

SECOND QUARTER 2018 FINANCIAL RESULTS PRESENTATION

16 AUGUST 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

2Q FY 2018

1st April 2018 – 30th June 2018

Commentary

- 2Q 2018 Dividend per unit (DPU) of 2.30sen
- Gross revenue up 10% , NPI up 8%
- Realised Net Income for the period fell 2.2%
- Retail business in Malaysia slowly seeing improvement;
- The portfolio net income is expected to continue to fluctuate until the AEI in Subang Parade is completed.

Operational & Financial Performance (Fourth Quarter)

- Portfolio Occupancy: ~ 92.9%
- Rent Reversions: ~ 7.8%
- Net Income per Unit (Realised) 2.22 sen
vs. previous comparable period/quarter¹: - 14.3%
- Distribution per Unit (DPU) 2.30sen
vs. previous comparable period²: 4.00sen

¹ 2Q17 Realised Net Income per unit: 2.59 sen

² Q17 Special distribution per unit of 4.00 sen was for the distribution period of 5 months from 1 Apr 2017 – 31 Aug 2017.

Distribution and Yield

Accumulative to date:

| | | |
|--------------------------|---|-----------------|
| 1Q 2018 | : | 2.30 sen |
| 2Q 2018 | : | 2.30 sen |
| DPU Yield ² : | | 7.5% |

² Based on annualised DPU of 9.20 sen for FY 2018 and closing price of RM1.22 on 30 June 2018.

Distribution Details

Current Distribution Details for FY2018 Second Quarter 2018

- Distribution Period: 1 April 2018 – 30 June 2018
- Quarterly DPU: 2.30 sen
- Notice of Entitlement: 16 August 2018
- Ex-Dividend Date: 30 August 2018
- Book Closure Date: 4 Sept 2018
- Payment Date: 24 Sept 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 ~92.9% ►
- Rental Reversions 7.8% for 2Q18 ►
- Tenancy Expiry Profile ►

Hektar REIT Portfolio - Occupancy

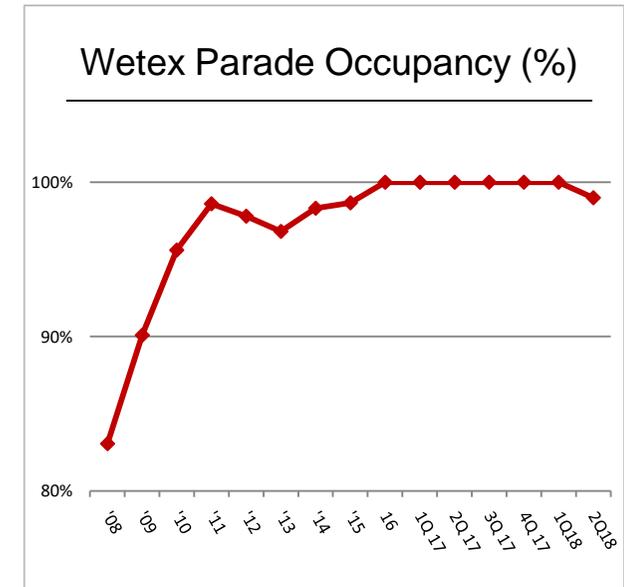
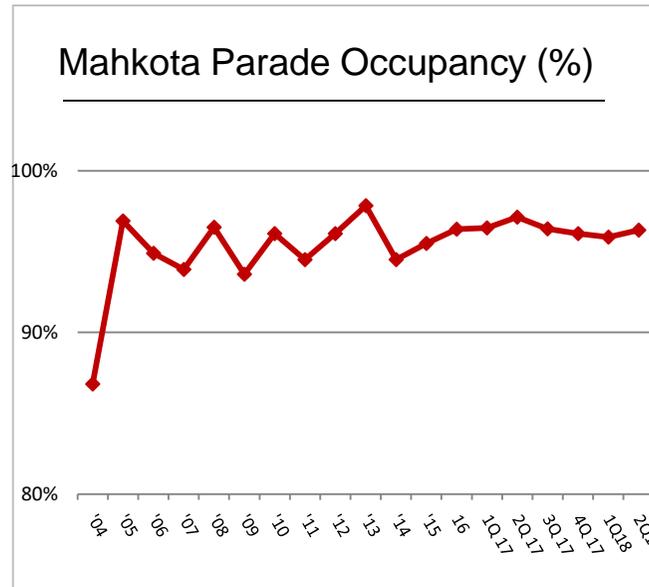
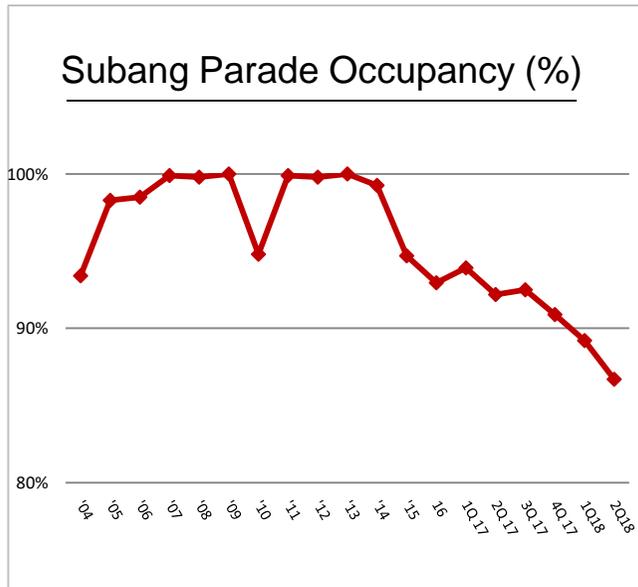
Overall Portfolio Occupancy at ~92.9%

