

THIRD QUARTER 2018 FINANCIAL RESULTS PRESENTATION

27 NOVEMBER 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 Frasers Property, 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 2018

1st July 2018 – 30th Sept 2018

Commentary

- 3Q 2018 Dividend per unit (DPU) of 2.10sen
- 3Q 2018 Gross revenue +9.7%, NPI +14.1%, Realised Income +10.8% from preceding year
- Realised Net Income per Unit for the period fell 1.9% on enlarged units base
- Retail business in Malaysia seeing mixed impact from GST and SST
- The portfolio net income is expected to fluctuate before rebounding due to the AEI planning in Subang Parade

Operational & Financial Performance (Third Quarter)

- Portfolio Occupancy: ~ 91.6%
- Rent Reversions: ~ 7.9%
- Net Income per Unit (Realised) 2.07 sen
vs. previous comparable period/quarter¹: - 1.9%
- Distribution per Unit (DPU) 2.10sen
vs. previous comparable period²: n/a

¹ 3Q17 Realised Net Income per unit: 2.11 sen

² In 2Q17, an interim distribution per unit of 4.00 sen including advance distribution for July to August 2017 was declared; and in 4Q17 a final distribution per unit of 3.30sen together with income distribution for September 2017 was declared.

Distribution and Yield

Accumulative to date:

1Q 2018	:	2.30 sen
2Q 2018	:	2.30 sen
3Q 2018	:	2.10 sen
DPU Yield ³ :		7.2%

³ Based on DPU YTD of 6.70 sen annualised for FY 2018 and closing price of RM1.24 on 28 Sept 2018.

Distribution Details

Current Distribution Details for FY 2018 Third Quarter 2018

- Distribution Period: 1 July 2018 – 30 September 2018
- Quarterly DPU: 2.10 sen
- Notice of Entitlement: 27 November 2018
- Ex-Dividend Date: 12 December 2018
- Book Closure Date: 14 December 2018
- Payment Date: 3 January 2019

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 ~91.6% ►

Rental Reversions 7.9% for 3Q18 ►

Tenancy Expiry Profile ►

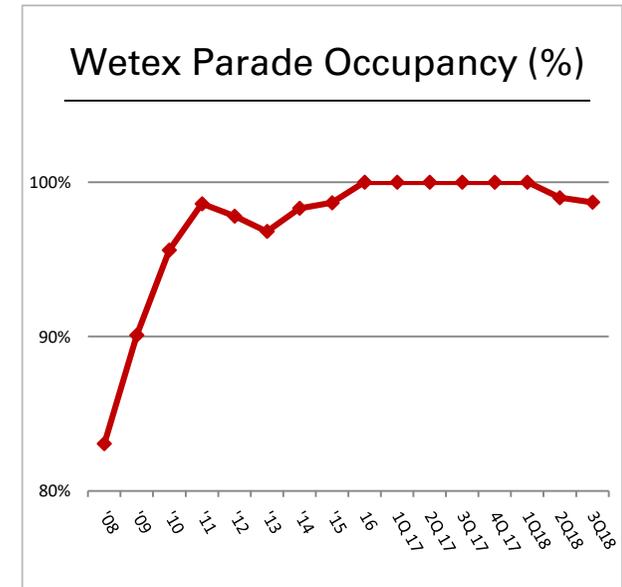
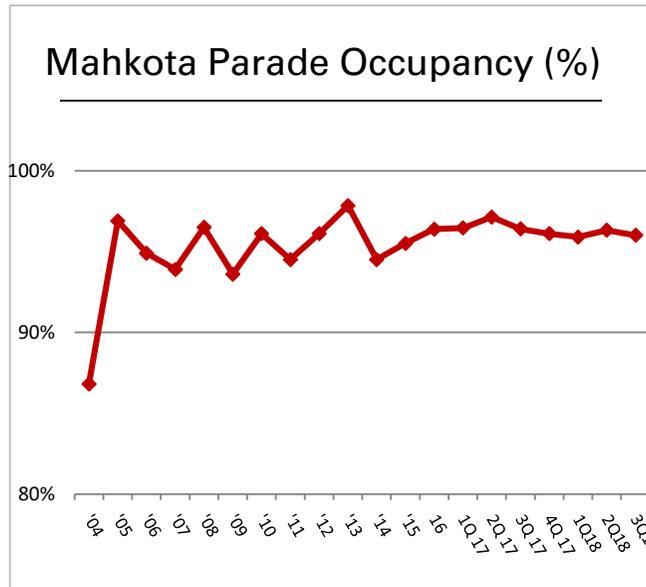
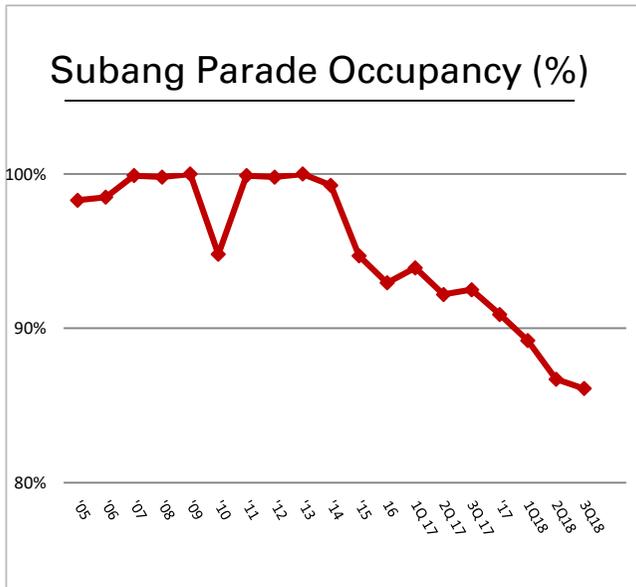
Overall occupancy level still healthy

