

---

HEKTAR REIT Q4/FY2018 RESULTS

## Diversified Portfolio Boosts Hektar 2018 REIT Performance

- Higher Revenue at RM135.1M, up 7.6%
  - Net Property Income Increased to RM78.7M, up 6.8%
  - Double-digit Rent Reversions & Visitor Traffic Growth for Kedah Malls
  - Double-digit Rent Reversions in Melaka and Muar
  - Portfolio Stability: Average Occupancy at 92%, Annual Visitor Traffic up 9%
- 

**Kuala Lumpur, February 28, 2019** – Hektar Real Estate Investment Trust (“Hektar REIT”) announced its annual results for Financial Year 2018 (“FY18”) with revenue rising to RM135.1 million, up 7.6% higher compared to the same period in the preceding year, while Net Property Income (NPI) climbed to RM78.7 million, a 6.8% increase. For the twelve months ended 31 December 2018, the Realised Income was recorded at RM42.3million which was 5.3% higher than FY2017. Overall, the market valuation of the Hektar portfolio increased by RM26.9 million in 2018. The positive result is supported by strong portfolio performances, particularly from assets outside the Klang Valley, buoyed by the post-refurbishment asset enhancement initiatives in the Kedah malls and positive rental reversion growth in Melaka and Muar.

For the fourth quarter ended 31 December 2018, the REIT recorded higher revenue of RM33.9 million, an increase of 1.3% compared to the corresponding period in 2017 (“4Q17”). Net Property Income recorded was RM20.3 million, a small variation from the RM20.9 million in 4Q17. The Realised Income before taxation grew to RM12.0 million, showing a marginal increase of 1.8% from 4Q17.

Hektar REIT declared a final income distribution per unit (“DPU”) of 2.31 sen for the fourth quarter ended 31 December 2018. The Book Closing Date is 15 March 2019 and the final distribution will be made on 10 April 2019. Based on the closing price of RM1.11 on 31 December 2018, the annualised DPU for the year represented a DPU yield of approximately of 8.1%.

“Hektar’s solid track record for occupancy, year-on-year increase in revenues and also net property income remains steadfast. It was a very busy year for us as we focused on improving our shopping centres under our portfolio which included asset enhancement initiatives, energy saving initiatives, extensive tenancy remixing and reconfiguration of space on top of taking over the operations of Classic

---

Hotel, the hotel adjoining Wetex Parade in Muar. We strive to make sure that we achieve our goals in ensuring we deliver value to our unitholders. For the last 12 months period, the REIT has declared a total distribution of RM41.6 million or 9.01 sen. We are proud that the REIT has and continues to deliver returns to the unitholders and stakeholders despite the challenging market condition and growing competition," said Chief Executive Officer, Dato' Hisham bin Othman.

### **Stable Portfolio Performance – Double Digit Rental Reversions for Four Malls**

The main drivers of positive rental reversions were Kulim Central with 16.4%, Mahkota Parade with 15.0%, Wetex Parade with 11.8% and Central Square with 11.5% increases. For FY2018, the overall portfolio managed to achieve a healthy rental reversion of 5.4% through approximately 160 new and renewed tenancies on over 827,332 square feet or 40.9% of the NLA. Overall occupancy remained steady at 92.1%.

Overall annual visitor traffic increased to 32.1 million visits, up 9.2%, mainly due to the addition of Segamat Central. Within the portfolio, the main drivers for traffic visit increases include Central Square, up 18.4% and Kulim Central, up 81.8% from the previous years. Both malls have gone through refurbishment and asset enhancement initiatives in 2015 and 2017 respectively and continue to show positive endorsement from shoppers and retailers alike.

### **Operating Performance Commentary**

"The year was not without challenges. First, we had to work very hard to secure the right tenants, entice new retailers and increase the marketing activities in Kulim Central in an effort to pull the crowd back following the asset enhancement initiatives (AEIs) in 2017, which thankfully has been paying off well. Kulim Central's catchment now enjoys the benefit of brands such as Starbucks Coffee, Texas Chicken, Subway, The Chicken Rice Shop, Mee Tarik Warisan Asli and Bread History. The numbers speak for themselves – traffic is up 81.8% and rental reversions positive at 16.4%", said Hisham.