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 | As at 30 Jun 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% | 86.72% |
| 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% | 96.32% |
| 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% | 99% |
| Central Square | | | | | | | | | 89.8% | 82.5% | 80.5% | 98.0% | 96.6% | 96.6% | 95.5% | 87.3% | 95.3% | 95.30% | 94.63% |
| Kulim Central | | | | | | | | | 96.9% | 93.7% | 97.8% | 99.3% | 98.9% | 98.6% | 91.7% | 94.5% | 98.2% | 97.00% | 94.05% |
| Segamat Central | | | | | | | | | | | | | | | | | 94.7% | 94.00% | 90.83% |
| 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% | 92.90% |

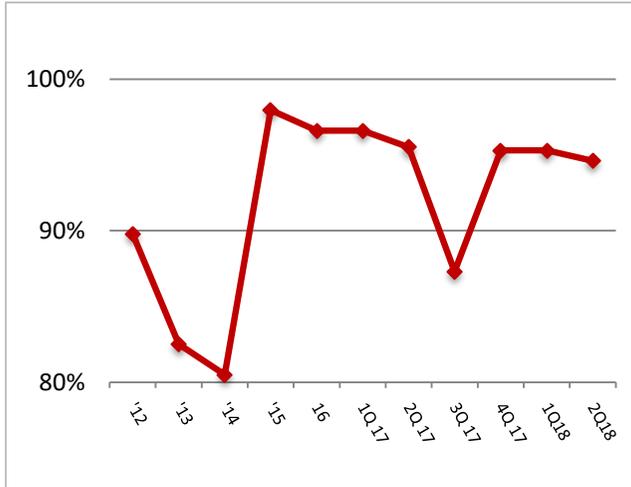
*Approximate average, weighted by Net Lettable Area.



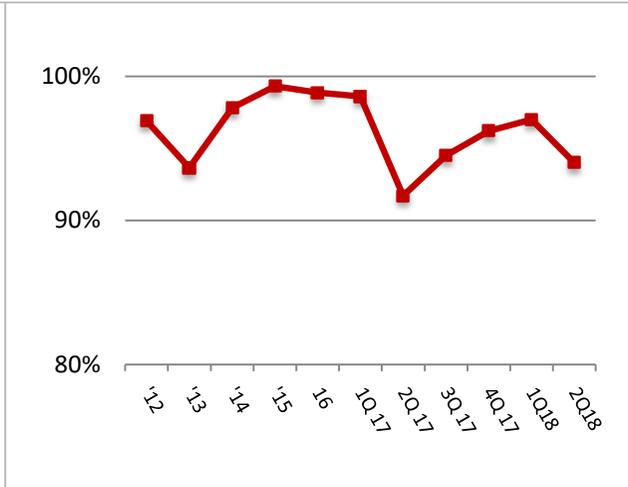
Hektar REIT Portfolio – Occupancy (Continued)