- Temporary decline in Segamat Central due to change in main anchor tenant and in Subang Parade due to the planning of Asset Enhancement Initiatives.

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 Dec 2017	As at 31 Mar 2018	As at 30 Jun 2018	As at 30 Sep 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%	90.9%	89.2%	86.7%	86.1%
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%	96.1%	95.9%	96.3%	96.0%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	100.0%	100.0%	99.0%	98.7%
Central Square									89.8%	82.5%	80.5%	98.0%	96.6%	95.3%	95.3%	94.7%	95.8%
Kulim Central									96.9%	93.7%	97.8%	99.3%	98.9%	98.2%	97.0%	94.1%	92.7%
Segamat Central														94.7%	94.0%	90.8%	81.5%
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%	95.1%	94.4%	92.9%	91.6%

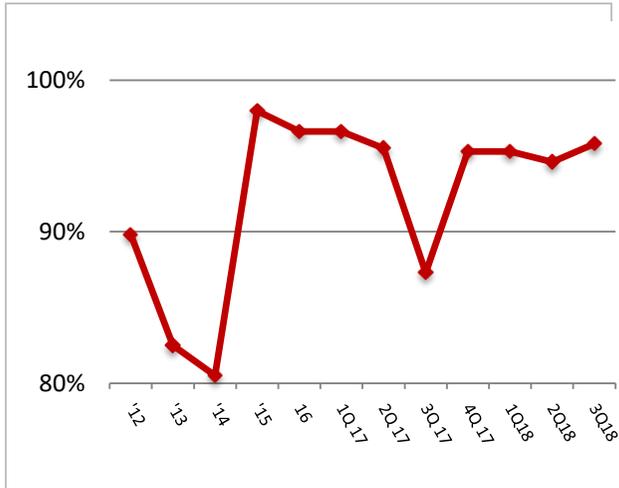
*Approximate average, weighted by Net Lettable Area.



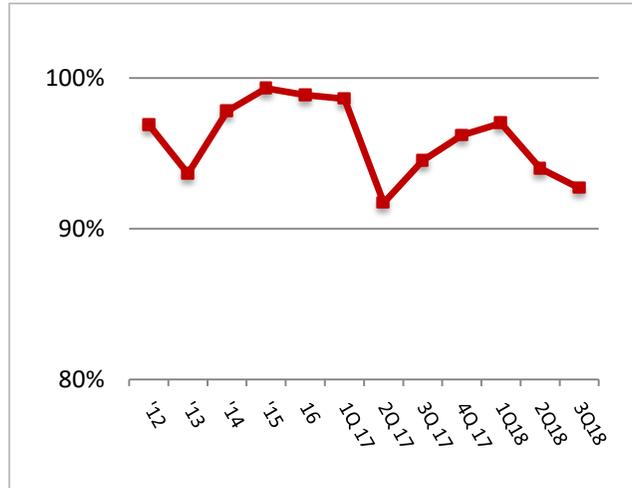
Hektar REIT Portfolio – Occupancy (Continued)

