
HEKTAR REIT 4Q/FY2020 RESULTS

Hektar REIT 2020 Performance: Resilience in Adversity

- Achieved Revenue at RM111.1 million & Net Property Income of RM53.0million
 - Positive Anchor Commitment at Subang Parade and Mahkota Parade
 - Stable Portfolio occupancy at 88.4%
 - 3-star ESG rating by FTSE Russell
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Kuala Lumpur, February 25, 2021 – Hektar Asset Management Sdn. Bhd., the Manager for Hektar Real Estate Investment Trust (“Hektar REIT”), today announced Hektar REIT’s annual results for Financial Year ended 31 December 2020 (“FY20”) with revenue at RM111.1 million, down 18.9% compared to the same period in the preceding year. Property Operating Expenses reduced by RM3.5 million or savings of 5.7% compared to the previous year. Net Property Income (NPI) was reported at RM53.0 million, a decline of 29.8% from 2019. FY20 was a challenging year for the retail sector due to the COVID-19 pandemic and implementation of various mobility restrictions throughout the year, which resulted in a decline in income from rental, carpark and food court.

For the fourth quarter ended 31 December 2020 (“4Q 2020”), Hektar REIT posted revenue of RM29.8 million, which is 14.5% lower compared to the same quarter of the preceding year. NPI was RM12.4 million, a decline of 37.3% compared to the corresponding quarter of the previous year. However, when compared to the previous quarter, revenue increased by 14.7%. Despite the challenges to malls as a result of the COVID-19 pandemic on the retail sector, the REIT managed to attract new and secured existing tenants covering 10.2% of Hektar REIT’s Net Lettable Area (“NLA”) in this quarter. The REIT continually engages with tenants in all six shopping centres to ensure the sustainability of their business.



Dato' Hisham bin
Othman, CEO of Hektar
Asset Management
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Dato' Hisham bin Othman, Chief Executive Officer of Hektar Asset Management Sdn. Bhd, commented, “We cannot deny that 2020 was a challenging year for our malls given the mobility restrictions and stringent standard operating procedures that had to be implemented to curb further spread of the COVID-19 virus. However, we strived to ensure that business remained sustainable for our tenants and us at all times.”

“We expect consumer sentiment to improve over the second half of 2021 as more people get vaccinated and the economy recovers. To ensure that our portfolio of malls remain competitive and continue to attract visitors, we have also been busy with remixing & rejuvenating our tenant mix and reconfiguring of spaces along with other optimum asset enhancement initiatives”.

Income Distribution

As earlier announced, Hektar REIT declared an income distribution of RM4.2 million for 4Q 2020, which is equivalent to 0.90 sen per unit. The COVID-19 pandemic has impacted the retail industry significantly and the REIT has also not been spared. However, we remain committed to steering our portfolio into recovery this year.

Positive Anchor Commitment at Subang Parade and Mahkota Parade

Anchor support for Hektar’s two largest malls, Subang Parade and Mahkota Parade, remains positive. Subang Parade saw the introduction of premium supermarket Village Grocer. Parkson, our long-term anchor, refurbished their lower ground space at Subang Parade and renewed their tenancy at Mahkota Parade. A new mini-anchor, EcoShop, also opened at Subang Parade in December 2020. The commitment by these anchors is a testament to the confidence in the long-term prospects of the malls.

Stable Portfolio Occupancy

Hektar REIT’s portfolio of malls remained steady at an overall occupancy rate of 88.4% for FY2020. The overall portfolio registered 80 new and renewed tenancies representing NLA of 364,014 sq ft or 17.8% of total NLA. Hektar REIT reached out to eligible tenants by providing rental assistance and engaging with our shoppers to boost tenant sales through marketing promotions via physical and digital platforms.

Sustainability Efforts

Hektar REIT is committed to fulfill its obligation to ensure that all the business activities are performed to high standards of Environmental, Social and Governance (ESG). Overall, energy consumption for the portfolio declined by 19.1%, translating into reduction of carbon emissions of 1.2 million kgCO₂. Hektar REIT is a constituent member of the FTSE4Good Bursa Malaysia Index and in its latest December 2020 evaluation, its ESG conduct has been recognised with a 3-star ESG rating by FTSE Russell.

Hektar REIT Summary of Financial Results for 4Q20 (unaudited)	4Q 2020 (3 months) (RM '000)	4Q 2019 (3 months) (RM '000)	Variance (%)
Gross Revenue	29,819	34,866	(14.5%)
Direct Cost & Property Expenses	(17,464)	(15,153)	(15.3%)
Net Property Income	12,355	19,713	(37.3%)
Net Income – Realised	1,125	9,216	(87.8%)
Net Income Per Unit – Realised (sen)	0.24	2.00	(88.0%)
Dividend Per Unit (sen)	0.90	2.00	(55.0%)

Hektar REIT Summary of Financial Results for FY2020 (unaudited)	FY 2020 (12 months) (RM '000)	FY 2019 (12 months) (RM '000)	Variance (%)
Gross Revenue	111,139	137,089	(18.9%)
Direct Cost & Property Expenses	(58,168)	(61,654)	5.7%
Net Property Income	52,971	75,436	(29.8%)
Net Income – Realised	14,223	35,874	(60.4%)
Income Distribution	4,158	35,894	(88.4%)
Net Income Per Unit – Realised (sen)	3.08	7.77	(60.4%)
Dividend Per Unit (sen)	0.90	7.77	(88.4%)

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

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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 2020. The REIT’s strategic partner 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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