
HEKTAR REIT 2Q 2019 RESULTS

Hektar REIT Focuses on Bringing New Experiences to Customers

- 2Q 2019 Revenue reported at RM34.7million, up 2.6%
- Double-digit Rent Reversions for three of six malls
- Portfolio Average Occupancy Steady at 90.8%
- Parkson to Refurbish in Subang Parade

Kuala Lumpur, August 28, 2019 – Hektar Asset Management Sdn. Bhd, the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”) announced that Hektar REIT has achieved RM34.7 million in Gross Revenue for the second quarter ended June 30, 2019, up 2.6% from the corresponding period in the previous year. The Net Property Income (NPI) for the quarter reached RM18.2 million, which is however 6.5% lower than the preceding quarter. The dip in NPI compared to the previous year is due to the increase in property operating expenses and continuation of tenancy remixing.

Hektar REIT declared an income distribution per unit (“DPU”) of 2.00 sen for the second quarter ended June 30, 2019. The Book Closing Date is Sept 13, 2019 and the final distribution will be made on October 3, 2019. Based on the closing price of RM1.03 on June 28, 2019, the annualised DPU for the year represented a DPU yield of approximately of 7.6%.

Subang Parade Anchor Review

“We are pleased to announce that the anchor review of Subang Parade is in full swing,” said Hektar Asset Management Chief Executive Officer, Dato’ Hisham bin Othman. Recently, Parkson Corporation and Hektar REIT agreed to refurbish its department store in Subang Parade in 2020. “This is an excellent development as it is in line with our anchor review and revitalization plans for Subang Parade. MBO recently upgraded with a brand new “MBO Kecil” specially designed for the little ones which has been well received and has strengthened Subang Parade’s position as being also a destination for families with young children. In addition, we are in the final negotiations for a new supermarket mini-anchor, which we hope to finalise in the next quarter,” continued Hisham.

“We request for patience as Hektar management is currently reviewing the anchor position in its portfolio of assets of all its shopping centres. We have done our homework and decided that it is crucial to review our key tenancies in our centres now. As a REIT, we have to deliver and ensure a sustainable distribution to our unitholders. There is no room for complacency, the industry is fast changing and competition is becoming more aggressive. Considering the timing due to our economy and the pressing performance of the retail industry, we strongly believe that this is the opportune time to make changes. We have done several turnaround projects in the past and are therefore familiar with the temporary impact it will have on performance. However, we are confident that this is best for the future and the growth it will bring. Whenever we carry out AEs and tenant remixing, our operations remain open for business, we do not close off any areas but we strategically plan around it to minimize business interruption and so customers could still dine and shop with us. The portfolio is expected to ultimately benefit through improvements in anchor tenants, driving traffic, occupancy and consumer spending, resulting in a positive upward cycle”, concluded Hisham.

Portfolio Performance – Double Digit Rental Reversions for Three Malls

Hektar REIT’s portfolio occupancy remained unchanged at 90.8%. Central Square recorded the highest positive rental reversions of 53.8%, followed by Kulim Central with 16.8% and Wetex Parade with 16.6% reversion. However, overall portfolio rental reversions were negative 1.6% for the quarter, dampened by results from Subang Parade and Segamat Central which was due to the heavy tenancy remixing being carried out. For this quarter, 44 new and renewed tenancies were completed successfully which represented 92,272 square feet or 4.5% of the total Net Lettable Area.

Hektar Wins at CSR Awards Malaysia 2019 and the National Energy Awards 2019

During the second quarter, Hektar was honoured with awards from the CSR Awards Malaysia 2019 and the National Energy Awards 2019.

Hektar Property Services Sdn Bhd, the property manager of Hektar REIT, received the Company of The Year Award, for Property Management Category at the CSR Malaysia Awards 2019 which took place on July 11, 2019 at Sheraton Imperial Hotel, Kuala Lumpur. The annual CSR Malaysia Awards is organised by CSR Malaysia Publications, a quarterly publication aimed to promote the commitment of organizations in

Malaysia towards the community at large and their inherent roles as change agents in the socio-economic transformation of Malaysia.

Hektar REIT's flagship property, Subang Parade emerged as the sole recipient at the National Energy Awards (NEA) ceremony on August 1, 2019 under the Energy Efficiency Building - Retrofitted Building sub-category. The prestigious NEA Awards was first organised by the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) in 2018 with the objective of acknowledging the organisations driving the country's sustainable energy sector and highlight the research & development (R&D) of innovation in local technology and best practices in the country.

"Our buildings are often located at the heart of a community, we have a key role to play in supporting the well-being and economic development of the surrounding area", commented Hisham, "we stay true to our tagline 'It's Our Place!', the idea is to provide more than a shopping destination for the community. We have always been supportive in organising events that promotes the growth of the community, especially with the younger generation. We hope that this will also give them a sense of belonging to our shopping centre. With this award, we are very motivated to achieve more to help those in our communities and we invite our stakeholders to join us to improve our environment," concluded Hisham.

Hektar REIT Summary of Financial Results (Unaudited)	2Q 2019 (3 months) (RM '000)	2Q 2018 (3 months) (RM '000)	Variance (%)
Gross Revenue	34,738	33,848	2.6%
Direct Cost & Property Expenses	(16,490)	(14,332)	(15.1%)
Net Property Income	18,248	19,516	(6.5%)
Net Income – Realised	9,244	10,271	(10.0)%
Net Income Per Unit – Realised (sen)	2.00	2.22	(9.9)%
Dividend Per Unit (sen)	2.00	2.30	(13.0)%

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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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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
Web: www.HektarREIT.com