Hektar REIT Portfolio Occupancy

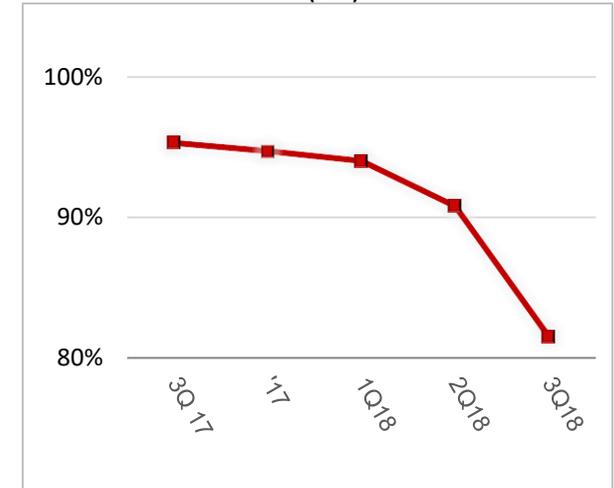
Central Square Occupancy (%)



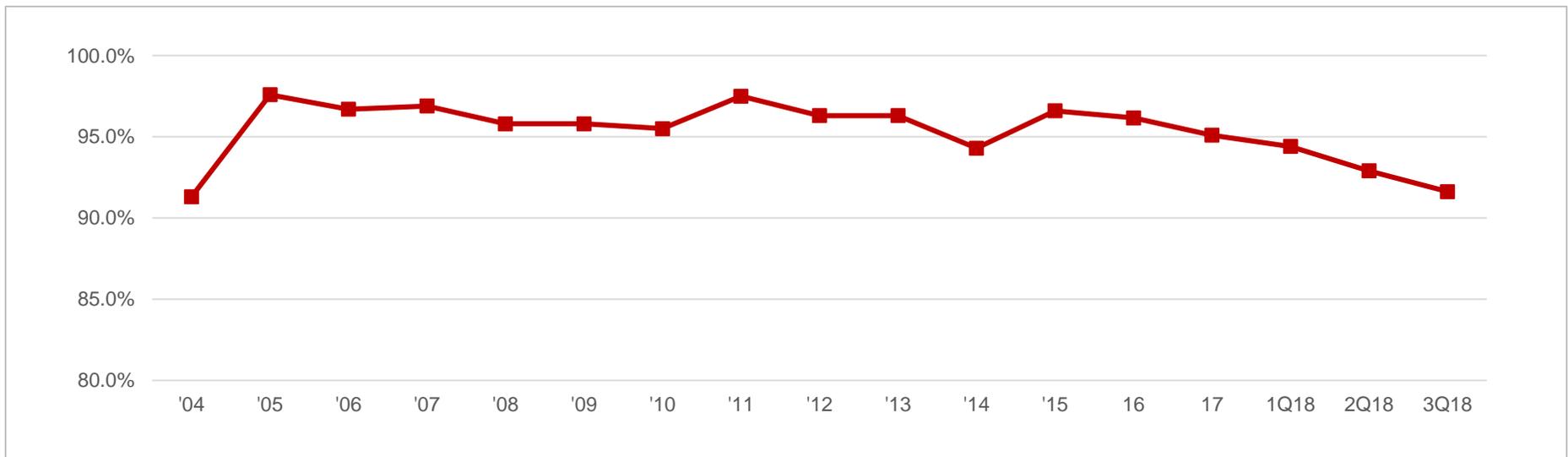
Kulim Central Occupancy (%)



Segamat Central Occupancy (%)



Portfolio Occupancy (%)



Rental Reversions 7.9% for 3Q 2018

- Positive reversion were recorded at all the properties from Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central to Segamat Central
- Subang Parade undergoing tenant relocation(zoning) exercise and AEI exercise

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	154,141	30.0%	4.6%
Mahkota Parade	9	9,293	1.8%	15.7%
Wetex Parade	5	4,145	2.6%	11.1%
Central Square	1	338	0.1%	8.7%
Kulim Central	5	4,480	1.5%	17.4%
Segamat Central	8	8,083	3.8%	17.7%
Total/Average*	38	180,480	8.9%	7.9%

* Average Weighted by NLA

Subang Parade:

- 8 tenants were renewed and 1 new tenant was secured successfully at higher than previous rental
- Anchor tenant Parkson was renewed

Mahkota Parade:

- This quarter saw healthy reversions mainly due 2 new tenants and 6 renewals.
- New tenants Subang House Café and Switch received a positive reception in Melaka.

