
HEKTAR REIT 3Q 2020 RESULTS

Hektar REIT Readies Itself For 2021

- Revenue for 3Q2020 reported at RM26.0 million, a decline of 23.8%
- Opening of Village Grocer in Subang Parade to have positive spillover effect
- Portfolio Average Occupancy remained steady at 88.5%
- Gross Rental Income up by 5.7% quarter-on-quarter

Kuala Lumpur, 25 November 2020 – Hektar Asset Management Sdn. Bhd., the Manager for Hektar Real Estate Investment Trust (“Hektar REIT”), today announced that for the third quarter ended September 30, 2020, Hektar REIT posted RM26.0 million in Gross Revenue, a decline of 23.8% from the corresponding period in the previous year. The reported Gross Revenue fell mainly due to the rental income, carpark income and lower hotel occupancy, consistent with other retail and hospitality REITs that were affected because of the pandemic outbreak. However, when compared to the previous quarter, its Gross Revenue had increased by 5.7% mainly from casual leasing, car park income and turnover rent which was believed to be signs of recovery during the RMCO period.

Property Operating Expenses continued to decrease for the quarter under review, falling 14.2% compared to the previous corresponding quarter. However, Net Property Income (“NPI”) declined by 31.6% to RM12.9 million. Notwithstanding the fall in Gross Revenue and NPI, recovery plans are on-track as Subang Parade welcomed premium supermarket Village Grocer as a new anchor tenant in September 2020 and Parkson reopened in July 2020 following the refurbishment of the lower ground floor.

While Gross Rental Income has dropped compared to the previous year’s corresponding quarter, it has improved compared to the preceding quarter mainly from casual leasing, car park income and turnover rent, a sign of nascent recovery during the Recovery Movement Control Order (“MCO”) period. The REIT manager has also actively engaged with tenants in all six shopping centres to help promote their business while playing its part in ensuring the health and safety of all visitors to the shopping centres as well as all tenants together with their employees in regards to the government’s standard operating procedures for the COVID-19 pandemic.

Earnings and Dividend Policy

Hektar REIT recorded Earnings Per Unit (“EPU”) of 0.98 sen for the third quarter ended September 30, 2020. While Hektar REIT is committed to paying at least 90% of distributable net income to unitholders for financial year ending December 31, 2020, it has also secured a moratorium on its debt facilities for a period of six months from May 1 to October 31, 2020 that obliges it to not pay any dividend until the deferred interest under the moratorium period has been repaid.

Subang Parade Rejuvenation On Track

Dato’ Hisham bin Othman, Chief Executive Officer of Hektar Asset Management Sdn. Bhd. commented, “The quarter under review has shown that there is pent-up demand among consumers although understandably, it is going to be a slower than expected recovery. It is with this in mind that we welcomed the opening of the Village Grocer premium supermarket at Subang Parade and the reopening of Parkson in the same mall after refurbishment to its lower ground floor space. We are pleased that our rejuvenation plans for Subang Parade are on track and is positive that having good anchor tenants and the right mix will continue to attract visitors to our malls and will also contribute to a spillover effect for other tenants as it is beginning to have for Subang Parade with the opening of Village Grocer.”

“We are prioritising retaining the occupancy rates in our shopping centres at the moment. Subang Parade and Mahkota Parade are looking forward to welcoming several well-known brands by the next quarter. We believe that despite the challenging consumer sentiment, there will be pockets of demand that we as a small operator, would take advantage of in order to sustain business. We will continue to support our tenants through the Tenant Support Programme for qualified tenants affected by the MCO and the Recovery MCO while doing our utmost to reinforce long-term partnerships as we ready our portfolio for 2021.”

Portfolio Performance – Stable Occupancy Rate at 88.5%

Despite portfolio leasing activities that continued to be affected by the Recovery MCO during the quarter under review and in tandem with the fall in economic activities, Hektar REIT’s portfolio of properties remained steady with an occupancy rate of 88.5%. There was a total of 14 rental reversions in the quarter under review representing 2.3% of Net Lettable Area (“NLA”). Among the new tenants were Village Grocer in Subang Parade, while key renewed tenants for the mall included Bata and MOG Eyewear.

Hektar REIT Summary of Financial Results (Unaudited)	3Q 2020 (3 months) (RM '000)	3Q 2019 (3 months) (RM '000)	Variance (%)
Gross Revenue	26,005	34,137	(23.8%)
Property Operating Expenses	(13,077)	(15,237)	14.2%
Net Property Income	12,928	18,900	(31.6%)
Net Income – Realised	4,524	8,500	(46.8%)
Net Income Per Unit – Realised (sen)	0.98	1.84	(46.8%)
Dividend Per Unit (sen)	-	1.84	-

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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 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



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