
Hektar REIT 2Q18 Results

Gross Revenue increased by 10%, Net Property Income increased 8%

Hektar REIT focuses on a stable, defensible portfolio

Kuala Lumpur, August 16, 2018 – Hektar Asset Management Sdn Bhd, the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”) announced that Hektar REIT recorded a higher revenue of RM34 million for the second quarter ended 30 June 2018 (“2Q18”), up 10% from the corresponding period (“2Q17”). Net Property Income (“NPI”) reached RM19.5 million, an increase of 8% for 2Q18 from the preceding year quarter, 2Q17.

“We are pleased that our portfolio optimization exercise which is being carried out throughout all of our 6 shopping malls in our asset portfolio is showing results. This was done on top of active leasing, aggressive marketing and value creation initiatives to improve long-term yields,” said Chief Executive Officer, Dato’ Hisham bin Othman.

Hektar REIT declared a second interim distribution per unit (“DPU”) of 2.30 sen. Based on the closing price of RM1.22 on June 30, 2018, the annualised DPU for the year represented a distribution yield of approximately 7.5%. 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. The Book Closing Date is on September 4, 2018 and payment of the distribution will be made on September 24, 2018.

In the last quarter, Hektar REIT secured 45 new and renewed tenancies representing 10.6% of the portfolio’s Net Lettable Area. “This quarter saw the overall portfolio achieved a healthy rental reversion of 7.8%, with majority of the assets under the portfolio recording a high single digit or double-digit growth. This was mainly due to the renewed tenancies in Kulim Central post-refurbishment, as well as the successful renewals of tenants in Mahkota Parade, Wetex Parade, Central Square and Segamat Central”, said Dato’ Hisham, concluding, “We will continue our best efforts to improve the tenancy mix of our centres and ensuring they remain relevant to the communities they serve.”

The portfolio remains stable, with realised income slightly lower by 1% compared to the preceding year quarter which was largely due to the temporary increase in utilities cost and interest expense with the completion of Kulim Central Asset Enhancement Initiative (“AEI”) and the on-going AEI at Subang Parade. Looking at 1H 2018 set against 1H 2017, however, the realised income for Hektar REIT is 5% higher and its NPI is 9% higher than the previous year corresponding period.

Hektar REIT’s portfolio consists of mostly neighbourhood shopping centres, which in general are more resilient and defensible during economic downturns. Hektar REIT’s total portfolio has a combined net lettable area of 2.0 million square feet and has a healthy 92.9% overall occupancy. 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 Kulim Central in Kulim, Kedah, and Segamat Central, Segamat, Johor. The portfolio’s catchment serves a market size of 3.0 million shoppers.

Overview of Hektar REIT Financial Results	FY 2018 Q2 (3 months) (RM ‘000)	FY 2017 Q2 (3 months) (RM ‘000)	Variance (%)
Gross Revenue	33,848	30,787	9.9
Direct Cost & Property Expenses	(14,332)	(12,746)	(12.5)
Net Property Income (NPI)	19,516	18,041	8.2
Net Income – Realised	10,271	10,370	(1.0)
Net Income	10,271	10,497	(2.2)
Net Income Per Unit – Realised (sen)	2.22	2.59	(14.3)
Distribution Per Unit (DPU) (sen)	2.30	4.00* (includes advance distribution)	-

* The Second Interim Income Distribution for the Second Quarter ended 30 June 2017 was paid together with an Advance Distribution for the period of July and August 2017.

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 2.0 million square feet of retail space in Selangor, Melaka, Johor and Kedah with assets valued at RM1.2 billion as at 30 September 2017. The primary objectives of Hektar REIT are to provide unitholders with sustainable distribution income and to achieve long-term capital appreciation of the REIT.

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

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.

For more information, please contact:

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