Hektar REIT Portfolio Occupancy

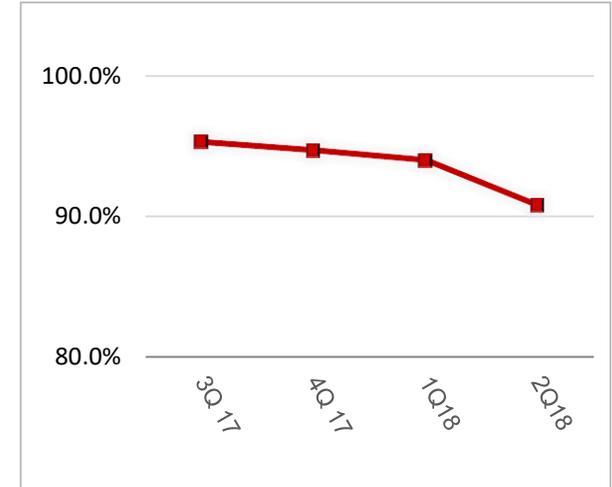
Central Square Occupancy (%)



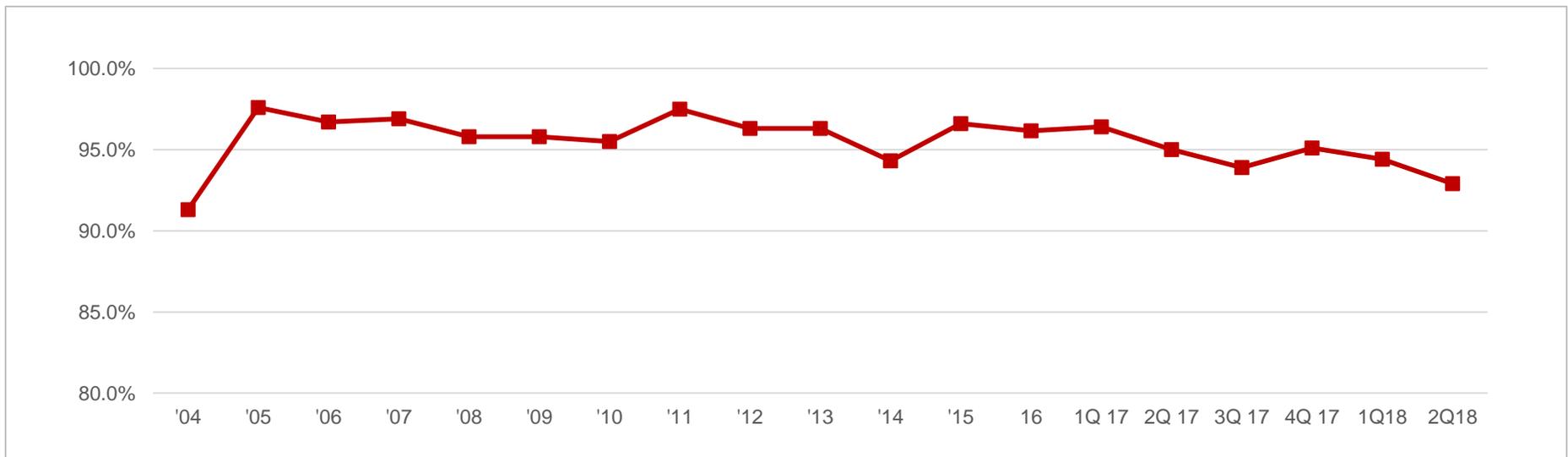
Kulim Central Occupancy (%)



Segamat Central Occupancy (%)



