



Hektar Real Estate Investment Trust

FIRST QUARTER 2017 FINANCIAL RESULTS PRESENTATION

22 MAY 2017

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 2017

1 Jan 2017 – 31 Mar 2017

Commentary

- 1Q2017 Interim Distribution Per Unit: 2.3 sen
- Realised Net Income for the period down 1.1% due to increased cost
- Retail business in Malaysia continues to remain a challenge in 2017, especially in light of the sluggish economy.
- Hektar is in the process of completing the acquisition of 1Segamat Shopping Centre, in addition to exploring Asset Enhancement Initiatives (“AEI”) to improve its performance.

Operational & Financial Performance (First Quarter)

- | | |
|---|----------|
| ▪ Portfolio Occupancy: | ~ 96.4% |
| ▪ Rent Reversions: | ~ -7.0% |
| ▪ Net Income per Unit (Realised) | 2.33 sen |
| vs. previous comparable period/quarter ¹ : | -12.9% |
| ▪ Distribution per Unit (DPU) | 2.30 sen |
| vs. previous comparable period ¹ : | -11.5% |

¹ 1Q16 Realised Net Income per unit: 2.67 sen

Distribution and Yield

1Q17 DPU:	2.3 sen
1Q16 DPU:	2.6 sen
DPU Yield ² :	5.64%

² Based on total declared DPU of 9.20 sen for 1Q17 and closing price of RM1.63 on 31 Mar 2017.

Distribution Details

DPU reduced in line with soft retail outlook, focus on AEI and external growth

Current Distribution Details

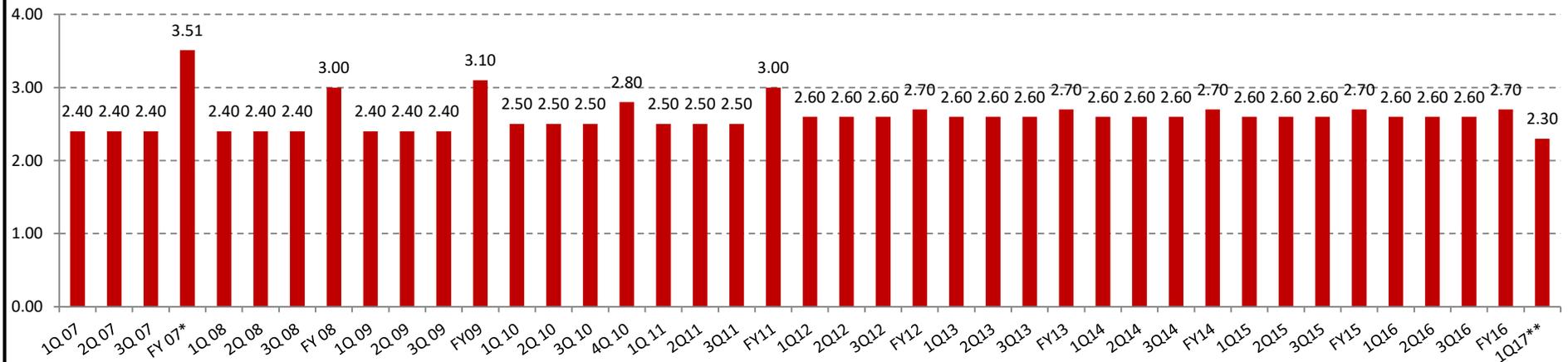
First Quarter 2017

- Distribution Period: 1 Jan 2017 – 31 Mar 2017
- Quarterly DPU: 2.30 sen
- Notice of Entitlement: 23 May 2017
- Ex-Dividend Date: 2 June 2017
- Book Closure Date: 6 June 2017
- Payment Date: 22 June 2017

