



ANNUAL REPORT

20

23



ABOUT *Hektar REIT*

Hektar REIT is Malaysia's first retail-focused REIT with the objectives of providing its unitholders a defensible income distribution and increasing the long term value of the REIT.



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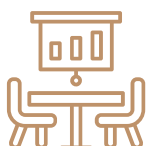


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12th

ANNUAL
GENERAL
MEETING



TIME
10.30 a.m.



DATE
Thursday, 25 April 2024

CORPORATE *Profile*



*Hektar Real Estate Investment Trust (Hektar REIT) is
Malaysia's first retail focused REIT.*



Hektar REIT's principal objective is to provide its Unitholders with a defensible income distribution and to enhance the long-term value of the fund.

Hektar REIT invests in income-producing real estate primarily used for retail purposes. Hektar REIT's portfolio currently consists of quality properties situated in Subang Jaya, Melaka, Muar, Sungai Petani, Kulim and Segamat with a combined value of RM1.23 billion.

Hektar REIT was listed on the Main Board of Bursa Malaysia on 4 December 2006 and has continuously recorded stable performance since its listing.

Hektar REIT is managed by Hektar Asset Management Sdn Bhd who is responsible to invest and manage real estate assets predominantly involved in retail and/or shopping centres, and acquire and manage future assets which are income producing properties with the objective of extracting synergies and efficiencies from the assets in the portfolio.

Creating The Places People Love, Striving Towards A Sustainable Future

Our vision is to own and manage world-class shopping centres for Malaysian consumers, based on international best practices. We aim to be the mall owner of choice for retailers, developers and shoppers while creating a sustainable future for the communities we operate in as well as for our stakeholders and shoppers.

CORPORATE *Strategy*

The REIT's Strategy is to invest in income producing assets primarily focusing in retail to provide sustainable returns to our Unitholders through our three-pronged strategy by undertaking Portfolio Optimisation, Prudent Capital Management and Yield-Accretive Acquisitions.



GOALS

To form a solid and defensible portfolio to create stable and sustainable value to its Stakeholders

To pay attractive Distribution Per Unit ("DPU") relative to the market



YIELD-ACCRETIVE ACQUISITIONS

Enhancing the Long-Term Value and Growth of Hektar REIT by systematic and diligent efforts in acquisition of:

- ▷ **Stabilised Properties**
Assets with sustainable cash flow, requiring selective optimisation initiatives
- ▷ **Turnaround Properties**
Assets with solid fundamentals which are underserving their current market, requiring intensive value creation initiatives to 'turnaround' the property, increasing yields in the medium to long term



PORTFOLIO OPTIMISATION

Providing Sustainable Returns and Income Defensibility of portfolios by:

- ▷ **Active Leasing**
Aligning the tenancy mix to the needs of target shoppers
- ▷ **Marketing**
Strategic promotion and marketing to attract visitor traffic and improve tenant sales
- ▷ **Value Creation Initiatives**
Asset enhancement and refurbishment designed to improve long-term yields



CAPITAL MANAGEMENT

Optimising the capital structure to fund acquisitions and asset enhancements through a combination of debt and equity within a flexible framework to provide a low cost of capital by:

- ▷ Implementing initiatives to reduce borrowing costs
- ▷ Undertaking initiatives to diversify sources of debt funding
- ▷ Maintaining a reasonable level of debt service capability

PORTFOLIO *Highlights*

CENTRAL SQUARE

Sungai Petani, Kedah
Acquired in 2012
Valuation: RM95.0 million



KULIM CENTRAL

Kulim, Kedah
Acquired in 2012
Valuation: RM142.5 million

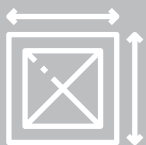


SUBANG PARADE

Subang Jaya, Selangor
Acquired in 2006
Valuation: RM430.0 million



Hektar REIT Owns
Six Shopping Centres
Throughout Peninsular Malaysia.



▶ NET LETTABLE AREA

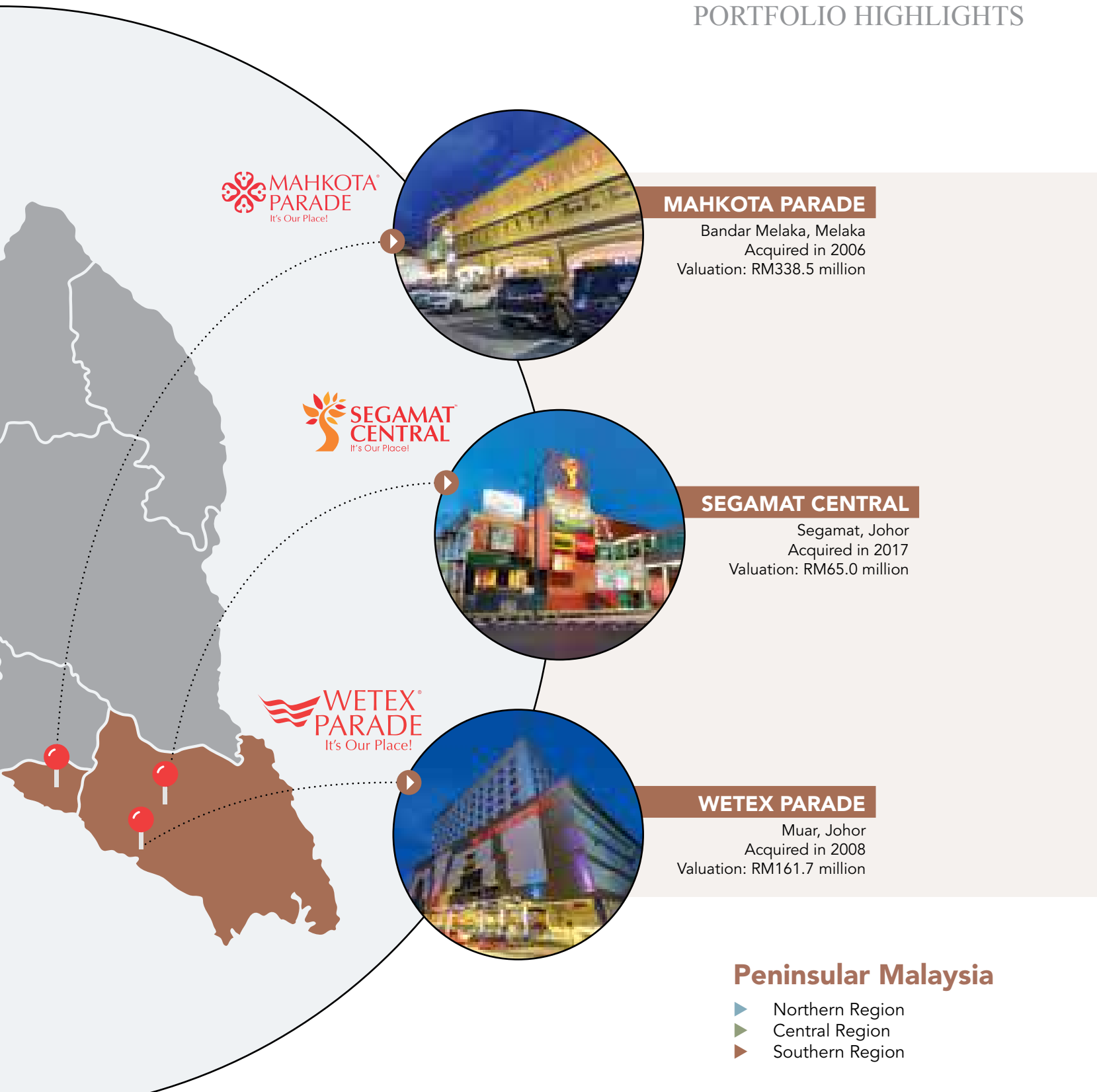
2 MILLION^{sq. ft.}



▶ ANNUAL VISITOR TRAFFIC

23 MILLION

PORTFOLIO HIGHLIGHTS



▶ NUMBER OF TENANTS

387 TENANTS



▶ ASSET UNDER MANAGEMENT

RM 1.23 BILLION

FINANCIAL *Highlights*

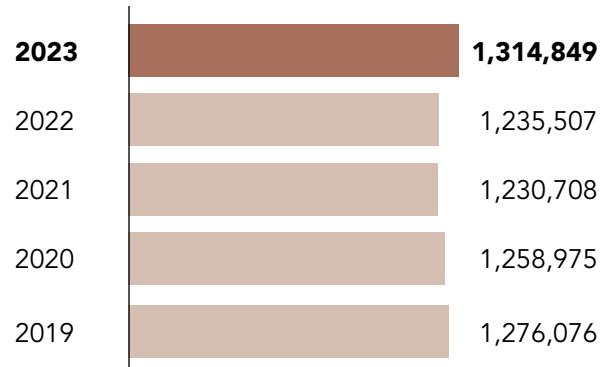
GROSS REVENUE

(RM'000)



TOTAL ASSETS

(RM'000)



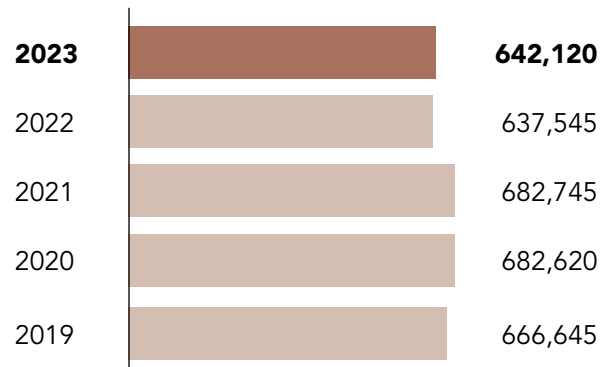
NET INCOME

(RM'000)



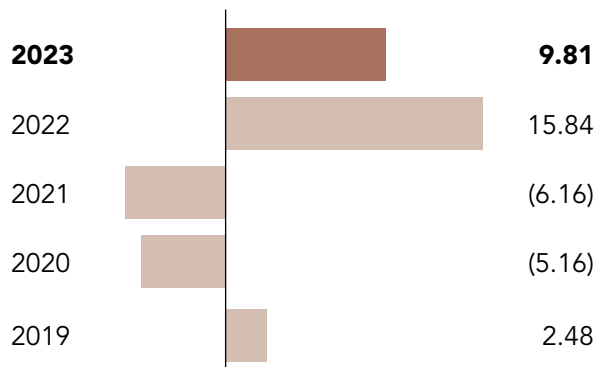
TOTAL LIABILITIES

(RM'000)



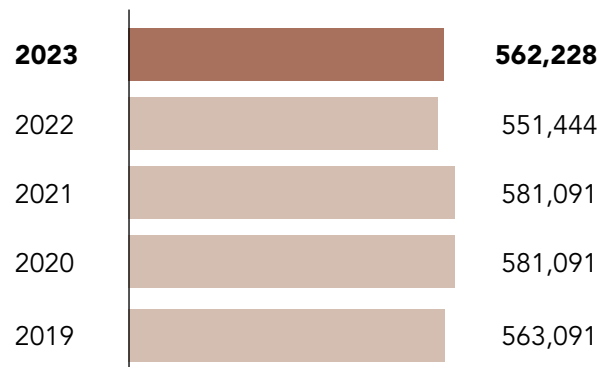
EARNINGS PER UNIT

(sen)



TOTAL BORROWINGS

(RM'000)



FINANCIAL HIGHLIGHTS

PROFIT & LOSS**For Financial Year Ended 31 December**

	FY2023	FY2022	FY2021	FY2020	FY2019
Gross Revenue (RM'000)	111,497	117,446	96,599	111,139	137,089
Direct Cost & Property Expenses (RM'000)	51,451	58,759	49,581	58,168	61,654
Net Property Income (NPI) (RM'000)	60,046	58,687	47,018	52,971	75,436
Net Income (RM'000)	51,696	77,995	(31,501)	(24,086)	39,614
Earnings Per Unit (sen)	9.81 ¹	15.84	(6.16)	(5.16)	2.48
Net Income – Realised (RM'000)	25,104	36,389	12,712	14,223	35,874
Net Income Per Unit – Realised (sen)	5.02	7.72	2.75	3.08	7.77
Income Distribution (RM'000)	26,840	37,701	11,923	4,158	35,894
Distribution Per Unit (DPU) (sen)	5.00	8.00	2.53	0.90	7.77
Change in Unit Price (sen)	(5.0)	21.5	(12.5)	(36.5)	(12.0)
Annual Total Return per Unit (sen) ²	0.0	29.5	(10.0)	(35.6)	(4.2)
Annual Total Return per Unit (%)	0.0	60.8	(15.8)	(35.8)	(3.8)

¹ Calculated based on the Average No. of Units in Circulation of 499,887,866² Calculated based on DPU and unit price change over opening market price for respective financial year**BALANCE SHEET****As at 31 December 2023**

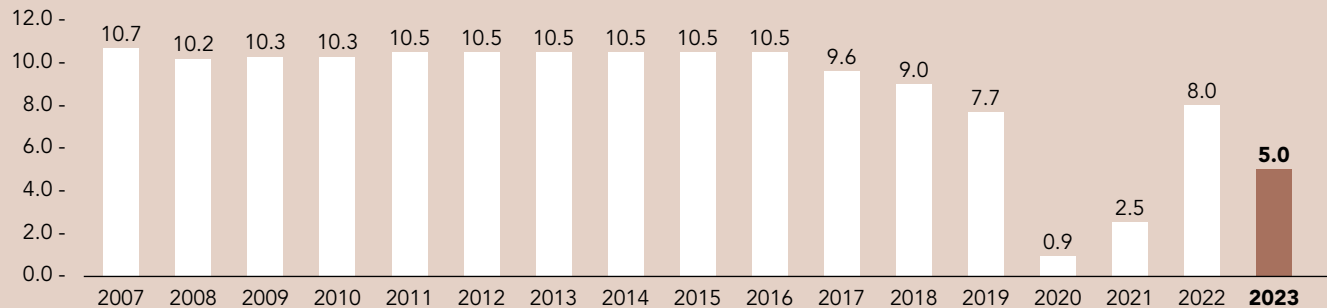
	FY2023	FY2022	FY2021	FY2020	FY2019
Total Assets (RM'000)	1,314,849	1,235,507	1,230,708	1,258,975	1,276,076
Total Liabilities (RM'000)	642,120	637,545	682,745	682,620	666,645
Total Borrowings (RM'000)	562,228	551,444	581,091	581,091	563,091
Gearing Ratio	42.76%	44.6%	47.2%	46.2%	44.1%
No. of Units in Circulation ('000)	581,415	471,260	471,260	461,960	461,960
Net Asset Value ("NAV") (RM'000)	672,730	597,962	547,963	576,355	609,432
NAV per Unit (RM)	1.16	1.27	1.16	1.25	1.32
NAV – before income distribution (RM'000)	672,730	597,962	547,963	576,355	609,418
NAV – after income distribution (RM'000)	659,357	572,985	536,040	572,197	600,179
NAV per unit before income distribution (RM)	1.16	1.27	1.16	1.25	1.32
NAV per unit after income distribution (RM)	1.13	1.22	1.14	1.24	1.30
Lowest NAV per unit during the year (RM)	1.16	1.16	1.16	1.25	1.32
Highest NAV per unit during the year (RM)	1.27	1.27	1.26	1.33	1.38
Unit Price as at 31 December (RM)	0.65	0.70	0.51	0.63	0.99
Premium / (Discount) to NAV (%)	(43.97)	(44.9)	(56.0)	(49.6)	(25.0)

Note: NAV based on quarterly filings

DISCLAIMER: This annual report may contain forward-looking statements that involve risks and uncertainties. Past performance is not necessarily indicative of future performance and investment returns may fluctuate. Actual future performance and results may vary materially from those expressed or implied in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements which are based on the Manager's current view of future events.

FINANCIAL HIGHLIGHTS

Annual Dividend Per Unit



Note: 2007 DPU was based on Financial year of 13 months

* The performance of Hektar REIT in 2020 & 2021 was significantly affected by the unprecedented COVID-19 pandemic which caused massive disruption to the retail sector during the period

Income Distributions

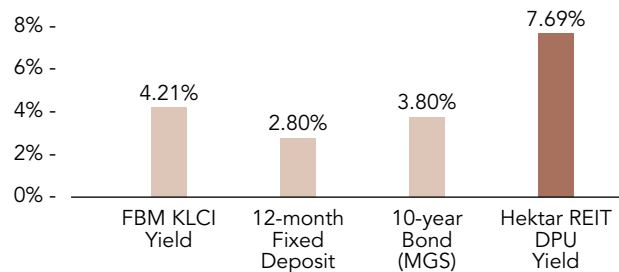
FY2023

2 nd Quarter DPU	2.70 sen
4 th Quarter DPU	2.30 sen
Total DPU	5.00 sen
DPU Yield ¹	7.69%

¹ Based on DPU of 5.00 sen and the closing unit price of RM0.65 for FY2023

Distribution Yield

Comparative Yields²



² Source: FTSE Russell, Maybank, Bank Negara (2023)

Debt Structure

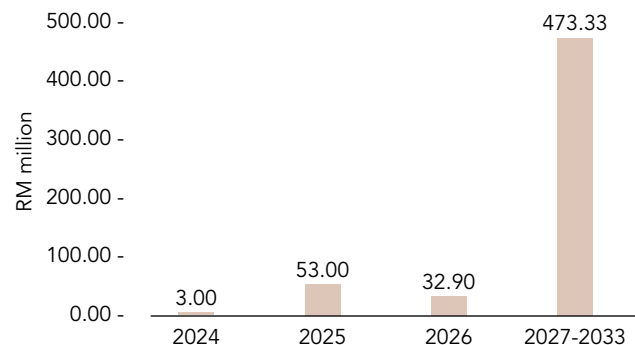
As at 31 December 2023

Total Debt	RM562.23 million
Weighted Cost of Debt	4.70%
Gearing Ratio ³	42.76%
Interest Cover Ratio	1.96

³ Gearing ratio calculated by total borrowings over Gross Asset Value (GAV)