Portfolio Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions 7.8% for 2Q 2018

- Positive reversion recorded at Mahkota Parade, Wetex Parade, Central Square and Kulim Central, with double digit seen
- Subang Parade undergoing tenant relocation(zoning) exercise and AEI exercise

Hektar REIT Rental Reversions: Quarter

| Second Quarter (3 months) (Ended 30 Jun) | No. of New Tenancies / Renewals | NLA (sq ft) | % of Total NLA | % Increase / (Decrease) Over Previous Rent Rates |
|--|---------------------------------------|----------------|----------------------|--|
| Subang Parade | 5 | 7,248 | 1.4% | -6.5% |
| Mahkota Parade | 4 | 9,128 | 1.8% | 8.5% |
| Wetex Parade | 14 | 14,905 | 9.4% | 12.7% |
| Central Square | 4 | 166,662 | 53.5% | 10.4% |
| Kulim Central | 4 | 3,616 | 1.2% | 12.2% |
| Segamat Central | 14 | 15,845 | 7.4% | 9.0% |
| Total / Average* | 45 | 213,422 | 10.6% | 7.8% |

*Average Weighted by NLA.

NLA = Net Lettable Area

Subang Parade:

1) 3 tenants renewed at higher than previous rental and 2 tenants were renewed with lower rate.

2) Skiva and Esquire Kitchen was renewed at lower rate. Tenant relocation and also rezoning is being carried out to prepare for upcoming Asset Enhancement Initiative.

Mahkota Parade :

1) This quarter saw healthy reversions mainly due to new tenants such as Okay, Maxis and Sony centre. Overall, 3 out of 4 tenancies saw positive reversion and the remaining tenancy was renewed with the same rate.

Wetex Parade:

Positive reversion was recorded with higher rates for 14 lots (12 renewal cases and 2 new tenants)

Central Square :

1) All 4 tenancies were successfully renewed at slightly higher rates. Main contributors were the anchor tenant The Store and MBO Cinemas.

Kulim Central:

1) All 4 renewed tenancies were signed with better rates. Out of 4, 3 tenancies are under fashion category and the remaining tenant is under IT category

Segamat Central:

1) Positive reversion due to 12 renewal cases and 1 new tenant. Only 1 tenant renewed at same rate.

Hektar REIT Rental Reversions: Year-To-Date

| 1H 2018 (6 months) (Ended 30 Jun) | No. of New Tenancies / Renewals | NLA (sq ft) | % of Total NLA | % Increase / (Decrease) Over Previous Rent Rates |
|---|---------------------------------------|----------------|----------------------|--|
| Subang Parade | 7 | 9,284 | 1.8% | -5.1% |
| Mahkota Parade | 14 | 39,974 | 7.7% | 21.6% |
| Wetex Parade | 23 | 23,052 | 14.5% | 9.1% |
| Central Square | 9 | 169,697 | 54.5% | 11.0% |
| Kulim Central | 6 | 11,376 | 3.8% | 24.3% |
| Segamat Central | 16 | 91,937 | 43.0% | -9.3% |
| Total / Average* | 75 | 345,320 | 17.1% | 7.4% |

