

# HEKTAR REAL ESTATE INVESTMENT TRUST

**Interim Financial Report  
for the period ended 31 March 2025**



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025**

	<b>As at 31.03.2025 RM (Unaudited)</b>	<b>As at 31.12.2024 RM (Audited)</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Investment properties	1,392,268,529	1,391,644,339
Property, plant & equipment ("PPE")	438,101	468,977
	<b>1,392,706,630</b>	<b>1,392,113,316</b>
<b><u>CURRENT ASSETS</u></b>		
Trade receivables	8,035,005	4,787,249
Other receivables, deposits and prepayments	25,969,193	18,497,398
Cash and bank balances	11,281,573	18,625,673
	<b>45,285,771</b>	<b>41,910,320</b>
<b>TOTAL ASSETS</b>	<b>1,437,992,401</b>	<b>1,434,023,636</b>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Tenancy deposits	29,233,888	26,697,684
Deferred tax liability	31,554,132	31,554,132
Bank borrowings	586,450,000	579,072,566
	<b>647,238,020</b>	<b>637,324,382</b>
<b><u>CURRENT LIABILITIES</u></b>		
Trade payables	11,370,443	9,033,990
Other payables and accruals	20,444,689	23,896,221
Tenancy deposits	2,345,863	2,468,045
Bank borrowings	19,200,000	19,200,000
	<b>53,360,995</b>	<b>54,598,256</b>
<b>TOTAL LIABILITIES</b>	<b>700,599,015</b>	<b>691,922,638</b>
<b>NET ASSET VALUE</b>	<b>737,393,386</b>	<b>742,100,998</b>
<b><u>FINANCED BY:</u></b>		
Unitholders' capital	632,444,845	632,444,845
Undistributed income – realised	42,109,849	46,817,461
– unrealised	62,838,692	62,838,692
<b>TOTAL UNITHOLDERS' FUND</b>	<b>737,393,386</b>	<b>742,100,998</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
-as at the date	1.0396	1.0463
-after distribution for the cumulative quarter	1.0396	1.0338
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>709,286,684</b>	<b>709,286,684</b>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2025 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2025 RM	Preceding Year Corresponding Quarter 31.03.2024 RM	Current YTD 31.03.2025 RM	Preceding YTD 31.03.2024 RM
Revenue	30,932,111	28,406,083	30,932,111	28,406,083
Property operating expenses	(15,924,157)	(14,024,024)	(15,924,157)	(14,024,024)
<b>Net property income</b>	<b>15,007,954</b>	<b>14,382,059</b>	<b>15,007,954</b>	<b>14,382,059</b>
Income from Fund Placement	53,934	750,182	53,934	750,182
Other income	477,762	139,443	477,762	139,443
Reversal Gain/(Impairment loss) on trade receivables	(329,168)	16,126	(329,168)	16,126
Trust expenses	(3,540,157)	(2,947,677)	(3,540,157)	(2,947,677)
Finance expenses	(7,511,853)	(7,257,483)	(7,511,853)	(7,257,483)
<b>Realised income before taxation</b>	<b>4,158,472</b>	<b>5,082,650</b>	<b>4,158,472</b>	<b>5,082,650</b>
Change in fair value of investment property	-	-	-	-
<b>Income before taxation</b>	<b>4,158,472</b>	<b>5,082,650</b>	<b>4,158,472</b>	<b>5,082,650</b>
Taxation	-	-	-	-
<b>Net income</b>	<b>4,158,472</b>	<b>5,082,650</b>	<b>4,158,472</b>	<b>5,082,650</b>
Other comprehensive income after tax	-	-	-	-
<b>Total comprehensive income</b>	<b>4,158,472</b>	<b>5,082,650</b>	<b>4,158,472</b>	<b>5,082,650</b>
Earnings per unit (sen)	0.59	0.86	0.59	0.86
- realised (sen)	0.59	0.86	0.59	0.86
- unrealised (sen)	-	-	-	-
<b>Weighted average number of units</b>	<b>709,286,684</b>	<b>589,837,529</b>	<b>709,286,684</b>	<b>589,837,529</b>

