
HEKTAR REIT 1Q 2019 RESULTS

Hektar REIT Reviewing Portfolio Anchor Strategies

- 1Q 2019 Revenue reported at RM33.3million
- Double-digit Rent Reversions for three of six malls
- Portfolio Average Occupancy at 90.8%
- Reviewing Anchor Strategies for the Portfolio: An Exercise in Patience & Execution

Kuala Lumpur, May 23, 2019 – Hektar Asset Management Sdn. Bhd, the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”) announced that Hektar REIT has achieved RM33.3 million in Gross Revenue for the first quarter ended March 31, 2019, down 1.8% from the corresponding period in the previous year. The Net Property Income (NPI) for the quarter reached RM18.6 million. The slight dip in results is due to the ongoing anchor strategy review of the portfolio.

Anchor Review Strategies – Initiatives Requiring Patience & Execution

“Hektar is reviewing the anchor strategies of the portfolio”, announced Hektar Asset Management Chief Executive Officer, Dato’ Hisham bin Othman. “As part of our transformation plan and overall strategy, we are reviewing anchor and mini-anchor participation as catalysts for the portfolio”, continued Hisham. “Mini-anchors are typically brands or tenants which can bring in traffic or serve as magnets for other specialty retailers. The challenge is that they are usually sizable tenants that pay lower rent. However, the end result is that mall benefits financially in the long run through improvements in traffic and consumer spending, resulting in a positive upward cycle. We may go through a dip in performance, so this strategy requires patient execution”, said Hisham.

Portfolio Performance – Double Digit Rental Reversions for Three Malls

Hektar REIT’s portfolio occupancy dipped to 90.8%, with all malls recording slight declines except for Segamat Central which edged up in the last quarter. Overall portfolio rental reversions were negative 4.2% for the quarter with a mixed set of numbers. Segamat Central was once again the exception with positive rental reversions of 57.5%, followed by Wetex Parade with 50.8% and Kulim Central with 12.9%.

“Segamat Central was the first mall in our portfolio to undergo an anchor change in late 2018. The new supermarket TF ValueMart has been a hit with locals, resulting in improved traffic. This has stimulated retailer interest in Segamat Central, which has led to this impressive quarter with a 57.5% increase in rental reversions”, said Hisham, adding, “We hope this continues to stimulate retailer interest in the northern Johor market”. Both Segamat Central and Wetex Parade (Muar) are located in northern Johor.

“Wetex Parade had a good quarter with rental reversions up 50.8%. This follows the revitalisation of the Classic Hotel next door, which was refurbished and reopened in December 2018 and also the opening of a new mini-anchor, MR. D.I.Y. For Central Square, we opened our food court brand, Seleria, which has been popular in Mahkota Parade and Kulim Central. Finally, we are reviewing Subang Parade and Mahkota Parade’s anchor strategies. Both are the largest contributors to the portfolio resulting in the negative dip in performance this quarter as both suffered negative rental reversions. For Subang Parade, we are working closely with securing a new supermarket anchor, which we expect will greatly stimulate retailer activity. For Mahkota Parade, we are also studying new mini-anchor catalysts. We hope to make some major announcements later this year, so watch this space,” concluded Hisham.

Hektar REIT declared an income distribution per unit (“DPU”) of 1.93 sen for the first quarter ended 31 March 2019. The Book Closing Date is 11 June 2019 and the final distribution will be made on 10 July 2019. Based on the closing price of RM1.14 on 31 March 2019, the annualised DPU for the year represented a DPU yield of approximately of 6.8%.

Hektar REIT Summary of Financial Results (Unaudited)	1Q 2019 (3 months) (RM '000)	1Q 2018 (3 months) (RM '000)	Variance (%)
Gross Revenue	33,349	33,960	(1.8%)
Direct Cost & Property Expenses	(14,774)	(14,536)	(1.6%)
Net Property Income	18,575	19,423	(4.4%)
Net Income – Realised	8,914	10,411	(14.4)%
Net Income Per Unit – Realised (sen)	1.93	2.25	(14.2)%
Dividend Per Unit (sen)	1.93	2.30	(16.1%)

Note: Refer to the Quarterly Results Announcement for further details.

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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



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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