



Hektar REIT 1Q17 Results

Emphasis on Asset Enhancement Initiatives

Distribution per Unit declared at 2.30sen

Kuala Lumpur, 22 May, 2017 – Hektar Asset Management Sdn Bhd (“Hektar”) announced that Hektar Real Estate Investment Trust (“Hektar REIT”) recorded marginally lower revenue of RM30.9 million. Net Property Income (“NPI”) reached RM 17.7 million, down by 5.3% over the corresponding period due to higher operating expenses. Realised net income has further reduced by 10.1% to RM 9.6 million due to higher provisions on receivables, in line with weaker economic conditions.

“Retail business in Malaysia continues to remain a challenge in 2017, especially within Klang Valley, where malls continue to face increased competition. However, despite the challenging retail outlook, the management is focused on improving value via asset enhancement initiatives and to complete the proposed acquisition of 1Segamat Shopping Centre. We have just received the approval from Bursa Malaysia on the proposed listing of Rights Issue to part finance the said acquisition, and we are working towards completing the proposed acquisition by September 2017. The addition of 1Segamat mall into Hektar REIT’s portfolio of neighbourhood malls is expected to strengthen Hektar REIT’s position, both financially and strategically,” said Chief Executive Officer, Dato’ Hisham bin Othman.

“We would also like to take the opportunity of the depressed economic outlook to capitalise on increasing value at our properties. The asset enhancement initiatives (“AEI”) in Landmark Central will be completed in 3Q2017 and we have successfully secured several new brands for the additional lots created. Both the proposed acquisition and the AEI will add value to the REIT,” he added.

Hektar REIT declared an interim distribution per unit (“DPU”) of 2.30 sen. The Book Closing Date is 6 June, 2017 and payment of the distribution will be made on June 22, 2017. Based on the closing price of RM1.63 on March 31, 2017, the annualised DPU for the year represented a distribution yield of approximately 5.6%.

Hektar REIT maintains a distribution policy of at least 90% of distributable net income, which typically excludes items such as capital allowances and revenue arising from Financial Reporting Standards 117, an accounting standard adopted in FY2010.

Overview of Hektar REIT Financial Results (unaudited)	1Q 2017 (3 months) (RM '000)	1Q 2016 (3 months) (RM '000)	Variance (%)
Gross Revenue	30,857	31,603	-2.4%
Direct Cost & Property Expenses	(13,170)	(12,929)	+1.9%
Net Property Income (NPI)	17,688	18,674	-5.3%
Net Income – Realised	9,322	10,706	-12.9%
Net Income	9,622	10,706	-10.1%
Net Income Per Unit – Realised (sen)	2.33	2.67	-12.9%
Distribution Per Unit (DPU) (sen)	2.30	2.60	-11.5%

For further information, please log on to www.bursamalaysia.com

ABOUT HEKTAR REIT

Hektar Real Estate Investment Trust (“Hektar REIT”) is a retail-focused REIT in Malaysia, focused on investing and managing commercial retail properties. Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006 and currently owns 1.8 million square feet of retail space with assets valued at RM1.09 billion in 31 December 2016. The primary objectives of Hektar REIT are to provide unitholders with sustainable dividend income and to achieve long-term capital appreciation of the REIT.

Hektar REIT is managed by Hektar Asset Management Sdn Bhd (“Manager”), which is focused on the management of retail centres.

Hektar REIT’s portfolio of shopping malls include Subang Parade in Subang Jaya, Selangor, Mahkota Parade in Melaka, Wetex Parade in Muar, Johor, Central Square in Sungai Petani, Kedah and Landmark Central in Kulim, Kedah. The portfolio’s catchment serves a market size of 3.0 million shoppers. As at 31 December 2016, the portfolio had an average occupancy of 96.2% and recorded over 30.1 million shopper visits.

For more information, please visit www.HektarREIT.com

IMPORTANT NOTICE

The past performance of Hektar REIT is not indicative of the future performance of Hektar REIT. This document may contain forward-looking statements that involve risk 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 the Manager's current view of future events.

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