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



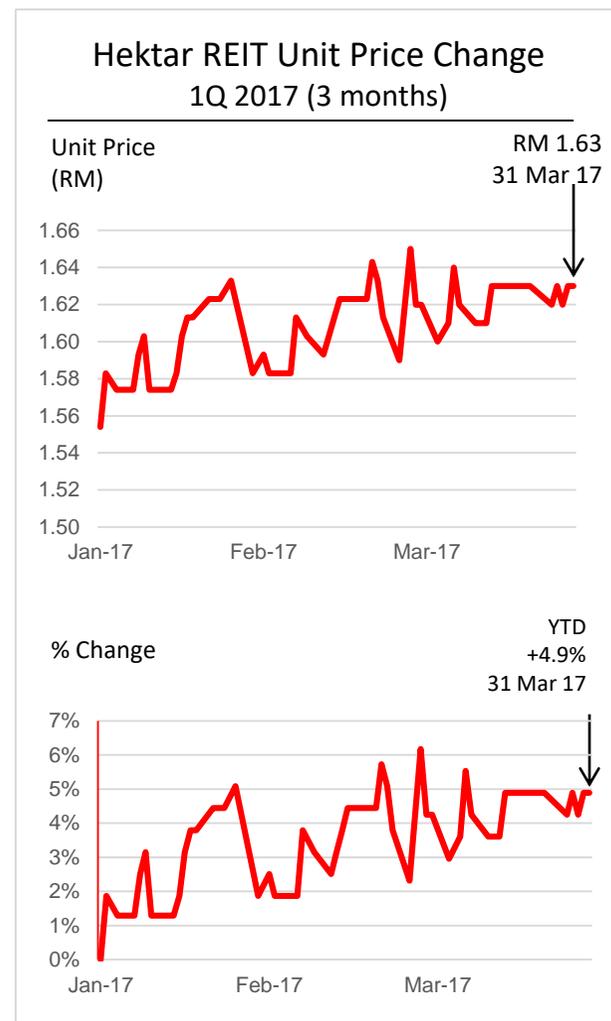
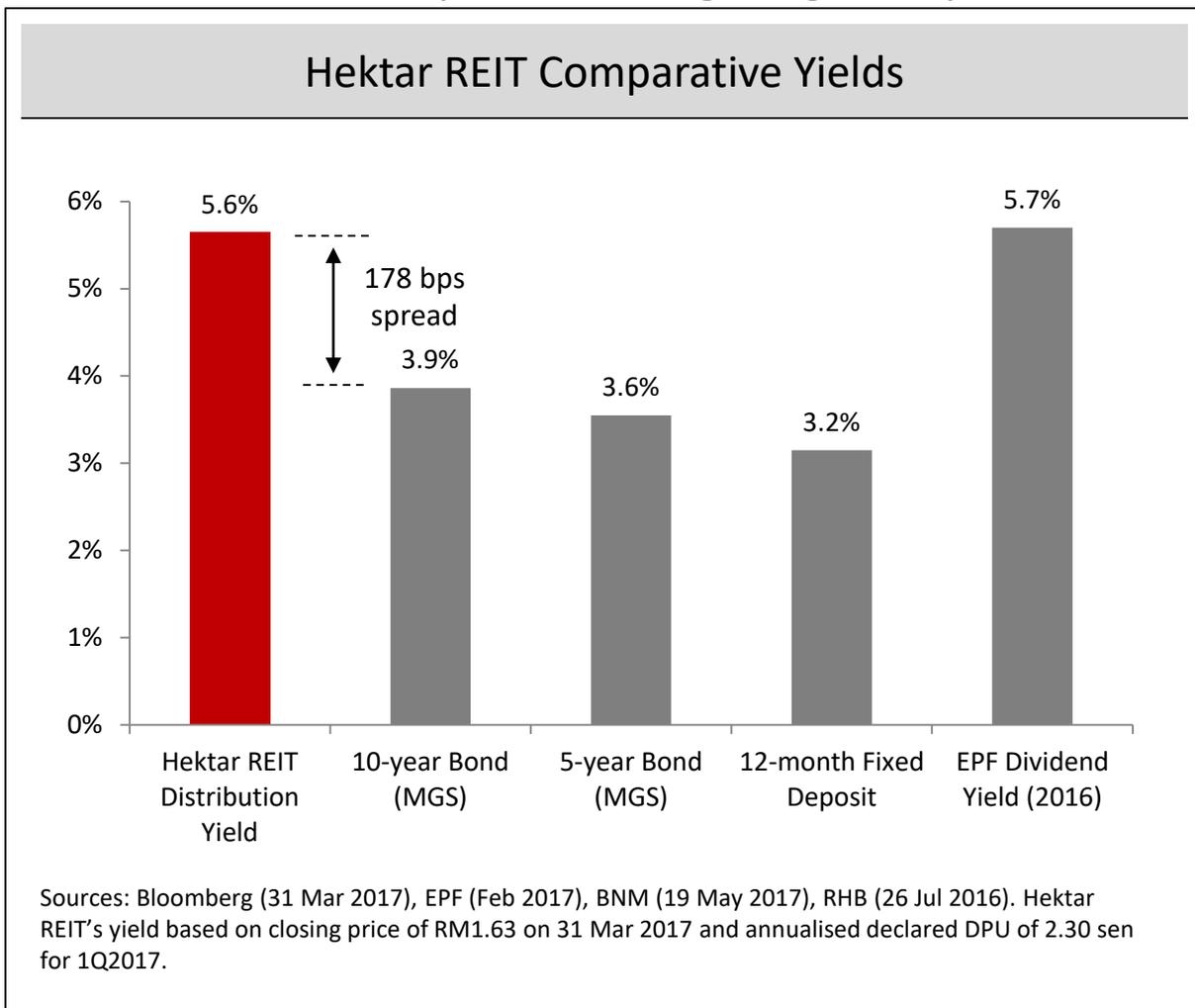
* FY 07 represented a 13 month period from December 2006 to 31 December 2007 ** Declared



Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 5.6%

- Traded at a 178 bps spread over MGS 10-year
- Unit Price increased by 4.9% since beginning of the year



Portfolio Performance

Overall Occupancy at ~96.4% ►

Rental Reversions -7.0% for 1Q17 ►

Tenancy Expiry Profile ►

48% of Portfolio Tenancy Rental Income Expiries in 2017 ►



Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~96.4%

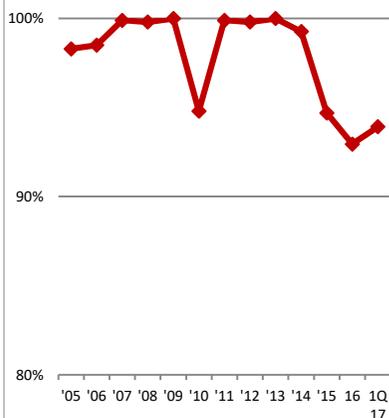
Wetex Parade maintains full occupancy

Hektar REIT Portfolio Occupancy

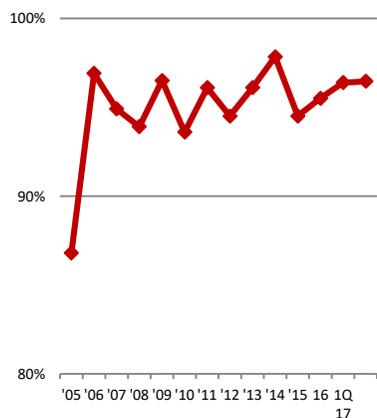
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Mar 2017
Subang Parade	93.4%	98.3%	98.5%	99.9%	99.8%	100.0%	94.8%	99.9%	99.8%	100.0%	99.3%	94.7%	93.0%	93.9%
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%	96.4%	96.5%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%
Central Square									89.8%	82.5%	80.5%	98.0%	96.6%	96.6%
Landmark Central									96.9%	93.7%	97.8%	99.3%	98.9%	98.6%
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%	96.2%	96.4%

*Approximate average, weighted by Net Lettable Area.

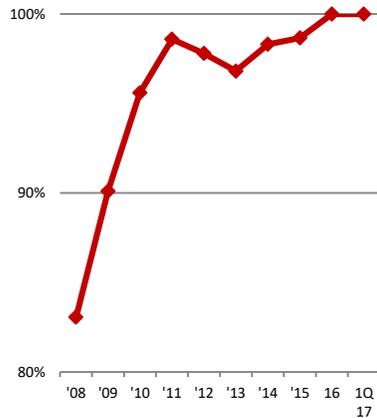
Subang Parade Occupancy (%)



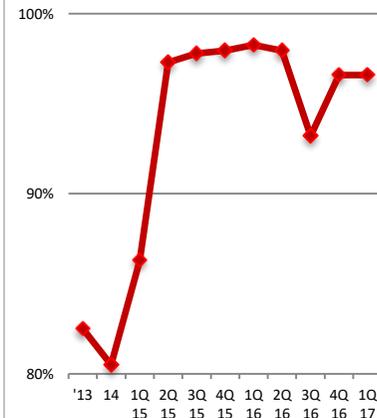
Mahkota Parade Occupancy (%)



