

Hektar REIT 2Q17 Results

Income Distribution per Unit declared at 4.00sen

Kuala Lumpur, 8 August 2017 – Hektar Real Estate Investment Trust (“Hektar REIT”) declared its second interim income distribution per unit (“DPU”) together with an advance distribution for the period of July and August 2017 of 4.00 sen per unit. The advance distribution is in line with the upcoming completion of the rights issue and its underlying proposed acquisition of 1Segamat Shopping Centre. Based on the closing price of RM1.36 on June 30, 2017, the annualised DPU for the year represented a distribution yield of approximately 6.9%. The Book Closing Date is August 25, 2017 and payment of the distribution will be made on September 22, 2017.

Hektar Asset Management Sdn Bhd, the asset manager of Hektar REIT announced that Hektar REIT recorded stable revenue of RM30.8 million for the quarter ended 30 June 2017 (“2Q17”), down by just 0.5% over the corresponding period. Net Property Income (“NPI”) reached RM 18.0 million, down by 4.5% from 2Q16 due to higher operating expenses. Realised net income however, remain flattish at RM10.4 million.

“The market condition has become more challenging following weak economic sentiment and recent oversupply of shopping malls in Klang Valley. Against this backdrop, the net property income has decreased despite being supported by a steady occupancy rate. Performance is affected by higher operating expenses and slower growth in the retail industry which is causing reversions to remain flat,” said Chief Executive Officer, Dato’ Hisham bin Othman.

“Our strategy is to make the most of the current economy by carrying out asset enhancement initiatives and tenant remixing activities at our malls with aims to strengthen the position of our portfolio. The asset enhancement initiatives (“AEI”) at Landmark Central, Kulim will be completed very soon in September 2017 and up to date, 85% of the new lots have already been secured with new tenants. The acquisition of 1Segamat Shopping Centre is also expected to complete in September 2017. We expect both initiatives to contribute positively to the performance of the REIT,” he added.

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)	2Q 2017 (3 months) (RM '000)	2Q 2016 (3 months) (RM '000)	Variance (%)
Gross Revenue	30,787	30,941	-0.5%
Direct Cost & Property Expenses	(12,746)	(12,051)	+5.8%
Net Property Income (NPI)	18,041	18,890	-4.5%
Net Income – Realised	10,370	10,429	-0.6%
Net Income	10,497	10,429	0.7%
Net Income Per Unit – Realised (sen)	2.59	2.60	-0.6%
Distribution Per Unit (DPU) (sen)	4.00	2.60	+53.8%

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 as at 31 December 2016. 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 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 2016, the portfolio had an average occupancy of 96.2% and recorded over 30.1 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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