
HEKTAR REIT



**HEKTAR REIT
FULL YEAR 2007 (13-MONTHS)
FINANCIAL RESULTS**

HEKTAR ASSET MANAGEMENT SDN BHD

4 FEBRUARY 2008

PRIVATE & CONFIDENTIAL



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Financial Summary



Financial Summary – Full Year 2007

Full Year 2007	1 Dec 2006 – 31 Dec 2007 (13 Months)
Final Dividend Per Unit (DPU)	Final DPU: 3.51 sen (4th Quarter 2007)
DPU Exceeds Forecast	FY 2007 Total DPU: 10.71sen Annualised DPU: 9.89 sen Exceeds DPU Forecast by <u>11.2%</u>
Total Return	FY2007 Total Return: 54%*

* See Slide 7 for more details.

Dividend Distribution

FY 2007 Dividends Exceeds Forecast by 11.2%

- Actual DPU of 10.7 sen (13 Months), Annualised DPU of 9.9 sen*

FY2007		Actual	Budget	Variance	Change (%)
Net Income - Realised	RM ('000)	36,682	30,811	5,872	+ 19.1%
Net Income Per Unit - Realised	sen	11.46	9.63	1.83	+ 19.1%
Dividend Per Unit (DPU)	sen	10.71	9.63	1.08	+ 11.2%
Composition:					
Three (3) Quarterly Distributions	sen	7.20	7.20		
Final Distribution	sen	3.51	2.40		
Annualised DPU	sen	9.89	8.89	1.00	+ 11.2%

DPU Yields

Based on :	FY2007 (13-m)	Annualised
Unit Price of RM1.40 on 31 Jan 08	7.7%	7.1%
IPO Retail Price of RM1.05 on 4 Dec 06	10.2%	9.4%
IPO Institutional Price of RM1.11 on 4 Dec 06	9.6%	8.9%

*As per initial offering prospectus dated November 2006, Hektar REIT will pay out a forecast of 9.6 sen for the FY2007 representing the 13-month period ending 31 December 2007 or 90% of its actual net income, whichever is higher. The final DPU for FY2007 is 10.71 sen representing a 93% payout of the actual net income of 11.46 sen.



Distribution Details

Hektar REIT Final Dividend Timeline

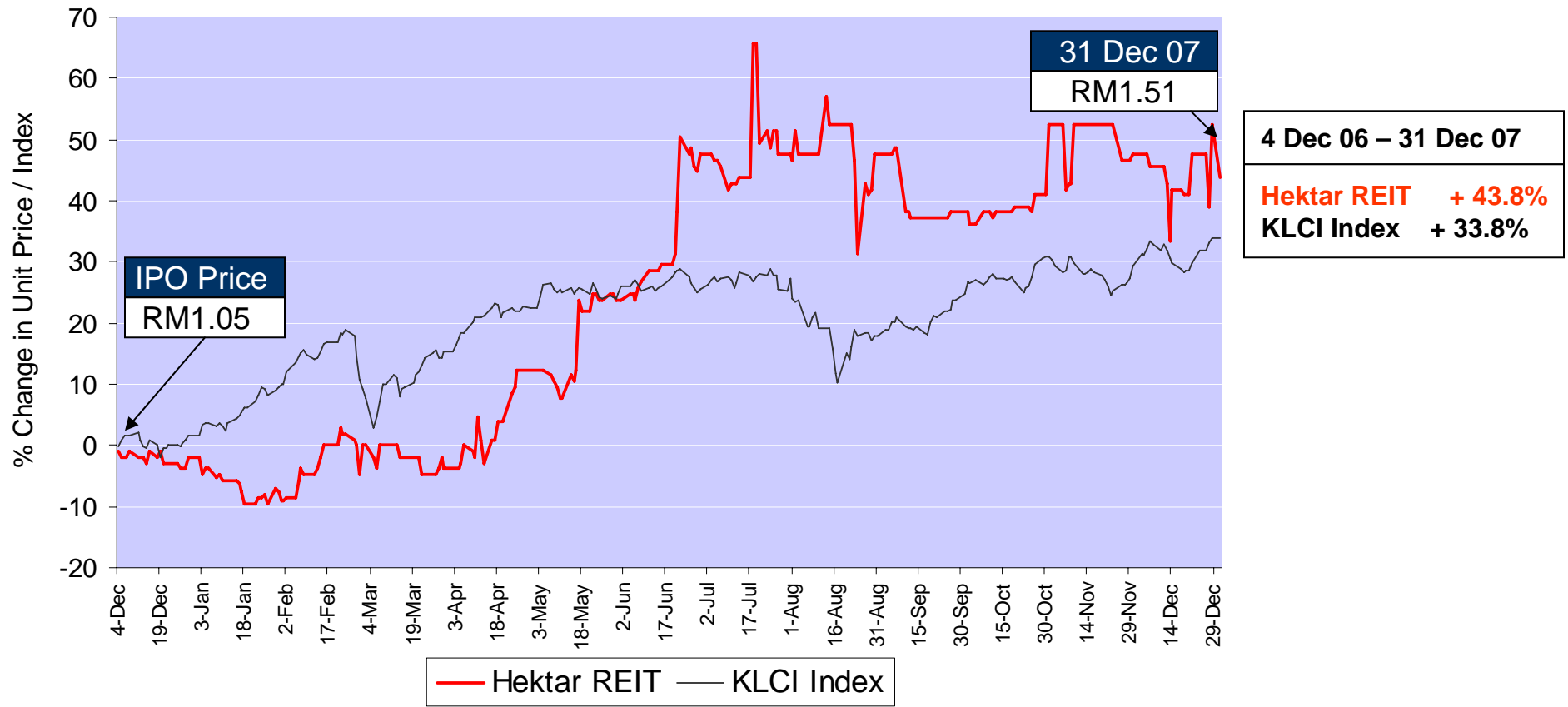
Distribution Period
1 October – 31 December 2007
Final DPU
3.51 sen
Notice of Entitlement
4 February 2008
Ex-Dividend Date
19 February 2008
Book Closure Date
21 February 2008
Distribution Payment Date
4 March 2008