*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 30 June 2018

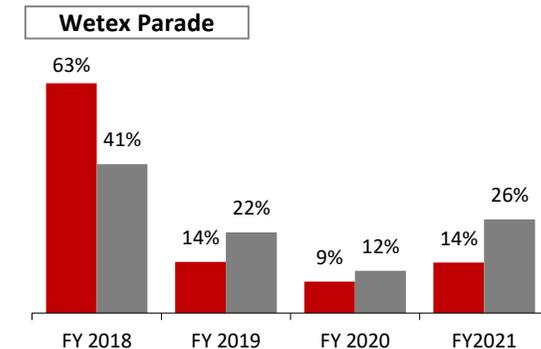
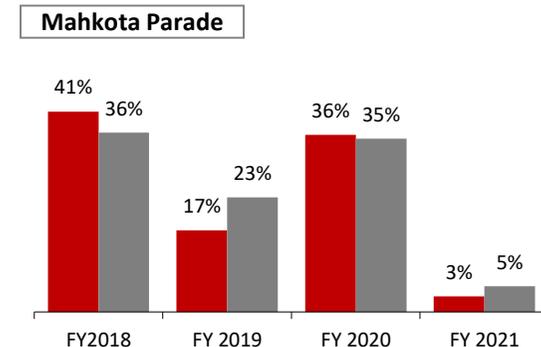
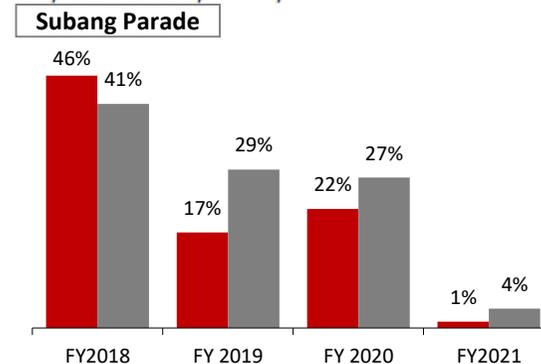
| Subang Parade For Year Ending 30 June | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|---|---------------------------------|---|---|--------------------------------------|
| FY2018 | 35 | 233,897 | 46% | 41% |
| FY 2019 | 40 | 88,693 | 17% | 29% |
| FY 2020 | 30 | 110,517 | 22% | 27% |
| FY2021 | 4 | 6,003 | 1% | 4% |

| Mahkota Parade For Year Ending 30 June | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|---|---------------------------------|---|---|--------------------------------------|
| FY2018 | 42 | 211,183 | 41% | 36% |
| FY 2019 | 41 | 85,938 | 17% | 23% |
| FY 2020 | 26 | 186,678 | 36% | 35% |
| FY 2021 | 6 | 16,617 | 3% | 5% |

| Wetex Parade For Year Ending 30 June | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|--|---------------------------------|---|---|--------------------------------------|
| FY 2018 | 19 | 99,923 | 63% | 41% |
| FY 2019 | 26 | 22,170 | 14% | 22% |
| FY 2020 | 9 | 13,610 | 9% | 12% |
| FY2021 | 20 | 21,890 | 14% | 26% |

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

■ By Total NLA ■ By Monthly Rental Income



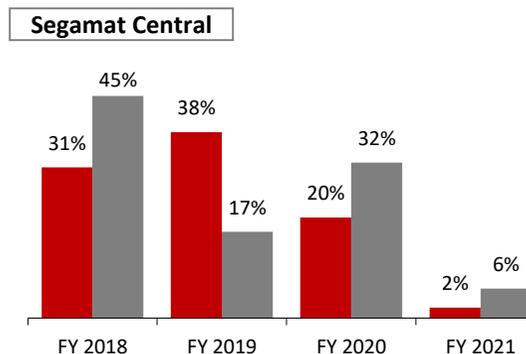
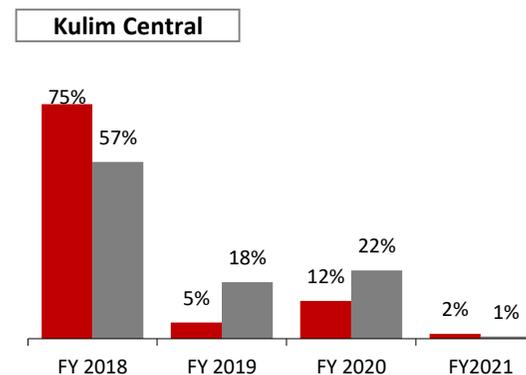
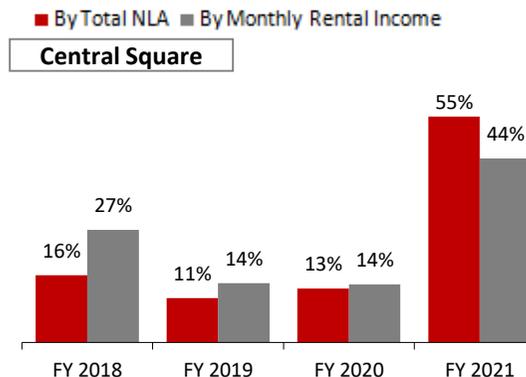
Hektar REIT Tenancy Expiry Profile by Property as at 30 June 2018

