

# FIRST QUARTER 2016 FINANCIAL RESULTS PRESENTATION

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25 APRIL 2016  
HEKTAR ASSET MANAGEMENT SDN BHD



## Disclaimer

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The material that follows is a presentation of general background information about the activities of the Hektar REIT (including Hektar REIT's any other affiliates) as at the date of this Presentation.

The information contained herein is given in summary form solely to provide an understanding of the business of the Hektar REIT and does not purport to be complete. You should conduct your own investigation and analysis of the Hektar REIT and other data contained in this Presentation. It is not intended to be relied upon as advice for investment or invitation to invest in the Hektar REIT or an evaluation of the Hektar REIT. No representation, warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information contained herein. This presentation may contain forward-looking statements that involves risks and uncertainties. Actual future results may vary materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on Hektar REIT's current view of future events.

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The past performance of Hektar REIT is not necessarily indicative of the future performance of Hektar REIT.

## About Hektar

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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.

## First Quarter FY 2016

1 January 2016 – 31 March 2016

### Commentary

- 1Q2016 Interim Distribution Per Unit: 2.6 sen
- Net Income for the period down 3.5%

### Operational & Financial Performance (First Quarter)

- Portfolio Occupancy: ~ 96.1%
- Rent Reversions: ~ -2.4%
- Net Income per Unit (Realised) 2.67 sen  
vs. previous comparable period/quarter<sup>1</sup>: -3.5%
- Distribution per Unit (DPU) 2.60 sen  
vs. previous comparable period<sup>1</sup>: maintained

<sup>1</sup> 1Q15 Net Income per unit: 2.77 sen

### Distribution and Yield

1Q16 DPU:	<b>2.6 sen</b>
1Q15 DPU:	<b>2.6 sen</b>
DPU Yield <sup>2</sup> :	<b>6.9%</b>

<sup>2</sup> Based on total annualised DPU of 10.40 sen for FY16 and closing price of RM1.51 on 31 March 2016.

# Distribution Details

## Hektar REIT Annual DPU Positive Growth Since IPO

### Current Distribution Details

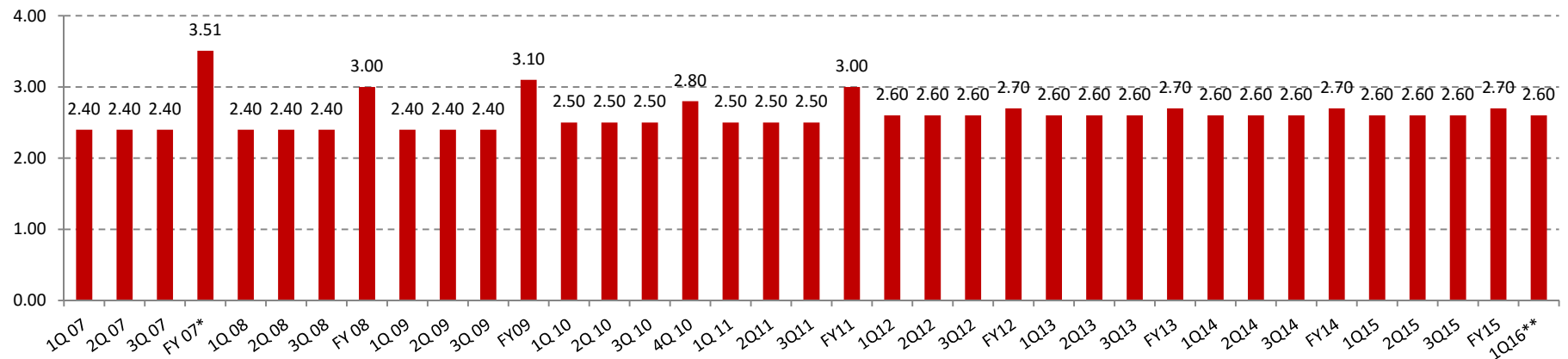
First Quarter 2016

- Distribution Period: 1 Jan 2016 – 31 Mar 2016
- Quarterly DPU: 2.6 sen
- Notice of Entitlement: 25 April 2016
- Ex-Dividend Date: 9 May 2016
- Book Closure Date: 11 May 2016
- Payment Date: 27 May 2016

