

THIRD QUARTER 2017 FINANCIAL RESULTS PRESENTATION

24 NOVEMBER 2017

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.

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.

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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, Kulim and Segamat. 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

3Q FY 2017

1 July 2017 – 30 September 2017

Commentary

- Realised Net Income for the period down 13.7% due to lower revenue and increased cost
- Retail business in Malaysia continues to remain a challenge in 2017, especially in light of the sluggish economy.

Operational & Financial Performance (Third Quarter)

- Portfolio Occupancy: ~ 94%
- Rent Reversions: ~ (3.4%)
- Net Income per Unit (Realised) **2.11 sen**
vs. previous comparable period/quarter¹: **(13.7%)**
- Distribution per Unit (DPU) **n/a**
vs. previous comparable period: **2.6 sen**

¹ 3Q16 Realised Net Income per unit: 2.44 sen

Distribution and Yield

Accumulative to date:

Q1	:	2.3 sen
Q2	:	4.0 sen
DPU Yield	:	7.4%

³ Based on total declared DPU of 6.30 sen for first 8 months 2017 and closing price of RM1.27 on 30 September 2017.

Cummulative Distribution Details for FY2017 9-Months 2017

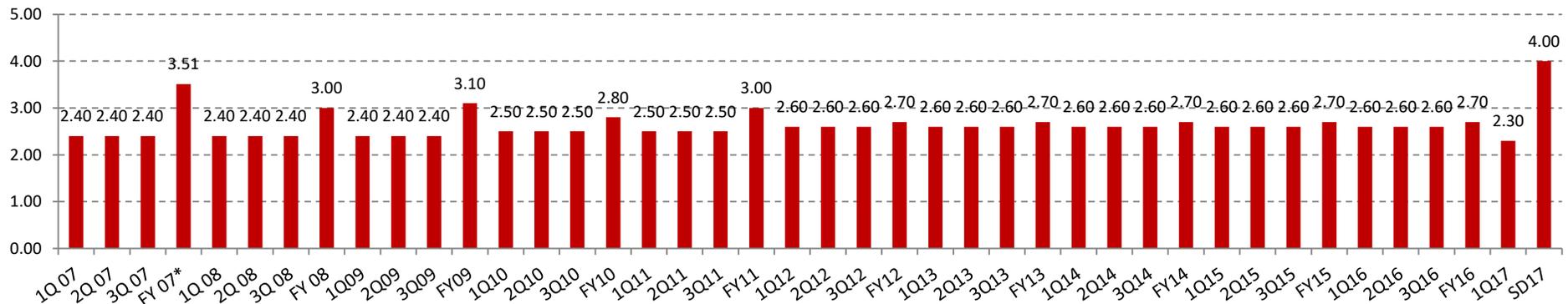
- Distribution Period : 1 January 2017 – 31 September 2017
- 1Q17 Distribution : 2.30 sen
- 2Q17 & Advanced Distribution : 4.00 sen*

*Special distribution issued for 5 months (1 April 2017 to 31 August 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