Hektar REIT Unit Price Performance

FY2007: 4 December 2006 – 31 December 2007

- Capital Appreciation + 43.8%
- Dividend Yield + 10.2%
- **Total Return since IPO + 54%***



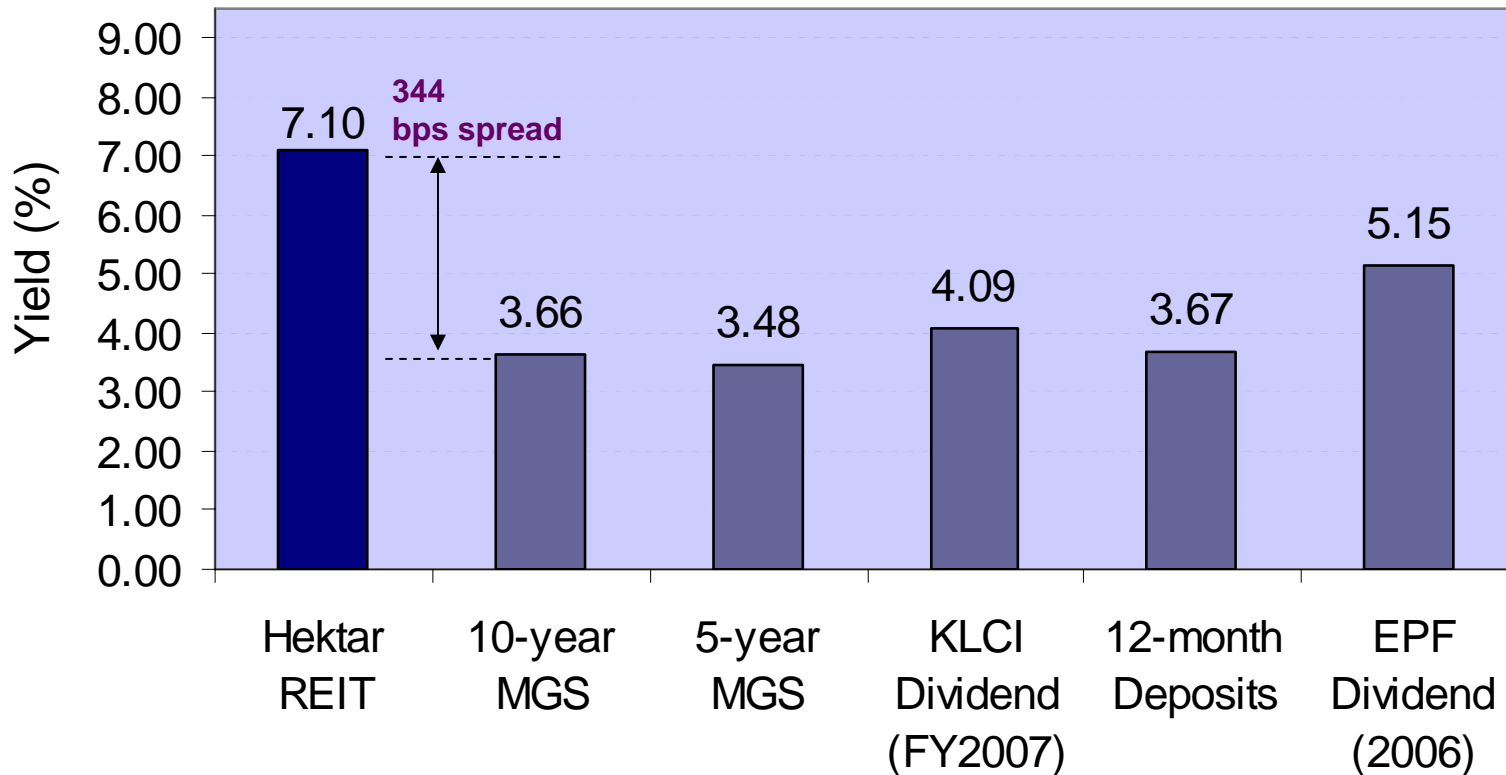
Source: Bloomberg (2008). KLCI = Kuala Lumpur Composite Index.