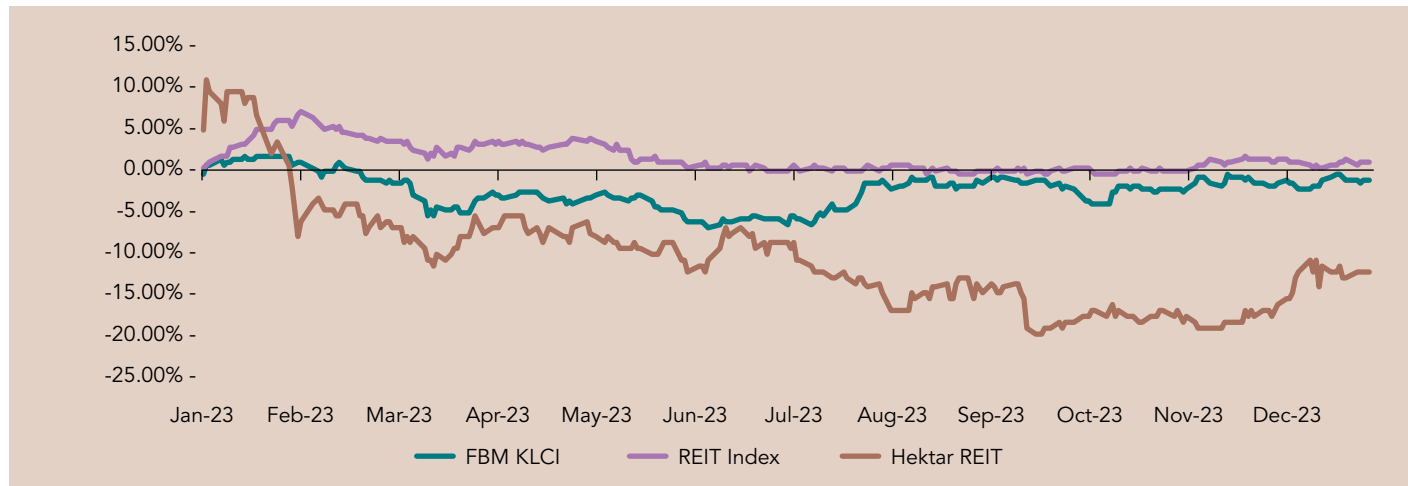
Debt Expiry Profile

2024-2033



FINANCIAL HIGHLIGHTS

Comparative One-Year Price Performance Trend



TRADING SUMMARY

For Financial Year Ended 31 December

	2023	2022	2021	2020	2019	2018
Opening Unit Price (RM)	0.70	0.49	0.63	1.00	1.11	1.19
Closing Unit Price (RM)	0.65	0.70	0.51	0.63	0.99	1.11
52-Week Highest Traded Price (RM)	0.71	0.70	0.64	1.00	1.17	1.27
52-Week Lowest Traded Price (RM)	0.57	0.44	0.45	0.49	0.97	1.09
Unit Price Change (%) ¹	(7.1)	44.3	(19.8)	(36.7)	(10.8)	(6.7)
DPU (sen)	5.0	8.0	2.5	0.9	7.8	9.0
DPU Yield (%) ²	7.7	11.4	5.0	1.4	7.8	8.1
Annual Total Return (%) ³	0.0	60.8	(15.8)	(35.8)	(3.8)	0.8

¹ Based on difference between opening and closing market prices of the respective financial year² Based on DPU over closing price of the respective financial year³ Based on DPU and unit price change over opening market price for respective financial year

Average Total Return*

1 Year (2023)	0.0%
3 Years (2021-2023)	27.8%
5 Years (2019-2023)	-16.0%

* Based on the Total Return and the Opening Price of each year

Unit Price Statistics (2023)

High	RM0.71
Low	RM0.57
Opening Price (3 Jan 2023)	RM0.70
Closing Price (29 Dec 2023)	RM0.65
Change In Price	-7.14%

Annualised Total Return*

3 Years (2021-2023)	8.5%
5 Years (2019-2023)	-4.3%
10 Years (2014-2023)	0.0%

* Based on the Total Return and the Opening Price of each year

Unit Price Changes Against Market (2023)

FBM KLCI	-2.70%
REIT Index	0.92%
Hektar REIT	-7.14%

CEO'S LETTER to Unitholders

DEAR VALUED UNITHOLDERS,

The year 2023 marks a pivotal turning point for Hektar REIT, characterised by the achievement of several significant milestones since our establishment in 2006. Commencing the year on a high note, Hektar REIT attained one of the highest dividend yields among listed REITs in Malaysia, culminating in the period under review with a pivotal proposal presented to unitholders regarding the diversification of Hektar REIT's portfolio. This strategic decision by Hektar REIT to explore diversification is a testament to our unwavering commitment to delivering enduring value to our esteemed unitholders.

JOHARI SHUKRI BIN JAMIL

Executive Director & Chief Executive Officer



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and Mandarin version



Embarking upon 2023 with prudent optimism amidst a volatile economic landscape shaped by a hawkish monetary policy responding to inflationary pressures, I am pleased to report that, notwithstanding the challenges, our asset portfolio's performance exhibited sustained improvement. This positive trajectory can be attributed to our unwavering commitment to optimising operations and fortifying our foundational strengths.

In adherence to our strategic objectives, we steadfastly maintain our focus on delivering sustainable returns to our unitholders while actively and judiciously pursuing growth opportunities. This commitment reflects our dedication to sound financial stewardship and the long-term prosperity of Hektar REIT.



Gross Revenue

RM111.5 million

2022: RM117.5 million



Total Assets

RM1.3 billion

2022: RM1.2 billion

CEO'S LETTER TO UNITHOLDERS

MARKET REVIEW

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. Household spending remained supported by continued growth in employment and wages as economic activities rebounded post-pandemic.

On the inflation front, while headline inflation continues to moderate, core inflation has persisted above historical averages, leading to BNM's decision to increase the Overnight Policy Rate by 25 basis points (bps) to 3.0% in May. Despite the continued momentum in economic recovery, the global economy continues to be weighed down by elevated cost pressures and higher interest rates. To tackle the situation, Hektar REIT has rigorously embarked on a debt rebalancing programme to navigate the high-interest cost environment.

The year 2023 saw a rise in electricity generation costs for TNB due to increasing fuel prices, resulting in an increase in the Imbalance Cost Pass Through (ICPT) surcharge for non-domestic consumers, including shopping mall operators like Hektar REIT. The dramatic increase in the ICPT surcharge (from 3.7 sen/kWh to 20 sen/kWh for the first half of 2023, subsequently reduced to 17 sen/kWh for the second half of 2023) prompted the Manager to accelerate our cost optimisation initiatives to offset the rising utility costs, which constitute a huge portion of the REIT's expenditures.



The Malaysian retail industry, on the other hand, had a stellar start to the year, with the first quarter retail growth registered at 13.8% year-on-year, as reported by Retail Group Malaysia, beating the initial estimate of 9.2%. Throughout 2023, the retail landscape continued to moderate as consumer spending turned dovish due to the higher cost of living, with the industry forecasted to grow by 2.8% overall.

PORTFOLIO REVIEW

We are confident that Hektar REIT's comprehensive portfolio occupancy reached its nadir in 2022, signalling a resilient rebound to pre-pandemic levels. This is substantiated by the consistent uptick in the portfolio's occupancy rate, escalating from 82.0% in 2022 to a robust 86.7% in 2023. This growth trajectory for the occupancy rate is poised to persist as we transition beyond our 'Occupancy First' strategy in the post-pandemic era. Notably, three of our shopping malls achieved an occupancy rate surpassing 90%, with Kulim Central nearing full occupancy.

In terms of financial performance, Hektar REIT's portfolio recorded a Net Property Income (NPI) of RM60.05 million, marking a 2.32% year-on-year growth attributed to prudent cost optimisation. The primary contributor to this profitability was Mahkota Parade, owing to its size, high overall occupancy, and status as a prominent regional mall in southern Malaysia. Following closely in second place was Subang Parade, which, despite its current occupancy level, holds substantial potential for a resurgence to its prime. Consequently, significant efforts are being invested to strategically reposition Subang Parade, encompassing proactive leasing strategies, intensified marketing endeavours, and planned facility upgrades. Anticipating a revitalised customer experience, we aim to witness enhanced performance at Subang Parade from 2024 onward.

After three consecutive years of challenging portfolio rental reversion, a result of the rental assistance programme during the COVID-19 outbreak and the timing of tenant remixing exercises involving key tenants, I am pleased to announce that Hektar REIT achieved a positive overall rental reversion in 2023. Looking ahead, we anticipate sustained positive growth in the rental reversion of the portfolio, driven by ongoing upgrades and enhancements across our malls.

CEO'S LETTER TO UNITHOLDERS

In steadfast pursuit of elevating our mall experience, we remain committed to undertaking marketing-intensive initiatives aimed at driving robust visitor footfall across our portfolio. The notable 10% increase in overall visitor traffic, totalling approximately 23.2 million visits in 2023, is a testament to the success of our intensified marketing efforts. These initiatives encompass a comprehensive range of sales and traffic-driven promotional campaigns meticulously implemented across all our malls.

Recognising the pivotal role of digital engagement in today's landscape, we have strategically embraced innovative online platforms and cutting-edge technologies. This approach extends our reach to a broader audience, effectively enhancing our ability to connect with consumers and entice them to experience the diverse offerings within our malls. Our unwavering commitment to marketing excellence underscores our dedication to creating vibrant, engaging spaces that resonate with the evolving preferences and expectations of our valued visitors. As we move forward, we will continue to innovate and leverage these initiatives to ensure sustained growth in visitor footfall, further solidifying our position as a premier destination for retail, entertainment, and community engagement.

PORTFOLIO DIVERSIFICATION

In our Circular to unitholders dated 21 December 2023, the Manager proposed the acquisition and lease of Kolej Yayasan Saad, which marks Hektar REIT's first acquisition of a non-retail asset in our 17-year history. The proposal was successfully approved by unitholders at the Extraordinary General Meeting held on 15 January 2024, and the Manager expects the acquisition exercise to be completed by Q2 2024. Upon completion, Hektar REIT's Asset Under Management (AUM) will increase to RM1.38 billion, and the asset will contribute an additional 7% to Hektar REIT's Gross Income.

This strategic decision by Hektar REIT to explore diversification is a testament to our unwavering commitment to delivering enduring value to our esteemed unitholders. Acknowledging the inherent susceptibility of the retail sector, like all industries, to economic cycles, our conviction in diversification arises from its potential to empower Hektar REIT to adeptly navigate potential downturns in retail by capitalising on gains from diverse sectors. Venturing into new sectors not only opens doors to fresh revenue streams but also strategically mitigates the risk associated with reliance on a single sector.



CEO'S LETTER TO UNITHOLDERS

As Malaysia's pioneer retail-focused REIT, Hektar REIT takes immense pride in this legacy, with substantial assets under management in our retail portfolio underscoring our extensive experience and enduring presence in the retail domain. However, in alignment with our forward-thinking ethos, we acknowledge the imperative of evolution and adapting to changing market dynamics. While our core identity remains deeply rooted in retail, our pursuit of diversification does not dilute this identity. On the contrary, we view diversification as a means of enhancing our capabilities and exploring opportunities in sectors with high growth potential, ensuring our portfolio remains dynamic, resilient, and primed for accretive yields.

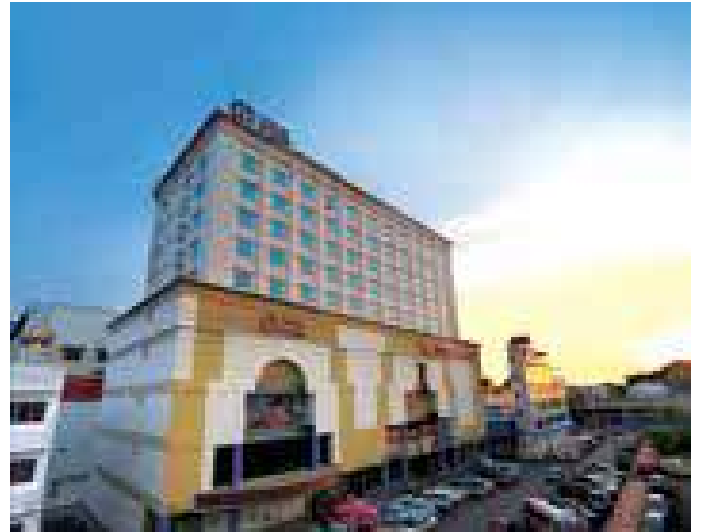
In adherence to the principles embraced by any progressive organisation, we recognise the importance of evolution and the imperative to adapt to dynamic market forces. Although our core identity has historically revolved around the realm of retail, our commitment to diversification does not diminish this fundamental identity. Moving forward, we are steadfast in our pursuit of yield-accretive assets, actively exploring opportunities across both retail and non-retail sectors, distinguished by their high growth potential.

FINANCING REVIEW

Financing

Hektar REIT's current financing stands at RM562 million, of which the amount due in 2024 has been rolled over and refinanced to a longer maturity tenure. During the period under review, the Manager embarked on a rigorous debt rebalancing programme via the introduction of the Income Distribution Reinvestment Plan (IDRP) and refinancing of existing facilities with lower and more flexible repayment terms. The Manager also established a Medium Term Note programme of up to RM500 million, with the first Guaranteed Tranche of RM215 million, rated AAA(fg) by RAM Rating Services Berhad, successfully issued on 15 February 2024. The proceeds will not only be used to improve Hektar REIT's debt maturity profile but also to build up Hektar REIT's war chest in pursuing meaningful acquisitions moving forward.

Hektar REIT's gearing ratio improved to 42.8% at the end of 2023 from 44.6% at the end of 2022, allowing headroom for future yield-accretive acquisitions.



Distribution

We remain committed to maintaining a distribution policy of at least 90% of our distributable income and announced on 23 January 2024 a final income distribution of 2.3 sen per unit for the fourth quarter ended 31 December 2023, taking our total distribution for the financial year 2023 to 5.0 sen per unit. Based on the closing price of 65 sen on 29 December 2023, the DPU represents a yield of approximately 7.7%. At the end of 2023, Hektar REIT had over 7,000 unitholders – a testament to retail investors' confidence in Hektar REIT's strong fundamentals and future growth prospects.

Corporate Proposal

On 11 October 2023, UOB Kay Hian Securities (M) Sdn Bhd, on behalf of the Manager, announced that Hektar REIT intended to undertake a private placement of up to 20% of the total number of issued units of Hektar REIT pursuant to the authority granted by unitholders at the AGM dated 6 April 2023. The placement size was subsequently revised to 15% pursuant to the announcement made on 7 November 2023. I am delighted to share with unitholders that the private placement exercise was successfully completed on 15 December 2023, where the 15% placement size was fully placed out in a single issuance, and a total of RM42.5 million in proceeds was raised. Several new institutional unitholders were welcomed on board pursuant to the private placement exercise, further enhancing and broadening the profile of Hektar REIT's investor base.

CEO'S LETTER TO UNITHOLDERS

SUSTAINABILITY

Sustainability maintained its paramount status throughout 2023 at Hektar REIT. We meticulously undertook an extensive Materiality Assessment, underscoring our dedication to prioritising issues that are most material to our organisation. This robust process reaffirmed our commitment to business excellence and enhanced our adept management of Environmental, Social and Governance (ESG) aspects that are crucial to our stakeholders. Furthermore, we strategically aligned our material factors with the corresponding United Nations Sustainable Development Goals (SDGs), a move designed to maximise our positive impact on a global scale. As a continued testament to our commitment, Hektar REIT proudly retains our status as a constituent member of the FTSE4Good Bursa Malaysia Index. This serves as both inspiration and encouragement to persist in enhancing initiatives across the three core dimensions of ESG, embedding these principles deep into the fabric of our business DNA.

While steadfastly maintaining our commitment to environmental sustainability, our focus in 2023 expanded beyond the ecological domain to encompass the social aspect. This evolution is evident in the increased training hours allocated for our staff, demonstrating our dedication to continuous learning and skill development. Moreover, stringent compliance measures were implemented through anti-bribery and anti-corruption training initiatives, underscoring our commitment to upholding ethical standards. We have also pledged our commitment to human rights, recognising the vital role we play in promoting and protecting these fundamental principles. Notably, our increased activities and contributions to Corporate Social Responsibility underscore our commitment to making a positive impact on the communities we serve. Looking ahead, we remain resolutely committed to further advancing our efforts in managing material sustainability matters, spanning environmental conservation, climate change mitigation and adaptation, water and waste management, and energy consumption. Our steadfast commitment includes the incorporation of renewable energy sources into our energy mix, reinforcing our role as a responsible and forward-thinking steward in the realm of real estate investment.

AWARDS

In 2023, Hektar REIT's dedication to community engagement garnered notable recognition at the Sustainability & CSR Malaysia Awards, specifically in the "Company of the Year – Best in Sustainability Reporting & Community Support" category. Throughout the years, Hektar REIT has actively forged numerous partnerships and collaborations with both local and international organisations. These initiatives have consistently provided vital support to NGOs and charity programmes aimed at uplifting underprivileged and marginalised communities. In tandem with this commitment, our efforts have extended to advancing and empowering women, fostering improved financial independence for the betterment of families.

We are delighted to share the exciting news that Hektar REIT has earned distinction by receiving two prestigious Gold awards at The Edge Malaysia ESG Awards 2023. These accolades were granted in the "Outstanding ESG & Dividend Return for the last five years" and "REIT Sector Award" categories. The awards serve as a commendation of Malaysian companies committed to advancing their business operations in alignment with ESG principles. This recognition is particularly gratifying as it reflects our unwavering dedication to sustainability initiatives, a focus we embarked on in 2017 centred on the three pillars of environmental, social, and governance.

The significance of these awards is profound, representing a historical milestone and propelling us further in our sustainability mission. Looking ahead, we maintain a deep commitment to not only upholding but also exceeding the high standards that have earned us these accolades. We recognise the weighty responsibility that comes with this success, and we embrace it with enthusiasm, passion, and unwavering dedication. Our journey is ongoing, and with these three awards serving as guiding stars, we are resolutely determined to explore new horizons. It is our firm belief that adopting a sustainable approach is not merely an option but a definitive path toward a more promising future for all.

Hektar REIT remains steadfast in its commitment to integrating ESG principles across all facets of our business, from financial management to operations and future planning. This dedication stands as a cornerstone of our mission, aiming to deliver robust and enduring value to our stakeholders, positioning us for a prosperous and sustainable future.

CEO'S LETTER TO UNITHOLDERS

I would like to acknowledge the efforts of our Legal team for being named as finalists for the 'In-House Counsel of the Year' and 'In-House Industry Awards (Property, Infrastructure & Logistics)' categories at the In-House Community's (IHC) Counsels of the Year Awards 2023 in November 2023. These prestigious awards recognise and honour legal teams and counsels who have demonstrated a steadfast commitment to excellence in their roles.

MOVING FORWARD

Malaysia's economic momentum is projected to gain traction in the coming year, with a GDP growth forecast of 4.5%-5.5% in 2024, and the retail industry landscape is poised for better growth at 3.5% on the premise of easing inflation. Despite this, the Manager maintains a cautiously optimistic stance, committed to fortifying our portfolio against potential unforeseen challenges in the market and industry movements expected in 2024.

Our paramount objective remains unwavering – to deliver substantial returns to our esteemed unitholders. A key strategy in achieving this goal involves ensuring that the assets within our portfolio consistently yield robust, steady, and reliable returns. In our capacity as the asset manager, we are resolute in our commitment to continually evaluate, reposition, and maximise the potential of our existing assets. Simultaneously, we actively seek new assets with yield-accretive potential to seamlessly integrate into our portfolio.

In the short-to-medium term, our strategic outlook envisions retail assets maintaining a substantial presence, with other asset classes gradually expanding to achieve a more balanced and well-diversified composition. Over the next five years, we envisage a scenario where at least 20% of our portfolio, measured by asset value, will comprise non-retail assets. However, the realisation of this projection is contingent upon the collective performance of the assets within our portfolio.

