

FOURTH QUARTER 2016 FINANCIAL RESULTS PRESENTATION

14 FEBRUARY 2016
HEKTAR ASSET MANAGEMENT SDN BHD



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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 and Kulim. 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

Fourth Quarter FY 2016

1 Oct 2016 – 31 Dec 2016

Commentary

- 4Q2016 Interim Distribution Per Unit: 2.7 sen
- Realised Net Income for the period down 5.6% due to lower revenue

Operational & Financial Performance (Fourth Quarter)

- Portfolio Occupancy: ~ 96.2%
- Rent Reversions: ~ -11.6%
- Net Income per Unit (Realised)
vs. previous comparable period/quarter¹: 2.59 sen -5.6%
- Distribution per Unit (DPU)
vs. previous comparable period¹: 2.70 sen maintained

¹ 4Q15 Realised Net Income per unit: 2.75 sen

Distribution and Yield

4Q16 DPU:	2.7 sen
4Q15 DPU:	2.7 sen
DPU Yield ² :	6.7%

² Based on total declared DPU of 10.50 sen for FY16 and closing price of RM1.56 on 30 Dec 2016.

Distribution Details

Hektar REIT Annual DPU Positive Growth Since IPO

Current Distribution Details

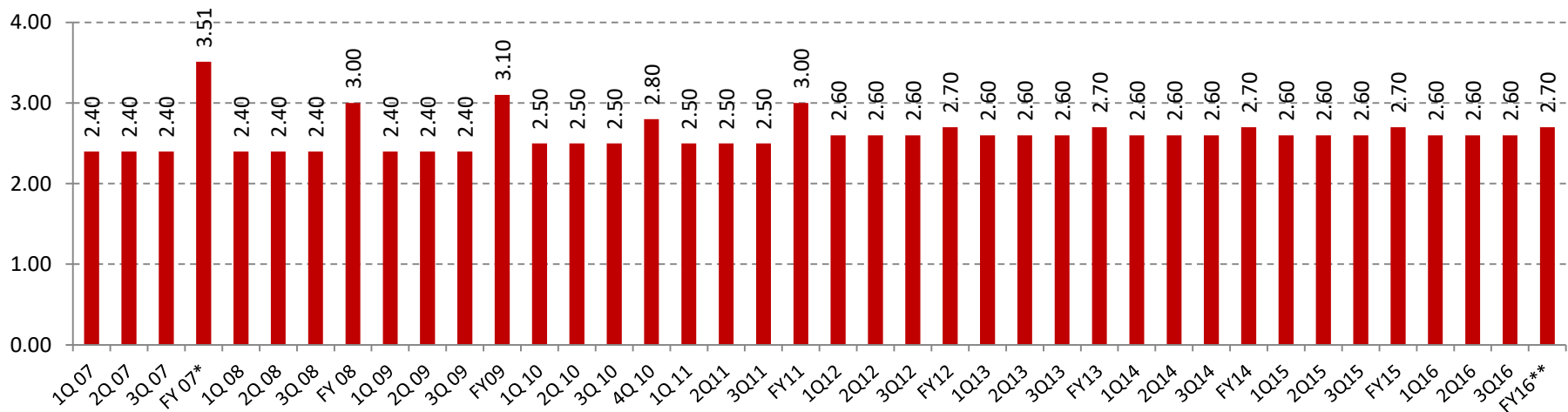
Fourth Quarter 2016

- Distribution Period: **1 Oct 2016 – 31 Dec 2016**
- Quarterly DPU: **2.7 sen**
- Notice of Entitlement: **14 February 2017**
- Ex-Dividend Date: **27 February 2017**
- Book Closure Date: **1 March 2017**
- Payment Date: **16 March 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