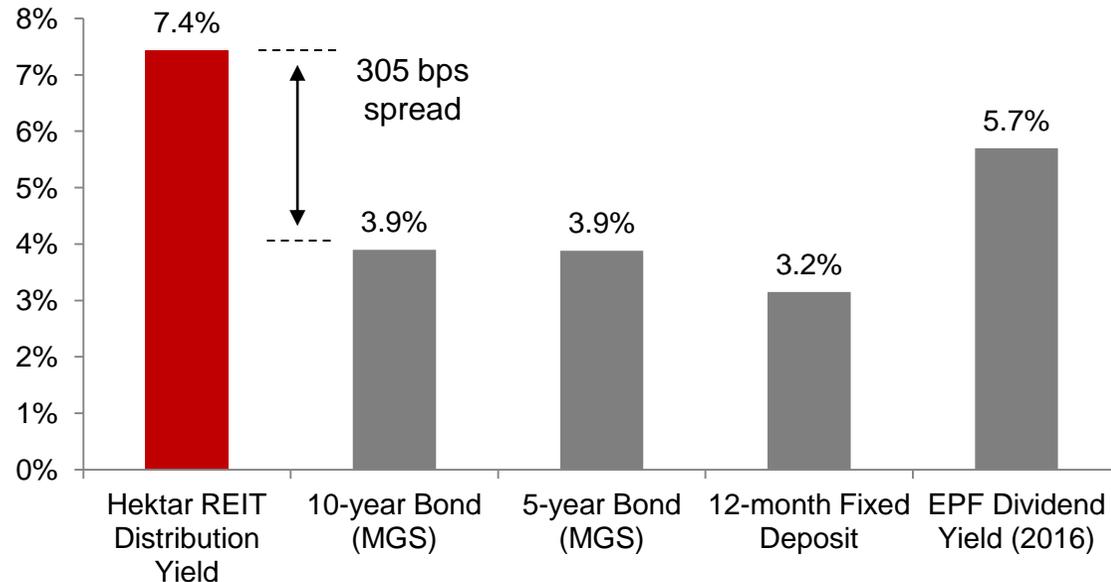
* FY 07 represented a 13 month period from December 2006 to 31 December 2007

Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 7.4%

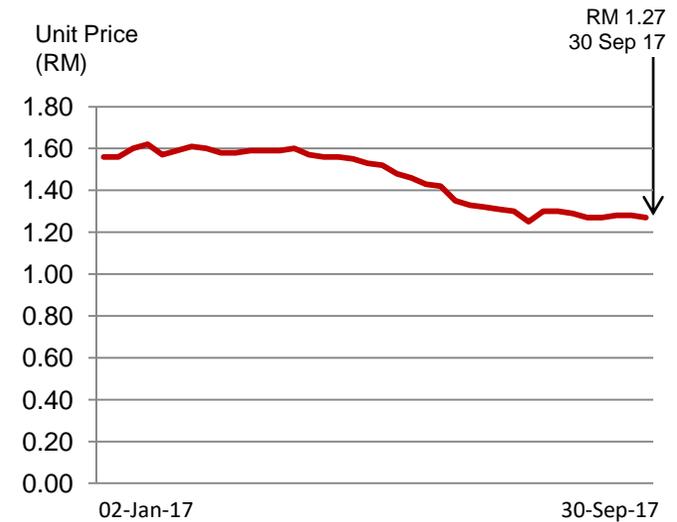
- Traded at a 305 bps spread over MGS 10-year
- Unit Price decreased by 17% since beginning of the year

Hektar REIT Comparative Yields

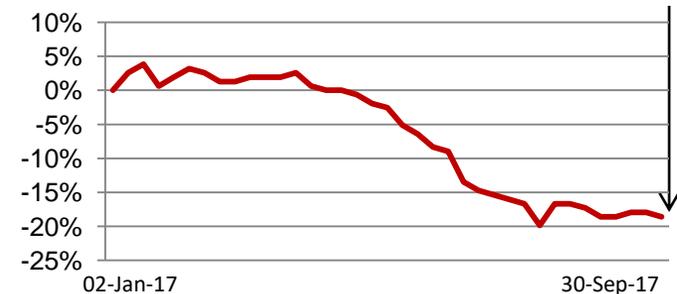


Sources: Bloomberg (30 September 2017), EPF (Feb 2017), BNM (20 November 2017), RHB (26 Jul 2016). Hektar REIT's yield based on closing price of RM1.27 on 30 September 2017 and annualised declared DPU of 6.30 sen for 8M2017.