When contemplating a new asset type, our management rigorously assesses our capability to effectively oversee its unique characteristics. The focus is not only on maximising returns but also on mitigating potential operational risks that may arise post-acquisition. This diligent approach is integral to maintaining a well-balanced and resilient investment strategy, safeguarding our income streams, and ensuring the sustained prosperity of Hektar REIT.

ACKNOWLEDGEMENT

Our deepest appreciation goes to Frasers Centrepoint Trust (FCT), our esteemed long-term strategic partner from 2006 to 2023. Hektar REIT has greatly benefitted from FCT's wealth of experience in retail asset management and its adept handling of an extensive portfolio.

On behalf of the Board of Directors, I extend sincere gratitude to Mr Richard Ng, Mr Philip Eng Heng Nee, and Ms Audrey Tan Loo Ming, who have served on the Board as representatives of FCT. Their dedication and unwavering support to Hektar REIT have been invaluable.

I also wish to express our heartfelt thanks to Encik Hasli bin Hashim, Datuk Siti Zauyah Md Desa, Puan Zarina Halim, and Dr Chew Tuan Chiong, who resigned from our Board to pursue personal interests. Their commitment and contributions during their tenure on the Board are sincerely appreciated.

The management team of the Manager takes this opportunity to express gratitude to all our stakeholders for their resilience in facing challenges throughout the year. As we continue to navigate and overcome headwinds, we remain dedicated and look forward to the ongoing support of all our stakeholders as we endeavour to propel Hektar REIT to greater heights in 2024.

JOHARI SHUKRI BIN JAMIL

Executive Director & Chief Executive Officer

ASSET PORTFOLIO








Performance

PROPERTY PROFILES

Hektar REIT's asset portfolio consists of a regional shopping centre, five established neighbourhood-focused shopping centres, and a hotel in the Northern, Central and Southern Regions of Peninsular Malaysia.



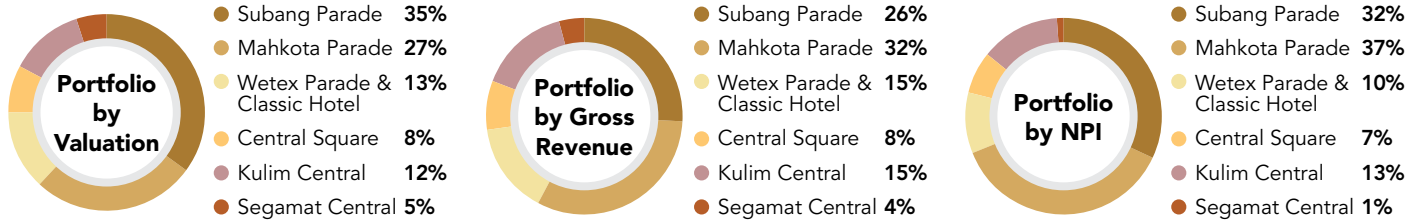
ASSET PORTFOLIO PERFORMANCE

	   		 			
State	Selangor	Melaka	Johor	Kedah	Kedah	Johor
Primary Trade Area (population)	1,834,000	382,200	201,600	406,870	287,694	190,000
NLA (sq. ft.)	521,992	521,142	170,463	310,564	299,781	211,919
Occupied NLA (NLA Lots only)	387,918	489,051	166,438	270,474	290,590	161,109
Occupancy (%)	74.3	93.8	97.6	87.1	96.9	76.0
Visitor Traffic (million)	4.5	6.8	3.2	3.8	3.0	1.9
Acquisition Price (RM million)	280.0	232.0	117.5	83.0	98.0	104.0
Valuation (RM million)	430.0	338.5	161.7	95.0	142.5	65.0
Gross Revenue (RM million)	28.7	36.1	16.7	9.3	16.2	4.5
Net Property Income (NPI) (RM million)	19.8	22.5	6.0	4.6	7.7	-0.5
Title	Freehold	Leasehold	Freehold	Freehold	Freehold	Leasehold
Lease Expiry	-	2101	-	-	-	2116

Data as at 31 December 2023.

ASSET PORTFOLIO PERFORMANCE

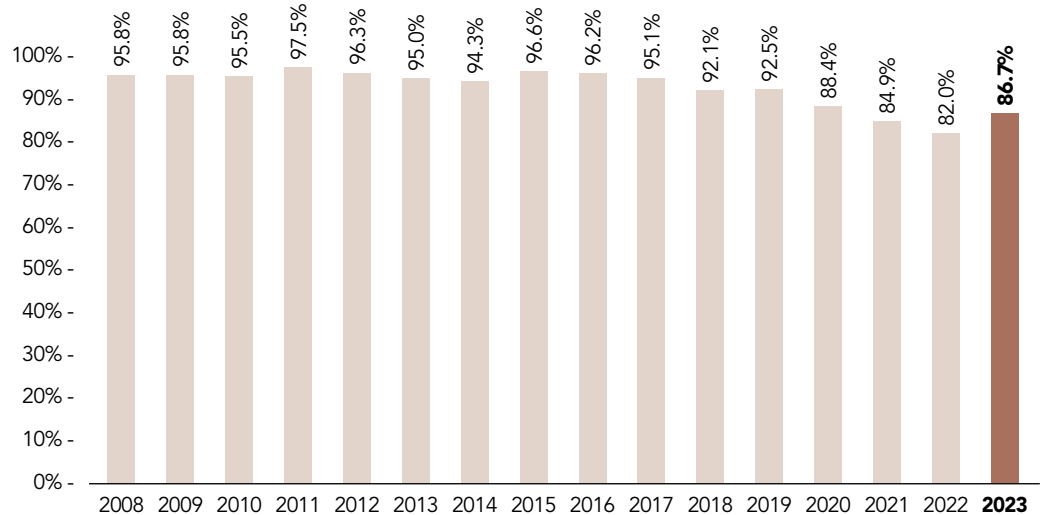
PORTFOLIO DIVERSIFICATION



PORTFOLIO OCCUPANCY

The portfolio recorded an overall occupancy rate of 86.7% as at 31 December 2023, as Hektar REIT continues its ongoing strategy of tenant remixing and rejuvenation plan at Subang Parade and Segamat Central. Despite the challenging retail environment, the Management remains steadfast on boosting occupancies by focusing on retaining existing tenants and utilizing marketing to attract specialty anchors and more F&B retailers to the mall.

Portfolio Overall Occupancy Trend (2008-2023)



OCCUPANCY STATUS BY PROPERTY

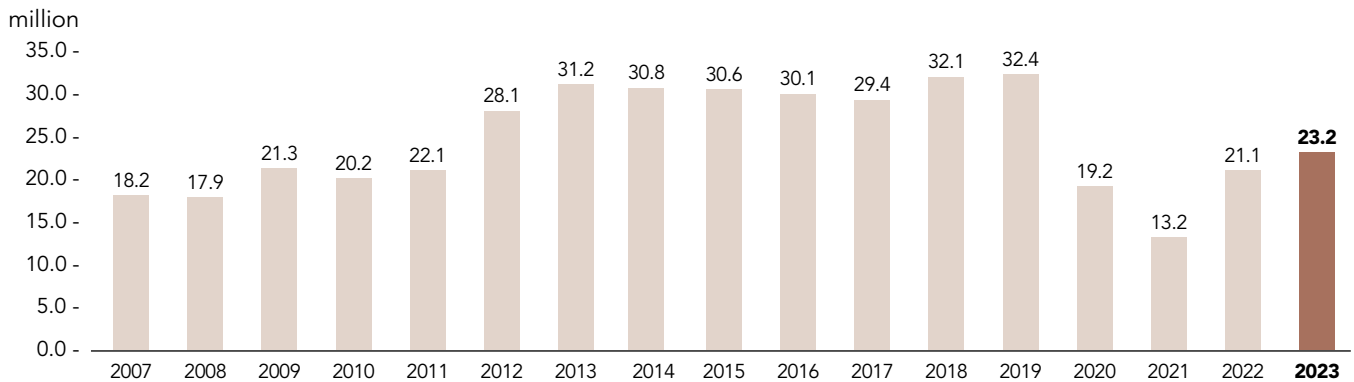
Property (As at 31 December)	2023	2022	2021	2020	2019
Subang Parade	74.3%	70.3%	82.5%	83.7%	93.9%
Mahkota Parade	93.8%	86.9%	87.1%	92.5%	96.4%
Wetex Parade	97.6%	88.1%	89.9%	94.5%	96.2%
Central Square	87.1%	82.3%	85.9%	87.9%	89.7%
Kulim Central	96.9%	96.4%	94.0%	93.9%	95.0%
Segamat Central	76.0%	73.7%	67.3%	77.9%	77.1%
Portfolio Overall	87.6%	82.9%	84.9%	88.4%	92.5%

ASSET PORTFOLIO PERFORMANCE

VISITOR TRAFFIC

Overall visitor traffic increased to 23.2 million visits in 2023 as we intensified our marketing initiatives including sales-driven promotional campaigns at all our malls within the portfolio on the back of the lifting of the various restrictive containment measures. All malls experienced an uptrend in visitor footfall following Malaysia's transition to endemicity after the COVID-19 pandemic, showing positive signs of return in shopper confidence at Hektar malls.

Visitor Traffic Trend (2007-2023)



Visitor Traffic (million)	2023	2022	2021	2020	2019
Subang Parade	4.5	4.7	4.0	4.9	7.6
Mahkota Parade	6.8	6.0	2.8	4.5	8.4
Wetex Parade	3.2	2.9	1.9	2.5	4.2
Central Square	3.8	2.7	1.9	2.8	4.5
Kulim Central	3.0	2.9	1.9	3.0	4.6
Segamat Central	1.9	1.8	0.7	1.5	3.1
Total	23.2	21.0	13.2	19.2	32.4

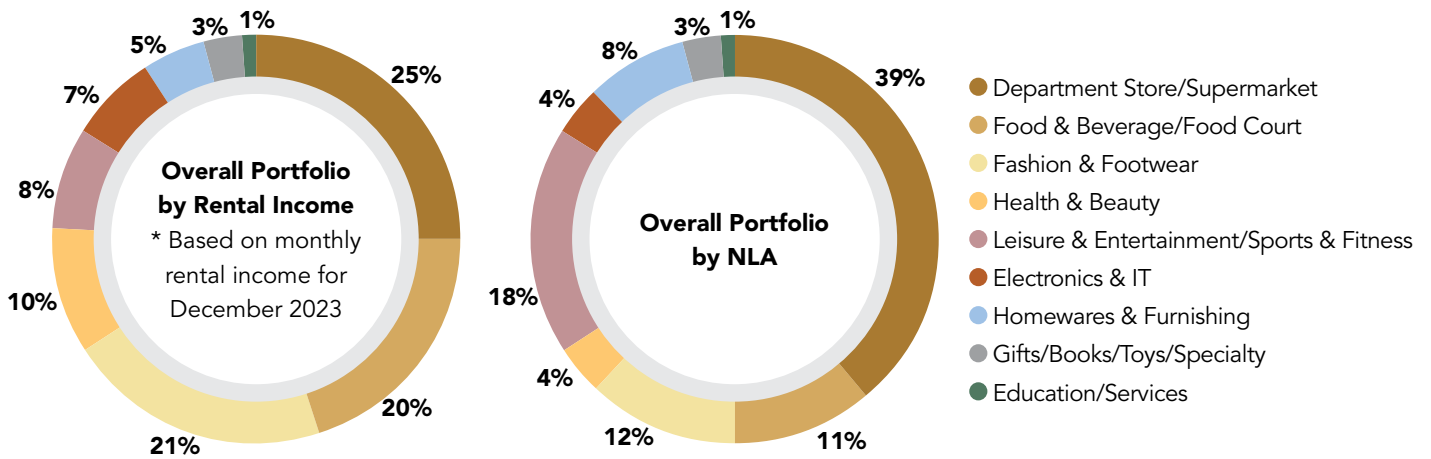


Selangor Criterium Series at Subang Parade

ASSET PORTFOLIO PERFORMANCE

PORTFOLIO TENANCY MIX

The largest rental contributors to the portfolio are tenants from the departmental store and the food & beverage segments. Both segments contributed 45% to the portfolio's total rental income. In terms of NLA occupancy, department stores and supermarkets continue to dominate the portfolio by taking up 39% of all available NLA.



ASSET PORTFOLIO PERFORMANCE

PORTFOLIO'S TOP TEN TENANTS

The top ten tenants in the portfolio contributed approximately 36.7% of total monthly rental income, providing a diversified revenue base. Aside from Parkson, which contributed approximately 12% of monthly rental income, no other tenant contributed more than 10%.

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	252,515	12.4%	12.3%
The Store	Department Store/Supermarket	273,198	13.4%	8.7%
GSC	Leisure & Entertainment/Sports & Fitness	88,670	4.4%	2.4%
Watson's	Health & Beauty	74,301	3.6%	2.2%
MR. D.I.Y.	Homewares & Furnishing	47,760	2.3%	2.1%
Seleria Food Court	Food & Beverage/Food Court	72,140	3.5%	2.0%
Guardian	Health & Beauty	11,965	0.6%	1.8%
Giant Superstore	Department Store/Supermarket	75,928	3.7%	1.8%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	15,792	0.8%	1.7%
KFC	Food & Beverage/Food Court	12,164	0.6%	1.7%
Top 10 Tenants (By monthly Income)		924,433	45.4%	36.6%
Other Tenants		1,111,429	54.6%	63.4%
Total		2,035,862	100.0%	100.0%

* Based on monthly rental income for December 2023



Village Grocer at Subang Parade

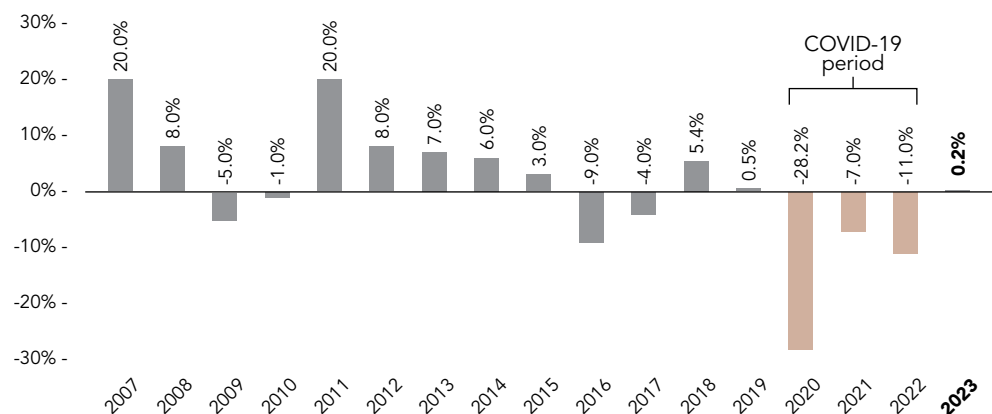
ASSET PORTFOLIO PERFORMANCE



PORTFOLIO RENTAL REVERSIONS

For the year ended 31 December 2023, the portfolio recorded 212 new and renewed tenancies, with a total / average positive rental reversion of 0.2% reflecting our strategy in balancing rental reversions and occupancy levels to ensure portfolio stability.

Portfolio Rental Reversions (2007-2023)



Full Year (12 months) (Ended 31 December)	No. of New Tenancies / Renewals	NLA (sq. ft.)	% of Total NLA	% Increase / (Decrease) Over Previous Rent Rates
Subang Parade	57	144,438	27.7%	-4.2%
Mahkota Parade	44	237,474	45.6%	3.1%
Wetex Parade	28	38,195	22.4%	-6.2%
Central Square	22	49,278	15.9%	-3.5%
Kulim Central	51	88,108	29.4%	7.0%
Segamat Central	10	24,309	11.5%	5.8%
Total / Average	212	581,802	25.4%	0.3%

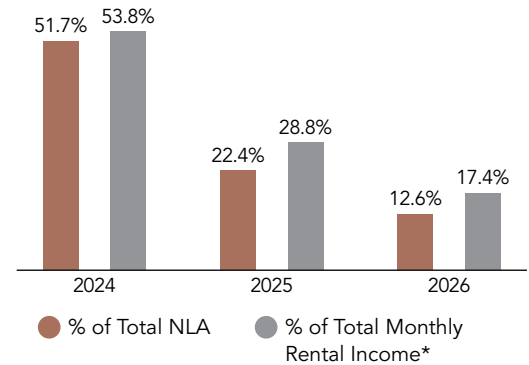
ASSET PORTFOLIO PERFORMANCE

PORTFOLIO TENANCY EXPIRY PROFILE

We have successfully renewed a total of 212 tenancies for the year which represents approximately 28.5% of total NLA. A total of 192 tenancies will expire in 2024 representing approximately 51.7% of NLA and 53.8% of monthly rental income as at 31 December 2023.

The management's strategy is to continue tenancy remarking exercises by refreshing the tenant mix as tenant contracts expire. Key tenancies are secured with options to renew and are usually confirmed six months prior to their expiry.

Portfolio For Year Ending 31 December 2023	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq. ft.)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2024	192	1,052,729	51.7%	53.8%
2025	121	456,004	22.4%	28.8%
2026	74	256,847	12.6%	17.4%
	387	1,765,580	86.7%	100%

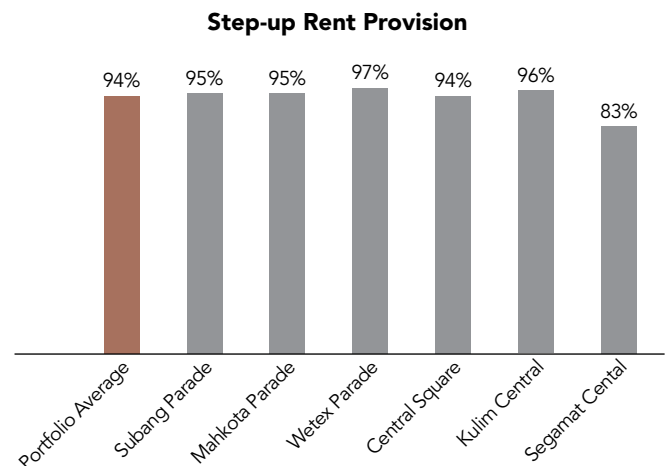
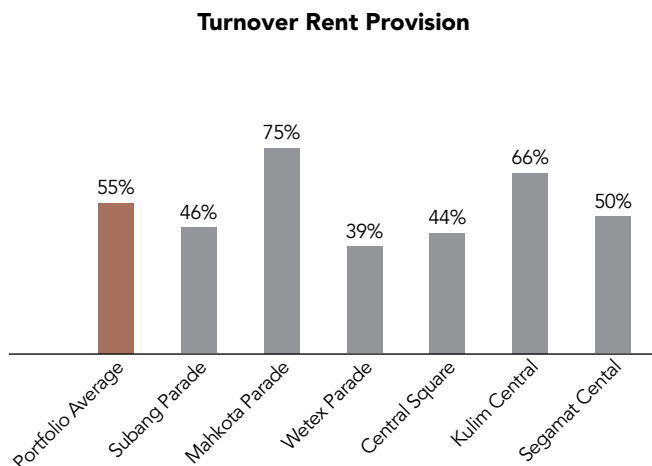


* Based on monthly rental income for December 2023

PORTFOLIO TENANCY PROVISIONS

As at 31 December 2023, turnover rent provisions were present in 55% of tenancy contracts within the portfolio. Step-up rent provisions were present in 94% of tenancy contracts within the portfolio.