* Based on FY2007 DPU of 10.71 sen and IPO Retail Price of RM1.05. IPO Institutional Investors Total Return: 46%

Comparative Yields - Malaysia

Hektar REIT Yield Spread (DY2007)

- Traded at a 344 bps spread over MGS 10-year as at 31 January 2008



Sources: The Star, Bloomberg, Estimates. Hektar REIT yield based on closing price 31 January 2008 of RM1.40 and annualised DPU for FY2007.

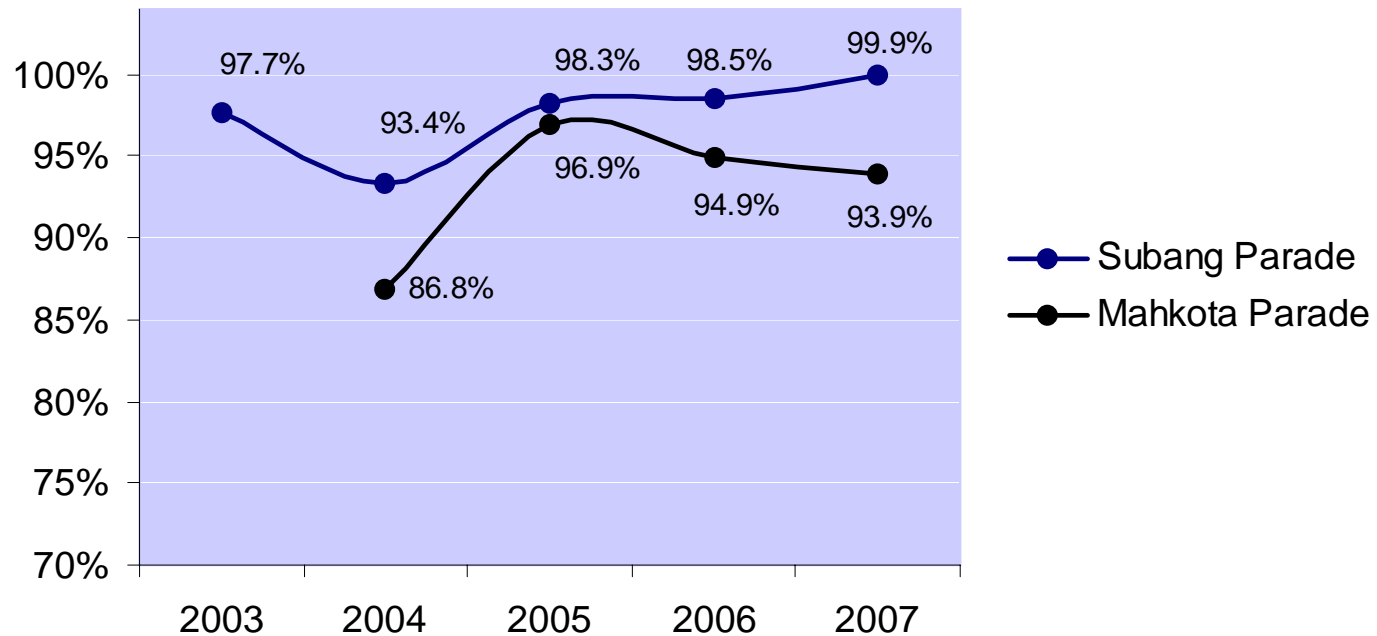
Portfolio Performance



Hektar's Portfolio - Occupancy

Portfolio occupancy holding well in 2007