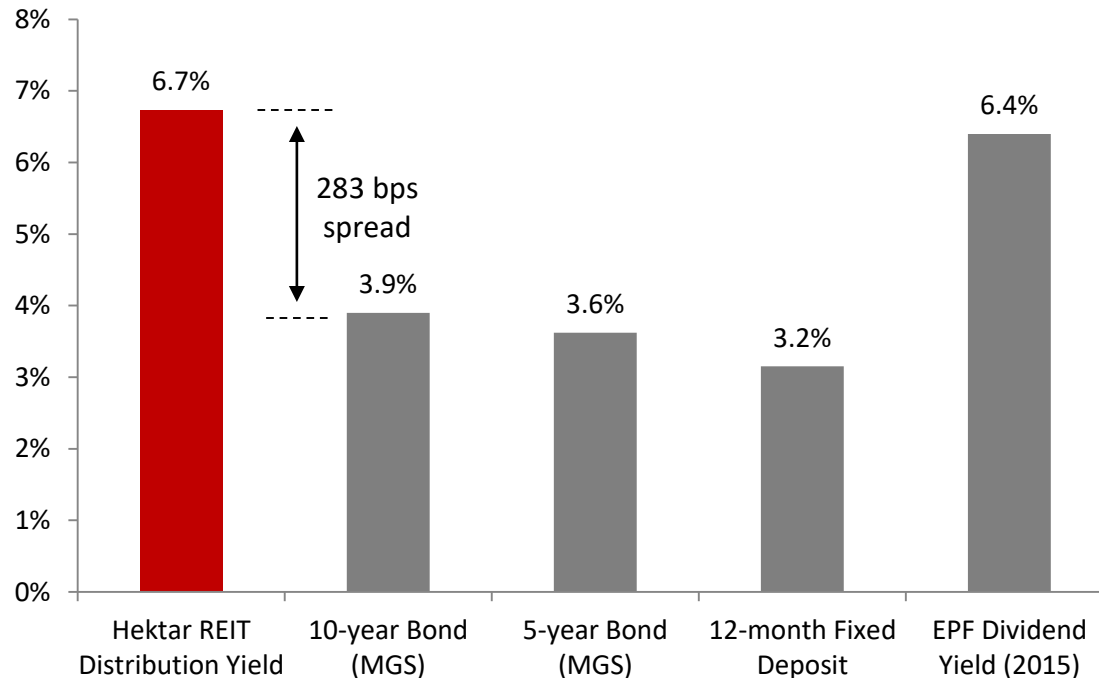
* FY 07 represented a 13 month period from December 2006 to 31 December 2007 ** Declared

Comparative Yields - Malaysia

Hektar REIT Distribution Yield at approximately 6.7%

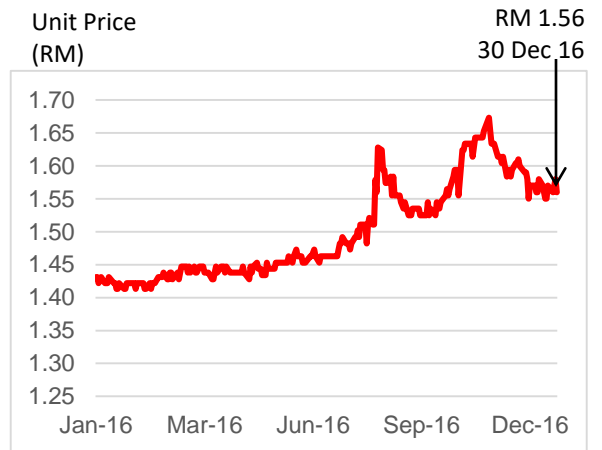
- Traded at a 283 bps spread over MGS 10-year
- Unit Price increased by 9.0% since beginning of the year

Hektar REIT Comparative Yields



Sources: Bloomberg (30 Dec 2016), EPF (Feb 2016), BNM (19 Jan 2017), RHB (26 Jul 2016). Hektar REIT's yield based on closing price of RM1.56 on 30 Dec 2016 and total declared DPU of 10.50 sen for FY 2016.

