
HEKTAR REIT Q4/FY2019 RESULTS

Hektar REIT 2019 Performance: Persistency and Consistency

- Higher Revenue at RM137.1 million
 - Net Property Income achieved RM75.4 million
 - Positive Rental Reversions for Five out of Six Malls
 - Portfolio Stability: Average Occupancy at 92.5%
 - Visitor Traffic Stable at 32.3 million visits in 2019
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Kuala Lumpur, February 26, 2020 – Hektar Real Estate Investment Trust (“Hektar REIT”) announced its annual results for Financial Year ended 31 December 2019 (“FY19”) with revenue rising to RM137.1 million, up 1.5% higher compared to the same period in the preceding year. Net Property Income (NPI) was reported at RM75.4 million, a slight 4.2% dip from the previous year. Realised Income was recorded at RM35.8million which was 15.1% lower than FY2018. Overall, the market valuation of the Hektar portfolio increased by RM15.0 million in 2019. The portfolio managed to achieve a positive 0.5% growth in rental reversion despite the challenges in the retail industry.

For the fourth quarter ended 31 December 2019, the REIT recorded higher revenue of RM34.9 million, an increase of 2.9% compared to the corresponding period in 2018 (“4Q18”). Net Property Income recorded was RM19.7 million and the Realised Income before taxation was RM9.2 million.

Hektar REIT declared a final income distribution per unit (“DPU”) of 2.00 sen for the fourth quarter ended 31 December 2019. The Book Closing Date is 11 March 2020 and the final distribution will be made on 9 April 2020. Based on the closing price of RM0.99 on 31 December 2019, the annualised DPU for the year represented a DPU yield of approximately of 7.85%. For the last 12 months period, Hektar REIT has declared a total distribution of RM35.9 million or 7.77 sen.

“Hektar continues to stabilise its portfolio occupancy, building a sustainable year-on-year increase in revenues and defending its net property income in tough times,” commented Executive Director and Chief Executive Officer, Dato’ Hisham bin Othman, “FY2019 has been a tough year for Hektar REIT as our team continues efforts to revitalise the portfolio. With many uncertainties lingering in the economy due to national and international issues, we felt that Malaysian consumer sentiment was affected. There was also

an increase in direct cost and property expenses this year due to concentrated efforts in the rejuvenation of our shopping centres. It was not an easy year, but we remain committed and persisted with our plans which included improving our centres through asset enhancement initiatives, energy saving initiatives, extensive tenancy remixing and reconfiguration of spaces. During this process, we have received recognition of our efforts through several awards both locally and internationally in 2019 for our achievements in CSR and energy efficiency”.

Stable Portfolio Performance – Positive Rental Reversions for Five Malls

Overall occupancy for 2019 remained steady at 92.5%, a marginal increase compared to previous year’s occupancy which stood at 92.1% at year’s end. Overall visitor traffic at our portfolio remained stable at 32.3 million visits in 2019, slightly higher than the previous year. The increase was mainly boosted by the encouraging visitor traffic in Kulim Central which has climbed 15.0% this year following the refurbishment and asset enhancement initiatives which were completed in 2017. The main drivers of positive rental reversions were Wetex Parade with 24.8%, Kulim Central with 15.6%, Segamat Central with 10.6% and Central Square with 9.2% increase in rental reversions. The main decline was in Subang Parade, due to initiatives in anticipation for the new supermarket anchor. For FY2019, the overall portfolio registered a 0.5% increase in rental growth through 146 new and renewed tenancies on over 420,983 square feet or 20.6% of the NLA.

Subang Parade’s New Grocer

Subang Parade is proud to announce that it will be welcoming Village Grocer into the shopping centre. Established in 2004 with its first outlet in Bangsar, Village Grocer has grown from a typical neighbourhood supermarket to one of the most well-known grocery brands in Malaysia with its mantra of “Passion to Delight”. The establishment of Village Grocer Subang Parade will strengthen Subang Parade’s place as the preferred shopping destination in Subang Jaya, as it serves the surrounding community with high quality products that have been sourced globally and through its excellent customer service.

“We are pleased to announce our latest key tenant in Subang Parade, a name synonymous with premium grocery, who is just the right fit for our shopping centre and our customers. We are confident that with the inclusion of Village Grocer, we hope to bring in many more quality brands into Subang Parade. We have been very selective with bringing in the most suitable tenants, so that our plans for the centre will

generate the intended results. Our team will continue to work hard to identify the possibilities and potential in every shopping centre under the portfolio”, continued Hisham.

Operating Performance Commentary

“In 2019, in order to achieve our goals we have increased our resources to secure the right tenants, entice new retailers and increase the marketing activities in our centres. There was a noteworthy increase in CSR initiatives this year as we reached out to our community members. This has helped us secure our spot as the favoured destination within the communities whether it is to shop, open up a business or to collaborate with our team. We are pleased with this development”, said Hisham.

“Overall, we are positive about the portfolio performance especially with the four shopping centres Wetex Parade, Kulim Central, Segamat Central and Central Square recording positive rental reversion growth. These malls have been recently acquired or have successfully undergone asset enhancement initiatives within the last few years. We hope to see the same effect once Subang Parade completes its tenancy remixing and asset enhancement exercise. The REIT is truly enjoying the benefit of having a well-diversified portfolio,” concluded Hisham.

Awards & Acknowledgments in 2019

Hektar was awarded with numerous accolades in 2019. Hektar REIT’s property manager, Hektar Property Services was honoured at the CSR Malaysia Awards 2019 (Company of the Year Award – Property Management Category) and the Asia Top 10 Best Property Management Company Award. Hektar REIT was honoured at the ASEAN Energy Awards 2019, the National Energy Awards 2019 (both Energy Efficient Building – Retrofitted Building categories) and the Asia Corporate Excellence & Sustainability Awards 2019 (Green Initiative Award). The Edge awarded Hektar REIT with the “Highest Return on Equity Over Three Years” Award at The Edge Malaysia Centurion Club 2019 Awards.

Hektar REIT Summary of Financial Results for 4Q19 (unaudited)	4Q 2019 (3 months) (RM '000)	4Q 2018 (3 months) (RM '000)	Variance (%)
Gross Revenue	34,866	33,881	2.9%
Direct Cost & Property Expenses	(15,153)	(13,613)	(11.3%)
Net Property Income	19,713	20,268	(2.7%)
Net Income – Realised	9,216	12,037	(23.4%)
Net Income Per Unit – Realised (sen)	2.00	2.61	(23.4%)
Dividend Per Unit (sen)	2.00	2.31	(13.4%)

Hektar REIT Summary of Financial Results for FY2019 (unaudited)	FY 2019 (12 months) (RM '000)	FY 2018 (12 months) (RM '000)	Variance (%)
Gross Revenue	137,089	135,107	1.5%
Direct Cost & Property Expenses	(61,653)	(56,391)	(9.3%)
Net Property Income	75,436	78,716	(4.2%)
Net Income – Realised	35,874	42,269	(15.1%)
Income Distribution	35,894	41,623	(13.8%)
Net Income Per Unit – Realised (sen)	7.77	9.15	(15.1%)
Dividend Per Unit (sen)	7.77	9.01	(13.8%)

For further information, please log on to www.bursamalaysia.com

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 2019. The REIT’s cornerstone investor is Frasers Centrepoin 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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