Property	As of 31 December 2003	As of 31 December 2004	As of 31 December 2005	As of 30 September 2006	As of 31 December 2007
Subang Parade	97.7%	93.4%	98.3%	98.5%	99.9%
Mahkota Parade		86.8%	96.9%	94.9%	93.9%
Total / Overall	97.7%	91.3%	97.6%	96.7%	96.9%





Hektar's Portfolio - Traffic

Steady Visitor Traffic in Hektar's Portfolio

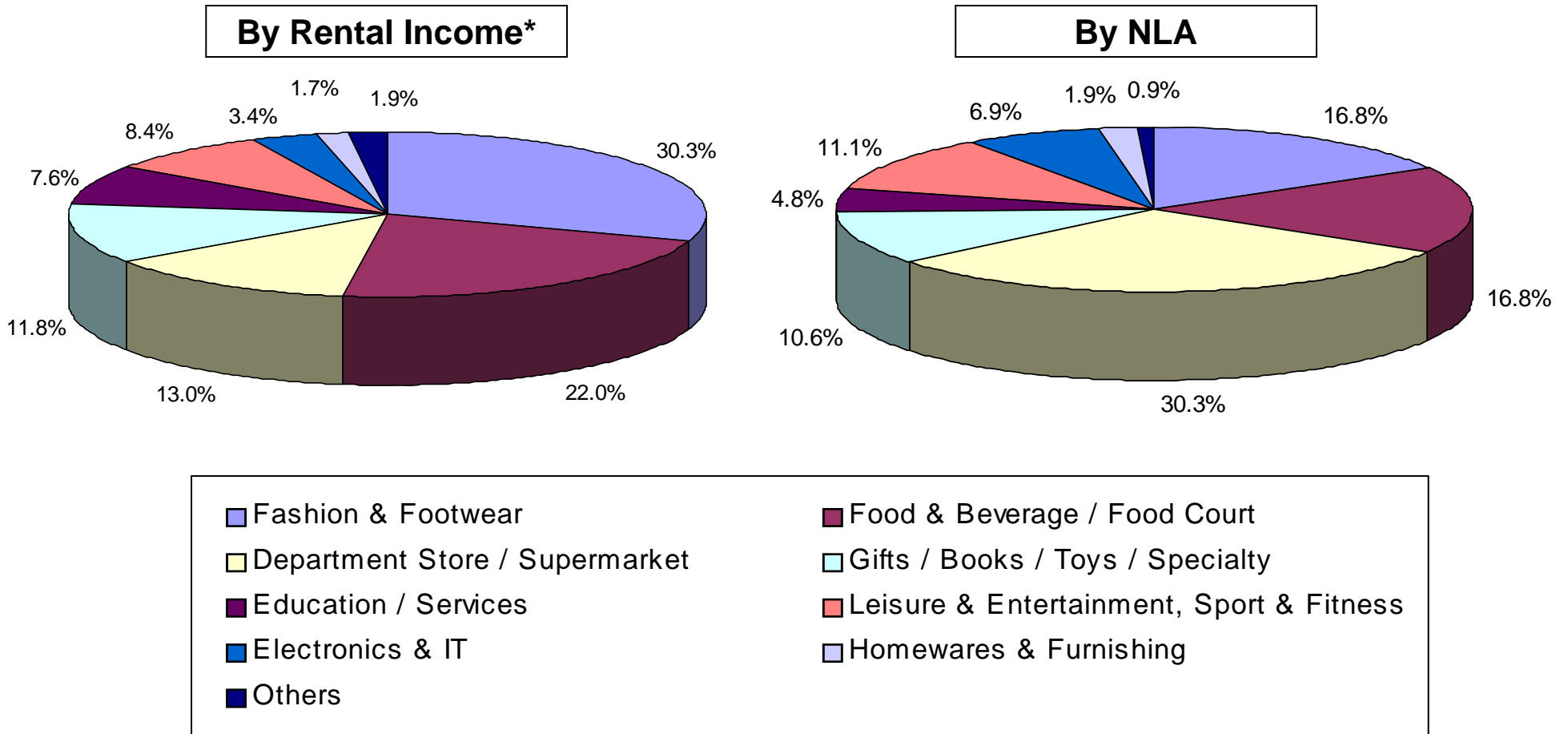
- Overall visitor traffic up 14.5% in 2007
- Tracked by Footfall, camera-based system installed in each centre
- Subang Parade's traffic up 32.6% in 2007 after 2006 refurbishment