Hektar REIT Unit Price Change 4Q 2016 (12 months)



Portfolio Performance

Overall Occupancy at ~96.2% ►

Rental Reversions -11.6% for 4Q16 ►

Tenancy Expiry Profile ►

56% of Portfolio Tenancy Rental Income Expiries in 2017 ►



Hektar REIT Portfolio - Occupancy

Overall Portfolio Occupancy at ~96.2%

Wetex Parade records full occupancy

Hektar REIT Portfolio Occupancy

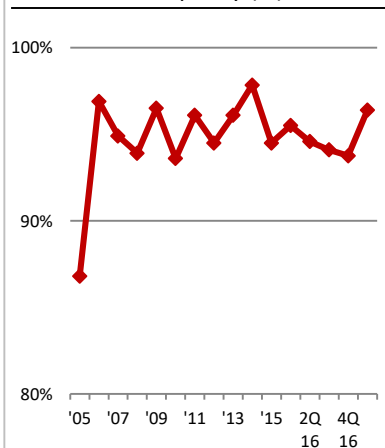
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Mar 2016	As at 30 Jun 2016	As at 30 Sep 2016	As at 31 Dec 2016
Subang 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%	94.1%	96.3%	94.8%	93.0%
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%	94.6%	94.1%	93.8%	96.4%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	98.7%	100.0%	99.8%	100.0%	100.0%
Central Square									89.8%	82.5%	80.5%	98.0%	98.3%	98.0%	93.2%	96.6%
Landmark Central									96.9%	93.7%	97.8%	99.3%	97.8%	97.8%	97.6%	98.9%
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%	96.1%	96.5%	95.1%	96.2%

*Approximate average, weighted by Net Lettable Area.

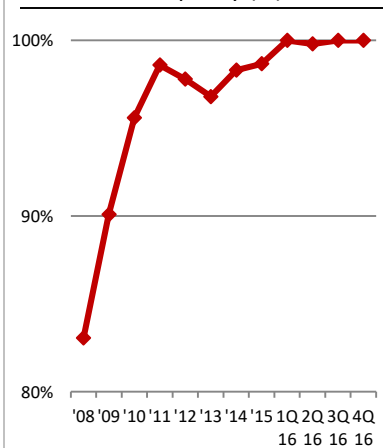
Subang Parade
Occupancy (%)



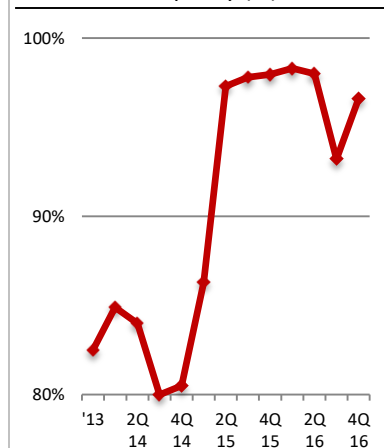
Mahkota Parade
Occupancy (%)



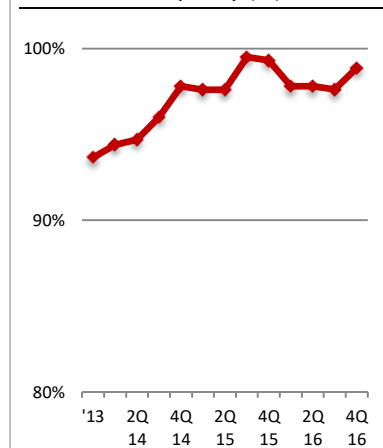
Wetex Parade
Occupancy (%)



Central Square
Occupancy (%)



Landmark Central
Occupancy (%)



Hektar REIT Portfolio – Rental Reversions

Rental Reversions -12% for 4Q 2016

- Positive reversion recorded at Wetex Parade and Landmark Central

Hektar REIT Rental Reversions: Quarter

Fourth Quarter (3 months) (Ended 31 December)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	10	17,816	4%	-4%	-4%
Mahkota Parade	18	76,562	15%	-19%	-19%
Wetex Parade	1	582	0.4%	2%	2%
Central Square	9	36,190	12%	-9%	-9%
Landmark Central	5	8,746	3%	2%	2%
Total / Average*	43	139,896	8%	-12%	-12%

*Average Weighted by NLA.