| Central Square For Year Ending 30 June | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|--|---------------------------------|---|---|--------------------------------------|
| FY 2018 | 23 | 50,567 | 16% | 27% |
| FY 2019 | 14 | 33,330 | 11% | 14% |
| FY 2020 | 19 | 40,564 | 13% | 14% |
| FY 2021 | 9 | 170,058 | 55% | 44% |

| Kulim Central For Year Ending 31 March | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|--|---------------------------------|---|---|--------------------------------------|
| FY 2018 | 29 | 225,095 | 75% | 57% |
| FY 2019 | 17 | 15,760 | 5% | 18% |
| FY 2020 | 22 | 36,288 | 12% | 22% |
| FY2021 | 4 | 4,641 | 2% | 1% |

| Segamat Central For Year Ending 31 March | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|---|---------------------------------|---|---|--------------------------------------|
| FY 2018 | 36 | 65,460 | 31% | 45% |
| FY 2019 | 8 | 80,652 | 38% | 17% |
| FY 2020 | 8 | 43,693 | 20% | 32% |
| FY 2021 | 6 | 4,584 | 2% | 6% |

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



Hektar REIT Portfolio – Tenancy Expiry Profile

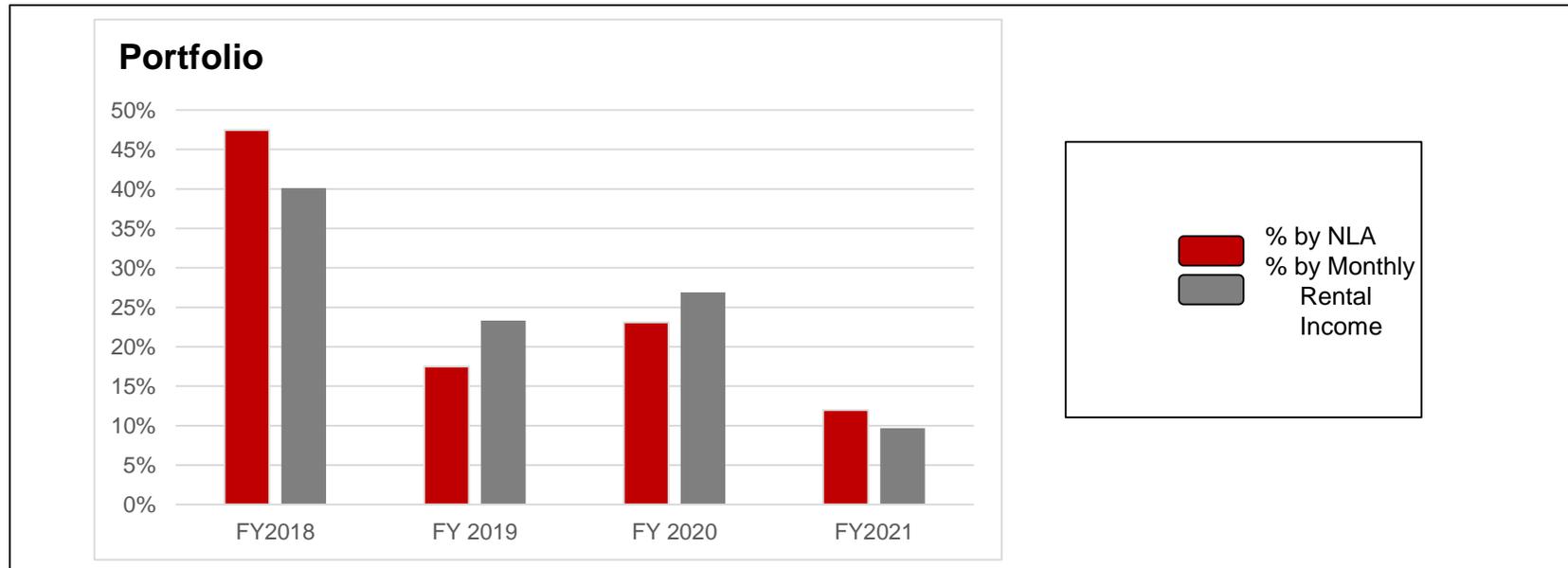
Tenancy Portfolio Expiry Profile 2018 – 2020