Property	No. of Visits (2005)	No. of Visits (2006)	No. of Visits (2007)
Subang Parade	5,689,196	5,916,354	7,842,409
<i>% Change in Traffic</i>	-	4.0%	32.6%
Mahkota Parade	8,012,968	8,636,714	8,817,065
<i>% Change in Traffic</i>	-	7.8%	2.1%
Total	13,702,164	14,553,068	16,659,474
<i>% Change in Traffic</i>	-	6.2%	14.5%

Hektar's Portfolio – Tenant Mix

Tenant Mix Remains well-diversified

- Combined Portfolio as of 31 December 2007



* Based on monthly rental income for December 2007.



Hektar's Portfolio – Tenant Diversification

Hektar's Top Ten Tenants

- Top 10 Tenants Contribute 28% of REIT's Monthly Rental Income

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson Grand	Department	254,009	26.9%	12.0%
2 The Reject Shop	Fashion	17,695	1.9%	2.2%
3 Bata	Fashion	7,169	0.8%	2.2%
4 Ampang SuperBowl	Leisure	36,717	3.9%	1.9%
5 McDonald's	F&B	10,457	1.1%	1.8%
6 Kenny Rogers Roasters	F&B	7,096	0.8%	1.7%
7 W.O.S. World of Sports	Fashion	10,796	1.1%	1.7%
8 Bonia	Fashion	4,835	0.5%	1.5%
9 Celebrity Fitness	Leisure	34,317	3.6%	1.5%
10 Voir	Fashion	5,506	0.6%	1.4%
Top 10 Tenants (By Monthly Rental Income)		388,597	41.1%	27.8%
Other Tenants		556,303	58.9%	72.2%
Total		944,900	100.0%	100.0%

* Based on monthly rental income for December 2007.

Hektar's Portfolio – Rental Reversions

Overall Full Year 2007 – Strong Rental Reversions

- But reversions flat in central Melaka in 4Q07 (Mahkota Parade)
- 4Q07: 26 new tenancies / renewals @ 9% average rental increase
- FY07: 84 new tenancies / renewals @ 20% average rental increase

Fourth Quarter (3 months) (Ending 31 Dec)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates
Subang Parade	16	34,891	7%	15%
Mahkota Parade	10	12,721	3%	-1%
Portfolio Total / Average	26	47,612	5%	9%

Full Year 2007 (13 months) (Ending 31 Dec)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates
Subang Parade	43	137,177	29%	16%
Mahkota Parade*	41	54,760	12%	26%
Portfolio Total / Average	84	191,937	20%	20%

Figures as of 31 December 2007. Outstanding tenancies are currently in negotiation.

* Mahkota Parade figures include rental increases from a one-time asset enhancement exercise. See 1Q07 results for more details.

Hektar's Portfolio – Tenancy Expiry Profile

Hektar's Tenancy Expiry Profile 2008 – 2011

- By Property (as of 31 December 2007)



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 2008**	39	262,287	55%	40%
FY 2009	30	43,255	9%	17%
FY 2010	41	138,319	29%	34%
FY 2011	5	19,328	4%	4%



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 2008**	36	261,818	55%	43%
FY 2009	29	61,189	13%	20%
FY 2010	28	40,137	9%	18%
FY 2011	6	22,490	5%	4%

* Based on monthly rental income for December 2007.

