
Hektar REIT Unveils New Diversification Strategy: Pioneering Beyond Retail

- MTrustee Berhad, the Trustee of Hektar REIT signs a Conditional Sale and Purchase Agreement
- Kolej Yayasan Saad Melaka's Outstanding Academic Record Strengthens Hektar REIT's Asset Mix
- Fusing Retail and Education with a Move to Shape Future Leaders
- Remains Focused and Committed to Maintaining High ESG standards

Kuala Lumpur, 12 SEPTEMBER 2023 – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust ("Hektar REIT"), today announced the acquisition of an educational asset, **Kolej Yayasan Saad Melaka (KYSM)**, a prestigious private school in Melaka, Malaysia, at a purchase consideration of RM150 million.

Kolej Yayasan Saad Melaka (KYSM) was established in June 1995 and is located in Ayer Keroh, Melaka. This private boarding school is a co-ed institution that caters to forms 1 to 5 with an age range of 13 to 17 years old. KYSM has an established track record and is ranked amongst the top 3 schools for best Sijil Pelajaran Malaysia ("SPM") results. Their alums have graduated from leading IVY League universities and are working across notable and prominent positions across GLCs, GLICs, MNCs and the private & government sectors.

MTrustee Berhad, the Trustee of Hektar REIT, has signed a conditional sale and purchase agreement to acquire the property from KYS College Sdn Bhd ("KYSC"). The acquisition will be satisfied via cash payment through a combination of the proceeds from Proposed Placements, internally generated funds and borrowings. The move will allow the Manager to maintain a healthy gearing ratio while keeping sufficient cash reserves to navigate operational headwinds. The acquisition comes with a sustainable mid to long-term income stream through a 30-year Quadruple-Net lease agreement incorporating a guaranteed step-up yearly with the existing experienced operator. This acquisition will see an average annual yield of 7.9% over the lease term. The exercise is expected to be completed by the end of 1H 2024.

Hektar REIT's current Assets Under Management ("AUM") consists of six shopping malls and a hotel spread across Peninsular Malaysia. The continued commitment to enhancing profitability and financial resilience has culminated in a promising performance in the recent results. These results underscore the strength of

Hektar REIT's strategy and the potential for sustained growth, solidifying its standing as a leading player in the retail sector. Hektar REIT has been actively exploring the possibility of diversification, especially after the pandemic. The decision to diversify aligns with Hektar REIT's overarching strategy to explore new investment avenues beyond its retail-focused real estate portfolio to strengthen the portfolio and reduce risk by acquiring assets that are resilient to economic cycles and delivering consistent value to our unitholders. The new acquisition will increase Hektar REIT's Assets Under Management ("AUM") size in value by 12.44% from RM1,206.1 million to RM1,356.1 million.



Johari Shukri Jamil,
Executive Director/CEO of Hektar Asset
Management Sdn Bhd

En. Johari Shukri bin Jamil, Executive Director & Chief Executive Officer of Hektar Asset Management Sdn. Bhd. said, "We're thrilled to announce the acquisition of this esteemed educational asset, Kolej Yayasan Saad Melaka ("KYSM"). This strategic move underscores our commitment to enhancing the educational landscape and generating sustained value for our Unitholders. As we integrate this asset into our portfolio, we foresee a harmonious synergy that will propel educational excellence and stakeholder value to new heights. As we extend our reach beyond retail real

estate, we are embracing the educational sector, which has perennial value and societal impact. Recognising the increasing importance of ESG (Environmental, Social and Governance) factors, we see this transition as an opportunity to bolster our commitment to sustainability. With KYSM's distinguished legacy and high educational standards, we see an incredible synergy with our core values. It's a win-win, paving the way for financial resilience and meaningful community impact."

Based on internal research and the information published by the Malaysia Department of Statistics, the K-12 private education sector has combined assets worth RM6 billion, which will present further opportunities for Hektar REIT to consider in the future. There are a limited number of private secondary institutions offering national curriculum and full boarding, creating an advantage in the demand-supply scenario. The Malaysia Private Education outlook is attractive and the Primary School Market Size is expected to grow at a CAGR of ~7%, followed by secondary schools at 6.5% and others at 6%. The market size is expected to reach RM20 billion by 2026.

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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 a 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 30 June 2023. 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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