### 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



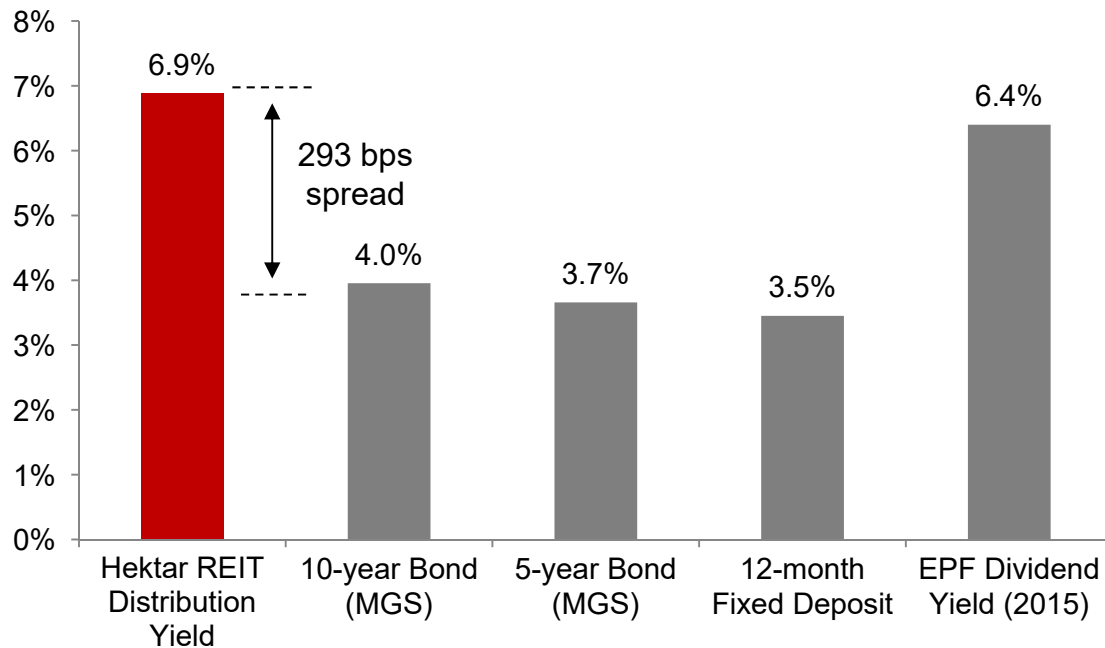
\* FY 07 represented a 13 month period from December 2006 to 31 December 2007 \*\* Declared

# Comparative Yields - Malaysia

## Hektar REIT Distribution Yield at approximately 6.9%

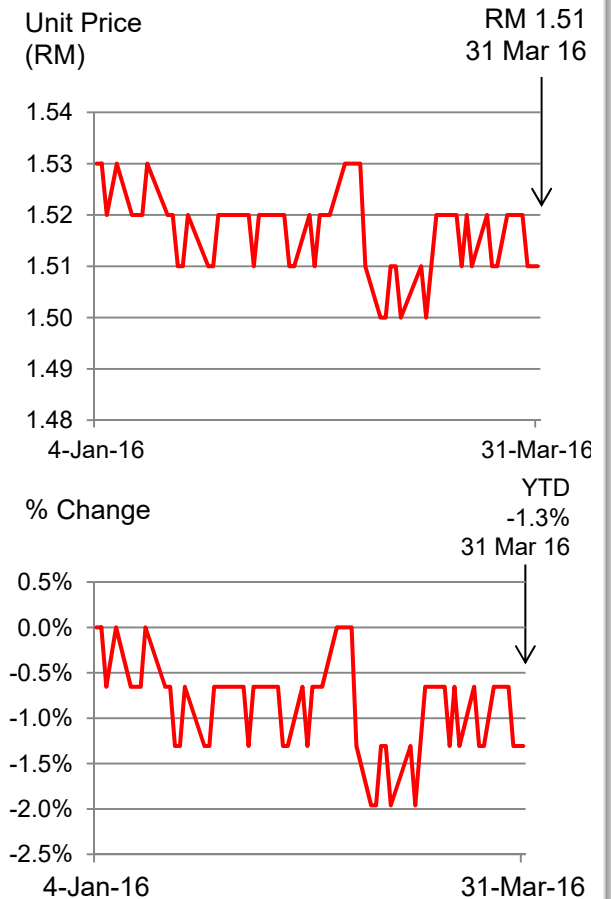
- Traded at a 293 bps spread over MGS 10-year
- Unit Price reduced by 1.3% since beginning of the year

