

FIRST QUARTER 2018 FINANCIAL RESULTS PRESENTATION

21 MAY 2018

HEKTAR ASSET MANAGEMENT SDN BHD



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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

1Q FY 2018

1st January 2018 – 31st March 2018

Commentary

- 1Q 2018 Dividend per unit (DPU) of 2.30sen
- Realised Net Income for the period grew 11.7%
- Retail business in Malaysia slowly seeing improvement; however it will continue to be challenging due to increased competition from new malls and cautious consumer spending
- Acquisition of Segamat Central and completion of Kulim Central Asset Enhancement Initiative (AEI) has contributed to the overall income

Operational & Financial Performance (Fourth Quarter)

- Portfolio Occupancy: ~ 94.4%
- Rent Reversions: ~ 6.9%
- Net Income per Unit (Realised) 2.25 sen
vs. previous comparable period/quarter¹: - 3%
- Distribution per Unit (DPU)₂ 2.30sen
vs. previous comparable period: 2.30sen

¹ 1Q17 Realised Net Income per unit: 2.33 sen

Distribution and Yield

Accumulative to date:

1Q 2018	:	2.30 sen
12 2017	:	2.30 sen
DPU Yield ² :		7.8%

² Based on annualised DPU of 9.20 sen for FY 2018 and closing price of RM1.18 on 30 Mar 2018.

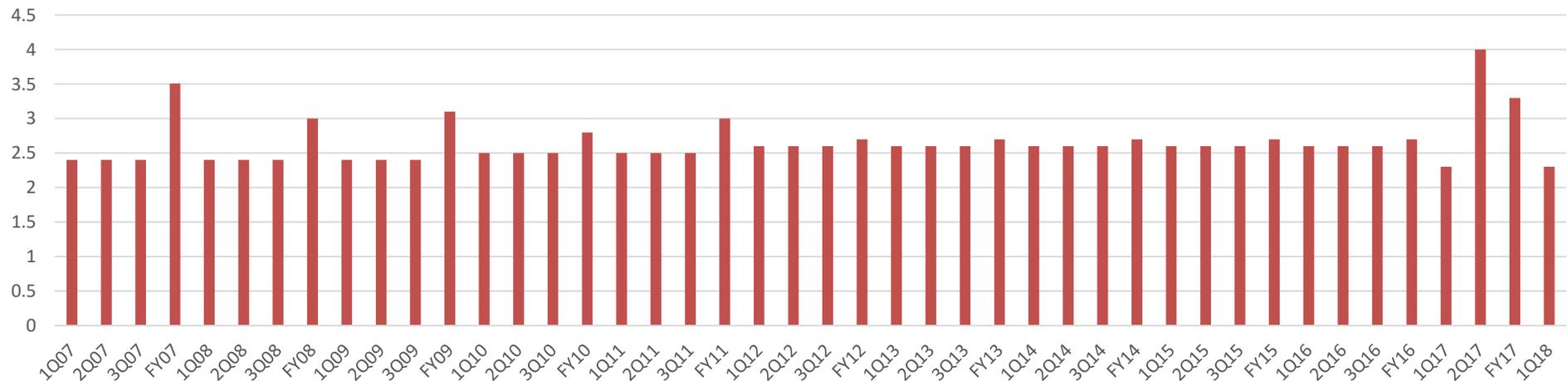
Current Distribution Details for FY2018 First Quarter 2018

- Distribution Period: 1 January 2018 – 31 March 2018
- Quarterly DPU: 2.30 sen
- Notice of Entitlement: 22 May 2018
- Ex-Dividend Date: 4 June 2018
- Book Closure Date: 6 June 2018
- Payment Date: 22 June 2018

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. 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

Portfolio Performance

- Overall Occupancy at ~94.4% ►
- Rental Reversions 6.9% for 1Q18 ►
- Tenancy Expiry Profile ►

Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~94.4%

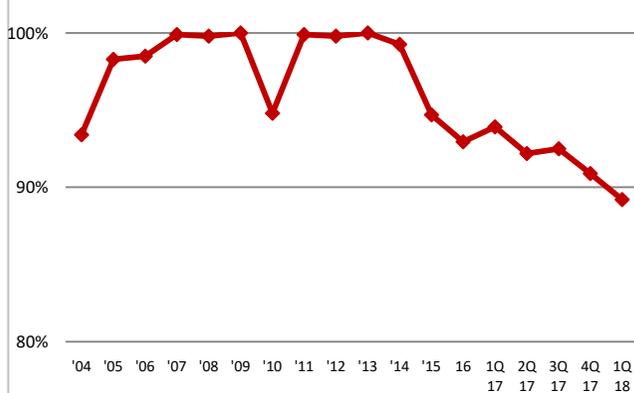
Overall Portfolio Track Record of above 90% since 2004

