
Hektar REIT Delivers Strong Operational Performance backed by Improved Operational Efficiency in Q1 FY2024

- Recorded RM28.4 million in revenue, grew 3.2% compared to Q4 FY2023
 - NPI increased by 3.1% to RM14.4 million, in tandem with improved portfolio performance
 - Achieved portfolio occupancy rate of 87.2% with positive rental reversion of 3.5%
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Kuala Lumpur, 23 May 2024 – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust (“Hektar REIT”), is pleased to announce the first quarter results for the financial year ending 31 March 2024 (“Q1 FY2024”). Hektar REIT has demonstrated a resilient performance with strategic initiatives that has continued to strengthen its financial position and enhance shareholder value.

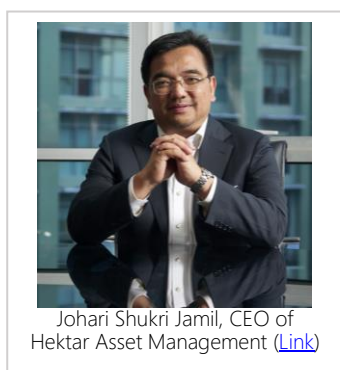
For Q1 FY2024, Hektar REIT recorded a steady revenue of RM28.4 million, from RM28.9 million in the previous year’s corresponding quarter (“Q1 FY2023”). The Net Property Income (“NPI”) stood at RM14.4 million, from RM15.2 million. The marginal dip is due to the on-going tenancy remixing initiative and heightened utilities cost respectively. Nevertheless, backed by the effective operational management, Hektar REIT have maintained a steady operational performance with a Realised Net Income of RM5.1 million.

This quarter saw positive reversion across all malls with overall rental reversion recorded at 3.5%. 34 renewals and new tenancies were secured which make up to 9.5% of the portfolio’s net lettable area. Quarter-on-quarter, Hektar REIT’s revenue rose by 3.2% from RM27.5 million to RM28.4 million, with NPI increased in tandem by 3.1% from approximately RM14.0 million in the immediate corresponding quarter (“Q4 FY2023”) as a result of improved performance of the portfolio.

For the current quarter under review, Hektar REIT’s portfolio achieved a portfolio occupancy rate of 87.2%, while secured occupancy rate is at 88.5%. The encouraging numbers resulted from Hektar REIT’s continuous Asset Enhancement Initiatives (“AEI”) and enhanced leasing strategy which will lead to better reversion this year onwards. At present, Subang Parade is undergoing an extensive repositioning exercise which entails the introduction of new key tenants from Entertainment / Leisure and Health & Fitness

categories, replacement of older lift and escalators, interior uplift which is expected to be completed by 1st half of 2025 (“1H 2025”) and followed by façade upgrading and placemaking initiatives.

Furthermore, the long-awaited Hektar’s Loyalty mobile application is currently at the final development stage. This mobile application is aimed to capture a new customer base and reward existing customers with various discount by our tenants, linking it to our social media platform and promoting events and campaigns in the malls.



En. Johari Shukri bin Jamil, Chief Executive Officer of Hektar Asset Management Sdn. Bhd., remarked "Our recent diversification strategy is aligned with our objective to deliver attractive returns to our unitholders by injecting assets with accretive yield into Hektar REIT. We are actively looking building up our investment pipeline to increase the revenue and Assets Under Management (AUM) for long-term sustainable growth of Hektar REIT."

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 boded 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. In January 2024, Hektar REIT’s unitholders approved the amendment to the REIT’s Investment Objectives to include investments in other asset classes beyond retail, and further approved Hektar REIT’s maiden acquisition of a non-retail asset i.e. Kolej Yayasan Saad Melaka, fully residential and co-ed private school that offers quality education. 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 attractive returns to our unitholders. The revenue from the school will be recognised upon completion of the above proposed acquisition and lease, and Hektar REIT’s Assets Under Management (“AUM”) size will be enlarged to RM1.4 billion in value.

Issuance of RM500 million Medium-Term Notes Programme:

Hektar REIT has successfully issued RM215.0 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 MultiCurrency Bond Issuance Framework, this issuance aims to support Hektar REIT's refinancing and capital expenditure initiatives, extend its debt profile, optimise 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 RM1.2 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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