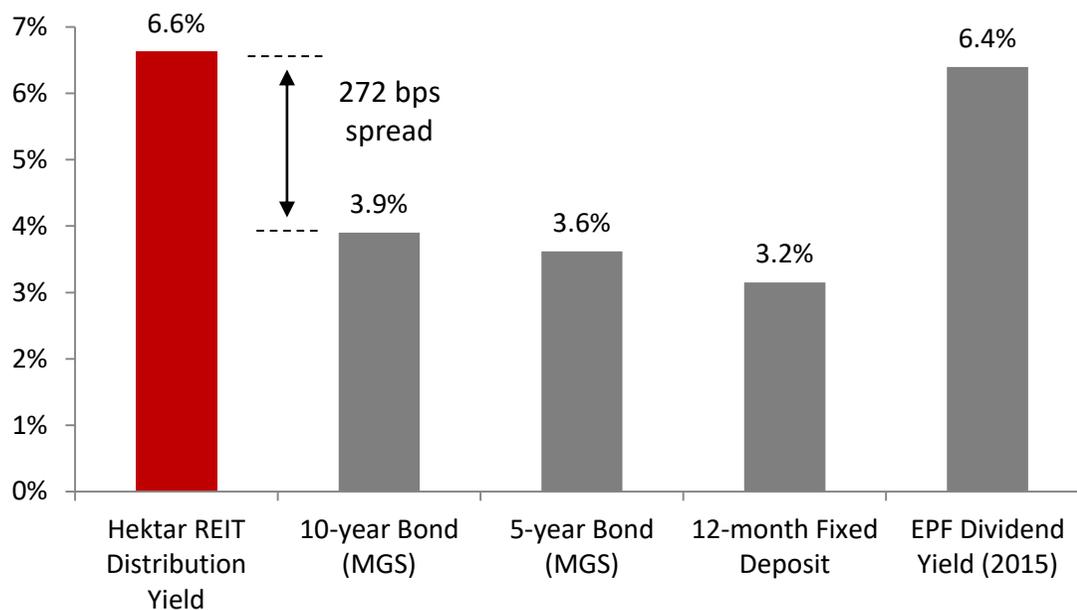


Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 6.6%

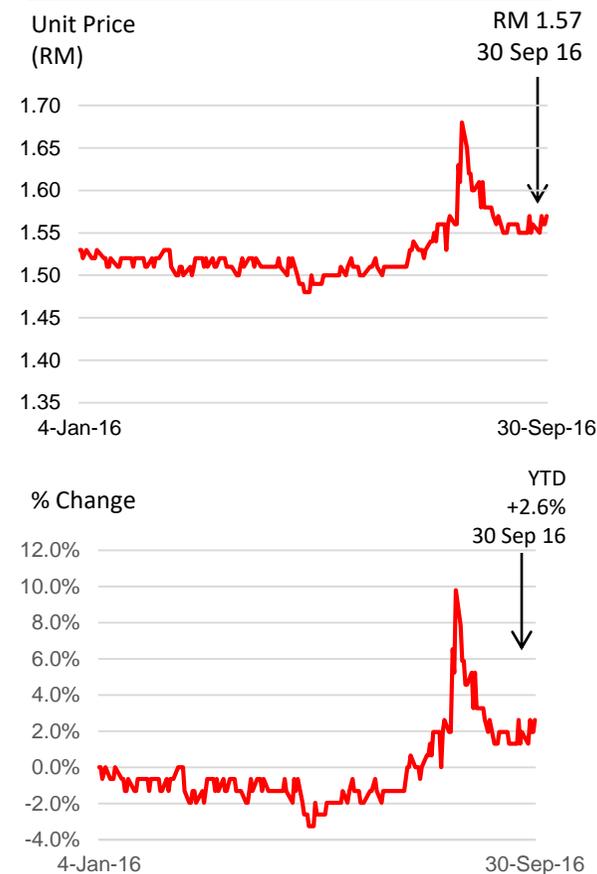
- Traded at a 272 bps spread over MGS 10-year
- Unit Price increased by 2.6% since beginning of the year

Hektar REIT Comparative Yields



Sources: Bloomberg (30 Sep 2016), EPF (Feb 2016), BNM (2 Nov 2016), RHB (26 Jul 2016). Hektar REIT's yield based on closing price of RM1.57 on 30 Sep 2016 and annualised declared DPU of 10.40 sen for FY 2016.