Hektar REIT Portfolio Occupancy

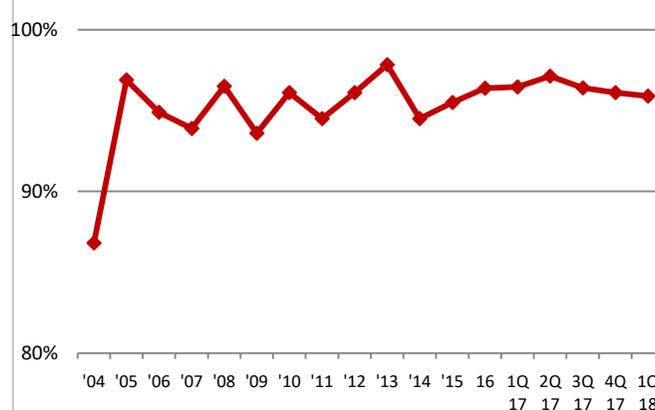
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Mar 2017	As at 30 Jun 2017	As at 30 Sep 2017	As at 31 Dec 2017	As at 31 Mar 2018
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%	90.9%	89.20%
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%	96.1%	95.90%
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%	100.0%	100%
Central Square									89.8%	82.5%	80.5%	98.0%	96.6%	96.6%	95.5%	87.3%	95.3%	95.30%
Kulim Central									96.9%	93.7%	97.8%	99.3%	98.9%	98.6%	91.7%	94.5%	98.2%	97.00%
Segamat															95.9%	95.3%	94.7%	94.00%
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%	95.1%	94.40%

* Average weighted by NLA

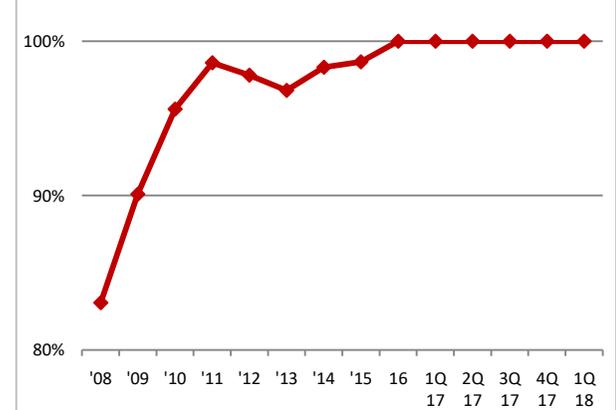
Subang Parade Occupancy (%)



Mahkota Parade Occupancy (%)



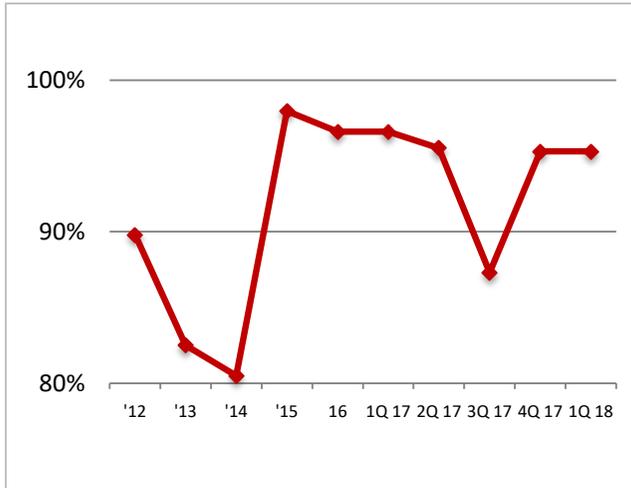
Wetex Parade Occupancy (%)