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE QUARTER ENDED 31 MARCH 2025 (UNAUDITED)**

	<b>Unitholders' Capital RM</b>	<b><u>Undistributed income</u></b>		<b>Unitholders' Fund RM</b>
		<b>Realised RM</b>	<b>Unrealised RM</b>	
<u>Balance at 1 January 2025</u> As previously reported	632,444,845	46,817,461	62,838,692	742,100,998
<u>Operation for year ended 31 March 2025</u>				
Total comprehensive income for the financial period	-	4,158,472	-	4,158,472
<u>Unitholders' transactions</u>				
Distribution to unitholders	-	(8,866,084)	-	(8,866,084)
Balance at 31 March 2025	632,444,845	42,109,849	62,838,692	737,393,383

**CUMULATIVE YEAR ENDED 31 DECEMBER 2024 (AUDITED)**

	<b>Unitholders' Capital RM</b>	<b><u>Undistributed income</u></b>		<b>Unitholders' Fund RM</b>
		<b>Realised RM</b>	<b>Unrealised RM</b>	
<u>Balance at 1 January 2024</u> As previously reported	560,886,684	53,627,660	58,215,292	672,729,636
<u>Operation for year ended 31 December 2024</u>				
Total comprehensive income for the financial year	-	19,991,788	4,623,400	24,615,188
<u>Unitholders' transactions</u>				
Unitholders' capital	71,558,161	-	-	71,558,161
Distribution to unitholders	-	(26,801,987)	-	(26,801,987)
Balance at 31 December 2024	632,444,845	46,817,461	62,838,692	742,100,998

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2025 (UNAUDITED)**

	<b>Current YTD 31.03.2025 RM</b>	<b>Preceding YTD 31.12.2024 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,158,472	25,297,212
Adjustments for :-		
Bad debts written off	-	369,477
Depreciation of PPE	30,876	97,281
Income from Fund Placement	(53,934)	(1,006,742)
Finance Expenses	7,511,853	30,076,307
Impairment loss/ (reversal gain) in trade receivables	-	12,534
Fair value adjustment in Investment Properties	-	(5,300,000)
Operating profit before working capital changes	11,647,267	49,546,069
Change in working capital:-		
Receivables	(10,719,551)	(12,735,685)
Payables	1,298,943	13,081,907
Cash used in operating activities	2,226,659	49,892,291
Tax Paid	-	(8,263)
Net cash from operating activities	2,226,659	49,884,028
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of investment properties	-	(141,000,000)
Additional of capital work in progress of investment property	(624,190)	(5,144,339)
Income from Fund Placement	53,934	1,006,742
Purchase of property, plant and equipment	-	(152,020)
Withdrawal / (Placement) deposits with licensed Islamic banks more than three months	-	1,300,000
Net cash generated from investing activities	(570,256)	(143,989,617)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance expense paid	(7,511,853)	(30,076,307)
Distribution to Unitholders	(8,866,084)	(26,801,987)
Proceed from Issuance of new units	-	71,558,161
Net drawdown of borrowings	7,377,434	36,044,311
Net cash generated from financing activities	(9,000,503)	50,724,178
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,344,100)	(43,381,411)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	18,625,673	63,307,084
	11,281,573	19,925,673
Placement deposits with licensed Islamic banks more than three months	-	(1,300,000)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>11,281,573</b>	<b>18,625,673</b>
<b>RESTRICTED CASH AT END OF THE PERIOD</b>	5,718,753	5,674,055
<b>UNRESTRICTED CASH AT END OF THE PERIOD</b>	5,562,820	12,951,618
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>11,281,573</b>	<b>18,625,673</b>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached.

**A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 MARCH 2025 PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134**

**A1 BASIS OF PREPARATION**

The quarterly financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board and Securities Commission's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines").

