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HEKTAR REIT 3Q/FY2023 RESULTS

## HEKTAR REIT ACHIEVES HIGH OCCUPANCY & POSITIVE REVERSIONS

### ROBUST LEASING INITIATIVES BOOST PORTFOLIO OCCUPANCY RATE TO 87.7%

- Revenue recorded at RM27.8 million and NPI of RM15.4 million
- Diversification Strategy: Pioneering Beyond Retail
- Proposed Acquisition of KYSM, a leading private school in Melaka
- Honoured with two Gold Awards at The Edge Malaysia ESG Awards 2023
- Positive Rental Reversions continue to lead to improvement

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**Kuala Lumpur, 22 November 2023** – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust ("Hektar REIT"), today reported a resilient financial performance for the third quarter ended 30 September 2023 ("Q3 2023"). The REIT showcased a sustained commitment to financial stability and strategic growth in a challenging economic environment. In Q3 2023, Hektar REIT achieved a total revenue of RM27.8 million and an NPI of RM15.4 million. The Net Property Income (NPI) margin stood strong at 55.4%. These figures reflect the REIT's adept handling of market volatilities and its dedication to operational efficiency.

In addressing the challenges posed by increasing operational costs during Q3 2023, the Manager actively reinforces the REIT's financial standing and amplifies profitability through sound capital management initiatives by demonstrating fiscal prudence. The REIT has successfully reduced its gearing ratio to 44.3% in the current quarter, down from 44.6% as of 31 December 2022, via a targeted debt reduction program.

Furthermore, the Manager continues to embrace an assertive and strategic leasing approach. The REIT has elevated the overall occupancy rate of its retail asset portfolio to 87.7% during the third quarter of 2023. Three of the malls under the portfolio, Mahkota Parade & Wetex Parade, recorded an occupancy rate of more than 93% and Kulim Central recorded close to 98%. Overall, rental reversions for the quarter were positive. These proactive measures are poised to enhance the tenancy mix, positioning the REIT for anticipated revenue growth in the upcoming quarters.

In a landmark move announced in September 2023, Hektar REIT has broadened its investment horizon with the proposed strategic acquisition of Kolej Yayasan Saad Melaka (KYSM), a renowned private boarding school located in Ayer Keroh, Melaka. This proposed acquisition, which is valued at RM150 million marks a significant pivot towards educational assets, diversifying Hektar REIT's portfolio beyond its traditional retail focus. KYSM, established in June 1995, stands out as a top-tier institution, consistently ranked among the best for Sijil Pelajaran Malaysia (SPM) results.

The proposed acquisition of KYSM is not just a diversification move but also a strategic investment providing a sustainable and resilient income source. With a 30-year Quadruple-Net lease agreement that includes a guaranteed step-up yearly return, this investment promises a steady and potentially growing income stream for Hektar REIT. This acquisition is strategically financed through a balanced mix of Proposed Placements, internally generated funds, and borrowings. This approach ensures that the REIT maintains a healthy gearing ratio, preserving financial flexibility and stability while embarking on this significant expansion.

Hektar REIT's commitment to Environmental, Social, and Governance (ESG) practices has again been prominently recognized in the industry. The organization's conscientious approach to sustainability and corporate responsibility culminated in Hektar REIT receiving two Gold Awards at The Edge Malaysia ESG Awards 2023. These prestigious awards were for **Outstanding ESG & Dividend Return Award** and the **Real Estate Investment Trust (REIT) Award**.

This is a testament to Hektar REIT's leadership in integrating ESG principles into its business model. The Awards were in collaboration with Bursa Malaysia, FTSE Russell & Morningstar and were designed to highlight and celebrate companies that exemplify outstanding ESG practices. Hektar REIT's success in these categories demonstrates its effective integration of ESG considerations in its operational and strategic decisions. The recognition reflects the company's dedication to creating sustainable value for stakeholders while contributing positively to environmental stewardship, social responsibility and ethical governance.



**En. Johari Shukri Jamil, Executive Director & Chief Executive Officer of Hektar Asset Management Sdn. Bhd.** said: "Hektar REIT's malls, strategically positioned as neighbourhood and community hubs, have been the focal point of our success. Our unwavering commitment to enhancing the overall tenancy mix and occupancy levels at our malls reflects our dedication to our niche market.

This strategic move involves remixing tenancies by introducing new, vibrant tenants to complement our existing offerings. We are confident that this initiative will not only meet but exceed the expectations of our loyal patrons. Our primary focus remains on implementing targeted strategies to improve visitor footfall and create a sustained positive cycle for our malls and retailers. Our overall committed occupancy currently stands at 88.4%, and we are positive we will surpass the 90% mark by the end of this year. We believe in initiatives yielding long-term benefits and ensuring continuous growth, ultimately delivering sustainable returns to our Unitholders."

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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 September 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](http://www.HektarREIT.com)



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