NEW STRAITS TIMES

# Hektar Reit buys Alor Gajah land for RM40mil (New Straits Times-11 July 2025)

Hektar Real Estate Investment Trust (Hektar Reit) is buying two plots of land in Alor Gajah, Melaka measuring 16.92 hectares for RM40 million.

Azanis Shahila Aman

KUALA LUMPUR: Hektar Real Estate Investment Trust (Hektar Reit) is buying two plots of land in Alor Gajah, Melaka measuring 16.92 hectares for RM40 million.

This is part of Hektar Reit's long-term strategy to enhance sustainable income and portfolio diversification.

In a filing with Bursa Malaysia, Hektar Reit said its trustee, MTrustee Bhd, had entered into two separate conditional sale and purchase agreements (SPAs) with KYS College Sdn Bhd for the acquisition.

The acquisition will be funded via a mix of cash and borrowings, with RM24 million in financing expected to be raised.

Upon completion of the SPAs, the properties will be leased to KYSA Education Sdn Bhd, the current operator of Kolej Yayasan Saad Melaka, under a 30-year triple net lease agreement, with an option to extend for another 30 years.

The lease agreements, already signed by MTrustee, include a 10 per cent rental escalation every three years and are expected to yield an average return of 8.45 per cent over the 30-year tenure.

"The rental shall commence upon the completion of the respective SPA," the Reit said.

Hektar Reit said the lease structure provides a stable, long-term income stream while offering an attractive risk-adjusted return.

"In line with its long-term strategy, Hektar Reit may also evaluate the acquisition of future developed portions of the site, allowing the company to secure incremental, recurring income streams and further strengthen its portfolio diversification through increased exposure to the resilient education sector," it added.