

RENTAL REVERSIONS

HEKTAR REIT SEES POSITIVE GROWTH FROM 4 MALLS

Firm upbeat about less crowded markets outside Klang Valley, says director

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HEKTAR Real Estate Investment Trust (Hektar REIT) expects positive rental reversions for its financial year 2020 from four shopping centres, namely Wetex Parade (Muar) and Segamat Central in Johor, and Kulim Central and Central Square (Sungai Petani) in Kedah.

Hektar Asset Management Sdn Bhd executive director and chief executive officer Datuk Hisham Othman said last year, the com-

pany saw major positive rental reversions from three of its malls.

Wetex Parade saw 24.8 per cent growth, followed by Kulim Central (15.6 per cent) and Segamat Central (10.6 per cent).

"The bottom line is that the performance of malls in tier-two markets can be positive amid the challenges mall operators face in crowded markets such as the Klang Valley," he told the *New Straits Times*.

Hisham said Central Square achieved a "good" 9.2 per cent rental reversion.

Central Square is a 23-year-old

mall acquired by Hektar in 2012 and refurbished in 2015. Four years on, it is now generating positive rental reversions, indicating that retailers are willing to operate in the Sungai Petani market.

"Even our Subang Parade mall in the Klang Valley has shown positive momentum. We have signed up with Village Grocer to provide a catalyst for Subang Parade.

"We are optimistic that our leasing segment will continue to perform well in less crowded markets outside the Klang Valley. Of course, we are mindful of the economy and other factors that

can impact consumer spending and sentiment," said Hisham.

Hektar REIT revenue rose 1.5 per cent to RM137.1 million for the financial year ended Dec 31 last year compared with the same period the year before.

Its net property income (NPI) stood at RM75.4 million, a 4.2 per cent dip from the previous year, while realised income stood at RM35.8 million, a decline of 15.1 per cent from 2018.

Overall, the market valuation of Hektar REIT's portfolio increased by RM15 million last year, achieving 0.5 per cent growth in rental reversion.

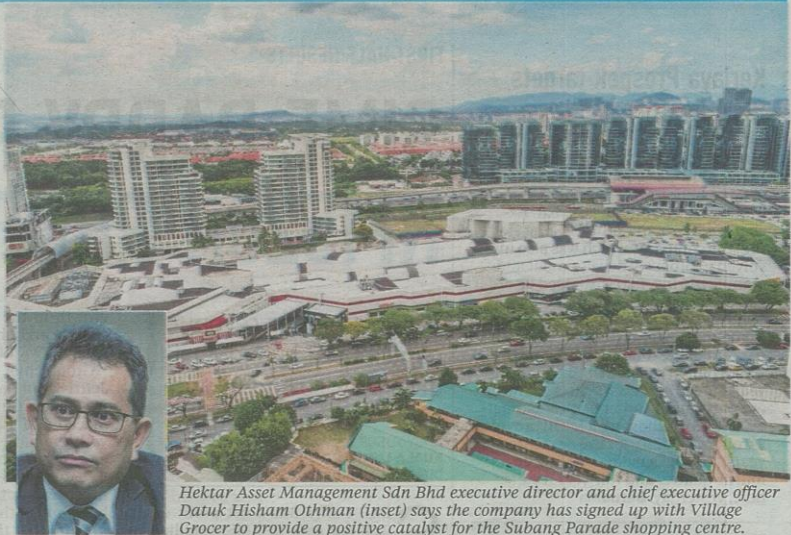
For the fourth quarter, Hektar

REIT recorded a revenue of RM34.9 million, an increase of 2.9 per cent compared with the same period in 2018.

NPI in the fourth quarter stood at RM19.7 million and the realised income before taxation was RM9.2 million.

Overall occupancy remained steady at 92.5 per cent last year, a marginal increase from 92.1 per cent previously.

Overall visitor traffic remained stable at 32.3 million visits last year, slightly higher than the previous year. The increase was mainly boosted by visitor traffic at Kulim Central, which climbed 15 per cent.



Hektar Asset Management Sdn Bhd executive director and chief executive officer Datuk Hisham Othman (inset) says the company has signed up with Village Grocer to provide a positive catalyst for the Subang Parade shopping centre.