
Hektar REIT's FY2023 Performance: Stellar Growth in Occupancy and Positive Rental Reversions

- Achieved Revenue of RM111.5 million and Realised Net Income of RM25.1 million
 - High Dividend Yield of 7.7%
 - Gearing ratio improves to 42.8%, emphasising financial stability
 - Increase in Hektar REIT's portfolio valuation by RM26.6 million
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Kuala Lumpur, 22 FEBRUARY 2024 – Hektar Asset Management Sdn. Bhd, is pleased to announce Hektar REIT's annual year results for the financial year ended 31 December 2023 ("FY2023"). For the full year, the REIT successfully registered a revenue of RM111.5 million, compared to the RM117.5 million achieved the previous year. Despite the marginal dip in revenue, the Net Property (NPI) of RM60.0 million recorded was higher by 2% than the preceding year. The results are primarily due to the ongoing repositioning and tenancy remixing strategies being undertaken at Subang Parade and the extensive cost optimisation efforts undertaken throughout the year.

With a Realised Net Income of RM25.1 million, Hektar REIT declared a total of 5.0 sen income distribution per unit ("DPU") for FY2023. Based on the closing price of RM0.65 on 29 December 2023, the annualised DPU for the year represented a distribution yield of 7.7%. This is a testament to Hektar REIT's strong fundamentals and continued commitment to deliver attractive returns to our unitholders. The Net Asset Value ("NAV") per unit for FY2023 after the income distribution was at RM1.13 with a discount to NAV of 42.7%. Overall, the market valuation of the Hektar portfolio increased by RM26.6 million in 2023. The positive result is supported by strong portfolio performances, particularly from assets outside the Klang Valley.

Portfolio Performance FY2023

In FY2023, Hektar REIT witnessed remarkable growth in overall portfolio occupancy, reaching an impressive 86.7%. Every property within our portfolio displayed robust performance, with Mahkota Parade boasting a 94% occupancy rate, Kulim Central achieving nearly 97%, and Wetex Parade nearing 98%. Through effective management strategies, we attracted and retained 212 new and existing tenants, encompassing 28.65% of the total Net Lettable Area (NLA), equivalent to 581,802 sq. ft. These proactive leasing measures

are poised to enhance the tenancy mix, positioning the REIT for anticipated revenue growth in the upcoming quarters.

Hektar REIT experienced a noteworthy turnaround in rental reversion, shifting positively to 0.2%, a significant improvement from the -11.0% recorded in FY2022. This positive trajectory underscores Hektar REIT's effective leasing strategies and the improving market conditions. Concurrently, there was a notable 10.0% surge in visitor footfall, totalling 23.2 million in FY2023 compared to 21.1 million in FY2022, reflecting increasing consumer confidence and the attractiveness of Hektar REIT's malls.

ESG & CSR Awards FY2023:

In FY2023, Hektar REIT's steadfast commitment to Environmental, Social, and Governance (ESG) principles garnered significant recognition within the industry. The REIT's unwavering dedication to Corporate Social Responsibility (CSR) and Sustainability earned it a prestigious accolade, being honored as the "Company of the Year – Best in Sustainability Reporting & Community Support" at the esteemed Sustainability & CSR Malaysia Awards 2023. Additionally, Hektar REIT's conscientious practices and deeply embedded sustainability ethos led to the organization securing two Gold Awards at The Edge Malaysia ESG Awards 2023. These esteemed accolades, namely the Outstanding ESG & Dividend Return Award and the Real Estate Investment Trust (REIT) Award, underscore Hektar REIT's exceptional integration of ESG principles into its operational and strategic frameworks.



Johari Shukri Jamil,
Executive Director & CEO of
Hektar Asset Management

En. Johari Shukri bin Jamil, Chief Executive Officer of Hektar Asset Management Sdn. Bhd. Shared his optimism, stating, "This past year has underscored our resilience and adaptability amidst challenging market conditions. With our enhanced occupancy rates, positive rental reversions, and diligent financial management, we are poised to continue our growth trajectory. Our ongoing efforts to deliver sustainable value to our unitholders and enrich the community-centric experiences at our malls remain our top priority."

The achievements of Hektar REIT in FY2023 highlight the REIT's commitment to operational excellence, financial prudence, and strategic growth, paving the way for a positive outlook in the years to come.

Diversification:

Hektar REIT's current Assets Under Management ("AUM") consist of six shopping malls and a hotel, spread across Peninsular Malaysia. The geographical diversification strategy has bode well for Hektar REIT, and aligns with the overarching strategy of focusing on retail assets in underserved markets. As Hektar REIT marches forward in an increasingly competitive retail landscape, Hektar REIT has decided to pursue asset portfolio diversification, and in January 2024, Hektar REIT's unitholders approved the amendment to the REIT's Investment Objectives to include investments in real estate from other asset classes beyond retail. With a target of having at least 20% of the portfolio to consist of non-retail assets in the next 5 years, the portfolio diversification strategy is poised to further strengthen the portfolio's resilience to economic cycles, enabling Hektar REIT to deliver consistent returns to our unitholders. Upon completion of the proposed acquisition of Kolej Yayasan Saad Melaka, Hektar REIT's Assets Under Management ("AUM") size will be RM1.38 billion.

Issuance of RM500 million Medium-Term Notes Programme:

Hektar REIT has successfully issued RM215 million Medium Term Notes under its inaugural tranche guaranteed by the Credit Guarantee and Investment Facility ("CGIF"), a trust fund operated by the Asian Development Bank ("ADB"). This Guaranteed Tranche, rated AAA by Rating Agency Malaysia ("RAM Ratings") has garnered significant interest from institutional investors. Aligned with the ASEAN+3 Multi-Currency Bond Issuance Framework, this issuance aims to support Hektar REIT's refinancing and capital expenditure initiatives, extend its debt profile, optimize its capital structure and undertake Asset Enhancement Initiatives ("AEI") for Subang Parade.

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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 RM1.23 billion as at 31 December 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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