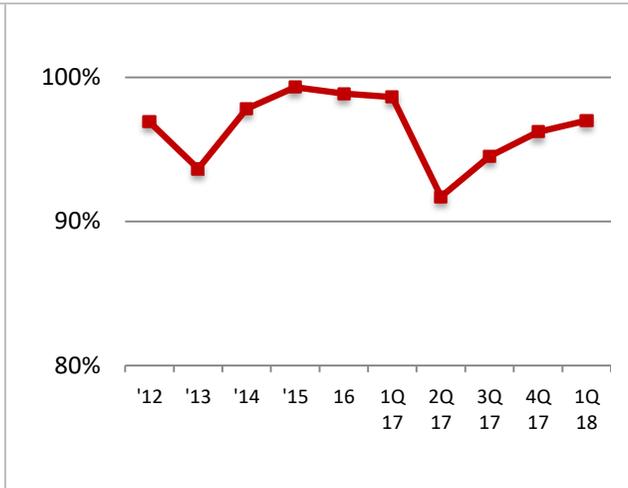
Hektar REIT Portfolio – Occupancy (Continued)

Hektar REIT Portfolio Occupancy

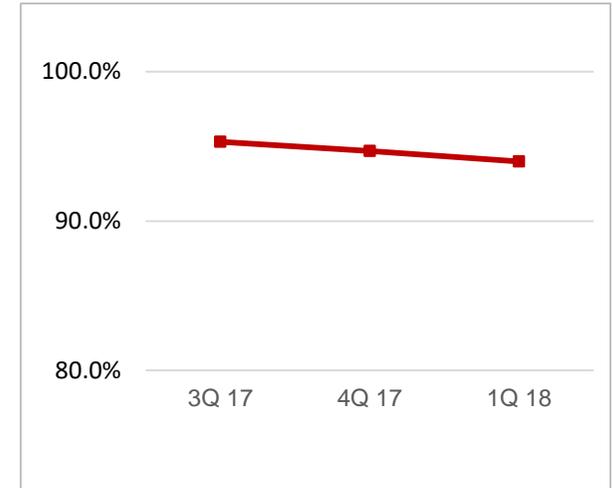
Central Square Occupancy (%)



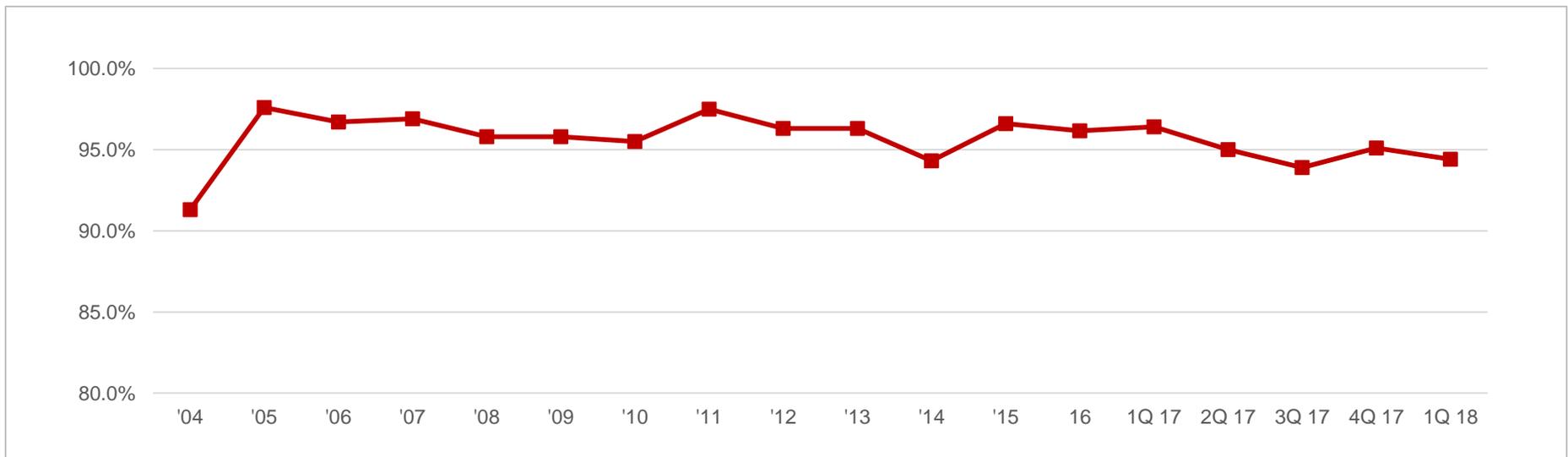
Kulim Central Occupancy (%)



Segamat Central Occupancy (%)