Hektar REIT Unit Price Change 3Q 2017 (9 months)



% Change
YTD -17%
30 Sep 17



Portfolio Performance

- Overall Occupancy at ~94% ►
- Rental Reversions -3% for 3Q17 ►
- Tenancy Expiry Profile ►
- 37% of Portfolio Tenancy Rental Income Expiries in 2017 ►

Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~93.9%

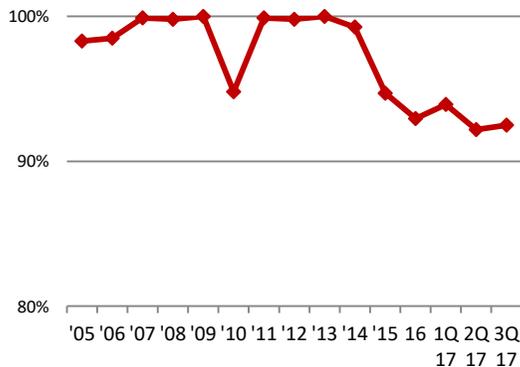
Wetex Parade maintains full occupancy

Hektar REIT Portfolio Occupancy

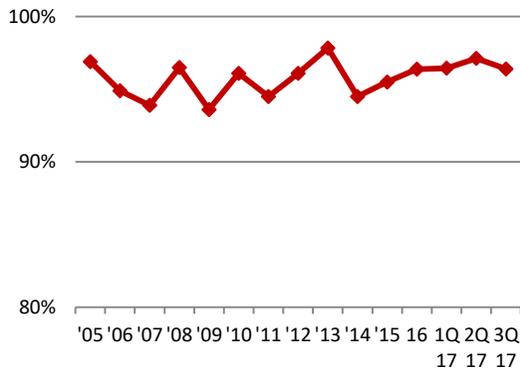
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Mar 2017	As at 30 Jun 2017	As at 30 Sep 2017
Subang 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%	92.2%	92.5%
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%	97.1%	96.4%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	100.0%	100.0%
Central Square									89.8%	82.5%	80.5%	98.0%	96.6%	96.6%	95.5%	87.3%
Kulim Central									96.9%	93.7%	97.8%	99.3%	98.9%	98.6%	91.7%	94.5%
Segamat Central															95.9%	95.3%
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%	95.0%	93.9%

*Approximate average, weighted by Net Lettable Area.

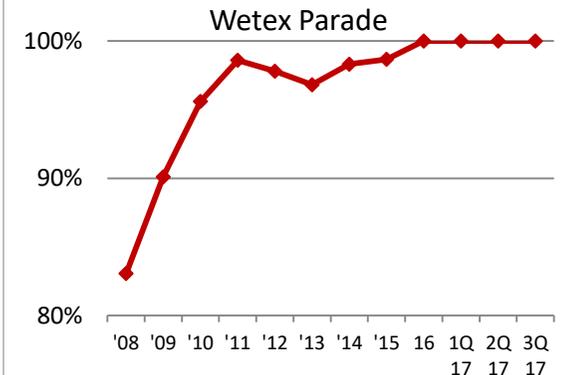
Subang Parade Occupancy (%)



Mahkota Parade Occupancy (%)



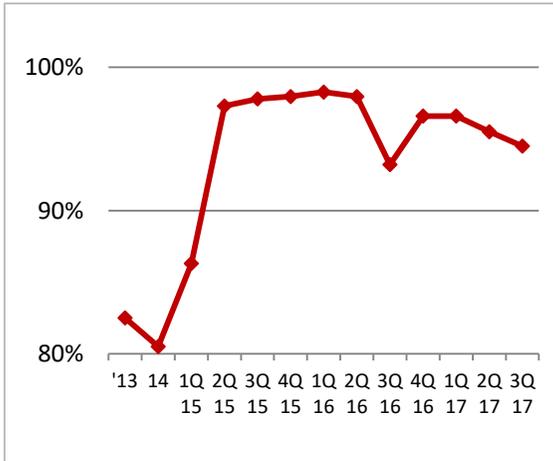
Wetex Parade Occupancy (%)