Wetex Parade:

- Positive reversion was recorded with higher rates for 5 lots and all were renewal cases.

Central Square :

- Only 1 tenancy was renewed this quarter in Central Square

Kulim Central:

- This quarter Kulim Central welcomed 3 new tenants and renewed 2 existing tenants.

Segamat Central:

- Positive reversion for all 6 renewal cases and 2 new tenants.
- Introduction of anchor tenants TF Value Mart and mini anchor Mr DIY, opening in 4Q18.

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	17	163,425	31.4%	2.6%
Mahkota Parade	23	49,267	9.5%	19.9%
Wetex Parade	28	27,197	17.1%	9.5%
Central Square	10	170,035	54.6%	10.9%
Kulim Central	11	15,856	5.3%	21.3%
Segamat Central	24	100,020	46.9%	-4.7%
Total / Average*	113	425,780	21.1%	7.6%

* Average Weighted by NLA

NLA = Net Lettable Area

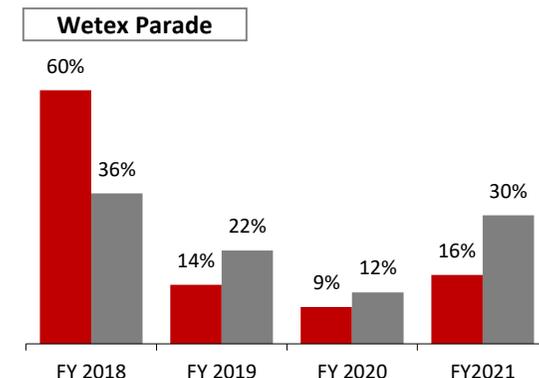
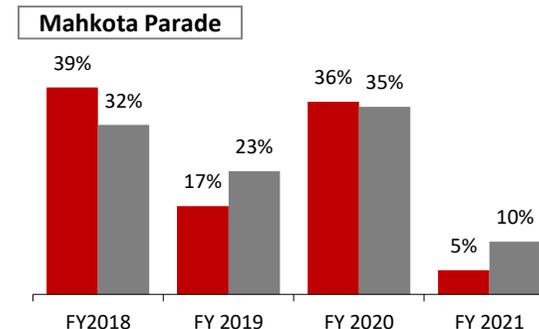
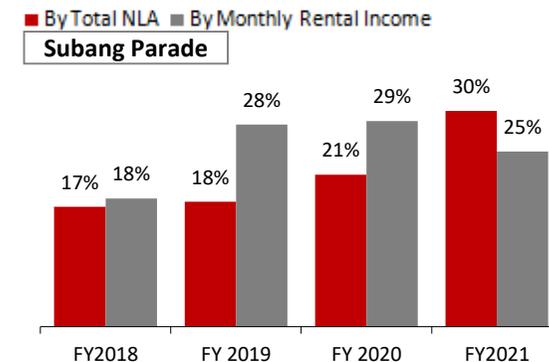
Hektar REIT Tenancy Expiry Profile by Property as at 30 Sep 2018

Subang Parade Period Ending 30 Sep	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	25	76,692	17%	18%
FY 2019	39	91,355	18%	28%
FY 2020	31	111,123	21%	29%
FY 2021	14	157,618	30%	25%

Mahkota Parade Period Ending 30 Sep	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	32	201,768	39%	32%
FY 2019	41	85,937	17%	23%
FY 2020	27	187,765	36%	35%
FY 2021	14	23,511	5%	10%

Wetex Parade Period Ending 30 Sep	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	13	95,180	60%	36%
FY 2019	26	22,170	14%	22%
FY 2020	10	13,782	9%	12%
FY 2021	24	25,863	16%	30%