Hektar REIT Unit Price Change 3Q 2016 (9 months)



Portfolio Performance

Overall Occupancy at ~95.1% ►

Rental Reversions -7.9% for 3Q16 ►

Tenancy Expiry Profile ►

24% of Portfolio Tenancy Rental Income Expiries in 2016 ►



Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~95.1%

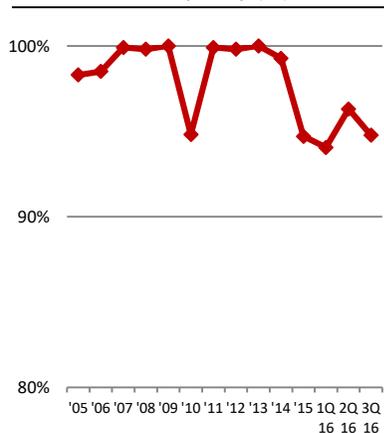
Wetex Parade records full occupancy

Hektar REIT Portfolio Occupancy

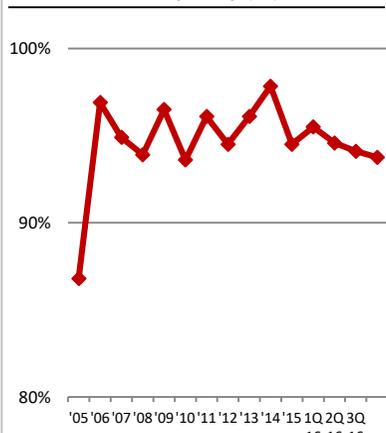
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Mar 2016	As at 30 Jun 2016	As at 30 Sep 2016
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	99.3%	94.7%	94.1%	96.3%	94.8%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	94.5%	95.5%	94.6%	94.1%	93.8%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	99.8%	100.0%
Central Square									89.8%	82.5%	80.5%	98.0%	98.3%	98.0%	93.2%
Landmark Central									96.9%	93.7%	97.8%	99.3%	97.8%	97.8%	97.6%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	97.5%	96.3%	96.3%	94.3%	96.6%	96.1%	96.5%	95.1%

*Approximate average, weighted by Net Lettable Area.

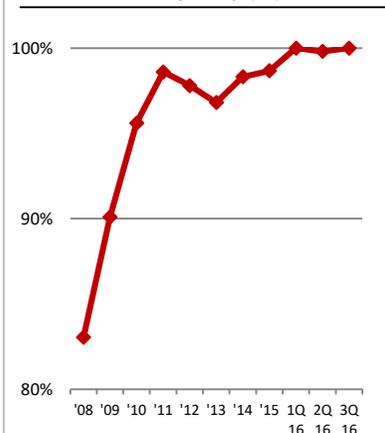
Subang Parade Occupancy (%)



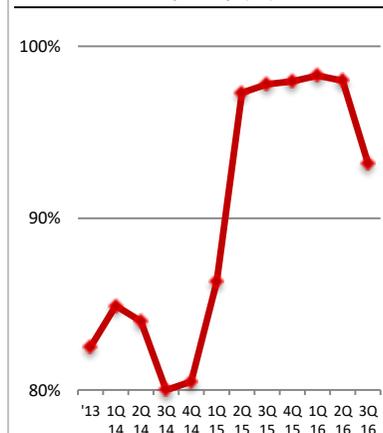
Mahkota Parade Occupancy (%)



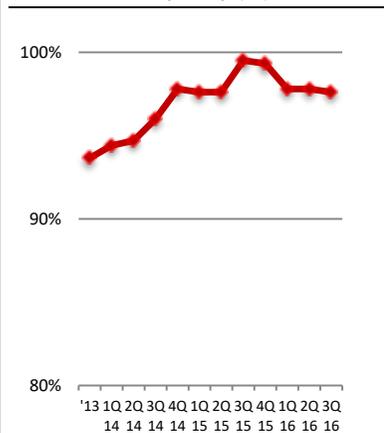
Wetex Parade Occupancy (%)



Central Square Occupancy (%)



Landmark Central Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions -7.9% for 3Q 2016

- Positive reversion recorded at Landmark Central

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	16	33,435	7%	-2.4%	
Mahkota Parade	13	23,337	4%	-18.2%	
Wetex Parade	3	4,371	3%	-1.0%	
Central Square	3	9,511	3.1%	-2.9%	
Landmark Central	6	8,273	2.9%	5.4%	
Total / Average*	41	78,927	4%	-7.9%	

*Average Weighted by NLA.