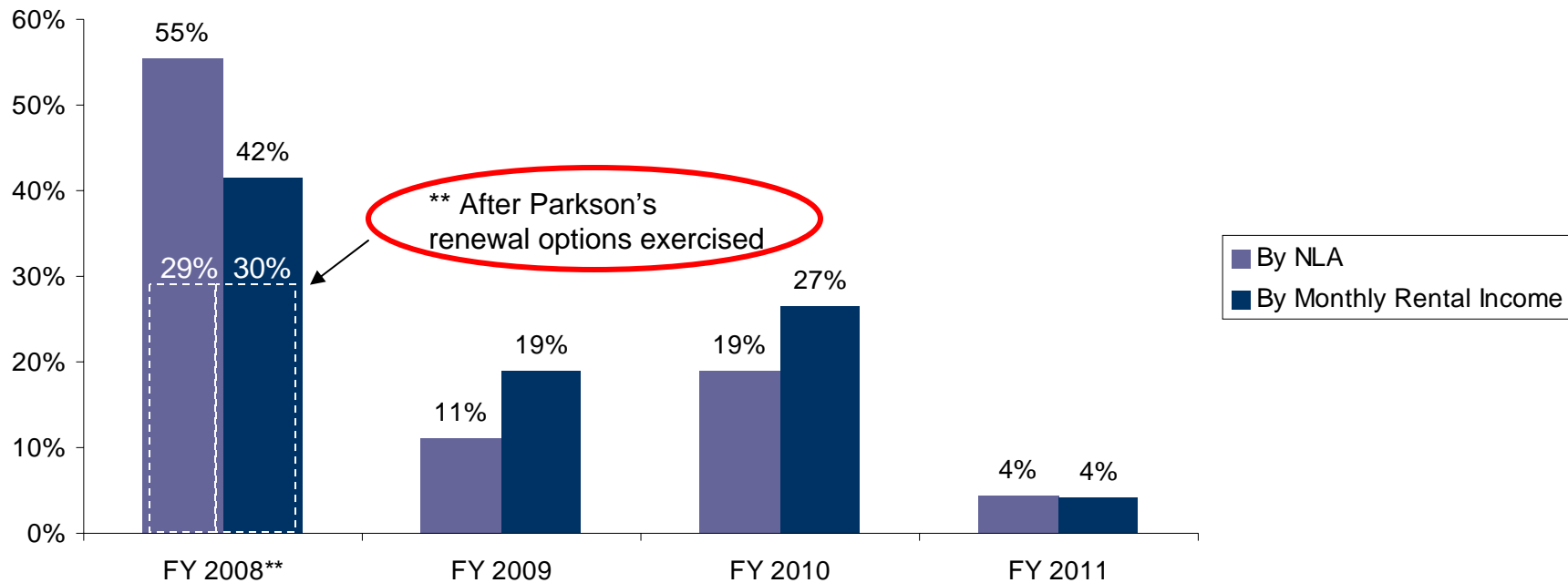
**Major Anchor Tenant Parkson has tenancy renewal options for up to 9 years, commencing in 2008.

Hektar's Portfolio – Tenancy Expiry Profile

Portfolio Tenancy Expiry Profile 2008 – 2011

- Combined Portfolio (as of 31 December 2007)

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 2008**	75	524,105	55%	42%
FY 2009	59	104,444	11%	19%
FY 2010	69	178,456	19%	27%
FY 2011	11	41,818	4%	4%