- FY2018 – 184 tenancy expiries account for approximately 40% of monthly rental income*
Reduced from 49% in 1Q 2018

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 June 2018

| Portfolio For Year Ending 31 March 2018 | No. of Tenancies Expiring | NLA of Tenancies Expiring (sq ft) | NLA of Tenancies Expiring as % of Total NLA | % of Total Monthly Rental Income* |
|---|------------------------------|--------------------------------------|--|--------------------------------------|
| FY2018 | 184 | 886,125 | 47% | 40% |
| FY 2019 | 146 | 326,543 | 17% | 23% |
| FY 2020 | 114 | 431,350 | 23% | 27% |
| FY2021 | 49 | 223,793 | 12% | 10% |



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

Financial Results

2Q2018 Gross Revenue up 9.9%; NPI up 8.2% from preceding year ►

2Q2018 Realised Income down 1.0% from preceding year ►

Income Statement – Quarter Comparative

2Q2018 Revenue up 9.9%, NPI up 8.2%, Realised Income down 1.0% vs corresponding quarter 2Q2017

| Income Statement Second Quarter 2018 (Unaudited) | 2Q18 (RM '000) | 2Q17 (RM '000) | Variance (%) |
|---|-------------------|-------------------|-----------------|
| Revenue | 33,848 | 30,787 | +9.9% |
| Direct Cost & Property Expenses | <u>(14,332)</u> | <u>(12,746)</u> | - 12.4% |
| Net Property Income (NPI) | <u>19,516</u> | <u>18,041</u> | +8.2% |
| Interest & Other Income | 181 | 170 | 6.5% |
| Trust Fees & Expenses | (3,166) | (2,355) | - 34.0% |
| Interest Expense | <u>(6,260)</u> | <u>(5,486)</u> | -14.1% |
| Realised Income Before Taxation | <u>10,271</u> | <u>10,370</u> | -1.0% |
| Fair Value Adjustment of Investment Properties | - | - | - |
| Fair Value Change on Derivatives | <u>-</u> | <u>127</u> | - |
| Net Income Before Tax | <u>10,271</u> | <u>10,497</u> | -2.2% |
| Net Income per Unit (sen) | 2.22 | 2.62 | -15.3% |
| - realized | <u>2.22</u> | <u>2.59</u> | -14.3% |

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 June 2018
(versus previous comparable period)

| Income Statement Year-To-Date (Unaudited) | FY18 (RM '000) | FY17 (RM '000) | Variance (%) |
|--|--------------------|--------------------|-----------------|
| Revenue | 67,807 | 61,644 | +10.0% |
| Direct Cost & Property Expenses | <u>(28,869)</u> | <u>(25,915)</u> | - 10.7% |
| Net Property Income (NPI) | <u>38,939</u> | <u>35,729</u> | +9.0% |
| Interest & Other Income | 274 | 219 | 25% |
| Trust Fees & Expenses | (6,111) | (5,133) | - 19.0% |
| Interest Expense | <u>(12,419)</u> | <u>(11,124)</u> | -11.6% |
| Realised Income Before Taxation | <u>20,682</u> | <u>19,692</u> | +5.0% |
| Fair Value Adjustment of Investment Properties | - | - | - |
| Fair Value Change on Derivatives | <u>266</u> | <u>427</u> | -37.7% |
| Net Income Before Tax | <u>20,947</u> | <u>20,118</u> | +4.1% |
| Net Income per Unit (sen) | 4.53 | 5.02 | -9.8% |
| – realised | <u>4.48</u> | <u>4.92</u> | -8.9% |

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.