"Subang Parade is currently still going through the AEI exercise and extensive tenant remixing. It is taking slightly longer with the current economy and uncertainties in the Klang Valley and therefore, we have decided not to rush the project and allocate sufficient time to refine the formula for the shopping centre. However, it is still delivering stable results despite the temporary dip in footfall. With Segamat Central, we are currently carrying out a market study to understand its demographics and customers and we are in

the midst of preparing and planning for Segamat Central's turnaround. Recently we have introduced a new anchor tenant, TF Value Mart and the intelligence collected from the monthly turnover and footfall has been very encouraging, affirming new targets for the shopping centre. Our team will continue to work hard to identify the possibilities and potential in each and every shopping centre in the portfolio", continued Hisham.

"Overall, we are pleased that rental reversions throughout the portfolio reached a positive 5.4%, mainly through the strong double-digit performance growth in our malls in Melaka, Muar, Kulim and Sungai Petani. Essentially, four of our malls which have been refurbished have recorded strong rental growth. The other two of our malls are being planned for refurbishment or asset enhancement. Five of our malls are outside of the Klang Valley. Overall, the portfolio is recording growth and that is the benefit of having a well-diversified portfolio within Hektar REIT," concluded Hisham.

Hektar REIT Summary of Financial Results for 4Q18	4Q 2018 (3 months) (RM '000)	4Q 2017 (3 months) (RM '000)	Variance (%)
Gross Revenue	33,881	33,441	1.3%
Direct Cost & Property Expenses	(13,613)	(12,528)	(8.7%)
Net Property Income	20,268	20,913	(3.2%)
Net Income – Realised	12,037	11,820	1.8%
Net Income Per Unit – Realised (sen)	2.61	2.56	2.0%
Dividend Per Unit (sen)	2.31	3.30*	(30.0%)

\* In 4Q17 a final distribution per unit of 3.30 sen together with income distribution for the month of September 2017 was declared.

Hektar REIT Summary of Financial Results for FY2018	FY 2018 (12 months) (RM '000)	FY 2017 (12 months) (RM '000)	Variance (%)
Gross Revenue	135,107	125,543	7.6%
Direct Cost & Property Expenses	(56,390)	(51,805)	(8.9%)
Net Property Income	78,716	73,738	6.8%
Net Income – Realised	42,269	40,134	5.3%
Income Distribution	41,623	40,485	2.8%
Net Income Per Unit – Realised (sen)	9.15	9.60	(4.7%)
Dividend Per Unit (sen)	9.01	9.60	(6.1%)

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

## ABOUT HEKTAR REAL ESTATE INVESTMENT TRUST

Hektar Real Estate Investment Trust ("Hektar REIT") is Malaysia's first listed retail-focused REIT. 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 was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006 and currently owns 2 million square feet of retail space in 4 states with assets valued at RM1.2 billion as at 31 December 2018. The REIT's cornerstone investor is Frasers Centrepoint Trust, part of Frasers Property Ltd, headquartered in Singapore. Hektar REIT is managed by Hektar Asset Management Sdn Bhd and the property manager is Hektar Property Services Sdn Bhd. Hektar REIT's portfolio of commercial properties includes Subang Parade in Subang Jaya, Selangor; Mahkota Parade in Melaka; Wetex Parade & Classic Hotel in Muar, Johor; Central Square in Sungai Petani, Kedah; Kulim Central in Kulim, Kedah and Segamat Central in Segamat, Johor. 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.

.....

For more information or inquiries, please contact:

Hektar Asset Management Sdn Bhd  
D1-U3-10, Solaris Dutamas  
No 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Malaysia

Investor Communications  
Tel: +6 03 6205 5570 extension 206  
Fax: +6 03 6205 5571  
Email: [ir@HektarREIT.com](mailto:ir@HektarREIT.com)  
Web: [www.HektarREIT.com](http://www.HektarREIT.com)