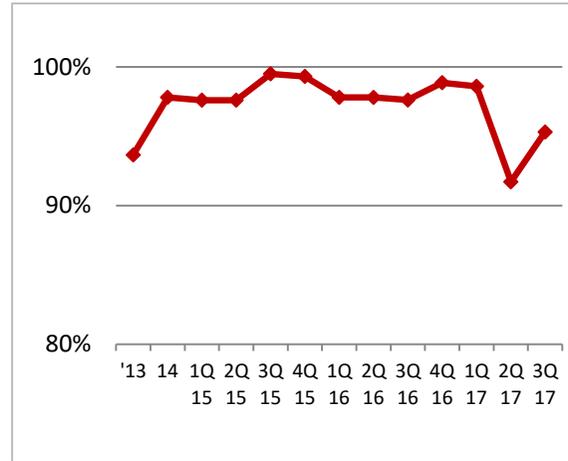
Hektar REIT Portfolio – Occupancy (Continued)

Hektar REIT Portfolio Occupancy

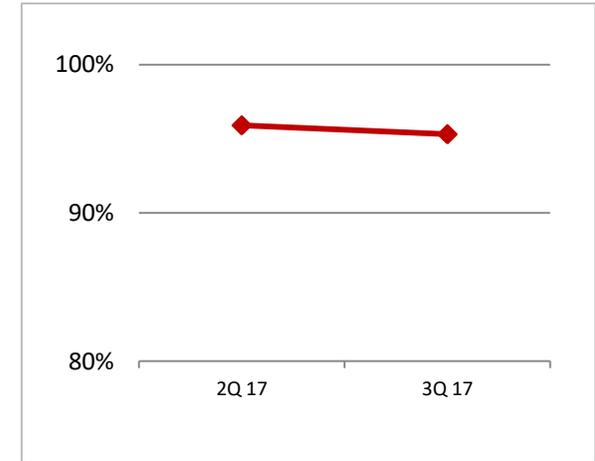
Central Square Occupancy (%)



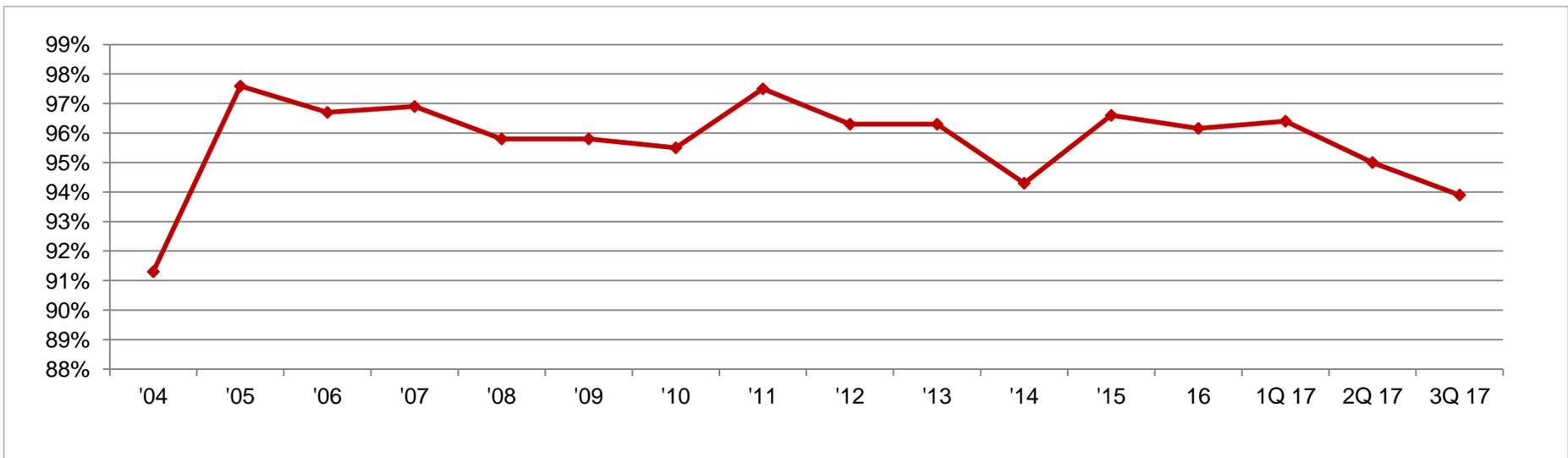
Kulim Central Occupancy (%)



Segamat Central Occupancy (%)



Portfolio Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions -3.4% for 3Q 2017

- Positive reversion recorded at Kulim Central;
- Flattish reversion at Wetex Parade.

