

## Malaysia Hektar Retail REIT Targets 8.47% Yield In 2007

---

KUALA LUMPUR (Dow Jones)--Malaysia's first pure-retail real estate investment trust, Hektar REIT, will offer an 8.47% gross yield for 2007, Hektar Asset Management Sdn. Bhd. said Wednesday.

Based on a retail offer price of MYR1.05 per unit, the forecast gross yield is for 8.58% in the year ending Dec. 31, 2008, and 8.84% in 2009.

"We are committed to giving 100% of (projected) net income as dividends for the first three years, or 90% (of actual net income), whichever is higher," said Zalila Mohd. Toon, chief financial officer at Hektar Asset Management, at the launch of the REIT's IPO.

Before the IPO launch, analysts had expected the REIT to yield about 6.5% to 7% a year.

"Hektar is probably the most attractive in REIT yields, and certainly the highest-paying REIT at IPO at the institutional price," said EONCap Securities Sdn. Bhd. Research Head, Pong Teng Siew.

"Typically, REITs also only distribute 90% of income, the minimum, but here they're telling us they're quite confident of meeting their revenue forecasts, leaving an upside potential there," Pong added.

The REIT IPO, which opens Thursday and closes Nov. 22, is targeted for listing on Dec. 4. The IPO will raise MYR176.1 million by offering 159.5 million units, of which 16 million units will be offered to the public.

The proceeds will be used to part-finance the purchase of the REIT properties: Subang Parade in a suburb 25 kilometers southwest of Kuala Lumpur and Mahkota Parade in southern Malacca state. Together, they have a net lettable area, or NLA, of 944,126 square feet.

"The financial results speak for themselves," said Hektar Asset Management Chairman Jaafar Abdul Hamid in prepared remarks. "We acquired both properties at market price for a then collective valuation of MYR370 million. As of this year, we have revalued the properties at MYR523 million (in less than three years), as approved by the Securities Commission."

As for growth prospects, Jaafar said Hektar had received offers from six property owners to manage their properties, which are outside the Klang Valley.

Hektar's planned "lifestyle" mall in Nusajaya, Southern Johor state could also eventually be injected into the REIT at a later date, Jaafar said. The mall, called Hilltop, has a planned NLA of one million square feet and is in an area directly benefiting from the government's planned investment there.

- By E-Ling Liaw, Dow Jones Newswires; (603) 2692 5254, [e-ling.liaw@dowjones.com](mailto:e-ling.liaw@dowjones.com)

- Edited by David Bottomley