NLA = Net Lettable Area

Subang Parade :
Lower rent provided to
bring in Aivoria Brands
Outlet

Mahkota Parade :
Introducing new brand :
LOL (Korean fashion);
Amalgamating LFS rent
for the enlarged area,
lower rent psf for
bigger space occupied.

Central Square :
1-year rental reduction
given to Butik Tiesto
and Perfect Mobile
Village

Hektar REIT Rental Reversions: Year-To-Date

Full Year (12 months) (Ended 31 December)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	40	80,755	16%	-4%	-4%
Mahkota Parade	43	132,788	26%	-18%	-18%
Wetex Parade	21	18,030	11%	-6%	-6%
Central Square	18	60,130	19%	-5%	-5%
Landmark Central	18	50,302	18%	7%	7%
Total / Average*	140	342,005	19%	-9%	-9%

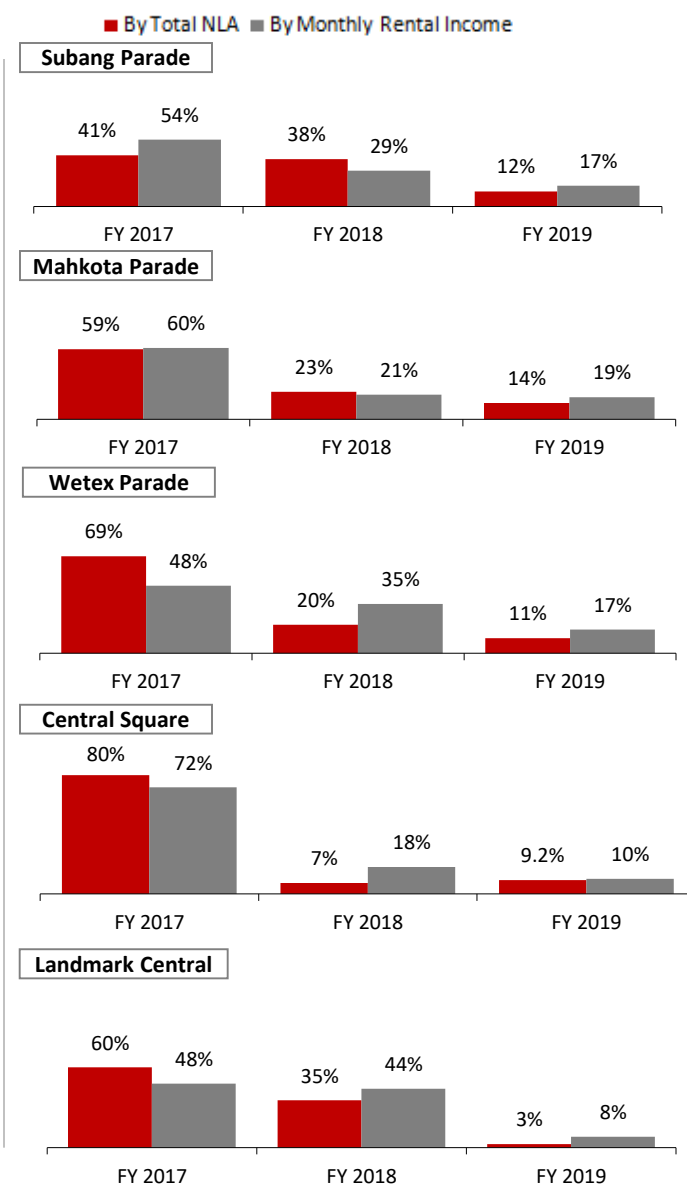
*Average Weighted by NLA.