A turnover rent provision allows for rent calculated as a proportion of monthly or yearly turnover of the tenant's business. Turnover rent is paid to the REIT if it exceeds the base rent specified in tenancy agreements on a monthly or yearly basis. A step-up rent provision stipulates pre-determined increases in rent at defined intervals during a tenancy agreement.



ASSET PORTFOLIO PERFORMANCE



No. 5 Jalan SS 16/1, Subang Jaya 47500, Petaling Jaya, Selangor

Primary Trade Area
1,834,000
 within 20-minute drive time

Gross Floor Area
1,169,038 sq. ft.

Net Lettable Area
521,992 sq. ft.

Car Park
1,288 bays

Acquisition Price
RM280.0 million

Valuation
RM430.0 million

Tenants*
78

FREEHOLD

Occupancy
74.3%

Key Tenants
Parkson, GSC, Best Denki,
Village Grocer, Nando's

Visitor Traffic
4.5 million per annum

Year Opened
1988

Year Acquired
2006

Year Refurbished
2006-2007 /
2019-2020 /
2024 (on-going)

Data as at 31 December 2023

* Only NLA Lots

SUBANG
PARADE
 It's Our Place!

Subang Parade was the first regional shopping centre in Selangor when it opened in 1988. Strategically located in the heart of Subang Jaya, a township 25 minutes away from Kuala Lumpur, Subang Parade continues to demonstrate resilience and innovation in the face of challenging market conditions. The neighbourhood-focused mall maintained its position as a premier shopping destination, delivering sustained value to both tenants and visitors. Our commitment to enhancing the shopping experience, community engagement, and operational efficiency has contributed to another successful year.

In 2023, the mall witnessed the opening of 16 new outlets, while its visitor footfall reached 4.5 million, showcasing robust economic comeback. The list of new tenants included Nyonya Cendol, Big Apple Donuts & Coffee, ZUS Coffee, Signature BananaBro, Gula Petite by Gula Cakery, BabyShop, Skechers, Comfort Sole and several fashion stores, further elevating the mall's appeal to shoppers in the trade area. The secured tenants also included an event and wedding hall, a banquet-style F&B outlet and a fitness centre to cater to the community needs. The Management is currently planning for a repositioning which will include a facelift, creation of new retail spaces, placemaking opportunities, amenities upgrading, and infrastructure modernization. The anticipated project, is expected to increase visitor footfall, increase visitor dwell time and average spending per visit turning it into the preferred lifestyle destination.

Building on our community-centric approach, the mall actively engaged with the local community through various events and partnerships. Support for local businesses, cultural events, and charitable activities reinforced Subang Parade Mall's role as a key contributor to the community's social fabric.

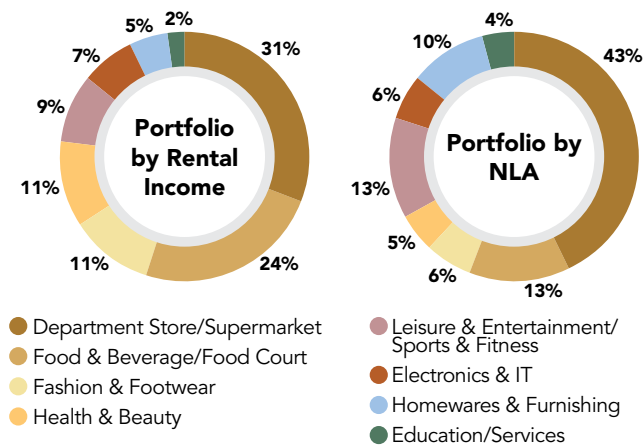
ASSET PORTFOLIO PERFORMANCE

Subang Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson Grand	Department Store/Supermarket	140,620	26.9%	27.3%
GSC	Leisure & Entertainment/Sports & Fitness	30,258	5.8%	4.4%
Best Denki	Electronics & IT	20,930	4.0%	4.0%
Village Grocer	Department Store/Supermarket	26,375	5.1%	3.4%
Nando's Chickenland	Food & Beverage/Food Court	2,610	0.5%	2.6%
Caring Pharmacy	Health & Beauty	2,679	0.5%	2.5%
Yamaha Music School & Showroom	Leisure & Entertainment/Sports & Fitness	5,733	1.1%	2.2%
Optical 88	Fashion & Footwear	1,365	0.3%	2.2%
Uncle Lim's Café	Food & Beverage/Food Court	2,500	0.5%	2.1%
Guardian	Health & Beauty	2,357	0.5%	2.0%
Top 10 Tenants		235,427	45.1%	52.7%
Other Tenants		286,565	54.9%	47.3%
Total		521,992	100.0%	100.0%

* Based on monthly rental income for December 2023
 Note: changes in NLA due to reconfiguration

Subang Parade's Tenancy Mix



Subang Parade's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	45	22	11
NLA of Tenancies Expiring (sq. ft.)	234,580	110,737	42,601
NLA of Tenancies Expiring as % of Total NLA	44.9%	21.2%	8.2%
% of Total Monthly Rental Income*	58.8%	29.9%	11.4%

* Based on monthly rental income for December 2023



ASSET PORTFOLIO PERFORMANCE



No. 1 Jalan Merdeka, 75000 Bandar Melaka, Melaka

Primary Trade Area
382,200
 within 20-minute drive time

Gross Floor Area
1,392,623 sq. ft.

Net Lettable Area
521,142 sq. ft.

Car Park
1,079 bays

Acquisition Price
RM232.0 million

Valuation
RM338.5 million

Tenants*
91

Leasehold
 (until 2101)

Occupancy
93.8%

Key Tenants
**Parkson, Seleria Food Court,
 JD Sports, MM Cineplexes,
 KFC**

Visitor Traffic
6.8 million per annum

Year Opened
1994

Year Acquired
2006

Year Refurbished
2010

Data as at 31 December 2023

* Only NLA Lots



Mahkota Parade was the first 'regional' shopping centre located in the heart of historic Melaka. It was injected into the REIT in 2006 and underwent a transformation soon after in 2009. Since it was re-launched in 2010, Mahkota Parade continued to flourish until today. In the fiscal year 2023, Mahkota Parade Melaka continued its legacy as the most prominent retail and entertainment hub in Melaka. Anchored by the established Parkson Department Store, the centre also serves as the main destination for major community events, tourist events, and exhibitions. The mall sustained a high tenant occupancy rate of 93.8% during the year, underscoring its appeal to a diverse range of retailers and ensuring a dynamic and engaging shopping environment for its visitors.

Despite the market condition, Mahkota Parade showed excellent growth in occupancy and also 13% increase in visitor count. Thanks to the successful tenant remixing exercises and marketing initiatives led by its team, Mahkota Parade is currently the largest contributor to the REIT's portfolio income. The year saw 17 new outlets opened in Mahkota Parade. The centre continues to be sought after by brands such as Chanel Cosmetics, Jo Malone, Skechers, Kappa, 4Fingers and Anta in 2023.

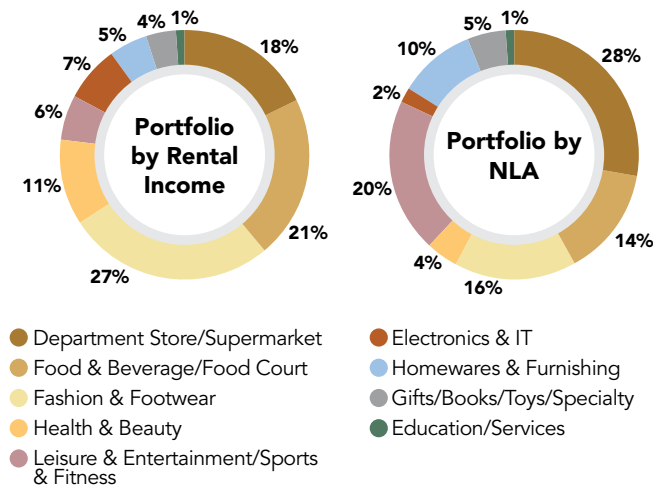
ASSET PORTFOLIO PERFORMANCE

Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	111,895	21.5%	15.1%
Seleria Foodcourt	Food & Beverage/Food Court	36,475	7.0%	4.9%
JD Sports	Fashion & Footwear	5,942	1.1%	2.9%
Restoran KFC	Food & Beverage/Food Court	5,403	1.0%	2.6%
Family Store	Department Store/Supermarket	25,758	4.9%	2.4%
Guardian	Health & Beauty	3,800	0.7%	2.4%
Gatti	Fashion & Footwear	9,192	1.8%	2.3%
MR. D.I.Y	Homewares & Furnishing	16,690	3.2%	1.9%
MM2 Starscreen	Leisure & Entertainment/Sports & Fitness	28,090	5.4%	1.7%
Ampang Superbowl	Leisure & Entertainment/Sports & Fitness	36,717	7.0%	1.7%
Top 10 Tenants		279,962	53.6%	37.9%
Other Tenants		241,180	46.4%	62.1%
Total		521,142	100.0%	100.0%

* Based on monthly rental income for December 2023

Mahkota Parade's Tenancy Mix



Mahkota Parade's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	37	37	17
NLA of Tenancies Expiring (sq. ft.)	183,728	154,006	151,317
NLA of Tenancies Expiring as % of Total NLA	35.3%	29.6%	29.0%
% of Total Monthly Rental Income*	42.4%	29.3%	28.3%

* Based on monthly rental income for December 2023



ASSET PORTFOLIO PERFORMANCE



69 Jalan Ali, Off Jalan Sulaiman 84000 Muar, Johor

Primary Trade Area

201,600

within 20-minute drive time

Gross Floor Area

281,590 sq. ft.

Net Lettable Area

170,463 sq. ft.

Classic Hotel GFA

125,931 sq. ft.

Car Park

175 bays

Acquisition Price

RM117.5 million

Valuation

RM161.7 million

FREEHOLD

Average Room Occupancy

44%

Tenants*

61

Occupancy

97.6%

Key Tenants

The Store, Watson's, Guardian, McDonald's, MR. D.I.Y.

Visitor Traffic

3.2 million per annum

Year Opened

1996

Year Acquired

2008

Year Refurbished

2010 (Mall), 2018 (Hotel)

Data as at 31 December 2023

* Only NLA Lots

WETEX®
PARADE
It's Our Place!

CH **CLASSIC**
HOTEL
— **MUAR** —

Wetex Parade and **Classic Hotel** is an integrated retail and hotel development located within the commercial heart of Muar, Johor. Opened in 1996, Wetex Parade remains as the only department store anchored shopping centre in town and serves as the premier retail destination for the royal town. Wetex Parade achieved a stable occupancy rate of 97.6% in 2023 after welcoming 14 new tenants, including Levi's, Anakku, Old Town White Coffee, ZUS Coffee, Audrey, G Optical and Little Angel Indoor Playground.

Classic Hotel, the largest hotel in Muar and with the largest ballroom facilities overlooks the serene Muar River. Occupancy rate of Classic Hotel was at 44% with an average room rate of RM149 in 2023 on the back of the lifting of travelling restrictions and normalisation of economic and tourism activities. Opened the same year, the hotel underwent full refurbishment in 2018 in an effort to enhance its looks and facilities. The hotel now features 156 newly renovated rooms furnished with classic contemporary interiors to better suit the needs of the modern traveller.

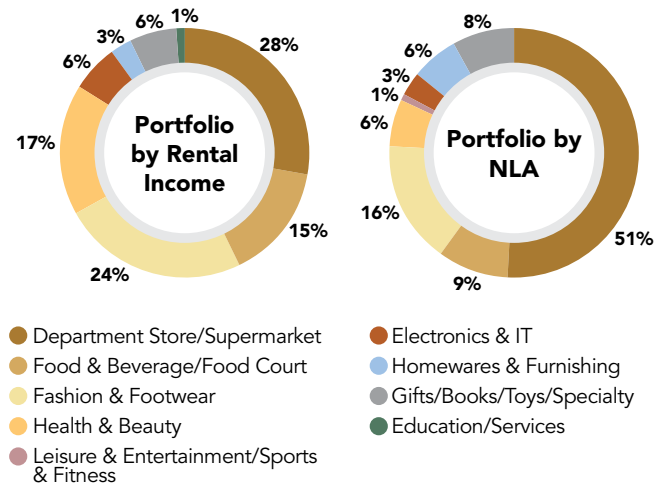
ASSET PORTFOLIO PERFORMANCE

Wetex Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	85,413	50.1%	28.2%
Watson's	Health & Beauty	2,824	1.7%	7.1%
Guardian	Health & Beauty	2,949	1.7%	3.1%
McDonald's	Food & Beverage/Food Court	2,489	1.5%	2.8%
MR. D.I.Y.	Homewares & Furnishing	9,577	5.6%	2.7%
Popular Bookstore	Gifts/Books/Toys/Specialty	7,190	4.2%	2.4%
Baker House Confectionery	Food & Beverage/Food Court	990	0.6%	2.4%
Tanjongmas Bookcentre	Gifts/Books/Toys/Specialty	4,037	2.4%	2.4%
Pao Sing	Fashion & Footwear	1,023	0.6%	2.2%
Bata	Fashion & Footwear	1,240	0.7%	2.1%
Top 10 Tenants		117,732	69.1%	55.4%
Other Tenants		52,731	30.9%	44.6%
Total		170,463	100.0%	100.0%

* Based on monthly rental income for December 2023
 Note: changes in NLA due to reconfiguration

Wetex Parade's Tenancy Mix



Wetex Parade's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	22	16	23
NLA of Tenancies Expiring (sq. ft.)	113,959	21,948	30,531
NLA of Tenancies Expiring as % of Total NLA	66.9%	12.9%	17.9%
% of Total Monthly Rental Income*	55.8%	25.6%	18.6%

* Based on monthly rental income for December 2023



ASSET PORTFOLIO PERFORMANCE



23, Jalan Kampung Baru, 08000 Sungai Petani, Kedah

Primary Trade Area
406,870
 within 20-minute drive time

Gross Floor Area
743,117 sq. ft.

Net Lettable Area
310,564 sq. ft.

Car Park
478 bays

Acquisition Price
RM83.0 million

Valuation
RM95.0 million

Tenants*
49

FREEHOLD

Occupancy
87.1%

Key Tenants
 The Store, GSC, KFC,
 MR. D.I.Y., Guardian

Visitor Traffic
3.8 million per annum

Year Opened
1997

Year Acquired
2012

Year Refurbished
2015

Data as at 31 December 2023

* Only NLA Lots



Central Square was the fourth asset acquired by Hektar REIT back in 2012. Completed in 1997, Central Square is arguably one of the most recognisable landmarks in its town. Nestled in the heart of Sungai Petani, Central Square enjoys a strategic location, making it easily accessible to the community. Situated amidst the bustling commercial district, it serves as a central hub for shopping, dining, and entertainment. Central Square takes pride in fostering a sense of community. Regular events, promotions, and activities bring people together, turning Central Square into more than just a shopping center but a social hub where memories are created.

Central Square continuously evolves to meet the changing needs and preferences of its patrons. Planned mini anchor remixing exercises, space re-configuration, and collaborations ensure that it remains a dynamic and relevant part of Sungai Petani. The management remains focused on upgrading the quality of the tenant mix and positioning of Central Square, as reflected by the entry of several new tenants. In 2023, the shopping centre recorded visitor traffic of 3.8 million while occupancy reached 87.1%.

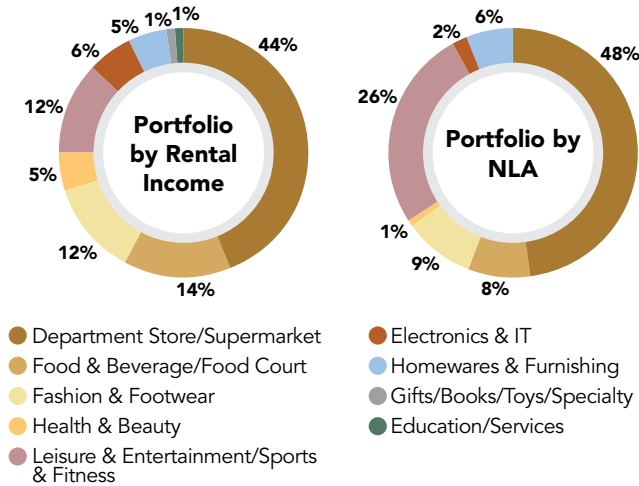
ASSET PORTFOLIO PERFORMANCE

Central Square's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	130,000	41.9%	44.2%
GSC	Leisure & Entertainment/Sports & Fitness	34,412	11.1%	6.4%
KFC	Food & Beverage/Food Court	3,619	1.2%	4.7%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.9%	3.2%
Guardian Pharmacy	Health & Beauty	1,443	0.5%	2.8%
Wow Wonderland Box	Leisure & Entertainment/Sports & Fitness	5,600	1.8%	2.1%
Watson's	Health & Beauty	1,131	0.4%	1.8%
Butik Tiesto	Fashion & Footwear	1,339	0.4%	1.6%
Gatti	Fashion & Footwear	6,450	2.1%	1.5%
A Sama Thaifood	Food & Beverage/Food Court	2,074	0.7%	1.5%
Top 10 Tenants		198,036	64.0%	69.8%
Other Tenants		112,529	36.0%	30.2%
Total		310,565	100.0%	100.0%

* Based on monthly rental income for December 2023

Central Square's Tenancy Mix



Central Square's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	34	9	6
NLA of Tenancies Expiring (sq. ft.)	198,100	62,276	10,098
NLA of Tenancies Expiring as % of Total NLA	63.8%	20.1%	3.3%
% of Total Monthly Rental Income*	78.1%	15.6%	6.4%

* Based on monthly rental income for December 2023



ASSET PORTFOLIO PERFORMANCE



No. 1 Jalan KLC Satu (1), 09000 Kulim, Kedah

Primary Trade Area
287,694
 within 20-minute drive time

Gross Floor Area
513,333 sq. ft.

Net Lettable Area
299,781 sq. ft.

Car Park
519 bays

Acquisition Price
RM98.0 million

Valuation
RM142.5 million

Tenants*
72

FREEHOLD

Occupancy
96.9%

Key Tenants
**Giant Superstore, The Store,
 Seleria Food Court, GSC,
 Ole Ole Super Bowl**

Visitor Traffic
3.0 million per annum

Year Opened
2009

Year Acquired
2012

Year Refurbished
2017

Data as at 31 December 2023

* Only NLA Lots



Nestled in the heart of Kulim, Kedah, **Kulim Central** Shopping Mall stands as a beacon of modern retail, offering a diverse and enriching experience for residents and visitors alike. The only shopping centre in the area, the asset was acquired by Hektar REIT in 2012 together with Central Square.

