
HEKTAR REIT 2Q 2020 RESULTS

Hektar REIT Focusing on Recovery

- Revenue for 2Q2020 reported at RM24.6million, a decline of 29.2% due to MCO
- Portfolio Average Occupancy Remained Steady at 90.7%
- Management Remains Committed to Pay 90% of Distributable Income for FY2020
- Focusing on Recovery and launch of new supermarket anchor in Subang Parade

Kuala Lumpur, August 26, 2020 – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”) announced that Hektar REIT achieved RM24.6 million in Gross Revenue for the second quarter ended June 30, 2020, a drop of 29.2% from the corresponding period in the previous year. While the Property Operating Expenses decreased 23.4% from previous year during the quarter, the Net Property Income (NPI) for the quarter is lower by 34.4% than the preceding quarter at RM12.0 million. The dip in Gross Revenue and NPI compared to the previous year is due to the temporary semi-closure of the shopping centres to comply with the guidelines set by the government’s Movement Control Order (“MCO”) which commenced on 18 March 2020. This is in response to the unprecedented spread and development of the COVID-19 virus globally.

Earnings and Dividend Policy

Hektar REIT recorded Earnings per unit (“EPU”) of 0.32 sen for the second quarter ended June 30, 2020. In the first quarter, Hektar REIT secured a moratorium on its debt facilities in line with government initiatives. As a result, the REIT was granted deferment of interest on financing facilities for a period of 6 months from 1 May to 31 October 2020. As a condition, no dividends are allowed to be paid until full settlement of deferred interest on financing facilities. However, Hektar REIT management remains committed to paying at least 90% of distributable net income to unitholders for FY2020.

Dato’ Hisham, Chief Executive Officer of Hektar Asset Management Sdn. Bhd., the Manager for Hektar REIT commented, “Ever since MCO was implemented, visitor traffic had dropped greatly due to prohibition of large gathering and ban on leaving homes unless for essential purposes. The visitor count improved during the Recovery MCO period which begun on June 10 and we believe this is due to the pent-up demand from customers. We hope that the situation will continue to show recovery. We are

playing our part to ensure shopper health and safety within our malls is taken care of, to bring back confidence to consumers. However, clearer results will only be seen in the next quarter. Currently we remain focused on recovery efforts including targeted sales promotions focusing on retailer sales in all of our centres”.

Movement Control Order Impact

The performance in the quarter showed a significant dip due to decreased marketing activities, lower car park revenue and lower visitor traffic as a result of the Movement Control Order implementation. Management’s Tenant Support Program provided assistance to the tenants which also had an impact on revenues. Hektar REIT offered relief through this program for qualifying tenants to ensure business continuity of the retailers and to reinforce long-term partnerships. Operating Expenses was reduced due to lower marketing activities in the centres, lower electricity usage as well as lower maintenance cost due to the partial closure during MCO. Since the Recovery MCO started from 10 June, more than 94% of retailers have opened for business.

Subang Parade Anchor Supermarket Opening Soon

“Hektar’s portfolio consists of mostly neighbourhood shopping centres and is a bit more resilient for this current economy with its tenancy mix focusing more on the daily items and basic necessities. Five out of our six shopping centres have supermarket anchors and Subang Parade will soon re-join them. We are pleased that our plans for Subang Parade are on track and that we are able to deliver our promise to our customers who have been waiting for an upscale supermarket,” continued Hisham.

Subang Parade’s main anchor, Parkson completed part one of its plans to refurbish its department store with a modern look on the lower ground floor. Village Grocer will open a brand new supermarket in September 2020.

Portfolio Performance – Stable Occupancy Rate at 90.7%

Portfolio leasing activities was slow during the quarter due to the MCO. However, Hektar REIT’s portfolio occupancy remained steady at 90.7% despite the current challenges faced by the retail industry. Portfolio rental reversions for the quarter was 30.3% higher than previous rental, albeit only 7 new and renewed tenancies were completed which represented 6,356 square feet or 0.3% of the total portfolio Net Lettable Area.

Hektar REIT Summary of Financial Results (Unaudited)	2Q 2020 (3 months) (RM '000)	2Q 2019 (3 months) (RM '000)	Variance (%)
Gross Revenue	24,601	34,738	(29.2%)
Property Operating Expenses	(12,628)	(16,490)	23.4%
Net Property Income	11,973	18,248	(34.4%)
Net Income – Realised	1,499	9,244	(83.8)%
Net Income Per Unit – Realised (sen)	0.32	2.00	(83.8)%
Dividend Per Unit (sen)	-	2.00	-

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 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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