### Hektar REIT Comparative Yields



Sources: Bloomberg (31 Mar 2016), EPF (Feb 2016), BNM (22 Apr 2016), RHB (18 Jul 2014). Hektar REIT's yield based on closing price of RM1.51 on 31 Mar 2016 and Annualised Declared DPU of 10.40 sen for FY 2016.

### Hektar REIT Unit Price Change 1Q 2016 (3 months)



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# Portfolio Performance

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- Overall Occupancy at ~96.1% ►
- Rental Reversions -2.4% for 1Q16 ►
- Tenancy Expiry Profile ►
- 35% of Portfolio Tenancy Rental Income Expires in 2016 ►



# Hektar REIT Portfolio - Occupancy

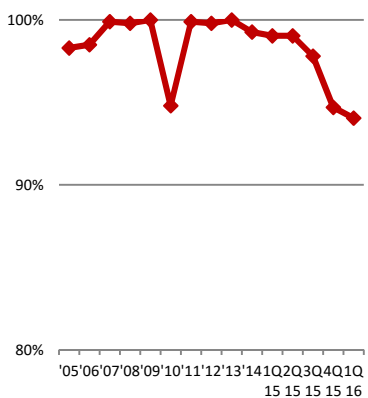
Overall Portfolio Occupancy at ~96.1%

Occupancy rate at Central Square continues to improve

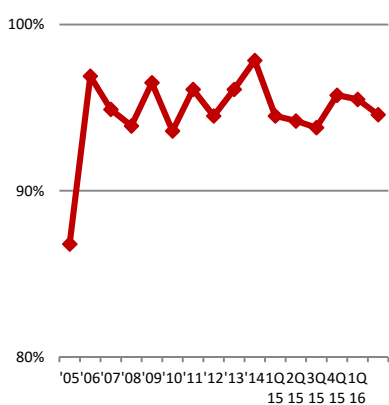
Hektar REIT Portfolio Occupancy																
Property	As at 31 Dec 2004	As at 31 Dec 2005	As at 30 Sep 2006	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Mar 2015	As at 30 Jun 2015	As at 30 Sep 2015	As at 31 Dec 2015	As at 31 Mar 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%	99.0%	99.0%	97.8%	94.7%	94.1%
Mahkota Parade	86.8%	96.9%	94.9%	93.9%	96.5%	93.6%	96.1%	94.5%	96.1%	97.8%	94.5%	94.2%	93.8%	95.8%	95.5%	94.6%
Wetex Parade					83.1%	90.1%	95.6%	98.6%	97.8%	96.8%	98.3%	97.9%	97.9%	97.9%	98.7%	100.0%
Central Square									89.8%	82.5%	80.5%	86.3%	97.3%	97.8%	98.0%	98.3%
Landmark Central									96.9%	93.7%	97.8%	97.6%	97.6%	99.5%	99.3%	97.8%
Overall*	91.3%	97.6%	96.7%	96.9%	95.8%	95.8%	95.5%	97.5%	96.3%	96.3%	94.3%	95.1%	96.9%	97.5%	96.6%	<b>96.1%</b>

\*Approximate average, weighted by Net Lettable Area.

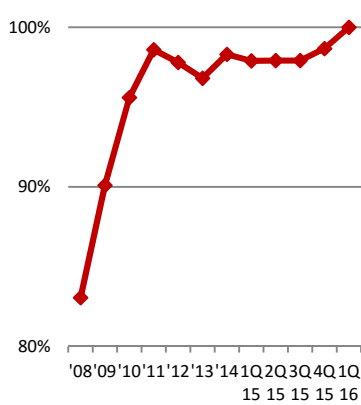
Subang Parade Occupancy (%)