The mall formerly known as Landmark Central was rebranded in 2017 and is now known as Kulim Central following the completion of the refurbishment and AEI exercise that was carried out in the same year. Kulim Central Shopping Mall is not just a shopping haven; it's a gastronomic delight. The mall's diverse culinary offerings cater to every palate, ranging from local delicacies to international cuisine to suit its target market.

Kulim Central's occupancy rate remained sterling at 96.9%, maintaining occupancy rates of above 90% since 2012, while its reversion rate remains positive at 7.0%, a result of the successful repositioning initiative in 2017. In 2023, Kulim Central welcomed 25 new tenancies, which contributed to the increase of F&B, IT & Electronics and Fashion category tenants in the shopping centre.

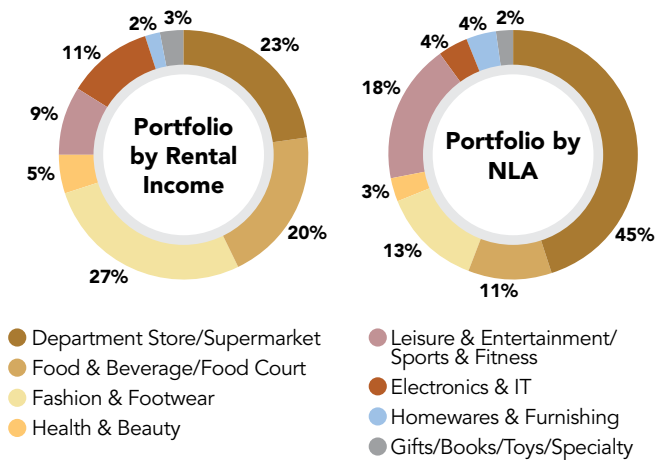
ASSET PORTFOLIO PERFORMANCE

Kulim Central's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Giant Superstore	Department Store/Supermarket	72,140	24.1%	14.0%
The Store	Department Store/Supermarket	51,701	17.2%	8.4%
GSC	Leisure & Entertainment/Sports & Fitness	24,000	8.0%	4.5%
Ole Ole superbowl	Leisure & Entertainment/Sports & Fitness	23,670	7.9%	3.0%
Watson's	Health & Beauty	2,238	0.7%	2.5%
MR. D.I.Y.	Homewares & Furnishing	11,711	3.9%	2.5%
Food Court	Food & Beverage/Food Court	3,894	1.3%	2.4%
Pizza Hut	Food & Beverage/Food Court	3,530	1.2%	2.3%
Hasani Books Store	Gifts/Books/Toys/Specialty	5,228	1.7%	2.2%
Hanzo	Fashion & Footwear	5,755	1.9%	2.1%
Top 10 Tenants		203,867	67.9%	43.9%
Other Tenants		95,914	32.1%	56.1%
Total		299,781	100.0%	100.0%

* Based on monthly rental income for December 2023

Kulim Central's Tenancy Mix

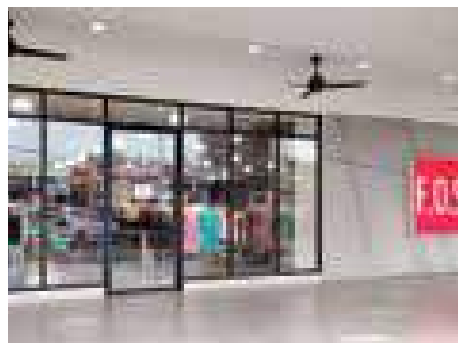


Kulim Central's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	29	29	14
NLA of Tenancies Expiring (sq. ft.)	193,009	82,247	15,334
NLA of Tenancies Expiring as % of Total NLA	41.5%	27.4%	5.1%
% of Total Monthly Rental Income*	49.4%	38.5%	12.1%

* Based on monthly rental income for December 2023



ASSET PORTFOLIO PERFORMANCE



Jalan Kolam Air, Kampung Gubah, 85000 Segamat, Johor

Primary Trade Area
190,000
within 20-minute drive time

Gross Floor Area
486,789 sq. ft.

Net Lettable Area
211,919 sq. ft.

Car Park
389 bays

Acquisition Price
RM104.0 million

Valuation
RM65.0 million

Tenants*
36

Leasehold
(until 2116)

Occupancy
76.0%

Key Tenants
**MM Cineplexes, Mi Store,
MR. D.I.Y., Sportz / HT Jeans,
XES Premium**

Visitor Traffic
1.9 million per annum

Year Opened
2011

Year Acquired
2017

Year Refurbished
In Progress

Data as at 31 December 2023

* Only NLA Lots



Segamat Central is the only purpose-built shopping centre in Segamat and was acquired by Hektar REIT in 2017. It has the largest cinema in Segamat, a direct link to Segamat's main bus terminal and is within walking distance of the KTM railway station.

Since the acquisition, the centre has been undergoing a comprehensive tenant remixing strategy and upgrading process. The rebranding from "1Segamat" to Segamat Central marked a strategic shift and is now followed by the repainting and space reconfiguration exercise to enhance the overall appeal and functionality of the mall. The management has been actively implementing a rental revision strategy to retain existing tenants while also attracting mini anchors and specialty anchors to the mall.

In 2023, Segamat Central's occupancy rate improved to about 76% from 67% in 2021, the first year post pandemic outbreak. The visitor traffic improved tremendously to approximately 1.9 million visits this year from 700,000 visits in 2021. We welcomed the entry of new retailers such as Zus Coffee, Sushi Go, Gatti and Game in the City.

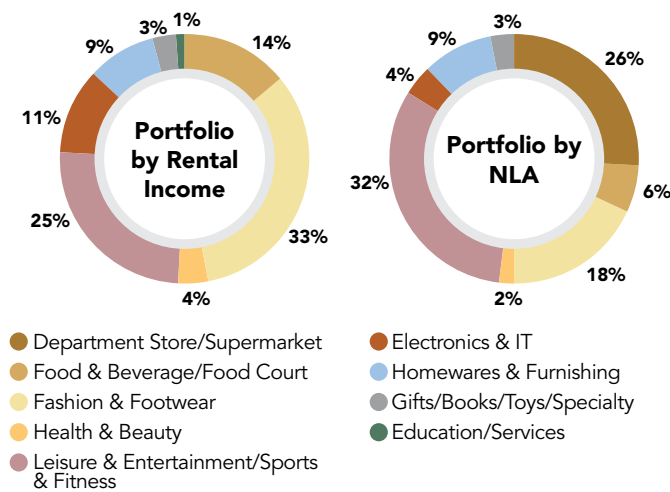
ASSET PORTFOLIO PERFORMANCE

Segamat Central's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	32,432	15.3%	19.5%
MR. D.I.Y.	Homewares & Furnishing	13,896	6.6%	8.8%
Mi	Electronics & IT	5,565	2.6%	6.7%
Sportsz / HT Jeans	Fashion & Footwear	4,898	2.3%	4.1%
XES Premium	Fashion & Footwear	1,991	0.9%	3.9%
Switch	Electronics & IT	1,184	0.6%	3.8%
AD Jeans	Fashion & Footwear	3,218	1.5%	3.7%
KFC Restoran	Food & Beverage/Food Court	3,240	1.5%	3.4%
Popular	Gifts/Books/Toys/Specialty	4,898	2.3%	3.4%
Siam Restaurant	Food & Beverage/Food Court	3,660	1.7%	3.4%
Top 10 Tenants		74,982	35.3%	60.7%
Other Tenants		136,937	64.7%	39.3%
Total		211,919	100.0%	100.0%

* Based on monthly rental income for December 2023

Segamat Central's Tenancy Mix



Segamat Central's Expiry Profile

For Year Ending 31 December

	2024	2025	2026
No. of Tenancies Expiring	25	8	3
NLA of Tenancies Expiring (sq. ft.)	129,353	24,790	6,966
NLA of Tenancies Expiring as % of Total NLA	61.0%	11.7%	3.3%
% of Total Monthly Rental Income*	69.0%	23.4%	7.7%

* Based on monthly rental income for December 2023



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SUSTAINABILITY
Statement

SUSTAINABILITY STATEMENT

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SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

The Board of Directors of the Manager (Board) is honoured to introduce Hektar REIT's Sustainability Statement for the financial year ended 31 December 2023. This comprehensive Sustainability Statement outlines Hektar REIT's performance in the Environmental, Social, and Governance (ESG) spheres, reaffirming our unwavering dedication to the sustainable management of our real estate portfolio. Our overarching vision nurtures and oversees premier shopping centres throughout Malaysia, adhering closely to global best practices to cater to local consumer needs.

Our properties are pivotal community hubs, cultivating connections and fostering daily stakeholder relationships. This annual sustainability statement benchmarks our advancements, underlining our responsibility for set goals and adaptable aspirations. Transparently reporting our short-term or long-term progress helps us achieve our sustainability objectives.



Reporting Period

1 January to 31 December 2023

Reporting Cycle

Annual

Reporting Scope and Boundary

Unless otherwise stated, this Sustainability Statement encompasses the performance metrics of all Hektar REIT properties:

- Subang Parade in Subang Jaya, Selangor
- Mahkota Parade in Melaka
- Central Square in Sungai Petani, Kedah
- Kulim Central in Kulim, Kedah
- Classic Hotel in Muar, Johor
- Wetex Parade in Muar, Johor
- Segamat Central in Segamat, Johor

All social indicators comprise complete data from Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd. Any references to the "Company", the "Group", "we" and "our" refer to Hektar REIT as a whole unless otherwise indicated in the text.

Reporting Principles and Guidelines

Principle Guideline:

Global Reporting Initiative (GRI) Universal Standards

Additional Guidelines:

- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia ESG Index
- United Nations Sustainable Development Goals (UNSDGs)
- International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility

SUSTAINABILITY STATEMENT

Reliability of Information Disclosed

The Board rigorously reviewed this Sustainability Statement before approving it, assuring the accuracy and credibility of the disclosed information.

In strengthening the credibility of our reporting, selected indicators of this Sustainability Statement has been subjected to an independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Board.

The Scope, Subject Matter(s) covered, and Conclusion are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent Assurance	Indicator 1: Percentage of employees who have received training on anti-corruption by employee category (%)	Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd	Based on the limited assurance procedures performed and evidence obtained, nothing has come to our attention that would cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.
Independent Assurance	Indicator 2: Number of employees trained on health and safety standards (No.)	Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd	
Independent Assurance	Indicator 3: Total electricity consumption (landlord only) (MWh)	Subang Parade, Central Square, Mahkota Parade, Kulim Central, Wetex Parade, Segamat Central and Classic Hotel	
Independent Assurance	Indicator 4: Total volume of water used (landlord only) (m ³)	Subang Parade, Central Square, Mahkota Parade, Kulim Central, Wetex Parade, Segamat Central and Classic Hotel	

Feedback

As we progress on our sustainability journey, stakeholder support and feedback are invaluable for continual improvement. Please direct any queries and comments to:

Hektar Asset Management Sdn. Bhd. (HAMS B)
 D1-U3-10, Solaris Dutamas
 No 1, Jalan Dutamas 1, Sri Hartamas
 50480 Kuala Lumpur
 Tel : +6 03 6205 5570
 Fax : +6 03 6205 5571
 Email : sustainability@hektarasset.com

SUSTAINABILITY STATEMENT

BUILDING TOMORROW'S SUSTAINABLE REAL ESTATE TODAY

Our sustainability approach encompasses a holistic vision, addressing environmental stewardship, social responsibility and robust governance. These pillars form the cornerstone of Hektar REIT's commitment, integral in driving unitholder return on investment while fostering long-term value for all stakeholders.



Our Purpose:

Creating The Places People Love, Striving Towards A Sustainable Future

Hektar REIT employs a comprehensive framework to integrate sustainability across all facets of the Company. This structured approach encompasses four fundamental aspects: economic, governance, environmental, and social principles. Each element within this framework is a guiding beacon, directing the Company's endeavours towards achieving sustainability across its real estate portfolio.

Focus Areas

Economic & Governance

► Business Ethics

Instilling integrity in the corporate culture by acting in compliance with anti-corruption policies and our whistleblowing policy.

► Investment Management

Maximising and delivering long term economic value to tenants and customers by providing quality assets and services while seeking opportunities for asset enhancement initiatives.

► Risk Management

Developing a robust risk management framework to assess corruption risk exposures, climate-related risks and manage risks across the value chain.



Environment

► Climate Change

Mitigating climate change risks by improving the efficiency of our operations and energy-saving processes.

► Water

Using and managing water responsibly through water-saving initiatives and improving water efficiency.

► Energy Efficiency

Using energy responsibly by implementing energy-efficient features and initiatives at our properties.

► Waste

Managing waste responsibly through recycling and reduction.



Social

► Community

Supporting the community through engagement activities, marketing promotions, social media presence and addressing social issues at our properties.

► People

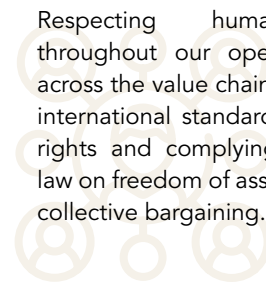
Developing a competitive and sustainable workforce through talent development and embracing diversity and inclusion.

► Safety & Health

Committing to a safe and healthy workplace with our Health & Safety Policy and ensuring a healthy and productive environment for tenants, customers, shoppers, guests, visitors and contractors.

► Human Rights

Respecting human rights throughout our operations and across the value chain, abiding by international standards of human rights and complying with local law on freedom of association and collective bargaining.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

In the final quarter of 2023, we enlisted a consultant to conduct an Environmental & Social Due Diligence Audit at Subang Parade. Following the audit, the consultant assisted in formulating the Environmental and Social Management System (ESMS) framework, which we implemented in December 2023.

The ESMS focuses on minimising or preventing adverse environmental and community impacts while maximising opportunities for environmental and social benefit. Subsequently, we aim to implement an ESMS Policy in January 2024. This initiative also emphasises a strong focus on risk mitigation. As part of this comprehensive approach, Hektar REIT has implemented various measures, as illustrated in the chart below.

Measures to Mitigate ESG Risks



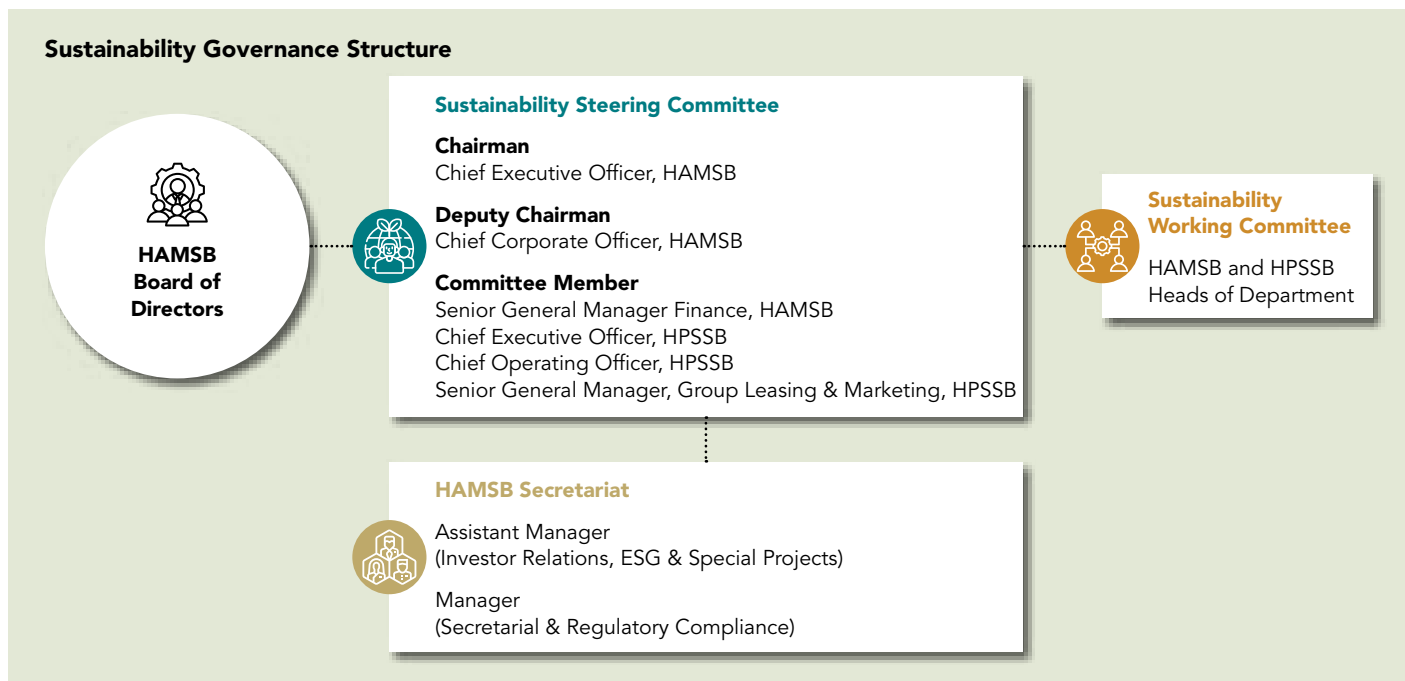
SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board of Directors oversees Hektar REIT's sustainability governance, providing strategic direction and endorsing material matters relevant to the company and stakeholders. Establishing a Sustainability Steering Committee (SSC) enhances accountability. The Chief Executive Officer (CEO) of HAMSMB, the asset manager, chairs the SSC. With support from the Chief Corporate Officer (CCO), this committee includes:

- HAMSMB's Senior General Manager of Finance
- Senior executives from Hektar Property Services Sdn. Bhd (HPSSB), including the CEO, COO, Senior General Manager of Leasing & Marketing

Hektar REIT also formed a Sustainability Working Committee (SWC) comprising dedicated executives and senior managers from key departments. The Board delegated specific responsibilities to these committees to identify, establish and achieve objectives and targets related to significant ESG topics.



We consistently assess sustainability Key Performance Indicators (KPIs) in alignment with Hektar REIT's ESG targets. Active discussions on sustainability matters occur during quarterly meetings, ensuring the Board receives regular updates. The Board also receives a dedicated Sustainability Report on a semi-annual basis.

EFFORTS UNLEASHED, ACHIEVEMENTS UNFOLD

Our unwavering commitment is acknowledged and serves as a testament to outstanding achievements in sustainability, value creation, and impactful contributions, as reflected in the following prestigious awards:

- Gold Award in the REIT category at The Edge Malaysia Awards 2023.
- Gold Award for Outstanding ESG & Dividend Return over the last five years at The Edge Malaysia Awards 2023.
- Company of the Year Award for Best in Sustainability Reporting & Community Support at the Sustainability & CSR Malaysia Awards 2023.

SUSTAINABILITY STATEMENT

STRATEGIC IMPACT: STAKEHOLDER ENGAGEMENT AND MATERIALITY

Prioritising robust stakeholder engagement is the cornerstone of Hektar REIT's sustainability strategy. The company actively involves stakeholders in its sustainability initiatives, including tenants, local communities, investors and employees, engaging in consistent dialogue and inclusive interactions.