**A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR**

The auditors' report for the financial year ended 31 December 2024 was not subjected to any audit qualification.

**A3 SEASONALITY OR CYCLICALITY OF OPERATIONS**

Hektar REIT's operations were not significantly affected by material seasonal or cyclical factors.

**A4 SIGNIFICANT UNUSUAL ITEMS**

There were no significant unusual items that affect the assets, liabilities, equity, net property income or cash flows during the current quarter.

**A5 CHANGES IN ESTIMATES**

There were no changes in estimates that have had material effect in the current quarter.

**A6 DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

**A7 INCOME DISTRIBUTION**

No income distribution is proposed for the current quarter ended 31 March 2025 (Q1 2025). Subject to the financial performance of the REIT, the Manager intends to make distributions to the unitholders of Hektar REIT on a semi-annual basis for each six-month period ending 30 June and 31 December each year, unless otherwise determined and/or varied by the Manager at its sole discretion. Notwithstanding the frequency of distribution, the Manager intends to distribute at least 90% of Hektar REIT's distributable income for the financial year ending 31 December 2025.

A distribution of 1.25 sen (gross) per unit for the fourth quarter ended 31 December 2024 ("2024 Final Income Distribution") was announced on 23 January 2025 and paid on 27 February 2025, taking our total distribution for the Financial Year 2024 to RM22.3 million or equivalent to 3.15 sen per unit, a 5.7% yield based on the year end closing price.

**A8 SEGMENT INFORMATION**

The operations of Hektar REIT are in Malaysia, the financial information by retail and education assets are presented as below:

	Revenue		Net Property Income	
	RM	%	RM	%
Retail Assets	28,857,511	93.3	12,933,354	86.2
Education Asset	2,074,600	6.7	2,074,600	13.8
Total	30,932,111	100.0	15,007,954	100.0

**A9 VALUATION OF INVESTMENT PROPERTIES**

The investment properties comprising retail assets such as Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central, and Segamat Central, as well as the education asset Kolej Yayasan Saad, were last valued as at 31 December 2024.

**A10 MATERIAL SUBSEQUENT EVENTS TO THE END OF THE INTERIM PERIOD**

There were no material events subsequent to the current quarter under review up to the date of this Interim Financial Report that required disclosure.

**A11 CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes to the composition of Hektar REIT during the current quarter, and the fund size stands at 709,286,684 units as of 31 March 2025.

**A12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 31 March 2025.

**A13 RENTAL INCOME FROM TENANCIES (MFRS 16)**

Rental income receivable under tenancy agreements is recognised on a straight-line basis over the term of the lease.

**A14 CAPITAL COMMITMENT (MFRS 134)**

There were no major capital commitments as at 31 March 2025, other than the approved commitments disclosed as below :

- RM13.2 million for the replacement and modernisation of lifts and escalators at Subang Parade, and
- The remaining amount of purchase consideration of RM24.0 million pursuant to the Proposed Acquisition and Lease of the of two (2) blocks of single-storey factory annexed with double-storey offices and one (1) block of three-story production area and office building located at Bayan Lepas, Penang.

**B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS**

**B1 REVIEW OF PERFORMANCE**

	Year-To-Date ("YTD") Cumulative Quarter ended		
	31.03.2025 RM'000	31.03.2024 RM'000	Variance %
Total Revenue	30,932	28,406	8.9
Net Property Income ("NPI")	15,008	14,382	4.4
Net Realised Income	4,158	5,083	-18.2

Hektar REIT recorded higher revenue of RM30.9 million in the current quarter, an improvement from RM28.4 million in the corresponding quarter of the previous year. NPI also increased by 4.4%, driven by income recognition from the newly acquired education asset, Kolej Yayasan Saad (KYS) Melaka completed in Q2 2024.

However, the net realised income for the year to date was affected by higher administrative expenses and finance cost totally of RM0.85 million, as well as the one-off income of RM0.75 million from the placement of temporarily unutilised funds recorded in the prior year.