Hektar REIT's Balance Sheet for 2Q 2018

| Balance Sheet (Unaudited) | As at 30.6.2018 (RM '000) | As at 31.12.2017 (RM '000) |
|--|------------------------------|-------------------------------|
| Non-Current Assets | | |
| Investment Properties | 1,194,569 | 1,194,569 |
| Plant & Equipment | 101 | 94 |
| Capital Work in Progress | 27,684 | 15,359 |
| Fixed Deposit with a licensed bank | 1,408 | 1,328 |
| | 1,223,762 | 1,211,351 |
| Current Assets | | |
| Trade Receivables | 14,831 | 11,073 |
| Other Receivables, Deposits, Prepayments | 6,385 | 7,352 |
| Cash and Bank Balances | 14,462 | 22,096 |
| | 1,259,441 | 1,251,871 |
| TOTAL ASSETS | | |
| Long Term Liabilities | | |
| Tenancy Deposits | 12,484 | 13,825 |
| Borrowings | 483,100 | 542,057 |
| Derivative Financial Instrument | | 265 |
| | 495,584 | 556,148 |
| Current Liabilities | | |
| Trade Payables | 2,484 | 2,524 |
| Other Payables and Accruals | 17,829 | 9,760 |
| Tenancy Deposits | 20,112 | 20,056 |
| Borrowings | 79,972 | 15,000 |
| | 615,981 | 603,488 |
| TOTAL LIABILITIES | | |
| | 643,461 | 648,383 |
| NET ASSET VALUE | | |
| Unitholders' Capital | 492,500 | 492,500 |
| Retained Earnings - realised | 41,879 | 47,067 |
| Retained Earnings - unrealised | 109,081 | 108,816 |
| | 643,461 | 648,383 |
| TOTAL UNITHOLDERS' FUND | | |

Unit Price Statistics

As at 30 June 2018

No. of Units Outstanding
461,960,178

Net Asset Value (RM) Per Unit
1.3929

Unit Price (RM)
1.22

Premium / Discount to NAV
-12.2%



Debt Profile

Debt Profile for 2Q 2018

Debt Information

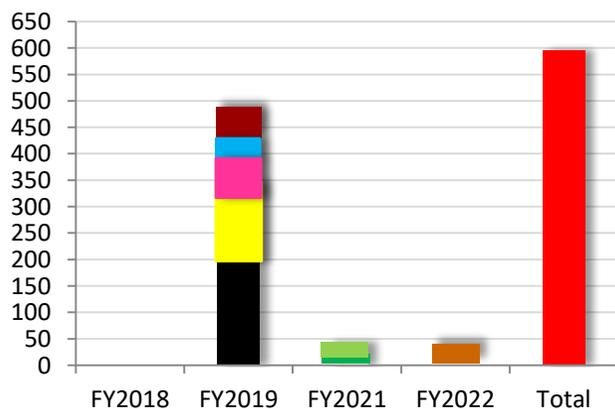
As at 31 March 2018

- Total Debt: **RM563 million**
- Weighted Cost of Debt: **4.4%**
- Gearing Ratio¹: **44.7%**
- Interest Cover²: **2.73**

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

² Based on 3 months ended 30 June 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

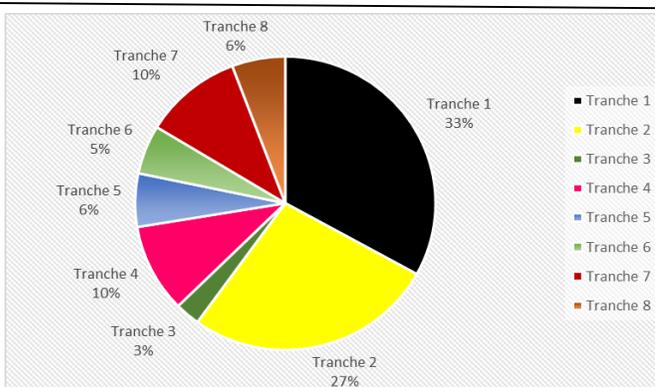
- Term: 7 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Fully Drawn
- Cost: 4.65%
- Refinancing: March 2021

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
Hektar Asset Management Sdn Bhd
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