Hektar REIT discovers vital aspects of sustainability through a thorough assessment involving our valued stakeholders. This inclusive approach prioritises significant environmental, social and governance factors, guiding sustainability strategies and initiatives to benefit the company and local communities.

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT PROCESS






Our robust materiality assessment process and stakeholder engagement follow internationally recognised frameworks, such as the Global Reporting Initiative (GRI) and Bursa Malaysia's Sustainability Reporting Guide. As stakeholders' views are paramount, we engage with them to understand their expectations concerning our environmental, social and governance policies, strategies and practices.

We follow the stakeholder inclusivity, materiality and responsiveness principles set out in the AA1000 Principles Standard, AA1000 Materiality Report Guidelines and AA1000 Stakeholder Engagement Standard.

Engaging stakeholders enables Hektar REIT to understand diverse perspectives, gather valuable feedback, and align its sustainability efforts with stakeholders' expectations and needs, fostering a collaborative approach to achieving shared sustainability goals. Hektar REIT actively involves stakeholders in diverse sustainability matters through various communication channels and engagement platforms.

Our stakeholders	Issues and concerns	Engagement platforms	Our commitments
Shoppers 	<ul style="list-style-type: none"> • Quality of service and facilities • Public safety • Accessibility • Connectivity • Comfortable shopping/stay experience 	<ul style="list-style-type: none"> • Shoppers' survey • Focus group studies • Social media • Regular shopper events • Feedback forms 	To be the neighbourhood and regional shopping centres throughout Malaysia, providing shoppers with conducive retail environments based on international best practices
Tenants and prospects 	<ul style="list-style-type: none"> • Maintaining high shopper traffic • Maintaining assets • Improving the sustainability of assets • Offering value for money in renting • High occupier satisfaction • Safety and well-being • Excellent service and property management 	<ul style="list-style-type: none"> • Joint events • Regular tenant feedback meetings • Direct meetings and email exchanges • Collaboration on marketing and promotional events • Tenant and shopper complaint form 	<ul style="list-style-type: none"> • Ongoing responsible upkeep of assets • Regular communication and engagement • Support for critical tenants' corporate milestone events • Responsiveness to tenants' feedback • Competitive rental rates and locations • On-site security practices

SUSTAINABILITY STATEMENT

Our stakeholders	Issues and concerns	Engagement platforms	Our commitments
Property Managers/ Employees 	<ul style="list-style-type: none"> • Key Performance Indicators for property managers and centre management • Business and operations performance • Business strategy and outlook • Sustainability progress 	<ul style="list-style-type: none"> • Performance appraisals • Training and awareness programmes • Engagement and social activities • Sports and Recreational Club 	<ul style="list-style-type: none"> • Fair and equal employment opportunities • Learning, development and career progression • Safe and healthy working environment • Commitment to diversity and inclusion
Investor community 	<ul style="list-style-type: none"> • Long-term stable and growing distributions and net asset value per asset • Long-term, sustainable and recurring distributions • Responsible asset and capital management • Total investment returns • Strategic outlook and growth prospects 	<ul style="list-style-type: none"> • Quarterly result announcements and analyst briefings • Annual reports • Annual General Meetings • Extraordinary General Meetings • Roadshows, online and offline communications 	<p>Transparent and timely reporting with the issuance of quarterly and annual financial results, with interim updates between the results periods</p>
Suppliers 	<ul style="list-style-type: none"> • Business opportunities • Supplier Code of Conduct • Sustainable procurement practices • Ethical procurement practices • Supplier audits 	<ul style="list-style-type: none"> • Quality of supplies • Occupational health and safety practices • Workers' welfare and well-being • Environmental compliance • Supplier evaluation form 	<ul style="list-style-type: none"> • Request for proposal • Tender interview • Regular meetings and workshops • Suppliers briefing and training programme • Supplier evaluation and audit
Joint Management Bodies 	<p>Day-to-day operations, maintenance and management of common areas and facilities in strata buildings within Hektar REIT's asset portfolio</p>	<ul style="list-style-type: none"> • JMC and MC Voting • Audited accounts and AGM minutes submission to the Commissioner of Building 	<p>Fair, transparent and healthy relationships that deliver value to customers</p>
Community/ NGOs 	<ul style="list-style-type: none"> • Venue sponsors and donations • Philanthropic activities • Social events 	<ul style="list-style-type: none"> • Charity drives, sponsorships, donations and events • Festive and other get-together celebrations • Collaborations • Community engagement 	<ul style="list-style-type: none"> • Support in community development and activities • Creating employment opportunities • Responsible operations
Government, local authorities and regulators 	<ul style="list-style-type: none"> • Compliance with relevant legislation, regulations and policies • Maintaining good standing with relevant authorities 	<ul style="list-style-type: none"> • Stakeholder programmes to advocate sustainable tenant/ consumer behaviours • Advocating best practices 	<ul style="list-style-type: none"> • Representation in industry affiliations • Engagement meetings via industry affiliations • Building and maintaining rapport with local authorities
Media 	<ul style="list-style-type: none"> • Accurate and transparent reporting • REIT branding 	<p>Media and analyst quarterly briefings and retail briefings</p>	<ul style="list-style-type: none"> • Media conferences • Media interviews • Media releases • Corporate website • Social media

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT FOUNDATION

Ongoing due diligence and engagement with internal and external stakeholders help us understand the environmental, social, economic and governance issues significant to Hektar REIT's business and meet stakeholders' needs. We aim to conduct a robust materiality assessment every three years. The process helps Hektar identify, prevent, mitigate and account for:

- Addressing actual and potential negative impacts on the economy, environment and people
- Prioritising these issues as part of our materiality assessment process

In FY2021, a consultant conducted a comprehensive materiality assessment, identifying 17 material issues and eight stakeholder groups. In FY2022, the company reviewed these material topics, considering the absence of significant internal or external changes in its operations, supply chain, and applicable regulations. Based on this assessment, Hektar REIT deemed the material topics still relevant for FY2022.

OUR MATERIALITY ASSESSMENT APPROACH FOR FY2023

We conducted a comprehensive materiality assessment and stakeholder engagement exercise in FY2023. The process included a one-day materiality assessment workshop attended by internal stakeholders from HAMS and HPSSB, including the management team, heads of departments such as Investor Relations, ESG, Finance, Procurement, Legal, Risk & Assurance, Business Development & Strategy, Secretarial & Regulatory Compliance, Marketing, Leasing and Projects. We appointed an external consultant to facilitate a workshop for the internal stakeholders to identify FY2023 material topics.

The consultant provided a detailed overview of international REITs and local peers, offering crucial insights to comprehend the actual and potential ESG impacts and the sustainability context within the sectors. This information played a vital role in reassessing material topics.

We considered our organisational context, portfolio properties, activities, stakeholder categories and ongoing internal feedback. The materiality assessment workshop identified 16 material topics, prioritising them according to their significance by evaluating impacts from the perspectives of the company, management, employees, and other stakeholders.

We compared the 16 material topics, including Bursa's Common Sustainability Matters, with those identified in FY2022. We split some FY2022 topics for specificity, such as separating waste into wastewater or effluent and waste management. We also reviewed and amended FY2022 topics like "tenants' satisfaction," "customer satisfaction," and "responsible operations," refining them into "high-quality retail estate/property enhancement," "green office practices," "green leasing," and "eco-friendly building materials." Consolidating "Human rights" and "Diversity, Equity, and Inclusion" into one topic, we introduced "Anti-corruption" as a new topic following Bursa guidelines. Additionally, we removed FY2022 topics such as "regulatory compliance," "financial returns and stability," and "Industrial Advancement and Nation building" after an internal review, deeming them already covered by the broader environmental and social matters outlined earlier.

CONFIRMATION OF MATERIAL TOPICS WITH STAKEHOLDERS

After conducting the internal stakeholder workshop, we conducted an online survey for the 16 material topics with key external stakeholders, including shoppers, tenants, suppliers, investors, government, community & NGOs, industry associations, and media. The survey required stakeholders to rate the significance of material topics for each group from moderately to highly critical and provide qualitative feedback on sustainability matters and Hektar REIT's efforts. Positive comments highlighted Hektar REIT's willingness to collaborate with stakeholders in local community programmes across all asset locations.

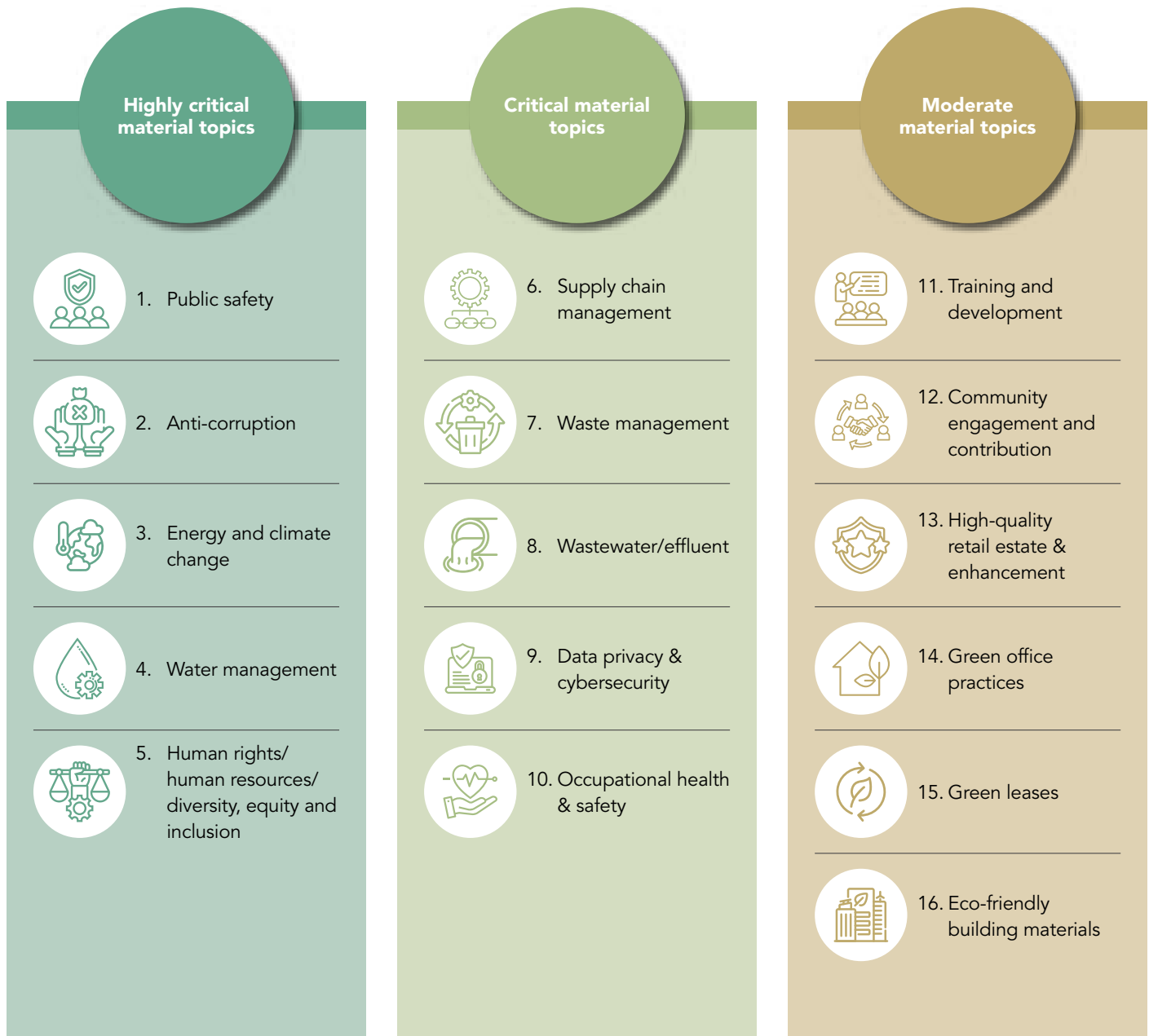
We generated a final combined prioritisation list by analysing internal workshop and external survey data. We tabulated this list in a materiality table, considering its significance to Hektar REIT and internal and external stakeholders.

When comparing the combined prioritised list with the workshop outcomes, we found no significant differences except for anti-corruption, in which external stakeholders ranked higher. We considered this insight in the final review of material topics.

SUSTAINABILITY STATEMENT

INTERNAL MANAGEMENT DISCUSSION

After conducting an online stakeholder survey and analysis, we held an internal management discussion to review the finalised list of prioritised material topics. As per the updated Global Reporting Initiative Standards 2021, companies must present a visual representation of their material topics prioritisation, reflecting the discussion outcomes.



SUSTAINABILITY STATEMENT



ECONOMIC RESILIENCE

Hektar REIT is a beacon in economic sustainability, balancing financial success with caring for people and the environment. Guided by astute financial management and a steadfast commitment to long-term value creation, Hektar REIT navigates the dynamic real estate landscape while prioritising stakeholder returns. Emphasising prudent asset management, innovative revenue streams, and proactive risk mitigation, the Manager ensures resilience and adaptability amid market shifts.

Beyond financial metrics, Hektar REIT's economic sustainability extends to generating stable distributions, optimising its capital structure for property enhancement, and embracing ESG practices that fortify accountability and sustainable business performance. Recognising the growing impact of ESG factors on returns, the Manager actively incorporates these considerations, evaluating the financial implications of climate-related risks to ensure sustained success aligned with overarching ESG objectives.

CREATING PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY

As Malaysia's pioneering retail-focused real estate, Hektar REIT ensures its mall properties' continued stability and success through strategic business measures. These initiatives encompass diligent monitoring of rental strategies, responsible financial management practices, implementing cost-saving programmes and enhancing asset efficiencies. This proactive approach mitigates the potential impact of rising interest rates and inflation on the REIT's operations.

Hektar REIT also prioritises stakeholder engagement, particularly with tenants, by offering competitive rental rates to support their recovery and success. The REIT's dedication extends to upgrading mall facilities to deliver an exceptional retail experience for shoppers and loyal patrons. With a distinct focus on essential and non-luxury goods, strategically situated in neighbourhood-centric locations and employing an exclusive position strategy, our malls secure a devoted customer base within primary trade areas. Their appeal lies in providing value and convenience, catering to the diverse needs of shoppers.

Hektar REIT actively seeks growth opportunities by curating a robust portfolio of retail brands, ensuring sustainable returns through active tenancy management and ongoing revitalization efforts. Long-term strategies include enhancing mall aesthetics to boost dividend yields and maintain sustainable income.

SUSTAINABILITY STATEMENT

ETHICAL BUSINESS CONDUCT

Hektar REIT's comprehensive Anti-Bribery and Anti-Corruption (ABAC) policy thoroughly covers corruption, including various elements such as bribery. We communicate this policy to all employees, suppliers, third parties, intermediaries, and any parties engaged in work with our organisation.

Over the year, we have implemented a collective commitment initiative where every staff member actively participated by signing a pledge. This pledge specifically addresses ABAC principles and adherence to Human Rights standards.

Group HR worked closely with the Risk & Assurance department throughout the year to coordinate an ABAC Policy programme. This collaboration delivers comprehensive training and initiatives that encourage organisation-wide adherence to the policy. We display a reminder poster and a policy statement at the entrance of our office.

Hektar REIT maintains a firm stance on countering all forms of corruption, including fraud, money laundering and bribery, such as acceptance of kickbacks and gifts. Our Board of Directors diligently oversees compliance with anti-corruption policies, prohibiting bribery in any form, monetary or involving public officials. This firm stance against all forms of bribery showcases an unwavering dedication to combating corruption comprehensively.

We embed integrity deeply within our corporate culture, offering comprehensive anti-corruption education and training to all employees and board members. Our Code of Ethics and Conduct is a guiding beacon, communicating our unequivocal stance on ethical business practices.

Understanding and mitigating corruption risks are vital aspects of our risk management strategy. Corruption and bribery risks are essential elements of the Group's risk register. Our detailed comprehension allows us to design mitigation strategies effectively and allocate resources, particularly in high-risk operations.

We continue demonstrating our commitment to addressing environmental challenges, adapting to a changing climate, and capitalising on sustainable opportunities. Hektar REIT ensures compliance with climate-related laws, regulations, and reporting requirements applicable to our industry and operations. It

includes the necessary resources and actions in the business plan to meet these obligations, such as reporting greenhouse gas emissions and disclosing climate-related risks and opportunities.

Conducting thorough corruption risk assessments on intermediaries, contractors, and agents ensures clear communication of our anti-corruption policies to them. Our due diligence process for new and existing business partners includes a comprehensive screening for corruption and bribery. Our forms now incorporate anti-bribery and corruption clauses.

Delivering compliance awareness sessions covering essential aspects such as anti-corruption, conflict of interest, and personal data protection reinforces ethical conduct in business dealings.

All Leasing Application and Vendor/Supplier Registration forms now include anti-bribery and corruption clauses. Employees, suppliers, contractors and business partners also receive regular awareness of the Malaysian Anti-Corruption Act 2009.

WHISTLE-BLOWING

Each employee is responsible for preventing and promptly reporting suspicious activity that may lead to corruption or bribery. Stakeholders are encouraged to report any suspected wrongdoing, including fraud, corruption, financial misappropriation or gross mismanagement, with confidence and in good faith. Hektar REIT has meticulously crafted a comprehensive Whistle-blowing Policy allowing employees and others to report unethical behaviour, suspected corruption, bribery, or fraud within the Company. The Human Resource Department has effectively communicated this policy across the organisation, ensuring employees are well-versed in its application.

Written reports specifying the Designated Recipient can be submitted through a Whistle-blowing Form via email to whistleblowing@hektarreit.com or a hard copy in a sealed envelope. Subsequently, the Audit Committee may take appropriate corrective actions in the best interest of the Group. Hektar REIT trained its managers to manage reports of bullying or harassment effectively. The Group safeguards the confidentiality and identity of those reporting in good faith, ensuring the information is held with utmost confidentiality, within legal limits and practical constraints, by both the Group and the reporting individuals.