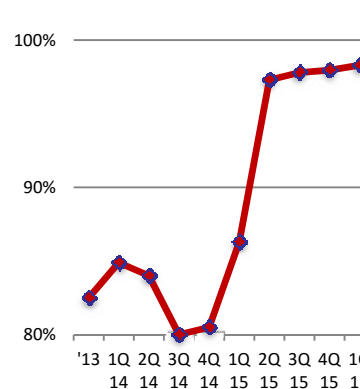
Mahkota Parade Occupancy (%)



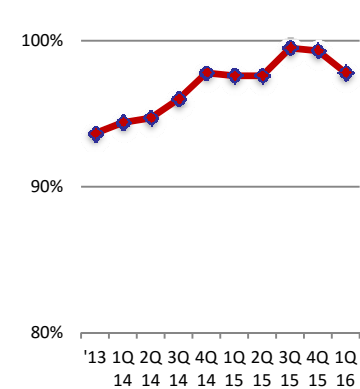
Wetex Parade Occupancy (%)



Central Square Occupancy (%)



Landmark Central Occupancy (%)



## Hektar REIT Portfolio – Rental Reversions

### Rental Reversions -2.4% for 1Q 2016

- Negative reversion recorded at Mahkota Parade and Wetex Parade

#### Hektar REIT Rental Reversions: Quarter

First Quarter (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	7	13,275	3%	-0.4%	-0.4%
Mahkota Parade	3	7,351	1%	-13%	-13%
Wetex Parade	7	6,005	4%	-15%	-15%
Central Square	4	13,502	4%	11%	11%
Landmark Central	4	26,240	10%	10%	10%
Total / Average*	25	66,373	4%	-2%	-2%

\*Average Weighted by NLA.

NLA = Net Lettable Area

Mahkota Parade :  
Rental reduction  
provided to All IT  
Hypermarket

Wetex Parade :  
Lower rental provided  
to bring in Kenny  
Roger Roasters, only  
branch in Muar

#### Hektar REIT Rental Reversions: Year-To-Date

Year to Date (3 months) (Ended 31 March)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total Total NLA	Increase / (Decrease) Over Previous Rent Rates	%
Subang Parade	7	13,275	3%	-0.4%	-0.4%
Mahkota Parade	3	7,351	1%	-13%	-13%
Wetex Parade	7	6,005	4%	-15%	-15%
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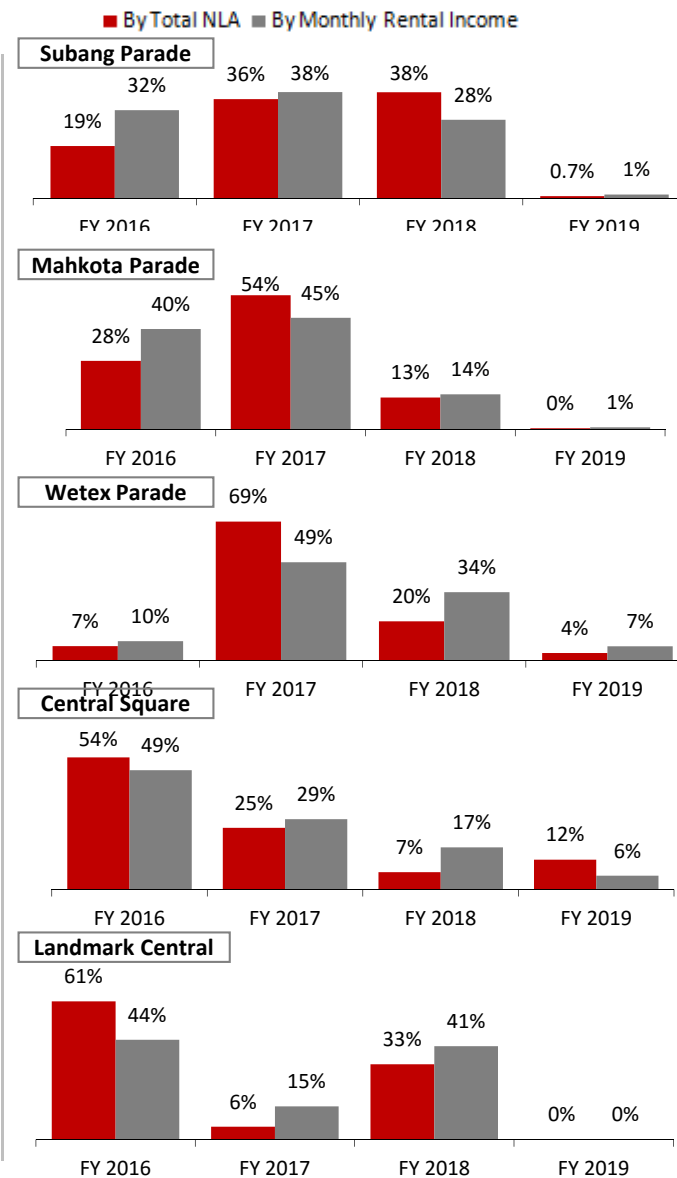
NLA = Net Lettable Area