NLA = Net Lettable Area

Subang Parade :
Negative rental at
Market Place area

Mahkota Parade :
Lower rental provided
to fill up long vacant
lots

Central Square :
Rental reduction
provided to tenant in
low footfall area (single
tenant – one off
condition)

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	30	62,939	12%	-4.1%	
Mahkota Parade	25	56,226	12%	-17.3%	
Wetex Parade	20	17,448	11%	-6.4%	
Central Square	9	23,940	7.9%	2.2%	
Landmark Central	13	41,556	14.8%	8.4%	
Total / Average*	97	202,109	12%	-7.7%	

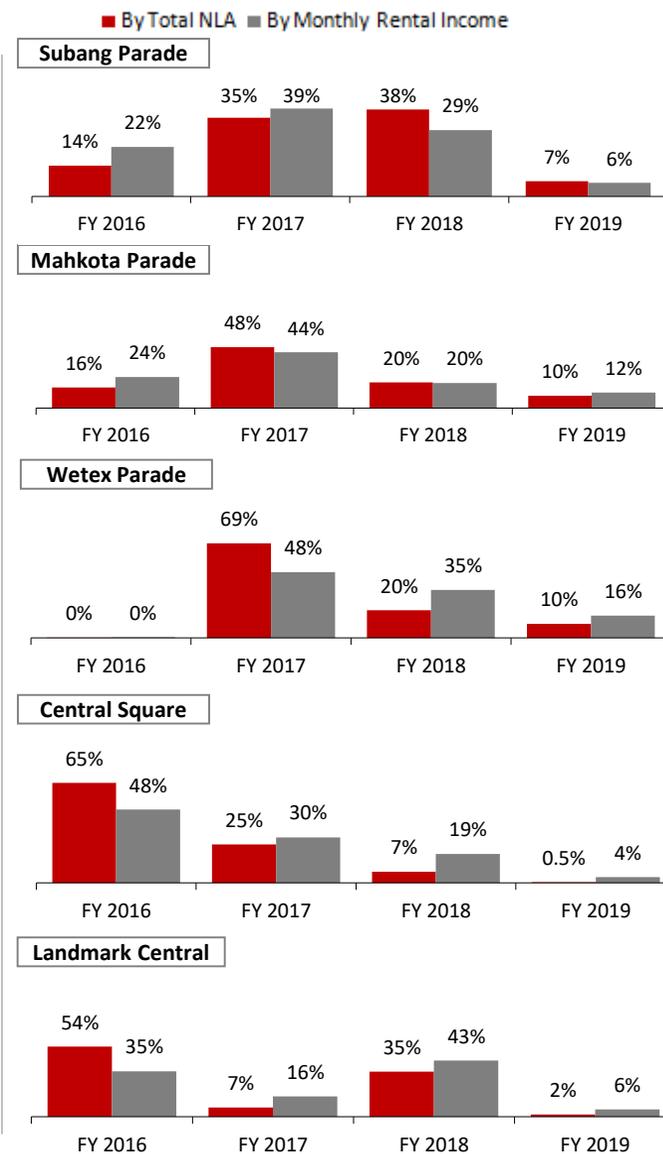
*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 30 Sep 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	23	69,329	14%	22%
FY 2017	52	176,858	35%	39%
FY 2018	24	195,248	38%	29%
FY 2019	20	34,335	7%	6%
Mahkota Parade				
FY 2016	33	84,326	16%	24%
FY 2017	47	248,608	48%	44%
FY 2018	40	104,069	20%	20%
FY 2019	27	50,102	10%	12%
Wetex Parade				
FY 2016	1	442	0%	0%
FY 2017	20	110,008	69%	48%
FY 2018	39	32,203	20%	35%
FY 2019	18	16,403	10%	16%
Central Square				
FY 2016	11	203,316	65%	48%
FY 2017	31	78,431	25%	30%
FY 2018	22	22,501	7%	19%
FY 2019	4	1,405	0.5%	4%
Landmark Central				
FY 2016	12	152,224	54%	35%
FY 2017	19	19,861	7%	16%
FY 2018	28	97,933	35%	43%
FY 2019	6	4,653	2%	6%

