

Hektar REIT 3Q16 Results

Emphasis on Capital Growth

Stable Dividend per Unit announced at 2.60 sen

Kuala Lumpur, 16 November, 2016 – Hektar Asset Management Sdn Bhd (“Hektar”) announced that Hektar Real Estate Investment Trust (“Hektar REIT”) recorded a marginally lower revenue of RM 30.9 million for the quarter ended 30 September 2016 (“3Q16”), down 1.7% compared to the corresponding period in 2015 (“3Q15”). Net Property Income (“NPI”) is RM 18.0 million, down by 3.4% over 3Q15 due to higher marketing and promotion expenses. This is followed by a lower realised net income of RM 10.0 million, down 6.6% from 3Q15.

For the cumulative period ended 30 September 2016, realised net income was recorded at RM 31.2 million, 7.5% lower than the preceding year’s corresponding period.

“Amidst this challenging retail environment, our team has worked tremendously well in keeping the occupancy rates high. All our malls are currently maintaining occupancy rates of above 90%; especially Wetex Parade, which is at full occupancy. We continue to work closely with our tenants to keep our retail mix relevant at our malls. Granted, revenue has reduced slightly due to the prevailing market sentiment. However, we expect leasing conditions to improve with the updated tenancy mix,” said Chief Executive Officer, Dato’ Hisham bin Othman.

“The management is putting a strong emphasis on capital growth this year. Our proposed acquisition of 1Segamat Shopping Centre is progressing as scheduled. Barring delays in the application for approval from authorities and unitholders, we expect to complete the acquisition by April 2017. This will bring our total asset value to RM 1.2 billion. In addition to the proposed acquisition, we are also embarking on two asset enhancement initiatives (“AEI”) in Landmark Central and Subang Parade with a total combined budget of RM 62 million. Landmark Central’s AEI is expected to complete by second quarter of 2017 while Subang Parade’s AEI is expected to complete by the third quarter of 2018.

There will be new lettable areas created from both AEIs, which will generate additional income upon completion. For Landmark Central, we are planning to improve the traffic circulation and overall ambience of the mall. New lots will be created to facilitate seamless shopper movement from ground floor to the upper floors of the mall.

In Subang Parade, it is due for a fresh new look as the last major AEI was completed about ten years ago. We will be adding a new wing to bring in more exciting brands. A key objective to capture the mature market we have in Subang Jaya,” he added.

Hektar REIT declared an interim distribution per unit (“DPU”) of 2.60 sen, maintained as per the distribution declared in the previous year’s corresponding quarter. The Book Closing Date is December 2, 2016 and payment of the distribution will be made on December 20, 2016. Based on the closing price of RM1.57 on September 30, 2016, the annualised DPU for the year represented a distribution yield of approximately 6.6%.

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)	3Q 2016 (3 months) (RM '000)	3Q 2015 (3 months) (RM '000)	Variance (%)
Gross Revenue	30,860	31,390	-1.7%
Direct Cost & Property Expenses	(12,819)	(12,715)	+0.8%
Net Property Income (NPI)	18,041	18,675	-3.4%
Net Income – Realised	10,015	10,720	-6.6%
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Net Income Per Unit – Realised (sen)	2.50	2.68	-6.6%
Distribution Per Unit (DPU) (sen)	2.60	2.60	-

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 December 2015. 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 shopping 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 2015, the portfolio had an average occupancy of 96.6% and recorded over 30.6 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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