NLA = Net Lettable Area

Hektar REIT Tenancy Expiry Profile by Property as at 31 Dec 2016

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*
Subang Parade				
FY 2017	69	209,812	41%	54%
FY 2018	26	194,671	38%	29%
FY 2019	29	62,136	12%	17%
Mahkota Parade				
FY 2017	52	308,045	59%	60%
FY 2018	40	120,680	23%	21%
FY 2019	27	72,061	14%	19%
Wetex Parade				
FY 2017	19	109,868	69%	48%
FY 2018	37	32,203	20%	35%
FY 2019	6	16,985	11%	17%
Central Square				
FY 2017	39	249,121	80%	72%
FY 2018	22	22,774	7%	18%
FY 2019	4	28,755	9.2%	10%
Landmark Central				
FY 2017	28	169,501	60%	48%
FY 2018	28	99,698	35%	44%
FY 2019	7	7,237	3%	8%

*Based on monthly rental income for Dec 2016. Figures may not round to 100% due to misc. items



Hektar REIT Portfolio – Tenancy Expiry Profile

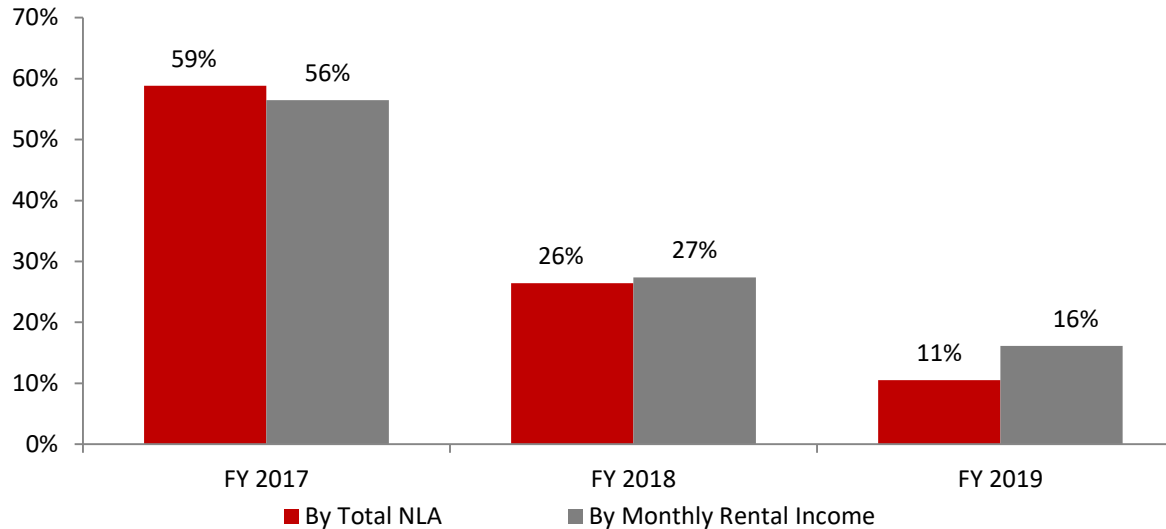
Tenancy Portfolio Expiry Profile 2017 – 2019

- FY2017 - 207 tenancy expiries account for approximately 56% of monthly rental income*

Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 31 December 2016

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	207	1,046,347	59%	56%
FY 2018	153	470,026	26%	27%
FY 2019	73	187,174	11%	16%