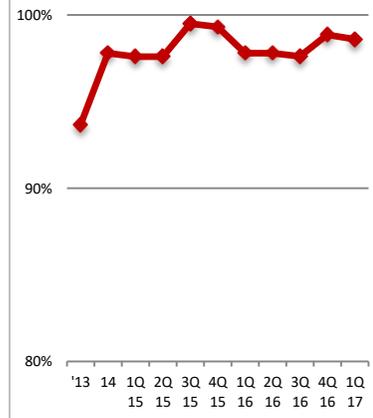
Wetex Parade Occupancy (%)



Central Square Occupancy (%)



Landmark Central Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions -7% for 1Q 2017

- Positive reversion recorded at Wetex Parade and Landmark Central

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	9	16,510	3%	-1%
Mahkota Parade	13	166,306	32%	-9%
Wetex Parade	2	839	1%	1%
Central Square	4	3,055	1.0%	-12%
Landmark Central	4	2,066	0.7%	-3%
Total / Average*	32	188,776	11%	-7%

Mahkota Parade :
1) Rental reduction request from McDonald's and Voir;
2) Long vacant lot let out to Haulmark Outlet at lower rent.

Central Square :
Lower rent to fill up long vacant lot

Landmark Central :
Rental temporarily affected by on-going AEI

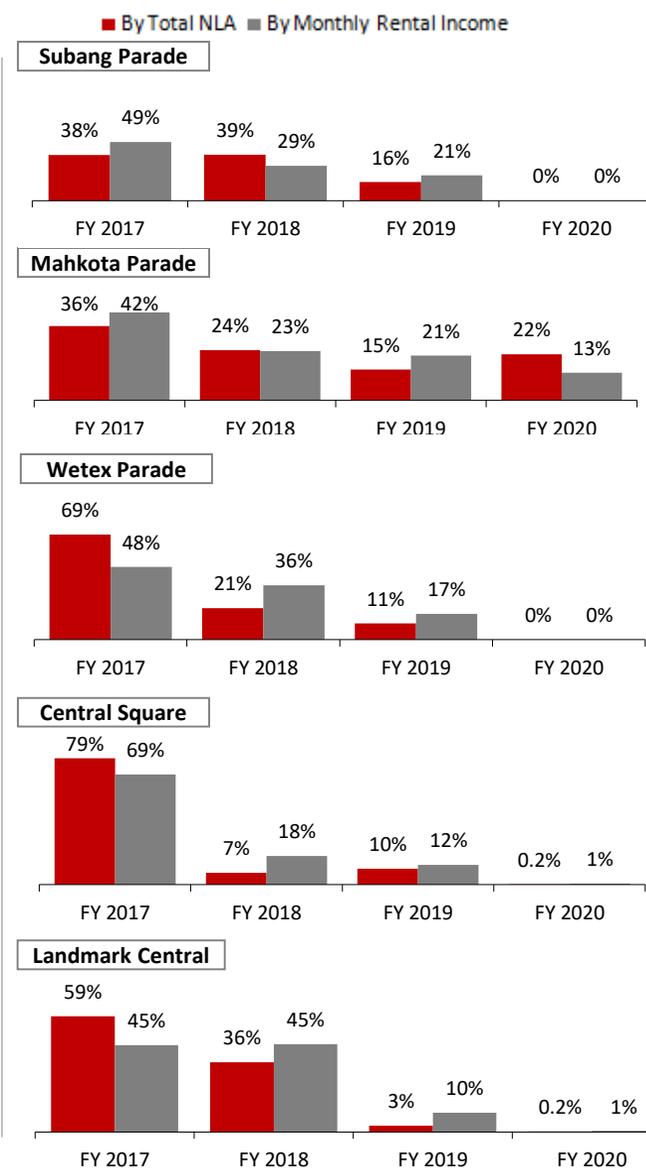
Hektar REIT Rental Reversions: Year-To-Date

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Total / Average*	32	188,776	11%	-7%