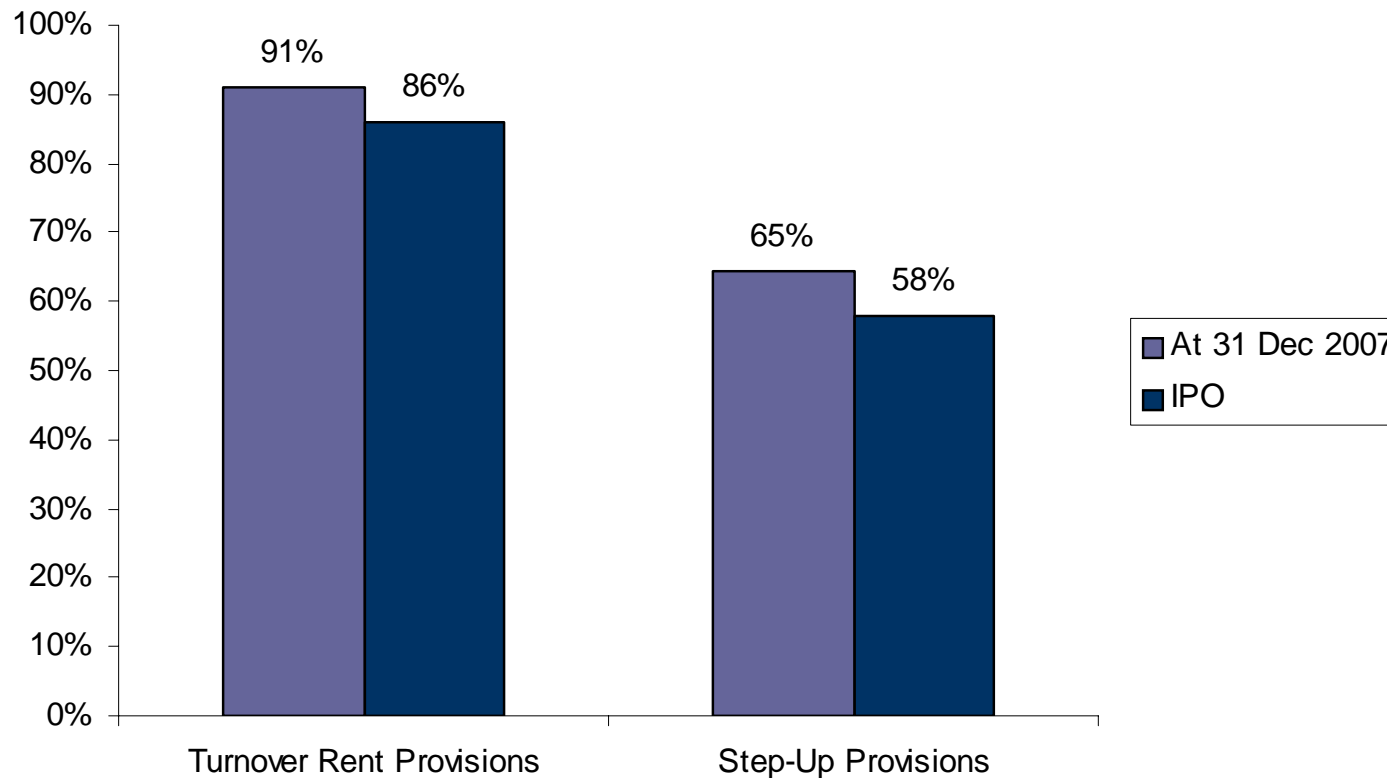
* Based on monthly rental income for December 2007.

**Major Anchor Tenant Parkson has tenancy renewal options for up to 9 years, commencing in 2008.

Hektar's Portfolio – Step-Up & Turnover

Hektar Tenancy Provisions

- Turnover Rent reported by 91% of tenancies vs 86% at IPO
- Step-Up provisions in 65% of tenancies vs 58% at IPO
- Turnover Rent to be Reviewed and Assessed in 1Q 2008



Financial Results

Income Statement

Gross Revenues ahead of budget forecast

For Period 1 September 2007 – 31 December 2007

	Actual (RM '000)	Budget (RM '000)	Variance (%)
Gross Rental Income			
Revenue from Tenancy	16,709	15,788	+ 5.8%
Car Park	1,637	1,422	+ 15.1%
Gross Revenues	<u>18,346</u>	<u>17,211</u>	<u>+ 6.6%</u>
Direct Cost & Property Expenses			
Property Management Fees	(367)	(362)	- 1.5%
Assessment, Quit Rent & Insurance	(692)	(896)	+ 22.7%
Other Operating Expenses	(6,009)	(5,374)	- 11.8%
Total Property Expenses	<u>(7,068)</u>	<u>(6,632)</u>	<u>- 6.6%</u>
Trust Fees & Expenses			
Manager's fee			
Base Fee	(350)	(348)	- 0.7%
Performance Fee	(408)	(375)	- 8.8%
Trustee's fee	(30)	(30)	+ 2.4%
Valuation fee	(18)	(12)	- 58.9%
Administration expenses	(514)	(100)	- 414.7%
Total Trust Fees & Expenses	<u>(1,320)</u>	<u>(864)</u>	<u>- 52.7%</u>