## Hektar REIT Tenancy Expiry Profile by Property as at 31 March 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*
<b>Subang Parade</b>				
FY 2016	48	95,597	19%	32%
FY 2017	49	181,743	36%	38%
FY 2018	22	194,440	38%	28%
FY 2019	4	3,757	0.7%	1%
<b>Mahkota Parade</b>				
FY 2016	57	142,967	28%	40%
FY 2017	49	280,557	54%	45%
FY 2018	32	66,174	13%	14%
FY 2019	0	1,700	0%	1%
<b>Wetex Parade</b>				
FY 2016	13	11,443	7%	10%
FY 2017	20	110,450	69%	49%
FY 2018	37	31,158	20%	34%
FY 2019	6	6,005	4%	7%
<b>Central Square</b>				
FY 2016	16	168,025	54%	49%
FY 2017	30	78,431	25%	29%
FY 2018	21	21,952	7%	17%
FY 2019	4	37,885	12%	6%
<b>Landmark Central</b>				
FY 2016	22	168,057	61%	44%
FY 2017	18	15,631	6%	15%
FY 2018	27	91,500	33%	41%
FY 2019	-	-	0%	0%

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



# Hektar REIT Portfolio – Tenancy Expiry Profile

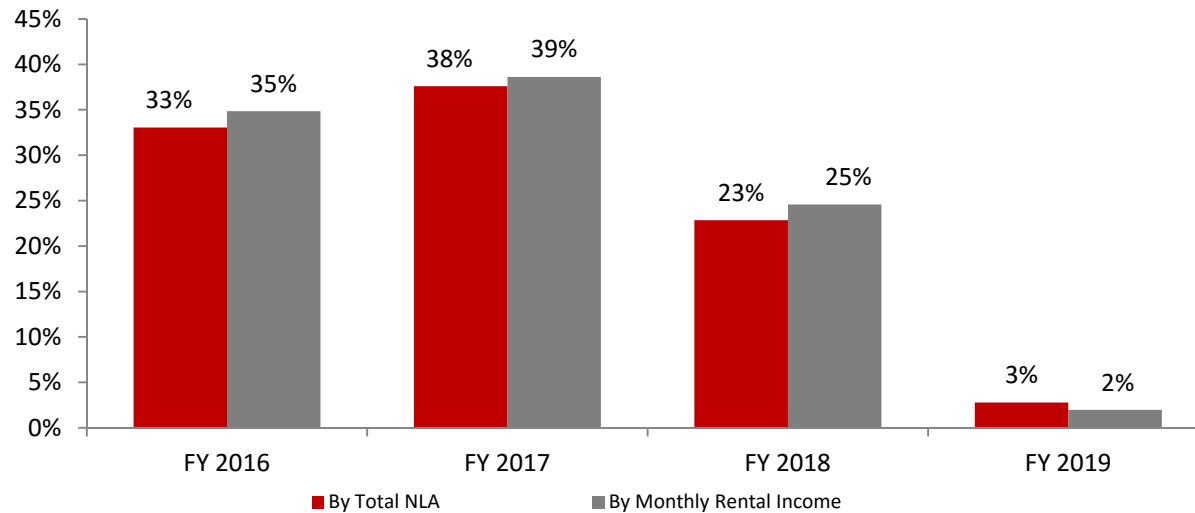
## Tenancy Portfolio Expiry Profile 2016 – 2019