Subang Parade :

- 1) Good reversion rates between 8-15% and two lower reversion.
- 2) One of the negative reversion was due to a new international South African grilled chicken chain, Galitos(-19.4% reversion). The outlet will be the brand's second outlet in Malaysia. This is part of the management's efforts to improve F&B offerings at the mall.

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	10	34,557	7%		-2.6%
Mahkota Parade	7	6,532	1%		-8.2%
Wetex Parade	4	9,163	6%		-1.1%
Central Square	9	19,052	6.1%		-8.6%
Kulim Central	12	10,060	3.4%		4.9%
Segamat Central	0	-	0.0%		0.0%
Total / Average*	42	79,364	4%		-3.4%

*Average Weighted by NLA.

NLA = Net Lettable Area

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	28	64,716	13%		-2.6%
Mahkota Parade	23	185,259	36%		-10.4%
Wetex Parade	9	11,532	7%		-0.3%
Central Square	23	29,813	9.6%		-6.4%
Kulim Central	21	15,209	5.1%		1.8%
Segamat Central	0	-	0.0%		0.0%
Total / Average*	104	306,529	17%		-5.9%

*Average Weighted by NLA.

NLA = Net Lettable Area

Mahkota Parade :

- 1) To avoid long vacancies , reductions were given to Universal Travellers and Acewin Fashion Centre as no suitable replacement were found. To convince SAC to move into a permanent lot as part of our tenancy mix plan, slight reduction was given.
- 2) Very minimal reduction of 4.7% was given to bring in **Kiehls**, an international beauty and skincare brand to attract more international and relevant brands into Mahkota Parade.

Central Square :

- 1) Tenancy for Anjung Irama and KB Fun were renewed at lower rate to buy time to find a better tenant that is suited to our tenancy mix plan.

Hektar REIT Tenancy Expiry Profile by Property as at 30 September 2017

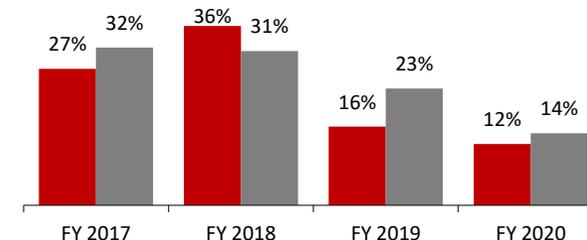
Subang Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2017	36	139,042	27%	32%
FY 2018	34	182,407	36%	31%
FY 2019	37	79,978	16%	23%
FY 2020	16	62,435	12%	14%

Mahkota Parade 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	30	163,872	32%	32%
FY 2018	36	125,656	24%	24%
FY 2019	37	83,750	16%	23%
FY 2020	16	128,664	25%	21%

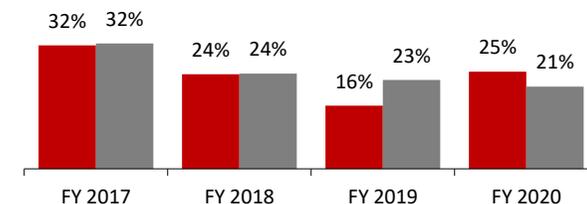
Wetex Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2017	6	93,634	59%	34%
FY 2018	39	32,225	20%	35%
FY 2019	20	18,144	11%	18%
FY 2020	12	15,053	9%	13%