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



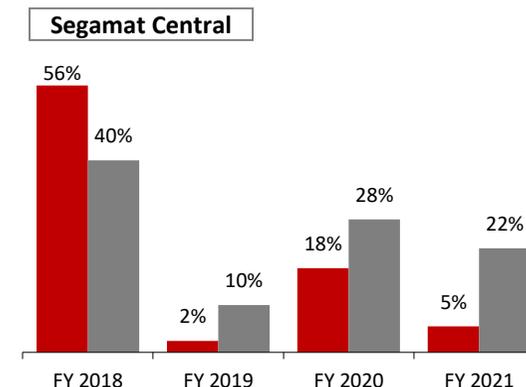
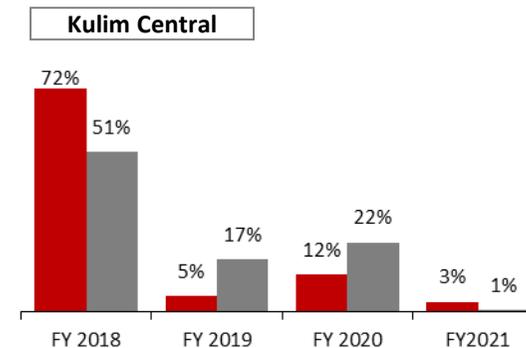
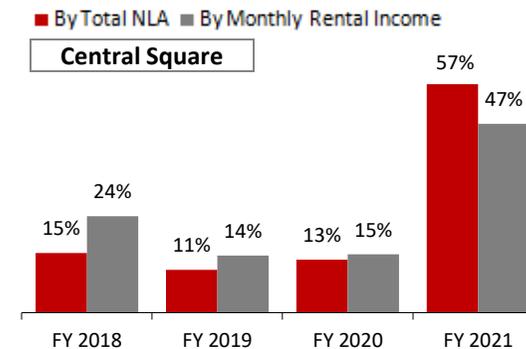
Hektar REIT Tenancy Expiry Profile by Property as at 30 Sep 2018

Central Square Period Ending 30 Sep	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	17	46,406	15%	24%
FY 2019	14	33,330	11%	14%
FY 2020	20	41,113	13%	15%
FY 2021	13	177,351	57%	47%

Kulim Central Period Ending 30 Sep	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	24	215,163	72%	51%
FY 2019	17	15,760	5%	17%
FY 2020	23	36,541	12%	22%
FY 2021	10	10,155	3%	1%

Segamat Central Period Ending 30 Sep	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	119,392	56%	40%
FY 2019	7	5,120	2%	10%
FY 2020	9	37,555	18%	28%
FY 2021	12	11,645	5%	22%

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



Hektar REIT Portfolio – Tenancy Expiry Profile

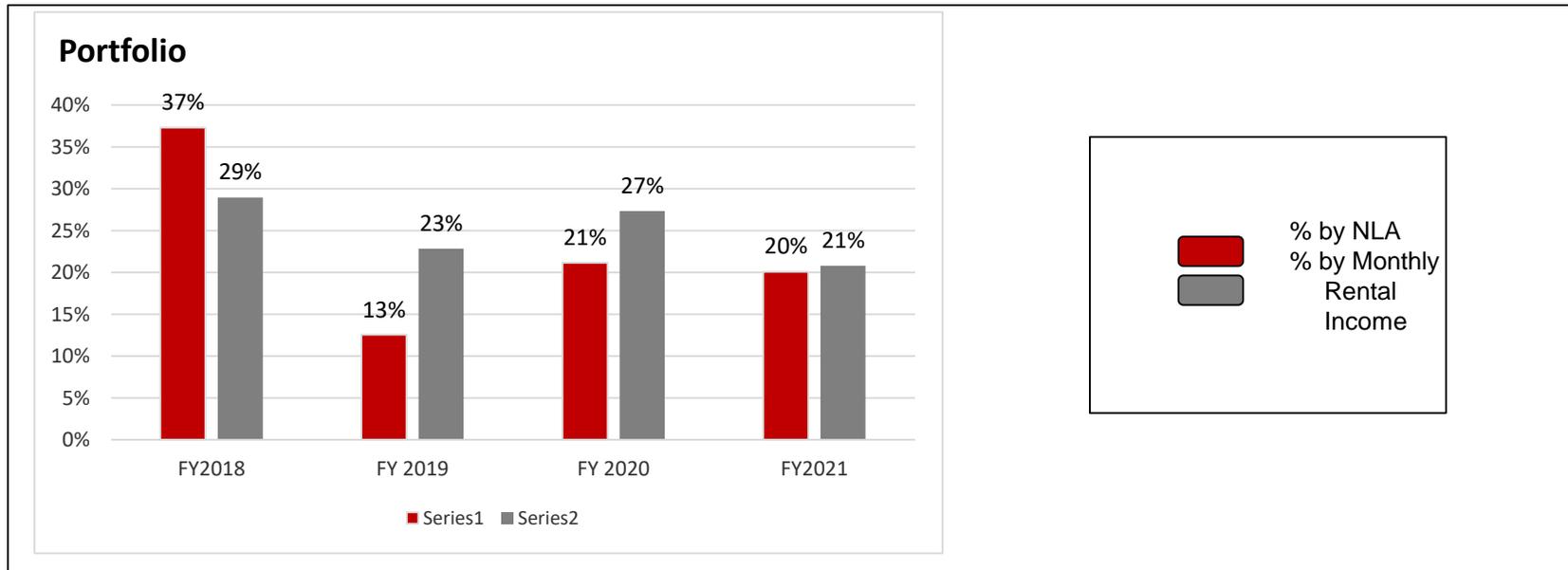
Tenancy Portfolio Expiry Profile 2018 – 2021

