
HEKTAR REIT 2Q/FY2023 RESULTS

HEKTAR REIT DELIVERS SOLID PERFORMANCE WITH NPI GAINS OF 13%
PORTFOLIO OCCUPANCY RATE SHOWED CONTINUOUS IMPROVEMENT TO 85.7%

- Revenue recorded at RM27.2 million and NPI of RM15.5 million
- NPI Margin increased to 56.9%, demonstrating strong financial acumen
- Gearing ratio lowered to 44.1%, in line with effective debt management
- Interim income distribution of 2.7 sen declared
- Awarded "Company of the Year (Retail Management) for Best in Sustainability Reporting & Community Support"

Kuala Lumpur, 28 AUGUST 2023 – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust ("Hektar REIT"), today announced that for the second quarter ended 30 June 2023 ("2Q 2023"), Hektar REIT registered revenue of RM27.2 million and Net Property Income ("NPI") of RM15.5 million. NPI recorded a significant growth of 13% compared to the same quarter of the previous year, with an impressive NPI margin of 56.9%, indicative of effective financial management. The Realised Net Income for 2Q 2023 stood at RM6.9 million, which also showed improvement and was almost 6% higher than the same quarter in the preceding year. Hektar REIT has declared an interim income distribution of 2.70 sen per unit for six (6) months ended 2Q 2023, amounting to RM13.4 million.

Hektar REIT's commitment to enhancing profitability and financial resilience has culminated in a promising performance in 2Q 2023. The improved NPI is attributable to the continued effort in group-wide cost optimization programs, leading to a healthy margin despite challenges such as the electricity tariff hike and mandatory minimum wage increase. The REIT's financial position has also been strengthened through prudent debt reduction, lowering the overall gearing ratio to 44.1%. 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's malls have shown remarkable improvement in the occupancy rates this quarter, showcasing the brand's resilience and adaptability: The overall portfolio occupancy increased to 85.7% with three of the malls, namely, Mahkota Parade & Wetex Parade registering more than 90% and Kulim Central boasting

almost 97%. These outstanding numbers show REIT's unwavering commitment to pioneering a proactive leasing strategy amidst a dynamic & competitive retail arena. This quarter and the first half of this year have seen an influx of new tenancies with the inclusion of international brands that add to the vibrancy and diversity of our centres. Our Leasing Strategies are tailored to meet the demands of different demographics. Overall, there has been an increase in the F&B category across our malls, offering uniqueness and variety and an increase in destinational outlets and entertainment centres to cater to different age groups.

Our first property, Subang Parade, is currently undergoing a transformative repositioning to enhance its standing as a community favourite while introducing modern elements for a refreshed shopping experience. Our last acquisition, Segamat Central, is also on the cusp of exciting change. We're in advanced negotiations to introduce new mini anchors and key tenants, each chosen to complement and elevate the mall's offerings. The Management is looking into improving the mall's outlook and its accessibility. These initiatives and strategies, tailored to our assets' unique potential, will further strengthen our position in the market.

Hektar REIT's dedication to Corporate Social Responsibility (CSR) and Sustainability has been distinguished with a significant honour, as it was awarded "Company of the Year - Best in Sustainability Reporting & Community Support" at the Sustainability & CSR Malaysia Awards 2023. This acclaimed award was presented at a grand ceremony in Kuala Lumpur officiated by the Minister of Women, Family & Community Development. This underscores Hektar REIT's exemplary contributions to the well-being of the community and being transparent in its reporting. The accolade serves as a testimony to Hektar REIT's unwavering commitment to sustainable business practices and socially responsible conduct, reinforcing its industry leadership and illustrating its pivotal role in shaping a more sustainable future.



Johari Shukri Jamil,
CEO of Hektar Asset Management Sdn Bhd
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En. Johari Shukri bin Jamil, Chief Executive Officer of Hektar Asset Management Sdn. Bhd. said: "Retail activities remained strong in this quarter on the back of festivities, and our malls continue to be well-positioned as neighbourhood & community hubs. Our commitment to improving our malls' overall tenancy mix & occupancies has been rewarded with improved occupancy rates across the board. Our strategic financial management, such as the

reduction in gearing ratio and the successful implementation of a group-wide cost optimization programme, has resulted in a robust NPI margin of 56.9%, demonstrating the financial resilience of our portfolio. Our focus is on initiatives that will continue to drive improvements in visitor footfall and encourage higher customer spending, resulting in a continuous positive upward cycle and stable returns to our Unitholders. Our committed overall portfolio occupancy is currently at 87.3%, surpassing our full-year target of 86% announced during the Annual General Meeting earlier this year, with promising discussions underway to further improve our overall occupancy. At Hektar REIT, we're not just thinking about our bottom line – we're thinking about our children and their future generations. Our dedication to ESG initiatives comes from a very personal place – a desire to hand over a world that's even better than the one we inherited. We want our malls to be places where business thrives, but also where communities feel proud, and where every step we take is a step forward for the planet.”

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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



For more information or inquiries, please contact:

Hektar Asset Management Sdn Bhd
D1-U3-10, Solaris Dutamas
No 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia



Investor Relations
Tel: +6 03 6205 5570
Fax: +6 03 6205 5571
Email: ir@HektarREIT.com
Web: www.HektarREIT.com