■ By Total NLA ■ By Monthly Rental Income

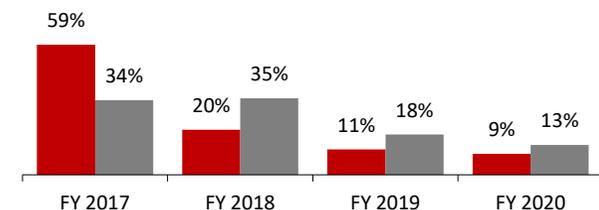
Subang Parade



Mahkota Parade



Wetex Parade



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

Hektar REIT Tenancy Expiry Profile by Property as at 30 September 2017

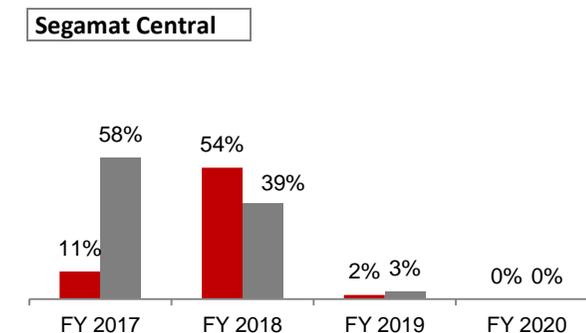
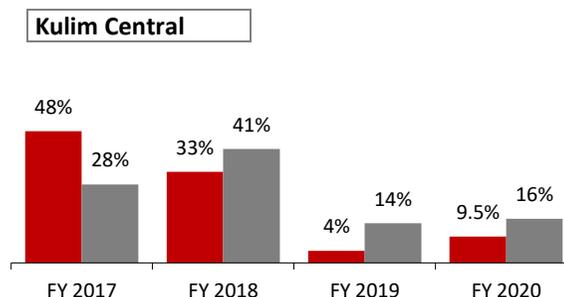
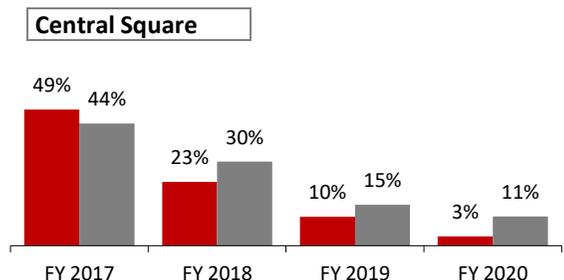
Central Square For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2017	10	153,131	49%	44%
FY 2018	26	71,665	23%	30%
FY 2019	13	32,419	10%	15%
FY 2020	16	10,204	3.3%	11%

Kulim Central 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	11	142,693	48%	28%
FY 2018	30	98,629	33%	41%
FY 2019	18	13,081	4%	14%
FY 2020	16	28,569	9.5%	16%

Segamat Central 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	3	34,111	11%	58%
FY 2018	56	161,642	54%	39%
FY 2019	7	5,111	2%	3%
FY 2020	-	-	0%	0%

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

■ By Total NLA ■ By Monthly Rental Income



Hektar REIT Portfolio – Tenancy Expiry Profile

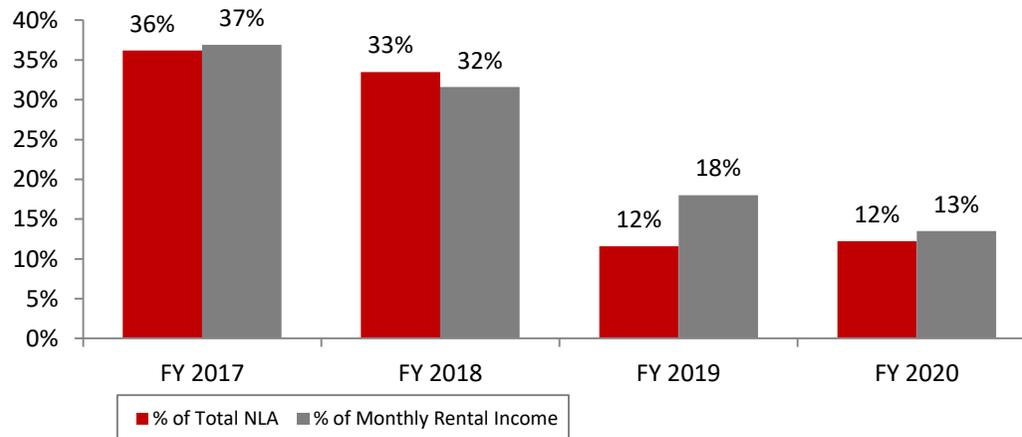
Tenancy Portfolio Expiry Profile 2017 – 2020