	Q1'2025 RM'000	Q4'2024 RM'000	Variance %
Total Revenue	30,932	30,042	3.0
Net Property Income ("NPI")	15,008	12,844	16.8
Net Realised Income	4,158	2,195	121.2
NPI Margin	48.5%	42.8%	5.7

There was a positive improvement of 16.8% in the current quarter's NPI compared to Q4 2024, driven by higher rental income in line with increased in occupancy rate, as well as ongoing efforts to enhance tenancy remixing and streamline operating costs.

Furthermore, the increase in net realised income for the current quarter was supported by the improvement in NPI.

**B2 PROSPECTS**

Despite the Malaysia's economy may expand at a slower pace this year due to increased economic uncertainty following the US's reciprocal tariffs announcement, the official government forecast for 2025 GDP growth remains positive, ranging between 4.5% and 5.5%.

Several asset enhancement and tenancy remixing initiatives taken to-date is expected to increase the occupancy levels, positive rental reversions and increase in footfall across Hektar Malls in coming quarters. At the same time, the Manager will continue adopting prudent financial management and implement cost optimisation activities to further improve Hektar REIT's Net Property Income.

The inclusion of an education asset and the proposed acquisition of an industrial asset will balance up the risk of concentration and further strengthen the portfolio's resilience to market uncertainties while ensuring stable income for the REIT.



**B3 VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as there was no profit forecast or profit guarantee issued.

**B4 TAX EXPENSE**

Pursuant to Section 61A(1) of the Income Tax Act 1967, effective from the year of assessment 2017, a REIT is fully exempt from tax for a year of assessment if it distributes 90% or more of its total income to its Unitholders in the basis period for that year of assessment.

Barring unforeseen circumstances, there will be no tax payable on property related income as Hektar REIT intends to distribute at least 90% of the distributable income to unitholders for the year ending 31 December 2025.

**B5 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments or properties during the quarter.

**B6 QUOTED INVESTMENTS**

There were no purchases or disposal of quoted investments during the quarter.

**B7 CORPORATE PROPOSAL AND DEVELOPMENTS**

There were no corporate proposals announced and pending completion as at the date of this report other than those disclosed below:-

- a) On 24 March 2025, the Manager proposed a Private Placement of up to 20% of the total number of issued units of Hektar REIT to third party investor(s). Bursa Malaysia Securities Berhad, via its letter dated 8 April 2025, resolved to approve the listing and quotation of up to 141,857,337 placement units to be issued pursuant to the Private Placement.
- b) On 19 February 2025, MTrustee Berhad entered into a conditional Sale and Purchase Agreement ("SPA") with Microlead Precision Technology Sdn Bhd for the proposed acquisition of two (2) blocks of single-storey factory annexed with double-storey offices and one (1) block of three-story production area and office building located at Bayan Lepas, Penang, erected on a leasehold land held under title No. PN 5908, Lot 14840, Mukim 12, District of Barat Daya, Penang at the purchase consideration of RM30 million. Concurrently, a Master Lease Agreement was signed for a period of 15 years with option to renew for an additional term (Proposed Acquisition and Lease).
- c) Hong Leong Islamic Bank had via its letter of offer dated 18 February 2025 granted Hektar REIT additional Commodity Murabahah Term Financing-i 2 facilities of RM21.0 million ("CMTF-i 2") and bank guarantee facility (BG-i) of RM5.0 million. The CMTF-i 2 is to utilise for partly fund the Proposed Acquisition and Lease.

**B8 BORROWINGS AND DEBT SECURITIES**

Hektar REIT's total borrowings of RM605,650,000 are secured and comprise the following:

- Current borrowings of RM19,200,000; and
- Non-current borrowings of RM586,450,000

**B9 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off-balance sheet financial instruments as at the date of reporting.