Portfolio Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions 6.9% for 1Q 2018

- Positive reversion recorded at Mahkota Parade, Wetex Parade, Central Square and Kulim Central , with double digit seen in these properties except for Wetex Parade
- Minor negative reversion at Subang Parade

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
Subang Parade	2	2,036	0.4%	-2.3%
Mahkota Parade	10	30,846	5.9%	24.6%
Wetex Parade	9	8,147	5.1%	4.4%
Central Square	5	3,035	1.0%	17.9%
Kulim Central	2	7,760	2.7%	38.0%
Segamat Central	2	76,092	35.5%	-35.5%
Total / Average*	30	127,916	6.3%	6.9%

*Average Weighted by NLA.

NLA = Net Lettable Area

Subang Parade:

- 1) Tenant relocation and also rezoning is being carried out to prepare for upcoming Asset Enhancement Initiative.
- 2) Hush Puppies was signed up at 10% lower than previous rent.

Mahkota Parade :

- 1) This quarter saw healthy reversions mainly due to new tenants such as JD Sports and AEON Wellness. Overall, 9 out of 10 tenancies saw positive reversion and the remaining tenancy was renewed with the same rate.

Central Square :

- 1) All 5 tenancies were successfully renewed at slightly higher rates. Main contributors were existing tenant Speedy Video and Bread History.

Kulim Central:

- 1) Positive reversion due to new tenants such as Texas Fried Chicken and Seleria Food court which showed 22% and 52% increase .

Segamat Central:

- 1) The decrease is mainly due to UO Superstore being renewed at a lower rental.

Hektar REIT Rental Reversions: Year-To-Date

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	2	2,036	0.4%	-2.3%
Mahkota Parade	10	30,846	5.9%	24.6%
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Segamat Central	2	76,092	35.5%	-35.5%
Total / Average*	30	127,916	6.3%	6.9%

* Average Weighted by NLA

Hektar REIT Tenancy Expiry Profile by Property as at 31 March 2018

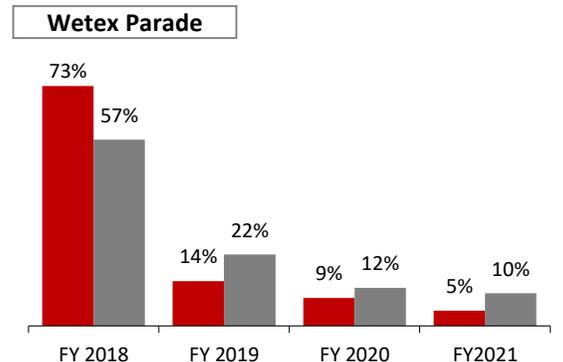
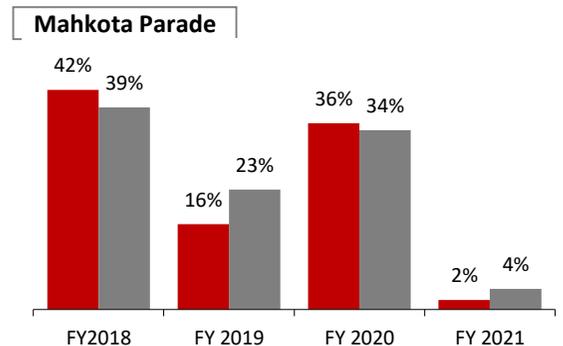
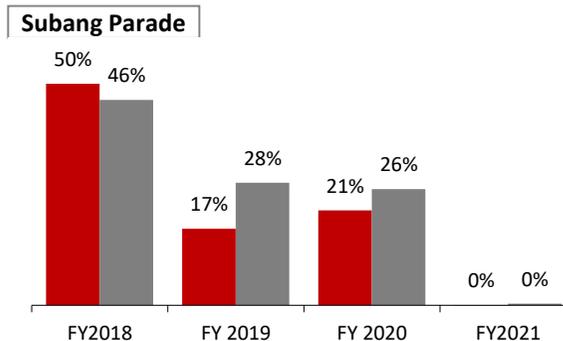
Subang For Year 31 March	No. of NLA of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies as % of Total NLA	% of Total Monthly Income*
FY2018	50	254952	49.7%	46.0%
FY 2019	39	88124	17.2%	27.5%
FY 2020	27	109153	21.3%	26.1%
FY2021	1	561	0.1%	0.4%