- FY2017 - 96 tenancy expiries account for approximately 37% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 September 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	96	726,483	36%	37%
FY 2018	221	672,224	33%	32%
FY 2019	132	232,483	12%	18%
FY 2020	76	244,925	12%	13%



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

Financial Results

3Q2017 Gross Revenue down 1.3%; NPI down 5.2% from preceding year ►

3Q2017 Net Realised Income down 13.7% from preceding year ►

Income Statement – Quarter Comparative

3Q2017 Net Realised Income down 13.7% vs corresponding quarter 3Q2016

Income Statement Third Quarter 2016 (Unaudited)	3Q17 (RM '000)	3Q16 (RM '000)	Variance (%)
Revenue	30,458	30,860	- 1.3%
Direct Cost & Property Expenses	<u>(13,362)</u>	<u>(12,819)</u>	<u>+ 4.2%</u>
Net Property Income (NPI)	<u>17,096</u>	<u>18,041</u>	<u>- 5.2%</u>
Interest & Other Income	139	103	+ 35.6%
Trust Fees & Expenses	(2,854)	(2,427)	+ 17.6%
Interest Expense	<u>(5,759)</u>	<u>(5,702)</u>	<u>+ 1.0%</u>
Realised Income Before Taxation	8,622	10,015	- 13.9%
Fair Value Adjustment of Investment Properties	(7,986)		
Fair Value Change on Derivatives	<u>(141)</u>		
Net Income Before Tax	<u>495</u>	<u>10,015</u>	<u>- 95.1%</u>
Net Income per Unit (sen)	0.12	2.44	- 95.0%
- realised	<u>2.11</u>	<u>2.44</u>	<u>- 13.7%</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.

Income Statement – Year-To-Date Comparative

For Period 1 January – 30 September 2017
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	9M17 (RM '000)	9M16 (RM '000)	Variance (%)
Revenue	92,102	93,404	- 1.4%
Direct Cost & Property Expenses	(39,277)	(37,798)	+ 3.9%
Net Property Income (NPI)	52,825	55,606	- 5.0%
Interest & Other Income	359	317	+ 13.1%
Trust Fees & Expenses	(7,987)	(7,505)	+ 6.4%
Interest Expense	(16,882)	(17,268)	- 2.2%
Realised Income Before Taxation	28,313	31,150	- 9.1%
Fair Value Adjustment of Investment Properties	(7,986)		
Fair Value Change on Derivatives	286		
Net Income Before Tax	20,613	31,150	- 33.8%
Net Income per Unit (sen)	5.11	7.60	- 32.8%

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 3Q 2017

Balance Sheet (Unaudited)	As at 30.09.2017 (RM '000)	As at 31.12.2016 (RM '000)
Non-Current Assets		
Investment Properties	1,194,569	1,092,450
Plant & Equipment	69	
Capital Work in Progress	8,318	162
Fixed Deposit with a licensed bank	665	665
	1,203,621	1,093,277
Current Assets		
Trade Receivables	9,553	5,751
Other Receivables, Deposits, Prepayments	2,273	17,221
Cash and Bank Balances	13,309	14,560
TOTAL ASSETS	1,228,757	1,130,809
Long Term Liabilities		
Tenancy Deposits	12,858	12,280
Borrowings	535,284	493,200
Derivative Financial Instrument	528	814
	548,669	506,294
Current Liabilities		
Trade Payables	1,588	938
Other Payables and Accruals	6,071	5,597
Tenancy Deposits	20,642	17,512
Borrowings	15,000	15,000
TOTAL LIABILITIES	591,970	545,341
NET ASSET VALUE	636,786	585,468
Unitholders' Capital	492,500	425,738
Retained Earnings - realised	35,733	43,476
Retained Earnings - unrealised	108,553	116,254
TOTAL UNITHOLDERS' FUND	636,786	585,468