*Based on monthly rental income for December 2016. NLA = Net Lettable Area

Financial Results

4Q2016 Gross Revenue down 2.4%; NPI down 4.1% from preceding year ►

4Q2016 Net Income (Realised) down 5.6% from preceding year ►

Income Statement – Quarter Comparative

4Q2016 Realised Net Income down 5.6% vs corresponding quarter 4Q2015

Income Statement Fourth Quarter 2016 (Unaudited)	4Q16 (RM '000)	4Q15 (RM '000)	Variance (%)
Revenue	31,167	31,931	- 2.4%
Direct Cost & Property Expenses	<u>(12,438)</u>	<u>(12,396)</u>	<u>+ 0.3%</u>
Net Property Income (NPI)	<u>18,729</u>	<u>19,534</u>	<u>- 4.1%</u>
Interest & Other Income	<u>97</u>	<u>102</u>	<u>- 4.5%</u>
Total Income	<u>18,826</u>	<u>19,636</u>	<u>- 4.1%</u>
Trust Fees & Expenses	(2,482)	(2,815)	- 11.8%
Interest Expense	(5,948)	(5,804)	+ 2.5%
Fair Value Adjustment of Investment Properties	2,426	(39,934)	+ 106.1%
Fair Value Change on Derivatives	<u>(814)</u>	<u></u>	<u></u>
Net Income Before Tax	<u>12,008</u>	<u>(28,918)</u>	<u>+ 141.5%</u>
Net Income per Unit (sen)	<u>3.00</u>	<u>-7.22</u>	<u>+ 141.5%</u>
- realised	<u>2.59</u>	<u>2.75</u>	<u>- 5.6%</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 December 2016
(versus previous comparable period)

Income Statement Year-To-Date (Unaudited)	FY16 (RM '000)	FY15 (RM '000)	Variance (%)
Revenue	124,571	125,511	- 0.7%
Direct Cost & Property Expenses	(50,236)	(49,028)	+ 2.5%
Net Property Income (NPI)	<u>74,335</u>	<u>76,483</u>	<u>- 2.81%</u>
Interest & Other Income	414	730	- 43.3%
Total Income	<u>74,749</u>	<u>77,213</u>	<u>- 3.19%</u>
Trust Fees & Expenses	(9,987)	(10,449)	- 4.4%
Interest Expense	(23,216)	(22,071)	+ 5.2%
Fair Value Adjustment of Investment Properties	2,426	(39,934)	- 106.1%
Fair Value Change on Derivatives	(814)		
Net Income Before Tax	<u>43,158</u>	<u>4,759</u>	<u>+ 806.8%</u>
Net Income per Unit (sen)	<u>10.77</u>	<u>1.19</u>	<u>+ 806.8%</u>
- realised	<u>10.37</u>	<u>11.16</u>	<u>- 7.0%</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. 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.



Balance Sheet

Hektar REIT's Balance Sheet for 4Q2016

Balance Sheet (Unaudited)	As at 31.12.2016 (RM '000)	As at 31.12.2015 (RM '000)
Non-Current Assets		
Investment Properties	1,092,450	1,086,580
Capital Work in Progress	162	335
Fixed Deposit with a licensed bank	665	635
	1,093,277	1,087,550
Current Assets		
Trade Receivables	5,751	3,725
Other Receivables, Deposits, Prepayments	17,221	5,954
Cash and Bank Balances	14,560	19,086
	1,130,809	1,116,315
TOTAL ASSETS	1,130,809	1,116,315
Long Term Liabilities		
Tenancy Deposits	12,280	15,090
Borrowings	493,200	479,215
Derivative Financial Instrument	814	
	506,294	494,305
Current Liabilities		
Trade Payables	938	903
Other Payables and Accruals	5,597	7,117
Tenancy Deposits	17,512	14,613
Borrowings	15,000	15,000
	545,341	531,938
TOTAL LIABILITIES	545,341	531,938
NET ASSET VALUE	585,468	584,377
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	43,476	43,997
Retained Earnings - unrealised	116,254	114,642
	585,468	584,377
TOTAL UNITHOLDERS' FUND	585,468	584,377

Unit Price Statistics

As at 30 Dec 2016

No. of Units Outstanding

400,634,117

Net Asset Value (RM)

1.4614

Unit Price (RM)

1.56

Premium / (Discount) to NAV

6.75%

Debt Profile

Debt Profile for 4Q 2016

Debt Information

As at 31 Dec 2016

- Total Debt: **RM508 million**
- Weighted Cost of Debt: **4.8%**
- Gearing Ratio¹: **45.1%**
- Interest Cover²: **2.80**

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

² Based on 12 months ended 31 December 2016

Financing Details

Al-Murabahah / OD

Fixed Term Loan, Annual Floating Rate with Partial Hedging

Structure: Cost of Funds + 0.75%

Tranche 1

- Term: 5 Years, Expiring 2019
- Pledged: Subang Parade
- Facility Size: RM184 million
- Drawdown: Fully Drawn
- Cost: 4.85%
- Refinancing: December 2019