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



Hektar REIT Portfolio – Tenancy Expiry Profile

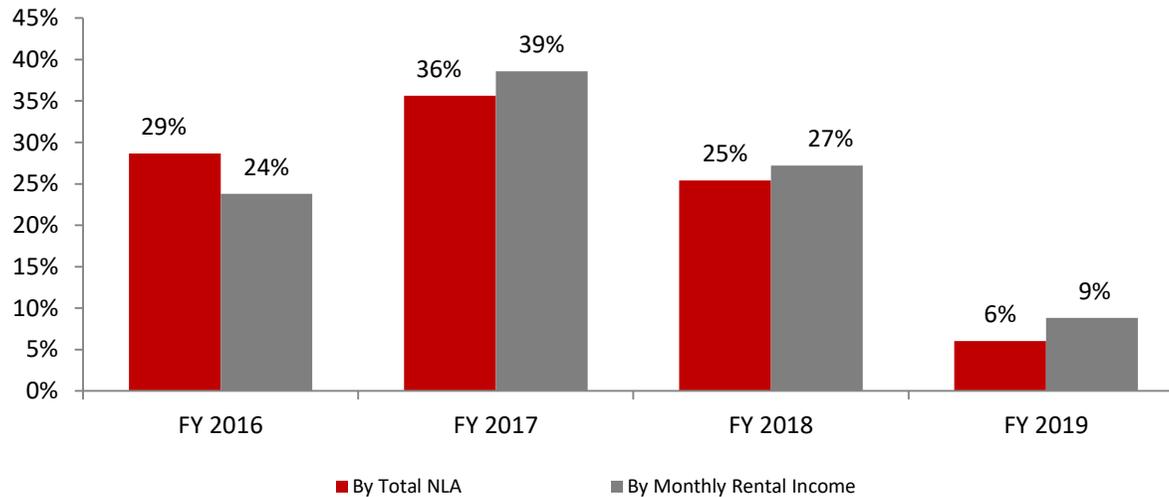
Tenancy Portfolio Expiry Profile 2016 – 2019

- FY2016 - 80 tenancy expiries account for approximately 24% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 September 2016

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 2016	80	509,637	29%	24%
FY 2017	169	633,766	36%	39%
FY 2018	153	451,954	25%	27%
FY 2019	75	106,898	6%	9%



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

Financial Results

3Q2016 Gross Revenue down 1.7%; NPI down 3.4% from preceding year ►

3Q2016 Net Income (Realised) down 6.6% from preceding year ►

Income Statement – Quarter Comparative

3Q2016 Net Income down 6.6% vs corresponding quarter 3Q2015

Income Statement Third Quarter 2016 (Unaudited)	3Q16 (RM '000)	3Q15 (RM '000)	Variance (%)
Revenue	30,860	31,390	- 1.7%
Direct Cost & Property Expenses	(12,819)	(12,715)	+ 0.8%
Net Property Income (NPI)	18,041	18,675	- 3.4%
Interest & Other Income	103	124	- 17.0%
Total Income	18,144	18,798	- 3.5%
Trust Fees & Expenses	(2,427)	(2,346)	+ 3.5%
Interest Expense	(5,702)	(5,733)	- .5%
Fair Value Adjustment of Investment Properties			
Net Income Before Tax	10,015	10,720	- 6.6%
Net Income per Unit (sen)	2.50	2.68	- 6.6%
- realised	2.50	2.68	- 6.6%

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)	9M16 (RM '000)	9M15 (RM '000)	Variance (%)
Revenue	93,404	93,581	- 0.2%
Direct Cost & Property Expenses	(37,798)	(36,632)	+ 3.2%
Net Property Income (NPI)	<u>55,606</u>	<u>56,948</u>	- 2.36%
Interest & Other Income	317	508	- 37.7%
Total Income	<u>55,923</u>	<u>57,457</u>	- 2.67%
Trust Fees & Expenses	(7,505)	(7,513)	- .1%
Interest Expense	(17,268)	(16,266)	+ 6.2%
Fair Value Adjustment of Investment Properties			
Net Income Before Tax	<u><u>31,150</u></u>	<u><u>33,677</u></u>	- 7.5%
Net Income per Unit (sen)	<u>7.78</u>	<u>8.41</u>	- 7.5%
- realised	<u>7.78</u>	<u>8.41</u>	- 7.5%

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.