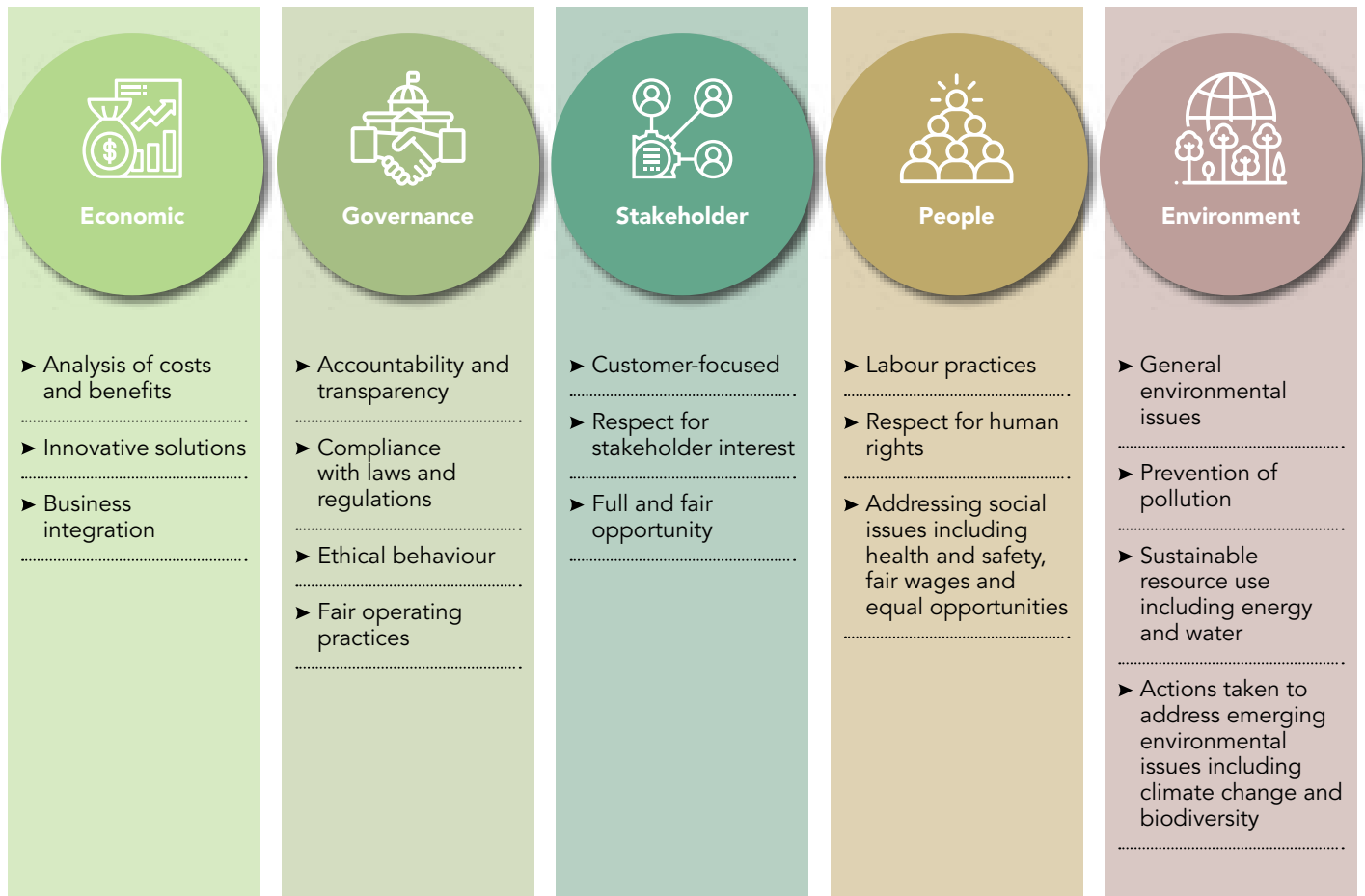
SUSTAINABILITY STATEMENT

SUSTAINABLE SUPPLY CHAIN

Our dedication to advancing sustainability extends throughout our supply chain. We proactively identify and handle risks associated with our outsourcing and procurement processes, engaging with numerous suppliers such as facility managers, maintenance service providers, contractors, professional consultants and financial institutions. Embracing local and sustainable sourcing aligns with our company values, enabling us to bolster the local economy while reducing the environmental impact of our operations. We prioritise local suppliers, procuring all our items from them to support their businesses. Furthermore, our tenants comprise local franchisees representing international brands, underscoring our commitment to fostering and championing local enterprises.

We integrate effective sustainability practices throughout our value chain by implementing robust risk management procedures for outsourcing and procurement. Key considerations support our broader sustainability goals during supplier selection: reputation, professional expertise, track record, pricing, financial standing and adherence to legal requirements. Our policy outlines the process for selecting, screening, and managing contractors and supply chain partners, including specific sustainability criteria visually depicted in the following diagram.

Hektar REIT Principles of Sustainable Supply Chain



SUSTAINABILITY STATEMENT

We enforce policies that promote sustainability across our supply chain, urging our key suppliers to adopt leading sustainability practices, including complying with the ABAC policy and meeting environmental standards.

We regularly visit and engage with our current suppliers and contractors, especially during their registration or assessment phase, to ensure ongoing compliance with our standards. Our supplier audits involve spot checks on vendors. Centre Leasing thoroughly inspects tenants' premises before seeking top management approval, ensuring adherence to procurement and leasing protocols.

Hektar REIT actively engages with local communities and tenants, collaborating on various social issues to create a positive and meaningful impact. At our shopping centres, we prioritise shoppers' and tenants' satisfaction and concerns by creating accessible communication channels to ensure effective dialogue. Shoppers and tenants are encouraged to voice their concerns through email or by completing a complaint form at the Customer Experience (CEX) counter. We highly value their feedback and ensure these channels remain readily available to address any queries, issues, or suggestions they may have. These mechanisms serve as crucial pathways for us to promptly acknowledge and resolve concerns, fostering a collaborative and supportive environment within our community.

Active participation in industry associations further strengthens our commitment to engaging with stakeholders and enhancing industry standards. This participation allows us to work with fellow industry partners to navigate change, find opportunities and ultimately develop Malaysia's retail-focused REIT.

A non-exhaustive list of memberships held by the Management of HAMS and HPSSB is listed below.



List of memberships held by the Group and management team

- | | |
|--|--|
| ✓ Malaysian REIT Managers Association (MRMA) | ✓ Global Reporting Initiative (GRI) |
| ✓ Institute of Enterprise Risk Practitioners (IERP) | ✓ Institute of Quality Malaysia (IQM) |
| ✓ Capital Markets Services Representative's Licence (CMSRL) | ✓ Malaysian Hotel Association (MAH) |
| ✓ Institute of Corporate Directors of Malaysia (ICDM) | ✓ Malaysia Shopping Malls Association (PPK) |
| ✓ Malaysian Institute of Corporate Governance (MICG) | ✓ Malaysia Retailers Association (MRA) |
| ✓ Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP) | ✓ Malaysia Retail Chain Association (MRCA) |
| ✓ Institute of Industrial Engineers USA (IIE) | ✓ Bumiputera Retailers Organization (MRO) |
| ✓ Institute of Certified Sustainability Practitioners | ✓ Malaysian Association of Theme Park and Family Attractions (MAFTA) |
| | ✓ The Institute of Internal Auditors Malaysia |
| | ✓ Malaysian Institute of Accountants (MIA) |

SUSTAINABILITY STATEMENT



ENVIRONMENTAL

Hektar REIT's commitment to environmental sustainability encompasses vital strategies such as pollution prevention, biodiversity conservation, climate change adaptation, efficient water and waste management, and mindful energy consumption practices.

Fostering partnerships with supply chain partners and tenants while engaging with the community helps us collectively contribute to developing environmentally conscious spaces, ensuring a sustainable legacy for future generations.

Improving Environmental Practices and Operational Sustainability



Driving down energy consumption in our operations



Influencing suppliers and contractors to commit to environmental conservation



Minimising water use throughout our assets



Minimising quantities of waste generated at our assets

ADVANCEMENTS IN ENVIRONMENTAL SUSTAINABILITY INITIATIVES

We demonstrated our commitment to environmental management by implementing Environmental Management Programmes in our assets, particularly the Building Management System (BMS). We utilise the MyHijau-certified Tracer System Controller as the central coordinator for major Air-Conditioning and Mechanical Ventilation (ACMV) equipment. The real-time environmental tracking tool functions are available through a user-friendly web and mobile app interface, allowing us to monitor sustainability performance closely.

Regular inspections and swift resolution of minor issues have significantly improved selected assets. Since implementing this system, we have identified no significant environmental concerns. Building certifications enhance the quality of assets and offer added value to unitholders, positively correlating with returns on investment and tenant satisfaction levels.

SUSTAINABILITY STATEMENT

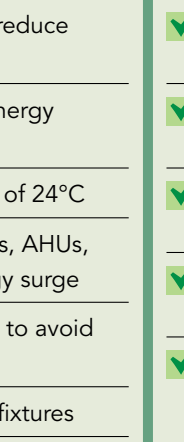
ENERGY MANAGEMENT

In our unwavering dedication, we meticulously address energy use to minimise environmental impact and consistently enhance efficiency. Embracing a steadfast commitment to prioritising energy efficiency and reducing our carbon footprint, our organisation's recent partnership with UEM Edgenta involved a thorough investment-grade energy audit. We have implemented some of the suggested measures in response to the recommendations received. However, we have yet to implement some recommendations, particularly those with high costs or requiring capital expenditures. We are considering or planning these actions, reflecting our commitment to integrating them thoroughly. Beyond cost reduction, the dedication extends to significantly diminishing our carbon footprint and actively contributing to sustainable development.

Initiatives	Centres
<ul style="list-style-type: none"> • Upgrading to a more energy-efficient option, such as LED lighting 	Subang Parade, Segamat Central
<ul style="list-style-type: none"> • Changing Air Handling Units (AHU) cooling coils to increase energy efficiency • Replacing mall lights with energy-saving LEDs 	Mahkota Parade
<ul style="list-style-type: none"> • Optimising electricity consumption by reducing maximum demand, Off Peak Tariff Rider (OPTR) and controlled use of chillers 	Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central, Segamat Central
<ul style="list-style-type: none"> • Reconfiguring and fine-tuning the ACMV equipment by setpoint adjustments, capacity capping and load balancing 	

Continuously monitoring and evaluating these initiatives demonstrates our unwavering commitment to fostering a greener future in real estate management. Providing guidelines and resources for energy-saving measures, conducting energy audits and organizing educational programmes that raise energy conservation awareness incentivises energy-efficient practices among tenants. We proactively address environmental concerns stemming from tenant operations, particularly focusing on energy use. For example, we prioritise energy-efficient LED lighting during the Fit-Out checking and submission process to minimise environmental impact.

Complementing the energy audit recommendations, we introduced several other initiatives across our diverse properties throughout the year to maximise energy efficiency:

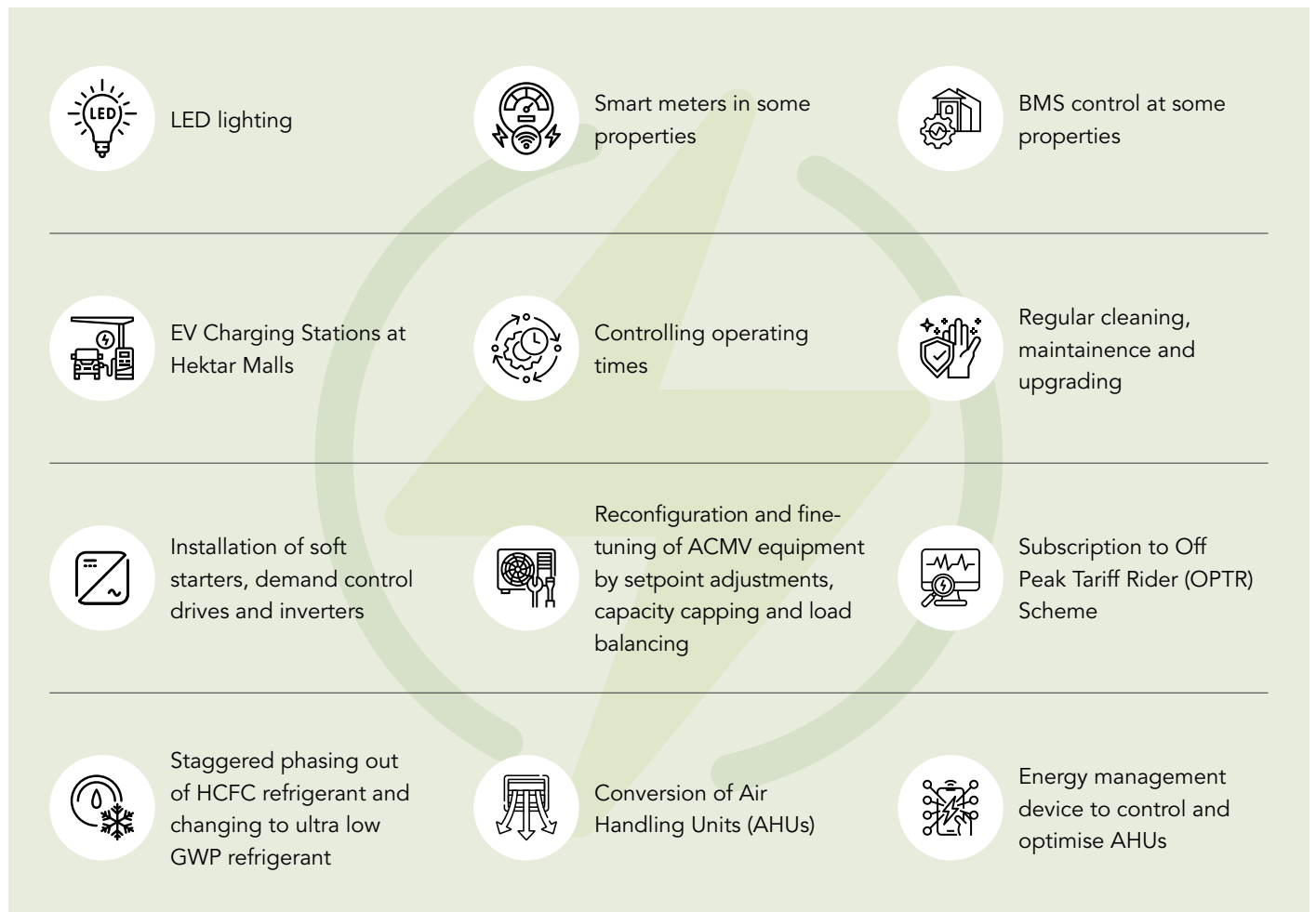
- 
- ✓ Optimising air conditioning sequences to reduce energy spikes during peak times
 - ✓ Adjusting chiller plant hours to optimise energy efficiency
 - ✓ Maintaining a controlled mall temperature of 24°C
 - ✓ Staggering operational hours for escalators, AHUs, and essential machinery to minimise energy surge
 - ✓ Minimizing operating hours for equipment to avoid unnecessary energy use
 - ✓ Upgrading to high-efficiency LED lighting fixtures
 - ✓ Installing motion sensor LED lights in non-customer areas to eliminate wastage
 - ✓ Consistently following an on/off chiller schedule for better energy management
 - ✓ Turning off unnecessary or unused air conditioning units to prevent electricity wastage
 - ✓ Installing timers to align lamp on/off cycles automatically
 - ✓ Customising operation hours and installing timers on select compressors for delayed activation and earlier shutdowns

SUSTAINABILITY STATEMENT

We proactively prioritise sustainability and energy efficiency at our assets by replacing equipment with eco-friendly alternatives. This initiative is diligently monitored and managed, even included in our risk register for comprehensive mitigation.

As grid electricity is the primary energy source for our properties, higher electricity consumption results in higher carbon emissions. Addressing energy-related issues by improving the efficiency of properties reduces their carbon footprint and utility costs. Unfortunately, we do not have operational control over tenants' electricity consumption; however, property-level measures enhance the buildings' ecosystem, raise environmental awareness and foster energy conservation.

Examples of Existing Energy-Efficient Features and Initiatives Implemented Across the Portfolio



SUSTAINABILITY STATEMENT

Energy Minimisation Efforts



Chiller Plant System

- Replacing chillers with high-efficiency MyHijau-certified models, efficient new pumps, cooling towers with Variable Speed Drives (VSD), rigorous and detailed setpoints and configuring the Building Automated System (BAS)



Cooling Tower

- Installing Cooling Technology Institute (CTI), ASHRAE 90.1, LEEDS and ISO9001-certified cooling towers
- Designing cooling towers with corrugated and ribbed PVC infill to lower condenser water temperature, maximising air/water contact for efficient heat transfer
- Initiating and modulating the 15kW cooling tower VSD motors and controlling them to operate under 45Hz to deliver optimal efficiency at all times
- Syncing cooling towers with the BMS to work with all other chiller plant equipment



Air Handling Units (AHUs) and Fan Coil Units (FCU)

- Regularly servicing AHUs to align their performance with the energy-efficient chiller plant system
- Following a bi-weekly water cleaning and a quarterly chemical cleaning programme



Lighting

- Retrofitting buildings with energy-efficient fixtures such as LED light fittings and timers to maximise energy savings



Indoor Air Quality

- Monitoring the Indoor Air Quality (IAQ) of buildings to ensure they are within the Department of Occupational Safety and Health (DOSH) limits



Envelope Design

- Painting exterior walls of malls with colours that reduce invisible solar rays by up to 80%, improving the ambient temperature of the buildings
- Using thick concrete walls with higher thermal rejection to reduce heat
- Introducing an overarching focus on energy efficiency and energy sustainability that is one of the boldest among our peers in Malaysia



EV CHARGING

We equipped all six malls within the REIT's portfolio with new EV Charging Bays, totalling 13 bays across the properties. This initiative supports adopting electric vehicles, reducing carbon emissions and local pollution associated with conventional combustion engines, reflecting our commitment to environmental responsibility. Providing these charging stations is convenient for EV owners and significantly promotes cleaner transportation options within the community.



SUSTAINABILITY STATEMENT

WATER MANAGEMENT

In today's landscape of escalating water scarcity, our dedication to reducing consumption and enhancing efficiency is pivotal in maintaining our competitiveness.

Typically, we source water from municipal utilities and track its consumption. Rigorously analysing usage patterns unveils water efficiency optimisation opportunities. As Hektar REIT does not manage properties or operations in water-stressed areas, it does not engage with stakeholders at water-stressed sites.

Our water conservation strategy encompasses various proactive measures. Collaborating closely with property managers, we regularly check water supply systems to prevent leaks and ensure efficient operation. Routine checks of the primary water sources focus on detecting and resolving potential leaks. Actively lowering water pressure also minimises usage, encourages conservation efforts and prevents leaks from burst pipes.

Our ongoing conservation efforts include assessing and evaluating our water performance data. Identifying new water efficiency opportunities remains a priority across our portfolio and recent developments. Regular property portfolio assessments pinpoint improvement opportunities contributing to water savings and reduced consumption.

Additionally, we engage with tenants, providing education and raising awareness about conservation practices, recognising their significant role in water consumption within our properties.

SUSTAINABLE DEVELOPMENT WITHIN THE BUILT ENVIRONMENT

Incorporating sustainable design principles into buildings minimises environmental impact and optimises resource efficiency. These principles include integrating passive design elements, energy-efficient systems and eco-friendly building materials in construction and maintenance.

The synergy of passive design elements collaborates harmoniously to create optimal comfort levels and ensure excellent indoor air quality. Since its establishment, we have continuously enhanced Subang Parade through structural and interior design improvements.

Essential Elements of Passive Design Incorporated in Buildings



Location



Insulation



Orientation



Thermal mass



Layout



Shading



Window design



Ventilation

Through integrating sustainable design principles, energy efficiency initiatives, potential renewable energy integration, community engagement, and a culture of continuous improvement, Hektar REIT contributes significantly to sustainability in the built environment while maintaining its position as a leading retail real estate investment trust in Malaysia.