Hektar REIT Tenancy Expiry Profile by Property as at 31 Mar 2017

For Year Ending	No. of Tenancies	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total	% of Total Monthly
Subang Parade				
FY 2017	62	194,151	38%	49%
FY 2018	29	196,205	39%	29%
FY 2019	36	78,752	16%	21%
FY 2020	0	-	0%	0%
Mahkota Parade				
FY 2017	57	184,955	36%	42%
FY 2018	48	124,935	24%	23%
FY 2019	47	76,786	15%	21%
FY 2020	4	114,454	22%	13%
Wetex Parade				
FY 2017	18	109,426	69%	48%
FY 2018	39	32,645	21%	36%
FY 2019	6	16,985	11%	17%
FY 2020	0	-	0%	0%
Central Square				
FY 2017	37	247,132	79%	69%
FY 2018	22	22,774	7%	18%
FY 2019	11	30,793	10%	12%
FY 2020	1	468	0.2%	1%
Landmark Central				
FY 2017	24	166,228	59%	45%
FY 2018	30	100,043	36%	45%
FY 2019	10	8,787	3%	10%
FY 2020	1	689	0.2%	1%

*Based on monthly rental income for Mar 2017. Figures may not round to 100% due to misc. items



Hektar REIT Portfolio – Tenancy Expiry Profile

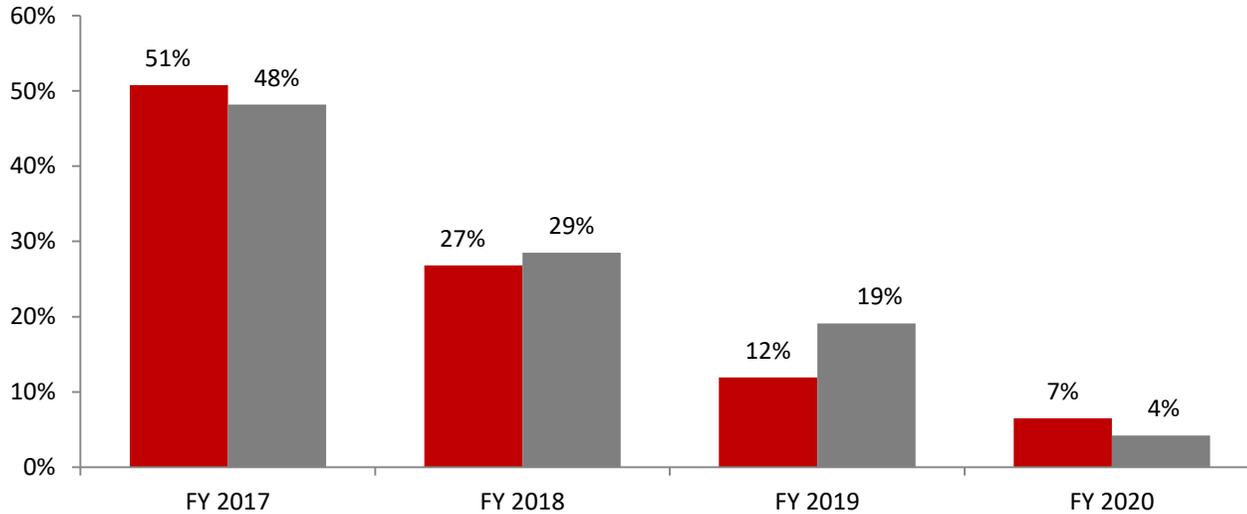
Tenancy Portfolio Expiry Profile 2017 – 2019

- FY2017 - 198 tenancy expiries account for approximately 48% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 31 March 2017

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 2017	198	901,892	51%	48%
FY 2018	168	476,602	27%	29%
FY 2019	110	212,103	12%	19%
FY 2020	6	115,611	7%	4%



*Based on monthly rental income for March 2017. NLA = Net Lettable Area

Financial Results

1Q2017 Gross Revenue down 2.4%; NPI down 5.3% from preceding year ►

1Q2017 Net Income down 10.1% from preceding year ►

Income Statement – Quarter Comparative

1Q2017 Net Income down 10.1% vs corresponding quarter 1Q2016

Income Statement First Quarter 2016 (Unaudited)	1Q17 (RM '000)	1Q16 (RM '000)	Variance (%)
Revenue	30,857	31,603	- 2.4%
Direct Cost & Property Expenses	(13,170)	(12,929)	+ 1.9%
Net Property Income (NPI)	17,688	18,674	- 5.3%
Interest & Other Income	49	133	- 63.1%
Total Income	17,737	18,807	- 5.7%
Trust Fees & Expenses	(2,778)	(2,431)	+ 14.3%
Interest Expense	(5,637)	(5,670)	- 0.6%
Fair Value Adjustment of Investment Properties			
Fair Value Change on Derivatives	300		
Net Income Before Tax	9,622	10,706	- 10.1%
Net Income per Unit (sen)	2.40	2.67	- 10.1%
- realised	2.33	2.67	- 12.9%

