

## **Hektar REIT 3Q17 Results**

**Gross Revenue at RM30.5M, Net Property Income at RM17.1M  
Hektar REIT to Further Strengthen its Portfolio of Assets**

**Kuala Lumpur, November 24, 2017** – Hektar Real Estate Investment Trust (“Hektar REIT”) announced its financial results for the third quarter which ended on September 30, 2017 today.

Hektar REIT’s Net Property Income (“NPI”) stood at RM17.1 million, down by 5.2% compared to the same period in the preceding year while Gross Revenue stood at RM30.5 million. The overall performance is impacted by a rise in operating expenses as well as the temporary vacancies in Kulim Central due to the Asset Enhancement Initiatives (AEI), of which is expected to improve post-AEI.

“Staying true to our emphasis on creating value and continuously improving our operations, we are currently focusing on implementing solutions at the property management level to better manage incurring operating expenses and at the same time maximise revenue to further boost income in the longer term. The plans for further AEI, and to improve building efficiency via energy savings are just two key examples of how we are constantly looking at ways to further improve performance. We have embarked on energy savings initiatives in the third quarter and these efforts have already yielded results in the form of tremendous cost savings which is expected to continue in 2018.

“The AEI in Landmark Central (now known as Kulim Central) which was aimed at strengthening our position in Kulim is slowly starting to bear positive results with commendable feedback from customers. The new lots have almost been fully taken up and we have seen higher reversion rates for renewals. However, the full impact will not be seen until next year. The team is now gearing up for the relaunch of Kulim Central in 2018 and we look forward to the future contribution from this initiative,” said Chief Executive Officer, Dato’ Hisham bin Othman.

Hektar REIT’s portfolio consists of mostly neighbourhood shopping centres, which in general are more resilient than city shopping centres in weaker economic conditions. However, the oversupply of shopping malls which caused instability on average rental rates in Klang Valley impacted its main income contributor, Subang Parade. As at September 30, 2017, Hektar REIT’s total portfolio has a combined net lettable area of 2.0 million square feet and has a healthy 94% overall occupancy. From March 2017 to September 2017, the average monthly visitor footfall has grown by more than 30% in some of our shopping centres especially in

Subang Parade. Through strategic marketing, the team has managed to not only increase its footfall but also the tenants' sales which helped boost turnover rent.

“While the rental reversions from fixed rental remained flat, a few properties have enjoyed tripling turnover rents in the last year. In order to attract international brands, the team has offered a more attractive and flexible rental structure, as they tend to be more selective in choosing the shopping centres. This strategy has proven to be successful in pulling in other tenants and creating a much improved shopping experience for the customers. For example, in Mahkota Parade during the tenant remixing exercise, the customers saw brands such as Tony Roma's, Manhattan Fish Market, LOL, Kiehl's and L'Occitane entering the shopping centre. The team will continue with such tenant remixing exercise for all assets within our portfolio,” added Dato' Hisham bin Othman.

On August 8, 2017 the Company had declared the second interim distribution which included an advance distribution totalling 4.00 sen or RM16 million to the unitholders. On September 18, 2017 the acquisition of 1Segamat shopping centre was successfully completed. The advance distribution was for the income derived in the month of July and August 2017. The remaining distribution from September 2017 onwards, is planned to be paid together with the 4<sup>th</sup> quarter 2017 distribution.

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)	3Q 2017 (3 months) (RM '000)	3Q 2016 (3 months) (RM '000)	Variance (%)
Gross Revenue	30,458	30,860	-1.3%
Direct Cost & Property Expenses	(13,362)	(12,819)	-4.2%
Net Property Income (NPI)	17,096	18,041	-5.2%
Net Income – Realised	8,622	10,015	-13.9%
Net Income	495	10,015	-95.1%
Net Income Per Unit – Realised (sen)	2.11	2.44	-13.7%
Distribution Per Unit (DPU) (sen)	-	-	-

For further information, please log on to [www.bursamalaysia.com](http://www.bursamalaysia.com)

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## 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 2.0 million square feet of retail space with assets valued at RM1.20 billion in 30 September 2017. 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 which is focused on the asset management of Hektar REIT’s portfolio.

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, Kulim Central in Kulim, Kedah and Segamat Central in Segamat, Johor. The portfolio’s catchment serves a market size of 3.0 million shoppers. As at 30 September 2017, the portfolio had an average occupancy of 94% and recorded over 30.1 million shopper visits.

For more information, please visit [www.HektarREIT.com](http://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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