Income Statement Summary – 4Q07

Fourth Quarter net income is 13.1% over budget

For Period 1 September 2007 – 31 December 2007

Fourth Quarter 2007	Actual (RM '000)	Budget (RM '000)	Variance (%)
Gross Revenue	18,346	17,211	+ 6.6%
Direct Cost & Property Expenses	(7,068)	(6,632)	- 6.6%
Net Property Income (NPI)	<u>11,278</u>	<u>10,579</u>	<u>+ 6.6%</u>
Interest & Other Income	29	86	- 66.0%
Total Income	<u>11,307</u>	<u>10,665</u>	<u>+ 6.0%</u>
Trust Fees & Expenses	(1,320)	(864)	- 52.8%
Interest Expense	(1,943)	(2,691)	+ 27.8%
Net Income Before Tax - Realised	<u>8,044</u>	<u>7,110</u>	<u>+ 13.1%</u>
Net Income per Unit (sen)	2.51	2.22	13.1%

Income Statement Summary – FY2007

FY2007 DPU Exceeds Forecast by 11.2%

For Period 1 December 2006 (IPO) – 31 December 2007 (13 months)

FY 2007	YTD Actual (RM '000)	YTD Budget (RM '000)	Variance (%)
Gross Revenue	78,331	74,580	+ 5.0%
Direct Cost & Property Expenses	(29,052)	(28,738)	- 1.1%
Net Property Income (NPI)	49,279	45,842	+ 7.5%
Interest & Other Income	123	374	- 67.0%
Total Income	49,402	46,216	+ 6.9%
Trust Fees & Expenses	(4,395)	(3,745)	- 17.4%
Interest Expense	(8,325)	(11,661)	+ 28.6%
Net Income Before Tax - Realised	36,682	30,811	+ 19.1%
Fair Value Gain on Investment Properties	43,842		
Net Income Before Tax	80,524		
Net Income per Unit (sen)	25.16		
Net Income per Unit - Realised (sen)	11.46	9.63	19.1%
Full Year 2007 Dividend Distribution* (sen)	10.71	9.63	11.2%
Quarterly Distributions (Q1+Q2+Q3) (sen)	7.20		
Final (Fourth Quarter) Distribution (sen)	3.51		

Balance Sheet (as of 31 December 2007)

	RM ('000)
Non Current Assets	
Property Investment	559,400
Current Assets	
Accounts Receivable	890
Work In Progress	5,106
Other Debtor / Prepayment	4,581
Cash at Bank	19,375
	<u>29,953</u>
Current Liabilities	
Other Creditors & Accruals	1,935
Advances received	135
Tenancy deposits	17,690
Provision for income distribution	11,232
	<u>30,992</u>
Net current assets/(liabilities)	(1,011)
	<u><u>558,389</u></u>
Financed by:	
Unitholders' capital	336,586
Listing expenses	(8,449)
Retained earnings - realised	2,410
Retained earnings - unrealised	43,842
Net Asset Value ("NAV")	<u>374,389</u>
Long Term Liabilities	
Borrowings	184,000
	<u><u>558,389</u></u>

No. of Units
320,001,000
Net Asset Value Per Unit
1.17*
Unit Price, 31 Dec 2007
1.51
Premium / (Discount) NAV
29%

**After provision for dividend distribution.
NAV announced at RM1.20 on 9 Jan 08*

Debt Structure
Al-Murabahah / OD
Gearing (Debt/GAV)**
31.2%
Interest Expense
4.95% (2008)

***Gearing Limited for Malaysian REITs:
50% of GAV (Gross Asset Value)*



Valuation

Hektar Portfolio Recently Revalued

- Prior valuation based on unaudited book value at 30 September 2007
- Date of current valuation at 30 November 2007
- Increase in book value of 9%

Property	Book Value RM ('000)	Valuation in 2007 RM ('000)	Variance RM ('000)	Change (%)
Subang Parade	280,525	311,400	30,875	11%
Mahkota Parade	234,922	248,000	13,078	6%
Total	515,448	559,400	43,952	9%




Contact



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