Unit Price Statistics
As at 30 September 2017
No. of Units Outstanding 461,960,178
Net Asset Value (RM) 1.3784
Unit Price (RM) 1.27
Premium / (Discount) to NAV (7.9%)

Debt Profile

Debt Profile for 3Q 2017

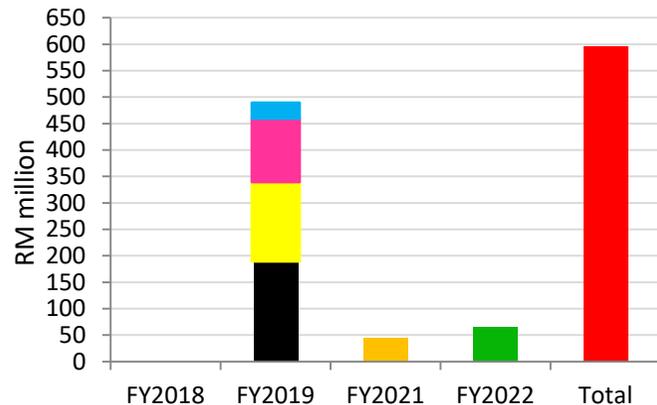
Debt Information

As at 30 September 2017

- Total Debt: **RM596 million**
- Weighted Cost of Debt: **4.4%**
- Gearing Ratio¹: **44.8%**
- Interest Cover²: **1.09**

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

² Based on 9 months ended 30 September 2017



Financing Details

Al-Murabahah / OD

Fixed Term Loan, Annual Floating Rate with Partial Hedging
Structure: Cost of Funds + 0.70%

Tranche 1

- Term: 5 Years, Expiring 2019
- Pledged: Subang Parade
- Facility Size: RM184 million
- Drawdown: Fully Drawn
- Cost: 4.37%
- Refinancing: December 2019

Tranche 2

- Term: 5 Years, Expiring 2019
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.12%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.56%
- Renew: January 2017 (Annual Review)

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Kulim Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.62%
- Refinancing: April 2019

Tranche 5

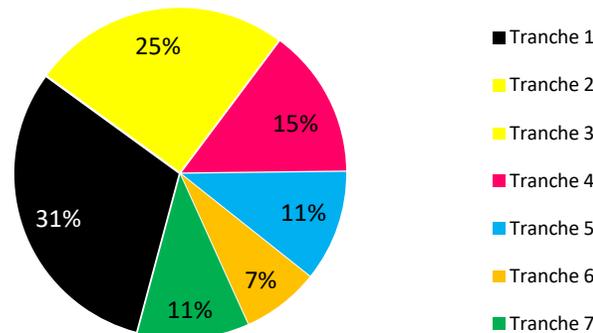
- Term: 5 Years, Expiring 2019
- Pledged: Landmark Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.62%
- Refinancing: April 2019

Tranche 6

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Partially Drawn
- Cost: 4.70%
- Refinancing: March 2020

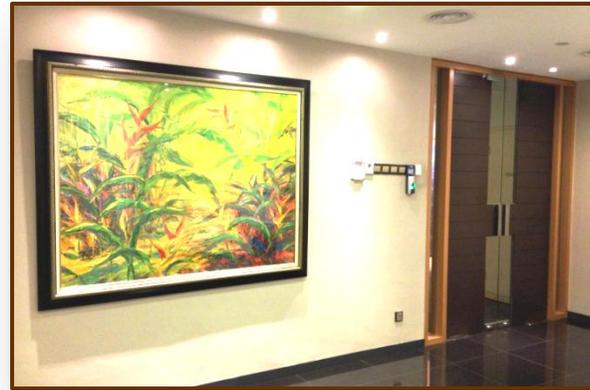
Tranche 7

- Term: 5 Years, Expiring 2021
- Pledged: Central Square
- Facility Size: RM65 million
- Drawdown: Full Drawn
- Cost: 4.62%
- Refinancing: September 2022



“Creating The Places Where People Love To Shop”

Investor Relations
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