Mahkota For Year 31 March	No. of NLA of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies as % of Total NLA	% of Total Monthly Income*
FY2018	44	218524	42.1%	38.7%
FY 2019	39	84944	16.3%	22.9%
FY 2020	24	185462	35.7%	34.4%
FY 2021	4	9426	1.8%	4.0%

Wetex Parade For Year 31 March	No. of Expiring	NLA of Tenancies (sq ft)	NLA of Tenancies as % of Total NLA	% of Total Monthly Income*
FY 2018	35	116291	73%	57%
FY 2019	25	21772	14%	22%
FY 2020	9	13610	9%	12%
FY 2021	7	7383	5%	10%

*Based on monthly rental income for March 2018. Figures may not round to 100% due to misc. items

■ By Total NLA ■ By Monthly Rental Income



Hektar REIT Tenancy Expiry Profile by Property as at 31 March 2018

Central Square

For Year 31 March	No. of Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies as % of Total NLA	% of Total Monthly Income*
FY 2018	28	219,281	70%	67%
FY 2019	14	33330	11%	15%
FY 2020	19	40564	13%	15%
FY 2021	5	3396	1%	3%

Kulim Central

For Year 31 March	No. of Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies as % of Total NLA	% of Total Monthly Income*
FY 2018	37	236,418	79%	64%
FY 2019	18	16,794	6%	15%
FY 2020	21	35,428	12%	21%
FY2021	1	1,885	1%	1%

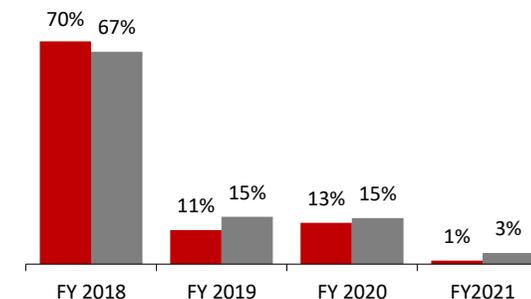
Segamat

For Year 31 March	No. of Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Income*
FY 2018	53	81,022	38%	59%
FY 2019	8	80,648	38%	17%
FY 2020	2	39,592	18%	24%

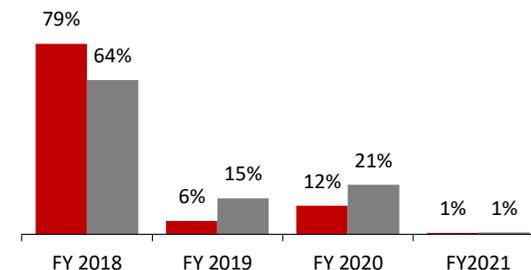
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■ By Total NLA ■ By Monthly Rental Income