- FY2018 – 134 tenancy expiries account for approximately 29% of monthly rental income*
Reduced from 60% as at 1 Jan 2018

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 30 Sep 2018

Portfolio Period Ending 30 Sep 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	134	754,601	37%	29%
FY 2019	144	253,673	13%	23%
FY 2020	120	427,879	21%	27%
FY2021	87	406,143	20%	21%



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

Financial Results

3Q2018 Gross Revenue up 9.7%; NPI up 14.1% from preceding year ►

3Q2018 Realised Income higher 10.8% from preceding year ►

Income Statement – Quarter Comparative

3Q2018 Revenue up 9.7%, NPI up 14.1%, Realised Income increased 10.8% vs corresponding quarter 3Q2017

Income Statement Third Quarter 2018 (Unaudited)	3Q18 (RM '000)	3Q17 (RM '000)	Variance (%)
Revenue	33,419	30,458	+9.7%
Direct Cost & Property Expenses	<u>(13,909)</u>	<u>(13,362)</u>	- 4.1%
Net Property Income (NPI)	<u>19,510</u>	<u>17,096</u>	+14.1%
Interest & Other Income	141	139	+0.1%
Trust Fees & Expenses	(3,710)	(2,854)	- 30.0%
Interest Expense	<u>(6,390)</u>	<u>(5,759)</u>	-11.0%
Realised Income Before Taxation	<u>9,550</u>	<u>8,622</u>	+10.8%
Fair Value Adjustment of Investment Properties	-	(7,986)	-
Fair Value Change on Derivatives	<u>-</u>	<u>140</u>	-
Net Income Before Tax	<u>9,550</u>	<u>495</u>	>100.0%
Net Income per Unit (sen)	2.07	0.12	>100.0%
- realised	<u>2.07</u>	<u>2.11</u>	-1.9%

Income Statement – Year-To-Date Comparative

For Period 1 Jan – 30 Sep 2018
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	FY18 (RM '000)	FY17 (RM '000)	Variance (%)
Revenue	101,226	92,102	+9.9%
Direct Cost & Property Expenses	(42,777)	(39,277)	- 8.9%
Net Property Income (NPI)	58,449	52,825	+10.6%
Interest & Other Income	314	359	-12.5%
Trust Fees & Expenses	(9,721)	(7,987)	- 21.7%
Interest Expense	(18,809)	(16,882)	-11.4%
Realised Income Before Taxation	30,232	28,313	+6.8%
Fair Value Adjustment of Investment Properties	-	-	-
Fair Value Change on Derivatives	266	286	-7.0%
Net Income Before Tax	30,497	20,613	+48.0%
Net Income per Unit (sen)	6.60	5.11	29.2%
– realised	6.54	7.02	-6.8%