Tranche 2

- Term: 5 Years, Expiring 2019
- Pledged: Mahkota Parade
- Facility Size: RM150 million
- Drawdown: Fully Drawn
- Cost: 4.11%
- Refinancing: December 2019

Tranche 3

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM15 million
- Drawdown: Fully Drawn
- Cost: 4.55%
- Renew: January 2017 (Annual Review)

Tranche 4

- Term: 5 Years, Expiring 2019
- Pledged: Wetex Parade
- Facility Size: RM87.1 million
- Drawdown: Fully Drawn
- Cost: 4.61%
- Refinancing: December 2019

Tranche 5

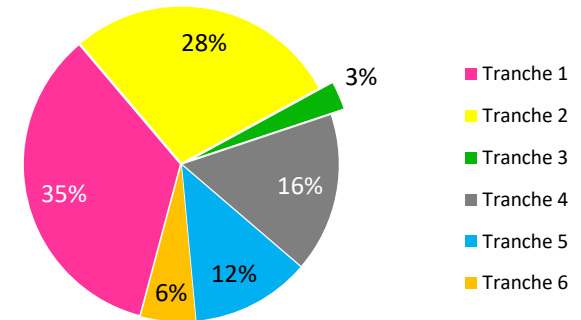
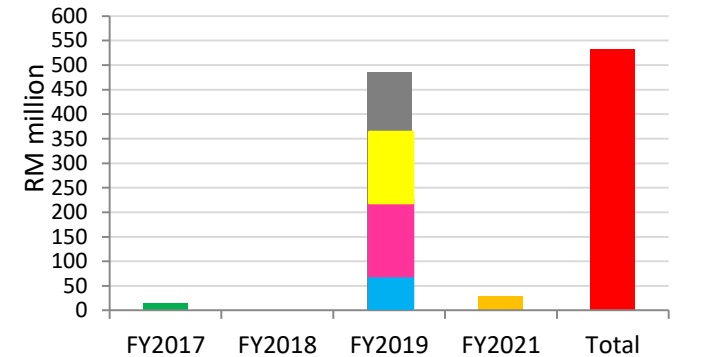
- Term: 5 Years, Expiring 2019
- Pledged: Landmark Central
- Facility Size: RM65 million
- Drawdown: Partially Drawn
- Cost: 4.61%
- Refinancing: April 2019

Tranche 6

- Term: 5 Years, Expiring 2021
- Pledged: Mahkota Parade
- Facility Size: RM30 million
- Drawdown: Partially Drawn
- Cost: 4.36%
- Refinancing: March 2020

Debt Expiry Profile

As at 31 Dec 2016



“Creating The Places Where People Love To Shop”

Investor Relations

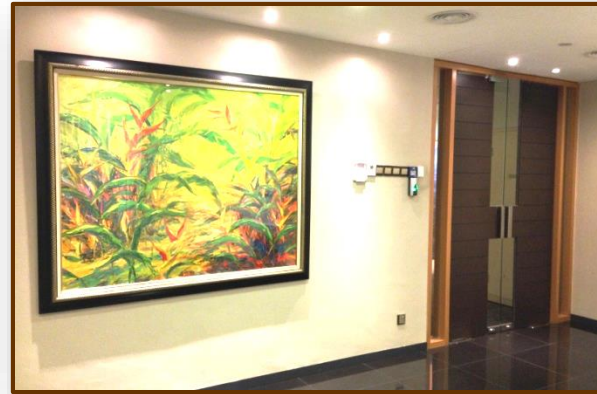
Hektar Asset Management Sdn Bhd

D1-U3-10, Solaris Dutamas

No1, Jalan Dutamas 1

50480 Kuala Lumpur

MALAYSIA



 Tel: +6 03 6205 5570

 Fax: +6 03 6205 5571

 Web: www.HektarREIT.com

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