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 2017
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	1Q17 (RM '000)	1Q16 (RM '000)	Variance (%)
Revenue	30,857	31,603	- 2.4%
Direct Cost & Property Expenses	(13,170)	(12,929)	+ 1.9%
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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 1Q 2017

Balance Sheet (Unaudited)	As at 31.03.2017 (RM '000)	As at 31.12.2016 (RM '000)
Non-Current Assets		
Investment Properties	1,092,450	1,092,450
Capital Work in Progress	1,168	162
Fixed Deposit with a licensed bank	665	665
	1,094,283	1,093,277
Current Assets		
Trade Receivables	6,844	5,751
Other Receivables, Deposits, Prepayments	16,828	17,221
Cash and Bank Balances	10,148	14,560
TOTAL ASSETS	1,128,104	1,130,809
Long Term Liabilities		
Tenancy Deposits	13,544	12,280
Borrowings	493,370	493,200
Derivative Financial Instrument	514	814
	507,428	506,294
Current Liabilities		
Trade Payables	1,344	938
Other Payables and Accruals	3,938	5,597
Tenancy Deposits	16,121	17,512
Borrowings	15,000	15,000
TOTAL LIABILITIES	543,831	545,341
NET ASSET VALUE	584,273	585,468
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	41,981	43,476
Retained Earnings - unrealised	116,553	116,254
TOTAL UNITHOLDERS' FUND	584,273	585,468

Unit Price Statistics

As at 31 Mar 2017

No. of Units Outstanding

400,634,117

Net Asset Value (RM)

1.4584

Unit Price (RM)

1.63

Premium / (Discount) to NAV

11.77%

Debt Profile

Debt Profile for 1Q 2017

Debt Information

As at 31 Mar 2017

- Total Debt: **RM508 million**
- Weighted Cost of Debt: **4.6%**
- Gearing Ratio¹: **45.1%**
- Interest Cover²: **2.71**

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

² Based on 3 months ended 31 March 2017

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: 4.11%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.55%
- Renew: January 2017 (Annual Review)

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM87.1 million
- Drawdown: Fully Drawn
- Cost: 4.61%
- Refinancing: December 2019

Tranche 5

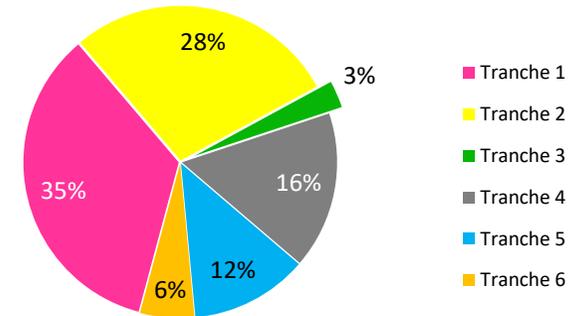
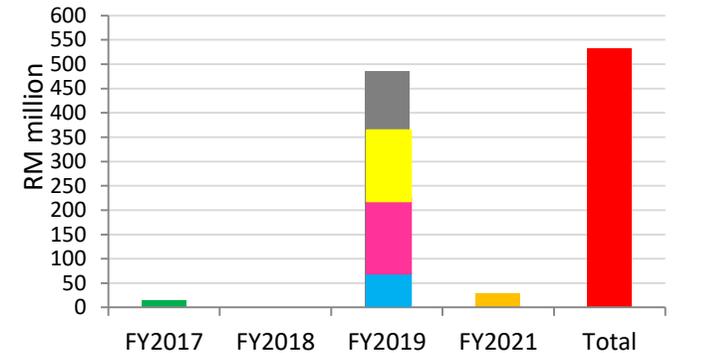
- Term: 5 Years, Expiring 2019
- Pledged: Landmark Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.61%
- Refinancing: April 2019

Tranche 6

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Partially Drawn
- Cost: 4.36%
- Refinancing: March 2020

Debt Expiry Profile

As at 31 Mar 2017



“Creating The Places Where People Love To Shop”

Investor Relations

Hektar Asset Management Sdn Bhd

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