Balance Sheet

Hektar REIT's Balance Sheet for 3Q 2018

Balance Sheet (Unaudited)	As at 30.9.2018 (RM '000)	As at 31.12.2017 (RM '000)
Non-Current Assets		
Investment Properties	1,194,569	1,194,569
Plant & Equipment	22	94
Capital Work in Progress	30,312	15,359
Fixed Deposit with a licensed bank	1,447	1,328
	<u>1,226,539</u>	<u>1,211,351</u>
Current Assets		
Trade Receivables	17,629	11,073
Other Receivables, Deposits, Prepayments	6,887	7,352
Cash and Bank Balances	6,637	22,096
	<u>1,257,692</u>	<u>1,251,871</u>
TOTAL ASSETS		
Long Term Liabilities		
Tenancy Deposits	13,619	13,825
Borrowings	483,100	542,057
Derivative Financial Instrument		266
	<u>496,719</u>	<u>556,148</u>
Current Liabilities		
Trade Payables	2,503	2,524
Other Payables and Accruals	17,477	9,760
Tenancy Deposits	18,635	20,056
Borrowings	79,972	15,000
	<u>615,306</u>	<u>603,488</u>
TOTAL LIABILITIES		
NET ASSET VALUE		
	<u>642,385</u>	<u>648,383</u>
Unitholders' Capital		
Unitholders' Capital	492,500	492,500
Retained Earnings - realised	40,804	47,067
Retained Earnings - unrealised	109,081	108,816
	<u>642,385</u>	<u>648,383</u>
TOTAL UNITHOLDERS' FUND		

Unit Price Statistics

As at 30 Sep 2018

No. of Units Outstanding
461,960,178

Net Asset Value (RM) Per Unit
1.3906

Unit Price (RM)
1.24

Premium / Discount to NAV
-10.8%



Debt Profile

Debt Profile for 3Q 2018

Debt Information

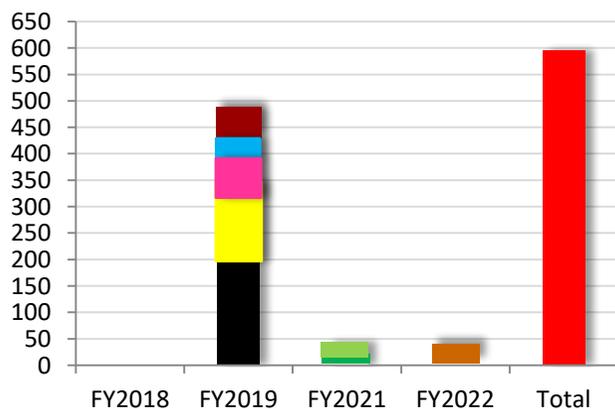
As at 30 Sep 2018

- Total Debt: **RM563 million**
- Weighted Cost of Debt: **4.6%**
- Gearing Ratio¹: **44.8%**
- Interest Cover²: **2.49**

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

² Based on 3 months ended 30 Sep 2018

RM million



Financing Details

Al-Murabahah / OD

Fixed Term Loan, 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: 4.74%
- Refinancing: December 2019

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM54.3 million
- Drawdown: Fully Drawn
- Cost: 4.58%
- Refinancing: December 2019

Tranche 2

- Term: 5 Years, Expiring 2019
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.48%
- Refinancing: December 2019

Tranche 5

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM32.8 million
- Drawdown: Fully Drawn
- Cost: 4.58%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.51%
- Renew: March 2021

Tranche 6

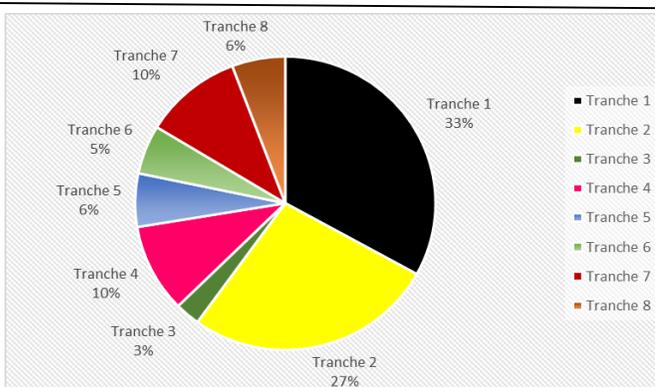
- Term: 7 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Fully Drawn
- Cost: 4.62%
- Refinancing: March 2021

Tranche 7

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

Tranche 8

- Term: 5 Years, Expiring 2022
- Pledged: Central Square
- Facility Size: RM32 million
- Drawdown: Fully Drawn
- Cost: 4.58%
- Refinancing: September 2022



“Creating The Places Where People Love To Shop”

Investor Relations
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