
HEKTAR REIT FINANCIAL RESULTS

Hektar REIT Posts Revenue of RM30.7 million for 1Q 2020

- 1Q 2020 Net Property Income recorded at RM15.7 million
 - Focus on building back customer's confidence post MCO
 - Portfolio: Average Occupancy at 91.3%
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Kuala Lumpur, May 22, 2020 – Hektar Asset Management Sdn. Bhd, the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”) announced that Hektar REIT has achieved RM30.7 million in Gross Revenue for the first quarter ended March 31, 2020, a variation of 7.9% from the corresponding period in the previous year. The Net Property Income (NPI) for the quarter reached RM15.7million, lower by 15.4% compared to the preceding year. The REIT’s Realised Net Income per unit was recorded at 1.53 sen for the quarter.

Movement Control Order Impact

The Malaysian Government announced a nationwide Movement Control Order (MCO) to control the spread of the COVID-19 virus. This commenced from 18 March 2020. The MCO mandated that only retailers providing essential services would be allowed to open, such as supermarkets, pharmacies, and retailers involved with food supply. Food and beverage (F&B) operators could provide take-away and delivery only. The Conditional MCO effective May 4 allows most retailers to open, with the exception of entertainment, leisure and a few others. F&B operators may offer dine-ins subject to social distancing measures. The MCO is currently expected to end on 9 June 2020.

Chief Executive Officer and Executive Director Dato’ Hisham bin Othman commented, “We are monitoring the situation carefully. The actual impact of the COVID-19 crisis is expected to be felt in the second quarter, as a majority of tenants were not able to operate for at least 5 weeks. We expect lower income from turnover rent and car park as well as slower rental collection due to lower trading activity and shopper traffic declines. We expect that even after MCO is lifted, the condition will take some time before it returns to normalcy. Looking at the unprecedented headwinds impacting all sectors, we have to take a prudent approach to conserve cash and initiate stringent cost-management strategies to navigate through this challenging period. Our team is diligently examining the options and its impact, including

exploring tenancy restructuring, deferring or phasing all but essential maintenance capital expenditures and suspending major redevelopment project starts until further notice.”

“As a result of the MCO imposed by government, the physical stores of non-essential tenants, who represented a large percentage of the REIT's tenant portfolio were not able to serve the public. Hektar management has been studying the impact which resulted with the REIT coming up with the Tenant Support Program to ease the financial challenges the tenants faced during this pandemic. The program and total amount pledged is still under consideration and will benefit approximately 600 tenants in six shopping centres. The program will be announced soon,” Hisham continued.

Portfolio Performance: Occupancy at 91.3%

The portfolio's average occupancy at the end of the quarter stood at 91.3%. During the three months period under review, the renewals activity included 28 new and renewed tenancies on over 103,307 square feet, representing just 5.1% of the portfolio's Net Lettable Area (NLA). Among the strongest drivers of positive rental reversions were Wetex Parade with 12.1%, Central Square with 7.9% and Kulim Central with 7.9%.

According to Hisham, “Subang Parade and Mahkota Parade remain the largest contributors to the portfolio and we have put in considerable amount of time reviewing the tenancy mix direction. In Subang Parade, the arrangements were made to prepare the centre for the opening of its new supermarket anchor tenant. As for Mahkota Parade, we are in the process of bringing in international brands and balancing it with unique local offerings to cater to our customers. We have recently welcomed new brands like Pandora, Innisfree, Hummer and SSF into Melaka's preferred shopping destination.”

Dividend Deferment

In consideration of the uncertainty and impact of the pandemic outbreak, the Board decided that Hektar REIT will not be declaring a first interim distribution per unit this quarter. Hektar REIT remains committed to maintaining the distribution policy of paying at least 90% of distributable net income to unitholders.

Beyond MCO: Restoring Confidence

“Our priority right now is to build back shopper’s confidence and bring back the business to our tenants by making our shopping malls safe for shoppers and employees alike,” Hisham explained, continuing, “The retail scene may continue to be challenging for a while after the MCO. Landlords and retailers will have to adapt and find innovative solutions to encourage and engage shoppers, promote the retailers and ensure their safety and health at the same time. Protective measures taken to safeguard our visitors and business partners includes increasing the frequency of cleaning and sanitising of premises, markings for social distancing, imposing health declarations for all tenants, employees and visitors to the properties and conducting temperature screenings. Our mall employees and security team have been briefed and our tenants have been given guidelines on steps to take including handling suspect cases and demarcating special transfer routes to minimise exposure to the public. Outsourced employees will have to go through screenings and provide attendance records as well. Above all, our shoppers just want a safe environment for their local neighbourhood mall”, concluded Hisham.

Hektar REIT Summary of Financial Results for 1Q 2020 (Unaudited)	1Q 2020 (3 months) (RM '000)	1Q 2019 (3 months) (RM '000)	Variance (%)
Gross Revenue	30,714	33,349	(7.9%)
Property Operating Expenses	(15,000)	(14,774)	(1.5%)
Net Property Income	15,714	18,575	(15.4%)
Net Income – Realised	7,076	8,914	(20.6%)
Net Income Per Unit – Realised (sen)	1.53	1.93	(20.6%)
Dividend Per Unit (sen)	-	1.93	-

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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



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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