Balance Sheet

Hektar REIT's Balance Sheet for 3Q2016

Balance Sheet (Unaudited)	As at 30.9.2016 (RM '000)	As at 31.12.2015 (RM '000)
Non-Current Assets		
Investment Properties	1,086,910	1,086,580
Capital Work in Progress	2,229	335
Fixed Deposit with a licensed bank	635	635
	<u>1,089,774</u>	<u>1,087,550</u>
Current Assets		
Trade Receivables	4,375	3,725
Other Receivables, Deposits, Prepayments	17,683	5,954
Cash and Bank Balances	15,195	19,086
	<u>1,127,027</u>	<u>1,116,315</u>
TOTAL ASSETS		
Long Term Liabilities		
Tenancy Deposits	14,449	15,090
Borrowings	493,011	479,215
	<u>507,461</u>	<u>494,305</u>
Current Liabilities		
Trade Payables	1,325	903
Other Payables and Accruals	4,476	7,117
Tenancy Deposits	14,888	14,613
Borrowings	15,000	15,000
	<u>543,150</u>	<u>531,938</u>
TOTAL LIABILITIES		
NET ASSET VALUE		
	<u>583,877</u>	<u>584,377</u>
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	43,497	43,997
Retained Earnings - unrealised	114,642	114,642
	<u>583,877</u>	<u>584,377</u>
TOTAL UNITHOLDERS' FUND		

Unit Price Statistics
As at 30 September 2016
No. of Units Outstanding
400,634,117
Net Asset Value (RM)
1.4574
Unit Price (RM)
1.57
Premium / (Discount) to NAV
7.73%

Debt Profile

Debt Profile for 3Q 2016

Debt Information

As at 30 Sep 2016

- Total Debt: **RM508 million**
- Weighted Cost of Debt: **4.8%**
- Gearing Ratio¹: **45.1%**
- Interest Cover²: **2.80**

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

² Based on 9 months ended 30 September 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: 4.46%
- Renew: January 2017 (Annual Review)

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM87.1 million
- Drawdown: Fully Drawn
- Cost: 4.57%
- Refinancing: December 2019

Tranche 5

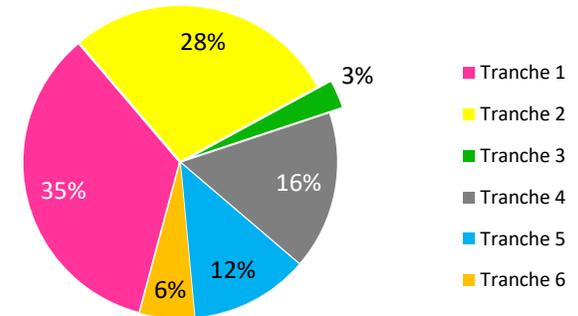
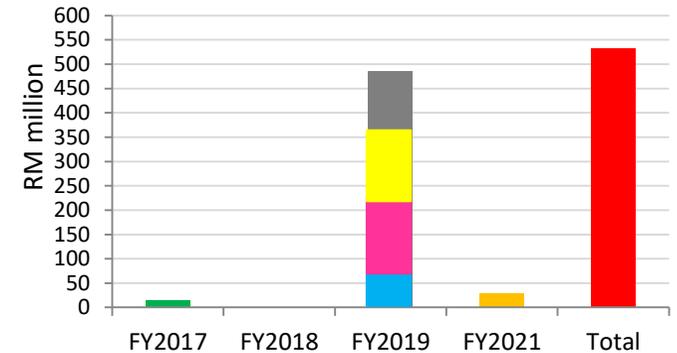
- Term: 5 Years, Expiring 2019
- Pledged: Landmark Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.58%
- Refinancing: April 2019

Tranche 6

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Partially Drawn
- Cost: 4.57%
- Refinancing: March 2020

Debt Expiry Profile

As at 30 Sep 2016



“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

Please visit our website at www.HektarREIT.com. The Investor Information section offers current and previous quarterly presentations, annual and interim reports, press releases and announcements in downloadable Portable Document Format (PDF). Please register for our email alerts to receive timely updates.



SUBANG
PARADE

MAHKOTA
PARADE

WETEX
PARADE

CENTRAL
SQUARE

LANDMARK
CENTRAL