- FY2016 - 176 tenancy expiries account for approximately 35% of monthly rental income\*

### Hektar REIT Tenancy Expiry Profile – Overall Portfolio

As at 31 March 2016

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total	% of Total Monthly Rental Income*
FY 2016	156	586,089	33%	35%
FY 2017	166	666,812	38%	39%
FY 2018	139	405,224	23%	25%
FY 2019	14	49,347	3%	2%



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

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# Financial Results

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1Q2016 Gross Revenue up 1.3%; NPI up 0.3% from preceding year ►

1Q2016 Net Income (Realised) down 3.5% from preceding year ►

# Income Statement – Quarter Comparative

## 1Q2016 Net Income down 3.5% vs corresponding quarter 1Q2016

Income Statement First Quarter 2016 (Unaudited)	1Q16 (RM '000)	1Q15 (RM '000)	Variance (%)
Revenue	31,603	31,211	+ 1.3%
Direct Cost & Property Expenses	<u>(12,929)</u>	<u>(12,590)</u>	<u>+ 2.7%</u>
<b>Net Property Income (NPI)</b>	<u>18,674</u>	<u>18,621</u>	<u>+ 0.3%</u>
Interest & Other Income	<u>133</u>	<u>69</u>	<u>+ 92.9%</u>
<b>Total Income</b>	<u>18,807</u>	<u>18,690</u>	<u>+ 0.6%</u>
Trust Fees & Expenses	(2,431)	(2,468)	- 1.5%
Interest Expense	(5,670)	(5,129)	+ 10.6%
Fair Value Adjustment of Investment Properties	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Income Before Tax</b>	<u><u>10,706</u></u>	<u><u>11,093</u></u>	<u>- 3.5%</u>
<b>Net Income per Unit (sen)</b>	<u><b>2.67</b></u>	<u><b>2.77</b></u>	<u><b>- 3.5%</b></u>
<b>- realised</b>	<u><b>2.67</b></u>	<u><b>2.77</b></u>	<u><b>- 3.5%</b></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	31,603	31,211	+ 1.3%
Direct Cost & Property Expenses	<u>(12,929)</u>	<u>(12,590)</u>	<u>+ 2.7%</u>
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<b>Net Income Before Tax</b>	<u>10,706</u>	<u>11,093</u>	<u>- 3.5%</u>
<b>Net Income per Unit (sen)</b>	<u>2.67</u>	<u>2.77</u>	<u>- 3.5%</u>
<b>- realised</b>	<u>2.67</u>	<u>2.77</u>	<u>- 3.5%</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.

## Hektar REIT's Balance Sheet for 1Q2016

### Balance Sheet

(Unaudited)	As at 31.3.2016 (RM '000)	As at 31.12.2015 (RM '000)
<b>Non-Current Assets</b>		
Investment Properties	1,086,910	1,086,580
Capital Work in Progress	700	335
Fixed Deposit with a licensed bank	635	635
	1,088,244	1,087,550
<b>Current Assets</b>		
Trade Receivables	4,092	3,725
Other Receivables, Deposits, Prepayments	7,889	5,954
Cash and Bank Balances	18,346	19,086
	1,118,572	1,116,315
<b>TOTAL ASSETS</b>		
<b>Long Term Liabilities</b>		
Tenancy Deposits	14,624	15,090
Borrowings	243,834	479,215
	258,458	494,305
<b>Current Liabilities</b>		
Trade Payables	1,613	903
Other Payables and Accruals	6,025	7,117
Tenancy Deposits	14,910	14,613
Borrowings	253,300	15,000
	534,305	531,938
<b>TOTAL LIABILITIES</b>		
<b>NET ASSET VALUE</b>		
	584,266	584,377
Unitholders' Capital	425,738	425,738
Retained Earnings - realised	43,886	43,997
Retained Earnings - unrealised	114,642	114,642
	584,266	584,377
<b>TOTAL UNITHOLDERS' FUND</b>		

### Unit Price Statistics

As at 31 March 2016

### No. of Units Outstanding

400,634,117

### Net Asset Value (RM)

1.4584

### Unit Price (RM)

1.51

### Premium / (Discount) to NAV


3.54%

## *“Creating The Places Where People Love To Shop”*

Investor Relations  
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