**B10 MATERIAL LITIGATION**

The Board is not aware of any pending material litigation as at the date of this quarterly Financial Report other than that disclosed below:

- i) Writ of summons against 3 tenants & Tashima Development Sdn. Bhd (Civil Suit No. JD-B52NCVC-01-01/2019; JD-B52NCVC-02-01/2019 and JD-B52NCVC-03-01/2019) (Civil Appeal No. JB-12BNCVC-10-07/2020; JB-12BNCVC-11-7/2020; and JB-12BNCVC-12-7/2020).

Following our earlier announcements, the appeal to the Court of Appeal against the High Court's decision on 10 January 2025 was filed on 7 February 2025 and is now fixed for case management on 23 May 2025 and 9 July 2025 respectively.

The Management will provide further updates on the matter in due course.

- ii) Writ of Summons by Eng Hiap Seng (Rengit) Sdn Bhd against Hektar REIT & Hektar Property Services Sdn Bhd (Civil Suit No. JB-22NCvC-15-03/2019)

On 25 March 2025, the High Court Judge sought clarification from the solicitors representing the respective parties and subsequently fixed the matter for decision on 25 June 2025.

The Management will provide further updates on the matter in due course.

**B11 SOFT COMMISSION**

For the quarter ended 31 March 2025, there was no soft commission received by the Manager, or its delegates, from its broker from any transactions conducted by the Trust.

**B12 INCOME DISTRIBUTION**

- i) Pursuant to Section 109D(2) of the Malaysian Income Tax Act 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to the unitholders will be subject to tax based on a withholding tax mechanism at the following rates:

Non-corporate investor	Withholding tax at 10%
Foreign institutional investors	Withholding tax at 10%
Resident companies	Subject to tax at the prevailing tax rate applicable to companies
Non-resident companies	Withholding tax at the prevailing tax rate of 24%

Subject to the financial performance of the REIT, the Manager intends to make distributions to the unitholders of Hektar REIT on a semi-annual basis for each six-month period ending 30 June and 31 December each year, unless otherwise determined and/or varied by the Manager at its sole discretion. The Manager intends to distribute at least 90% of Hektar REIT's distributable income for the financial year ending 31 December 2025.

**B13 DISTRIBUTABLE INCOME AND EARNINGS PER UNIT**

	CUMULATIVE QUARTER	
	Current YTD 31.03.2025 RM	Preceding YTD 31.03.2024 RM
<b>Net property income</b>	<b>15,007,954</b>	<b>14,382,059</b>
Income from Fund Placement	53,934	750,182
Other income	477,762	139,443
Reversal gain/(impairment loss) on trade receivables	(329,168)	16,126
Trust expenses	(3,540,157)	(2,947,677)
Finance Expenses	(7,511,853)	(7,257,483)
Income before Taxation	<b>4,158,472</b>	5,082,650
Taxation	-	-
<b>Realized Income</b>	<b>4,158,472</b>	<b>5,082,650</b>
Distribution	-	-
<b>Undistributed realized income</b>	<b>4,158,472</b>	<b>5,082,650</b>
<b>Weighted average number of units</b>	<b>709,286,684</b>	<b>589,837,529</b>
Realised/ Earnings per unit (sen)	0.59	0.86

**B14 RESPONSIBILITY STATEMENT**

In the opinion of the Directors of the Manager, this Interim Financial Report has been prepared in accordance with MFRS 134: Interim Financial Reporting, the MMLR and the REIT Guidelines so as to give a true and fair view of the financial position of Hektar REIT as at 31 March 2025 and of its financial performance and cash flows for the financial period ended on that date and duly authorised for release by the Board of the Manager on 28 May 2025.

By Order of the Board

**HEKTAR ASSET MANAGEMENT SDN BHD**

(as the Manager of Hektar Real Estate Investment Trust)

**Dato' Muhammad Hafidz Nuruddin (MAICSA 7005820)**

**Lim Seck Wah (MAICSA 0799845)**

Joint Company Secretaries

Kuala Lumpur

28 May 2025