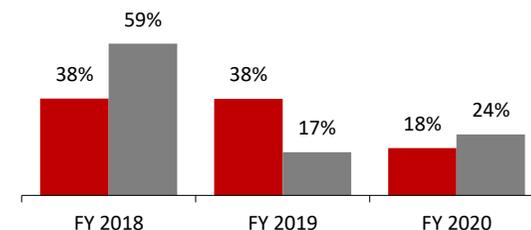
Central Square



Kulim Central



Segamat Central



Hektar REIT Portfolio – Tenancy Expiry Profile

Tenancy Portfolio Expiry Profile 2018 – 2020

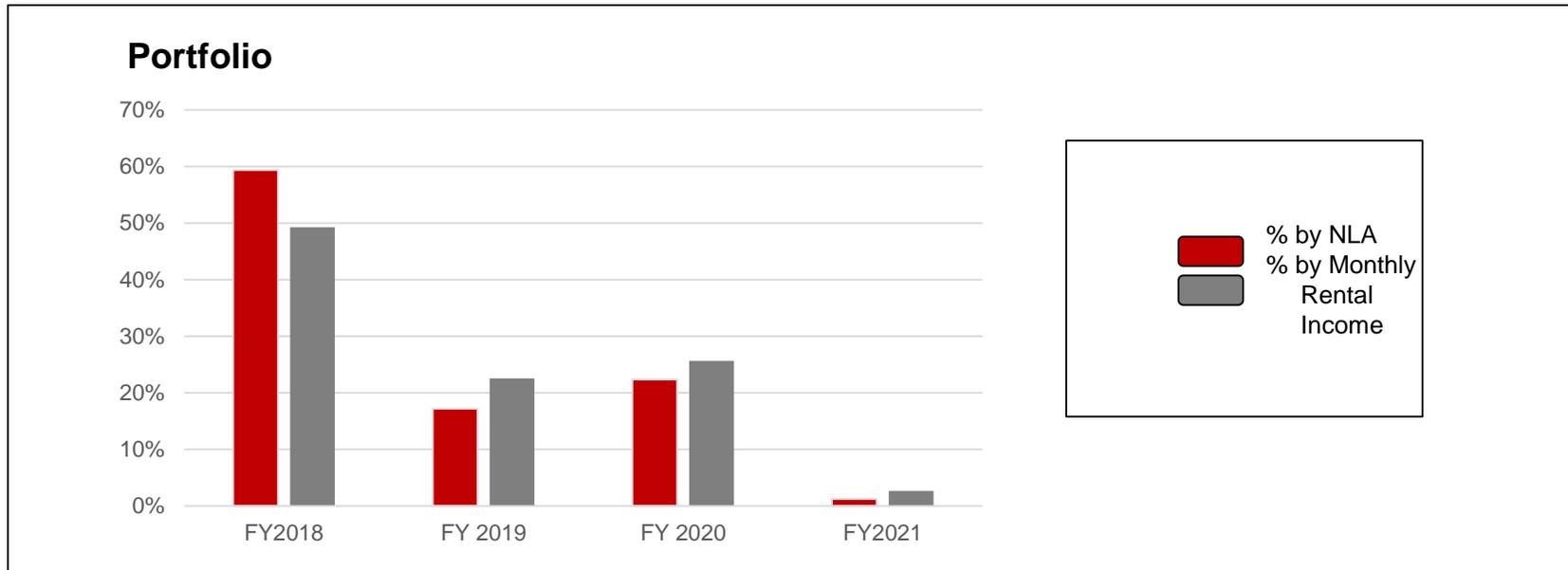
- FY2018 – 247 tenancy expiries account for approximately 49% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 31 March 2018

Portfolio

For Year Ending 31 March 2018	No. of Tenancies	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring NLA	% of Total Monthly
FY2018	247	1,126,488	59%	49%
FY 2019	143	325,612	17%	23%
FY 2020	102	423,809	22%	26%
FY 2021	18	22,651	1%	2%



*Based on monthly rental income for March 2018. NLA = Net Lettable Area

Financial Results

1Q2018 Gross Revenue up 10.1%; NPI up 9.8% from preceding year ►

1Q2018 Realised Income up 11.7% from preceding year ►

Income Statement – Quarter Comparative

1Q2018 NPI up 9.8%, Realised Income increase 11.7% vs corresponding quarter 1Q2017

Income Statement First Quarter 2018 (Unaudited)	1Q18 (RM '000)	1Q17 (RM '000)	Variance (%)
Revenue	33,960	30,857	+10.1%
Direct Cost & Property Expenses	<u>(14,536)</u>	<u>(13,170)</u>	- 10.4%
Net Property Income (NPI)	<u>19,423</u>	<u>17,688</u>	<u>+9.8%</u>
Interest & Other Income	93	49	>100%
Trust Fees & Expenses	(2,945)	(2,778)	- 6.0%
Interest Expense	<u>(6,160)</u>	<u>(5,637)</u>	<u>-9.3%</u>
Realised Income Before Taxation	<u>10,411</u>	<u>9,322</u>	<u>+11.7%</u>
Fair Value Adjustment of Investment Properties	-	-	-
Fair Value Change on Derivatives	<u>266</u>	<u>300</u>	<u>-11.3%</u>
Net Income Before Tax	<u>10,676</u>	<u>9,621</u>	<u>+11.0%</u>
Net Income per Unit (sen)	2.31	2.40	-3.8%
- realized	<u>2.25</u>	<u>2.33</u>	<u>-3.4%</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 – 31 March 2018
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	FY18 (RM '000)	FY17 (RM '000)	Variance (%)
Revenue	33,960	30,857	+10.1%
Direct Cost & Property Expenses	(14,536)	(13,170)	- 10.4%
Net Property Income (NPI)	19,423	17,688	+9.8%
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Hektar REIT's Balance Sheet for 1Q 2018

