

Type : **Announcement**

Subject : **Hektar Real Estate Investment Trust ("Hektar REIT")**
- Revaluation of Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central and Segamat Central

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1. INTRODUCTION

Hektar Asset Management Sdn Bhd ("HAMSBB"), the Manager of Hektar REIT, hereby announces that it has carried out a revaluation exercise on the following properties:

- (i) Name of Property : Subang Parade
- Address : No.5 Jalan SS 16/1, 47500 Subang Jaya Selangor
Geran 313558/Lot 72020, Bandar Subang Jaya, District of Petaling, Selangor
- Description : A freehold land measuring approximately 460,734 square feet (10.577 acres) in area together with a free-standing three-storey shopping complex with two basement levels. The commercial/retail complex comprises three floors of shopping/commercial area on the ground, second and third floors, one level of basement car parks and another level of basement service tunnel.
- (ii) Name of Property : Mahkota Parade
- Address : No.1, Jalan Merdeka, 75000 Melaka
PN 28957/Lot 1337, Kawasan Bandar XLII, District of Melaka Tengah, Melaka
- Description : A leasehold land measuring approximately 570,815 square feet (13.1 acres) in area together with a free-standing three-storey shopping complex with one level of basement car park. The commercial/retail complex comprises four floors of shopping/commercial area on the basement, ground, second and third floors.

- (iii) Name of Property : Wetex Parade
- Address : 69, Jalan Ali, Off Jalan Sulaiman, 84000 Muar, Johor HS (D) 19633, No. Lot PTB 10586 & Geran 84560, Lot No. 3675, both located in Bandar Maharani, District of Muar, Johor
- Description : A freehold land measuring approximately 59,731 square feet (1.3712 acres) in area with 10-storey commercial complex comprising a five-storey shopping centre with a basement car park known as “Wetex Parade” and a 3 star category hotel with 156 rooms known as “Hotel Classic” occupying largely from the fifth to ninth floors as well as small sections of the ground to fourth floors.
- (iv) Name of Property : Central Square
- Address : 23, Jalan Kampung Baru, Sungai Petani, Kedah Darul Aman, Geran G 145068, Lot 134, Seksyen 56, Bandar Sungai Petani, District of Kuala Muda, Kedah
- Description : 120 units of stratified retail space located within a 5.5 storey shopping complex known as Central Square Shopping Centre identified as no. 23, Jalan Kampung Baru, 08000 Sungai Petani, Kedah Darul Aman.
- (v) Name of Property : Kulim Central
- Address : 1, Jalan KLC Satu (1), Kulim, Kedah Darul Aman, Geran GM 14677, Lot No 4015, Seksyen 44, Bandar Kulim, District of Kulim, Kedah
- Description : A land measuring approximately 291,917 square feet (6.7 acres) in area with a three-storey retail mall with a ground-floor car park
- (vi) Name of Property : Segamat Central
- Address : Jalan Kolam Air, 85000 Segamat, Johor
- Description : A land measuring approximately 174,534.21 square feet (16,214.74 square meters) with a three-storey retail mall with a basement car park

(hereinafter referred to as “Revaluation”).

2. RATIONALE FOR REVALUATION

The Revaluation was conducted to determine the current market values of Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central and Segamat Central for accounting purposes as per Financial Reporting Standard (“FRS”) 140. Based on the fair value method as prescribed by FRS 140, the fair value of the investment property shall reflect market conditions at the balance sheet date. This necessitates the revaluation of investment properties on an annual basis.

Pursuant to Clause 10.02 and 10.04 of the Securities Commission (“SC”)’s revised Guidelines on Real Estate Investment Trust (“REIT Guidelines”) which was issued on 15 March 2018, the Revaluation must be conducted by an independent valuer and in accordance with the Malaysian Valuation Standards or other applicable valuation standards.

3. REVALUATION SURPLUS

The details of the revaluation surplus/(deficit) are set out below.

Name of Property	Audited book/ Market value as at 1 Jan 2020 RM (‘000)	Capital Expenditure (1 Jan 2020 to 31 Dec 2020) RM (‘000)	Unaudited book value as at 31 Dec 2020 RM (‘000)	Revaluation as at 31 Dec 2020 RM (‘000)	Revaluation Surplus/ (Deficit) RM (‘000)
Subang Parade	440,000	8,196	448,196	441,000	(7,196)
Mahkota Parade	329,000	189	329,189	329,000	(189)
Wetex Parade	144,500	259	144,759	146,000	1,241
Central Square	97,000	-	97,000	92,000	(5,000)
Kulim Central	130,000	12	130,012	130,000	(12)
Segamat Central	96,000	154	96,154	69,000	(27,154)
Total	1,236,500	8,809	1,245,309	1,207,000	(38,309)

4. EFFECTS ON THE NET ASSET VALUE

The total revaluation deficit of RM38.3 million represents 3.08% over the unaudited net book value of RM1,245 million as at 31 December 2020 (before revaluation).

Based on the unaudited results as at 31 December 2020, the net asset value per unit of RM1.339 declined to RM1.256 or equivalent to RM0.083 per unit upon incorporation of the revaluation deficit of RM38.3 million.

5. NAME OF VALUER

The valuations of Subang Parade and Wetex Parade were carried out by Messrs. ExaStrata Solutions Sdn. Bhd. (ExaStrata). The valuations of Central Square and Kulim Central meanwhile were carried out by Messrs. Savills (Malaysia) Sdn Bhd while the valuations of Mahkota Parade and Segamat Central were carried out by Messrs. First Pacific Valuers Property Consultants Sdn Bhd. (First Pacific). Exastrata, Savills and First Pacific are independent professional valuers registered with the Board of Valuers, Appraisers & Estate Agents Malaysia.

6. DATES OF VALUATION

The cut-off date for the Revaluation of Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central and Segamat Central is 31 December 2020.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The valuation reports in relation to the Revaluation are available for inspection at the management office of HAMSB at D1-U3-10, Block D1, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 25 January 2021.