Balance Sheet (Unaudited)	As at 31.3.2018 (RM '000)	As at 31.12.2017 (RM '000)
Non-Current Assets		
Investment Properties	1,194,569	1,194,569
Plant & Equipment	94	94
Capital Work in Progress	25,813	15,359
Fixed Deposit with a licensed bank	1,328	1,328
	1,221,805	1,211,351
Current Assets		
Trade Receivables	13,250	11,073
Other Receivables, Deposits, Prepayments	4,558	7,352
Cash and Bank Balances	12,862	22,096
	1,252,475	1,251,871
TOTAL ASSETS		
Long Term Liabilities		
Tenancy Deposits	11,961	13,825
Borrowings	548,072	542,057
Derivative Financial Instrument		265
	560,033	556,148
Current Liabilities		
Trade Payables	1,932	2,524
Other Payables and Accruals	9,576	9,760
Tenancy Deposits	22,119	20,056
Borrowings	15,000	15,000
	608,660	603,488
TOTAL LIABILITIES		
	643,815	648,383
NET ASSET VALUE		
Unitholders' Capital	492,500	492,500
Retained Earnings - realised	42,233	47,067
Retained Earnings - unrealised	109,081	108,816
	643,815	648,383
TOTAL UNITHOLDERS' FUND		

Unit Price Statistics As at 30 March 2018

No. of Units Outstanding
461,960,178

Net Asset Value (RM) Per Unit
1.3936

Unit Price (RM)
1.18

Premium / Discount to NAV
-15%



Debt Profile

Debt Profile for 1Q 2018

Debt Information

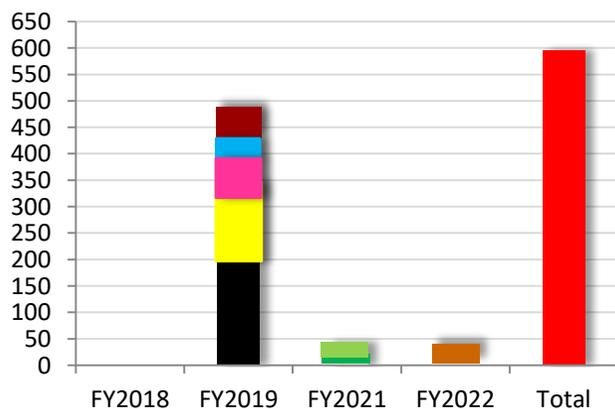
As at 31 March 2018

- Total Debt: **RM563 million**
- Weighted Cost of Debt: **4.4%**
- Gearing Ratio¹: **44.9%**
- Interest Cover²: **2.73**

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

² Based on 3 months ended 31March 2018

RM million



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: 4.59%
- Refinancing: December 2019

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM54.3 million
- Drawdown: Fully Drawn
- Cost: 4.57%
- Refinancing: December 2019

Tranche 2

- Term: 5 Years, Expiring 2019
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.32%
- Refinancing: December 2019

Tranche 5

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM32.8 million
- Drawdown: Fully Drawn
- Cost: 4.57%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.50%
- Renew: January 2017 (Annual Review)

Tranche 6

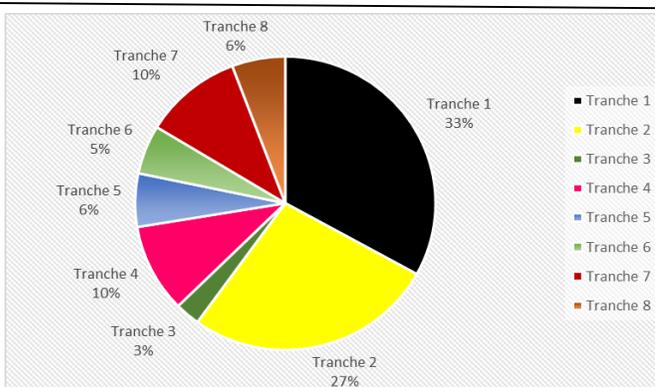
- Term: 7 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Fully Drawn
- Cost: 4.65%
- Refinancing: March 2021

Tranche 7

- Term: 5 Years, Expiring 2019
- Pledged: Kulim Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.57%
- Refinancing: April 2019

Tranche 8

- Term: 5 Years, Expiring 2022
- Pledged: Central Square
- Facility Size: RM32 million
- Drawdown: Full Drawn
- Cost: 4.57%
- Refinancing: September 2022



“Creating The Places Where People Love To Shop”

Investor Relations
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