EMBRACING ECO-CONSCIOUS CHOICES

Integrating green procurement practices across our properties aligns with our core pollution prevention principles. This commitment prioritises environmentally friendly products and services that adhere to stringent environmental criteria, safeguarding natural resources. Encouraging all our malls to adopt green products for daily cleaning and maintenance exemplifies our dedication to sustainable practices and our responsibility for environmental preservation.

WASTE MANAGEMENT

Our business operations produce a notable amount of waste, primarily by tenants, customers, guests, visitors and the general public frequenting our operational properties. Municipal domestic waste is the predominant waste at our malls and hotels. As our portfolio expands, effective waste management becomes pivotal in minimising our operational impact on the environment and ecosystem.

Providing ample large bins facilitates responsible waste disposal by segregating solid and recyclable waste. Specialised contractors manage scheduled waste from sanitary bins. Our approach includes encouraging waste segregation by type, offering barrels for leftover items, and engaging registered contractors for waste collection and disposal in authorised landfills. This meticulous process ensures the appropriate handling and disposal of diverse waste streams, reinforcing our dedication to efficient and responsible waste management practices.

SUSTAINABILITY STATEMENT

INVITING THE COMMUNITY TO BE PART OF OUR WASTE EFFORT

Various programmes invite tenants and the public to join our green journey.

Waste Minimisation Initiatives

- ✓ Conducting #JomKitaRecycle campaigns to raise awareness and encourage waste reduction and recycling practices
- ✓ Displaying hotel welcome notes to encourage guests to adopt environmentally and socially responsible behaviour during their stay
- ✓ Collaborating with tenants to actively reduce landfill-bound waste and collectively minimise waste
- ✓ Strategically placing recycling bins across properties for convenient access and increased participation in recycling initiatives
- ✓ Partnering with third-party contractors on eco-friendly waste management practices
- ✓ Employing information digitally for competitive advantage to reduce paper consumption

We will limit our reporting to the following flagship initiatives.



GO TICKET-LESS

Hektar REIT implemented a paperless parking system in all malls to curb paper waste. This convenient cashless and ticketless parking solution lets visitors pay parking fees with Visa PayWave and e-wallets such as Touch 'n Go. Transitioning to this paperless parking system across all malls has notably reduced paper usage.



REVOLUTIONISING RECYCLING

Subang Parade has introduced two Rebotol & KLEAN Machines, innovative reverse vending machines on the Lower Ground Floor. These machines, powered by the KLEAN app and KLEAN operating system, utilise advanced AI-powered smart Reverse Vending Machine technology. Users can exchange plastic water bottles and aluminium cans for redeemable points for goods and services. During the year, Kulim Central partnered with JCI and MPKK to organise a recycling event at the mall. The “We Care Kulim” initiative invited the local community to participate by exchanging their products through a bartering system. Additionally, we promoted the creative reuse of waste items among the public.

Hektar REIT, through Subang Parade, continued its partnership with Kloth Cares and DRB-HICOM in the fabric recycling movement. We invite shoppers and visitors to recycle unwanted clothes and fabrics by depositing them in the Kloth Bin in the basement car park.

Meanwhile, Classic Hotel implemented a focused initiative to recycle consumables, specifically targeting shampoo bottles and water bottles. Throughout the hotel premises, strategically placed recycling bins are easily accessible for guests, encouraging the separation and responsible disposal of these items. By collaborating with recycling facilities and responsible waste management partners, Classic Hotel ensures that collected bottles undergo proper processing and recycling.

We also strategically place recycling bins throughout all of our malls, providing convenient and accessible locations for visitors to dispose of their recyclable materials responsibly. These bins are part of our commitment to promoting environmental sustainability and encouraging eco-friendly practices within our shopping centres.



SUSTAINABILITY STATEMENT

CLIMATE CHANGE MANAGEMENT

Hektar REIT remains dedicated to mitigating and addressing climate change risks. Acknowledging the profound impact and short- and long-term business risks associated with climate change, we are firmly committed to reducing its impact and improving efficiency by:

- Enhancing operational efficiency to mitigate the effects of climate change
- Collaborating with employees and supply chain partners to implement energy-saving practices
- Conducting a comprehensive assessment of climate change risks

Hektar REIT has incorporated climate-related risk management within its comprehensive risk scorecard framework. This integration shapes our business strategy and determines forthcoming investments in research and technology. The Group's approach to specific climate risk management processes involves a proactive strategy focused on mitigating greenhouse gas emissions, advancing climate engineering, and broadening our understanding of climate systems.

Climate change impacts operating costs (OPEX) and capital expenditure (CAPEX). Fluctuating climate conditions can decrease asset and equipment efficiency, output and performance. This scenario often necessitates additional asset repair CAPEX or counterbalance decreased asset performance. Adhering to environmental regulations often demands supplementary CAPEX for upgrading facilities or equipment, which is essential for managing augmented pollution risks.

Our commitment to addressing climate change involves proactive adaptation strategies to enhance efficiency. We embrace innovative green technologies in our developmental processes and implement measures to improve fuel efficiency. Integrating a tracking system across our properties to monitor emissions, energy consumption, water usage, and waste generation helps us effectively manage and mitigate our environmental impact.

Environmental sustainability stands as a fundamental pillar within Malaysian REIT's (M-REIT) priorities. As an active participant in the M-REIT community, we collaborate with industry peers to tackle growing challenges related to environmental performance, compliance, and efficiency within the real estate sector. These collaborations help us collectively address and overcome our

industry's multifaceted environmental challenges. Our role and involvement in this membership, public policy and regulation, include:

- Identifying pressing environmental issues in climate change, water and waste; and
- Collaborating on solutions that drive improvement within Hektar REIT and our supply chains.

Hektar REIT actively supports efforts to combat climate change and has submitted relevant documentation to join the United Nations Global Compact Network. We hope that by being a member of this esteemed network, we can engage with other business leaders and work collectively on climate change and other social agendas.

We also collaborate with industry associations to influence public policy and regulation development. This collaborative effort extends to working with governments to amplify the movement. By advocating for policies that align with a 1.5°C trajectory and a zero-carbon economy, companies within the initiative urge policymakers to provide the necessary confidence and clarity for businesses to pursue ambitious climate action. The goal is to facilitate a conducive environment for impactful measures against climate change.

We aligned our climate change policy stand with the positions we advocate within the trade associations we are actively involved in as members. In instances where differing opinions arise, we proactively identify these disparities, initiating a process that enables us to recognise areas where there might be gaps and prompt us to explore and adopt new areas of good business practice. This approach ensures our commitment to a coherent and progressive approach to addressing climate change within our industry associations.

The Sustainability Steering Committee, led by Encik Johari Shukri bin Jamil (Executive Director and Chief Executive Officer) and supported by our Chief Corporate Officer, is responsible for managing climate change risks and formulating strategies to manage and reduce our environmental impact. This committee oversees the development of progress reports and proposals concerning energy management, climate change mitigation and pollution reduction. These proposals are fortified with financial indicators and Return on Investment (ROI) calculations, ensuring comprehensive and data-driven decision-making processes.

SUSTAINABILITY STATEMENT

FINANCIAL IMPLICATIONS FROM CLIMATE-RELATED INVESTMENTS

Climate change has significantly influenced the investment landscape at Hektar REIT, prompting a recalibration of our sustainable investment strategy to address its urgency and impact holistically. Strategically managing climate-related risks and opportunities helps us mitigate competitive risks while transitioning towards a low-carbon, climate-resilient economy. Extensive investments in research and development have led to building, machinery, and automation enhancements, including chiller installations and replacing conventional lighting with energy-efficient LEDs.

Our commitment to renewable energy, energy-efficiency improvements (particularly in AHU energy saving and consumption), cooling tower repairs, air-conditioning retrofitting and installing cold water systems highlights our dedication to climate change mitigation.

The Manager continues to invest in various climate change initiatives, such as LED lighting implementation, window tinting, and a Chiller Plant equipped with a Building Management System (BMS) in some properties to minimise energy consumption and foster sustainability.

CARBON FOOTPRINT CALCULATIONS

Consolidation method for calculating the carbon footprint

100% of emissions from wholly-controlled properties

Organisational boundary for calculating the carbon footprint

Accounts for **100%** of GHG emissions from Hektar REIT's asset portfolio

SCOPE 1 COVERAGE: ENTIRE GROUP (100%)

Hektar REIT uses small amounts of diesel to run generators on its properties. CO₂ emissions from diesel consumption were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

SCOPE 2 COVERAGE: ENTIRE GROUP (100%)

CO₂ emissions from electricity use were derived using the emission factor published by the Energy Commission Grid Emission Factor for Peninsular 2021.

SCOPE 3 (BUSINESS TRAVEL) COVERAGE: ENTIRE GROUP (100%)

GHG emissions resulting from business travel employee-owned vehicles consisted of both fuel and mileage claims:

- Mileage claims for company-owned vehicles were calculated using the World Resources Institute GHG Protocol tool for mobile combustion Version 2.6.
- Petrol claims were calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

Hektar REIT also calculates GHG emissions from point-to-point air travel, considering the number of onboard employees and distance travelled. Performing separate calculations for business and economy class flights, Hektar REIT uses online tools derived from the WRI Greenhouse Gas Protocol to calculate the CO₂ emissions from air travel.

SCOPE 3: EMPLOYEE COMMUTING

Significant CO₂ emissions result from employees travelling to and from the workplace. In 2023, we began estimating the total annual emissions produced by our entire workforce's daily commute. We track these emissions annually.



SUSTAINABILITY STATEMENT

METHODOLOGY

We launched an online survey during the last quarter of 2023 to establish the:

- Most common commuting methods, such as bicycle, bus, train and own vehicle
- Approximate total daily distance travelled each day to work and back
- The type, age, engine size and type of fuel used if employees used their own vehicle

An external consultant conducted the survey online, and we encouraged all employees to respond.

We calculated the emissions of each respondent using a Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative. Employees worked an average of 246 days a year, and we used this information to estimate our annual emissions.

RESULTS

Method of Transport	Number of Employees in Sample	Estimated Total Number of Employees in Hektar REIT	% of Employees
Bicycle	1	4	1.43%
Bus	1	4	1.43%
KTM Komuter	1	4	1.43%
Own Vehicle	67	265	95.71%
Total	70	277	100.00%

In 2023, Hektar REIT employees travelled an estimated 2,358,687 km to and from work. The total estimated yearly CO₂e emissions for employees commuting in 2023 was 497.38 tonnes.

Method of Transport	Total Yearly Distance of Sample (km)	Estimated Total Year Distance (km) of Hektar REIT	Total Annual Emissions (tCO ₂ e) of Sample	Estimated Total Yearly Emissions (tCO ₂ e) of Hektar REIT
Bicycle	2,460	9,735	0.00	0.00
Bus	2,952	11,681	0.20	0.78
KTM Komuter	29,520	116,815	3.40	13.45
Own Vehicle	561,126	2,220,456	122.09	483.15
Total	596,058	2,358,687	125.69	497.38





EMISSIONS INTENSITY

Emissions intensity, or carbon intensity, is a better measure of the emissions efficiency of our assets. Hektar REIT expresses emissions intensity as the CO₂e emitted per gross floor area (kgCO₂e/sq.ft.).

SUSTAINABILITY STATEMENT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Incorporating climate risks and opportunities within our operational policies and asset management secures sustainable, consistent earnings amidst climate-driven changes. Our adherence to TCFD guidelines in governance, strategy, risk management, and metrics highlights our dedication to managing climate impacts transparently, underscoring our proactive approach towards resilient, sustainable business practices amidst evolving climate conditions.

Key Area	Hektar REIT's Approach
Governing Climate-related Risks and Strategy 	<ul style="list-style-type: none"> The Board considers sustainability issues in its strategic formulation, determines material ESG factors and oversees their management and monitoring. The Board sets Hektar REIT's risk appetite or the nature and extent of material risks the Manager is willing to take to achieve its strategic and business objectives. The Board highlighted climate change as a material issue and regularly reviewed related risks as part of the Manager's Enterprise Risk Management (ERM) Framework. The Board is updated on relevant performance metrics, including carbon emissions performance, stakeholders' expectations and regulatory requirements on climate change during the annual Board strategy, business plan meetings and other scheduled Board meetings. Hektar REIT's Sustainability Committee develops, oversees and implements sustainability objectives and strategies.
Strategy 	<ul style="list-style-type: none"> Climate change risk is identified as a key risk in the ERM Framework and includes physical and transitional risks. Our strategy in addressing these climate-related risks and opportunities spans all areas of its real estate life cycle, from the earliest stage of the investment process to design, procurement, construction, operations and redevelopment or divestment. All new investments in operational assets and development projects undergo the EHS Impact Assessment during due diligence to identify any environmental (including climate change) risks and opportunities related to the asset or project site and its surroundings. Hektar REIT develops guidelines for buildings to be more energy efficient, such as setting targets and specifying minimum equipment efficiency. As part of an annual review of its portfolio, Hektar REIT strives to identify assets suitable for redevelopment or AEI to deliver end-to-end premium quality real estate solutions for its tenants and a unique shopping experience for its shoppers.
Risk Management 	<ul style="list-style-type: none"> The Manager conducts an annual risk assessment exercise to identify, assess and document material risks, including relevant ESG risks, key controls and mitigating measures. The management reviews the consolidated material risks and associated controls before presenting them to the Audit and Risk Management Committee and Board. The Manager is considering conducting a scenario assessment study based on the likelihood and potential impact of the issues affecting business continuity and development.
Metrics and Targets 	<ul style="list-style-type: none"> Hektar REIT has tracked and reduced the carbon emissions of its managed and owned operational properties via its Environmental Tracking System. Hektar REIT discloses scope 1, 2 and 3 GHG emissions of its global portfolio and is developing carbon reduction targets. For more information, please refer to page 78 of this Annual Report. The Manager continues exploring new metrics to measure climate-related risks and opportunities, which it will access and adopt where possible.

SUSTAINABILITY STATEMENT



CULTIVATING COMMUNITY BONDS

Hektar REIT is a committed community partner, actively engaging in initiatives that uplift society. Our endeavours foster robust relationships and make impactful contributions. Hektar REIT directs its community investment initiatives toward specific focus areas, namely philanthropic efforts that enhance well-being and fortify local communities. Intertwining business strategy with community investment produces mutually beneficial outcomes.

Hektar REIT extends invitations to its employees to engage in community programmes, providing support, resources and recognition to volunteering employees. We are exploring integrating our employees' volunteer efforts into our performance evaluation system.

COMMUNITY EMPOWERMENT VIA EMPLOYMENT OPPORTUNITIES

Supporting the local community by offering employment opportunities is integral to our commitment. Prioritising local hiring bolsters the economy and elevates living standards. Our inclusive hiring practices prioritise individuals from marginalised backgrounds, ensuring equitable opportunities.

Our apprenticeship and graduate placement programmes address youth unemployment, nurturing a skilled workforce for a brighter future. Hektar REIT remains dedicated to making a meaningful difference and shaping a more prosperous and inclusive society.

SUSTAINABILITY STATEMENT

PRIORITISING CHILDREN'S RIGHTS

As a family-friendly mall destination, we prioritise children's well-being. We uphold Children's Rights and Business Principles, demonstrating our commitment to safeguarding and promoting children's rights in all operations and engagements. Our firm belief lies in creating an environment where children can thrive, access quality education, and explore their limitless potential.

We actively support children's educational rights by engaging in programmes, sponsorships, in-kind donations and close collaborations with schools. We dedicate a significant portion of our community contributions to advancing educational initiatives within institutions.

COMMUNITY-CENTRIC REAL ESTATE

As a REIT, our approach to community contribution stands out for its unique capacity. Beyond traditional forms of support such as donations, philanthropy, in-kind assistance and benefits, we leverage our ownership of space to offer a distinctive contribution. This ownership allows us to sponsor spaces and collaborate with diverse organisations to support various causes.

We foster partnerships with community organisations by providing complimentary event spaces and sponsoring these events. This sponsorship encompasses monetary and non-monetary contributions, including donations and cash support. Giving comprehensive assistance ensures the success and growth of initiatives hosted within our properties.



- Blood donation in collaboration with Kulim General Hospital Blood Bank and other NGOs
- Free cervical cancer screening and awareness camp in collaboration with Kulim General Hospital Obstetrics and Gynaecology Department
- Chinese New Year CSR-Movie Day out with children from Sunshine Home in collaboration with GSC
- Celebrating Women's Day in collaboration with GSC
- Hari Raya CSR-Bubur Lambuk Giveaway in conjunction with Ramadhan
- Hari Raya Open House with children from Rumah Bakti
- Basketball 3-on-3 tournament in partnership with the Basketball Association, local schools and district offices
- Run for Future
- Merdeka Fun Run, in collaboration with Oriental Event
- We Care Kulim
- Chess Tournament 3.0
- Breast Cancer Awareness Campaign
- Deepavali CSR-Movie Day Out with Grace Home Children
- Christmas lunch with children from Shine Home, Yong Ai Homes and Rumah Amal



- Blood donation in collaboration with:
 - Hospital Sultan Abdul Halim
 - Malaysia Hindu Sanggam
 - I-kuan Tao Association
- Kurma giveaway for iftar
- Bubur lambuk giveaway
- Programme Ihya Ramadhan with orphanages
- Aidilfitri Jalinan Kasih Open House with orphanage children
- Health screening test by the National Kidney Foundation

SUSTAINABILITY STATEMENT



- Melaka Smoke-free Programme
- Blood donation in collaboration with St John's Ambulance, Lion Club and Mahkota Medical Centre
- Bubur lambuk giveaway
- Majlis Berbuka Puasa with underprivileged individuals



- MBSJ Car Free Day
- Chinese New Year Campaign with Rumah Charis and Rumah K.I.D.S
- Kurma giveaway
- Movie treat and Hari Raya outing for children from Rumah K.I.D.S
- Autism Café Project
- Cash contribution to Kolej Yayasan Saad Orchestra



- Blood donation in collaboration with:
 - St John's Ambulance
 - Wadah Mutiara
 - National Blood Bank
 - Lion Club Segamat Jaya
 - Lion Club Bukit Siput
 - Hospital Segamat
 - Hock Por Sian
 - Buddhist Society
 - JCI
 - Malaysia Red Crescent
 - Kelab Rakan Muda
 - Kelab Kebajikan Segamat
- Iftar with disabled students from the Segamat Education District Office
- Ping Pong Tournament Piala Dr Zaleha
- Karnival Bahasa Melayu by the Education Bureau



- Blood donation in collaboration with:
 - Pertubuhan Penganut Dewa San Lin Sze
 - HPSF Muar
 - Parliament of Bakri
- Kurma giveaway
- Program Balik Kampung dan Pencegahan Jenayah
- Education Fair by Global Education Training & Services (GETS)
- Contributions to Chung Hwa High School fundraising activities
- Hari Kesihatan Mental Sedunia & Hari Pencegahan Bunuh Diri Sedunia 2023
- Halloween Party by Busy Kids



SUSTAINABILITY STATEMENT



UNLEASHING THE POWER: IGNITING POTENTIAL WITHIN OUR DYNAMIC TEAM

Hektar REIT approaches people management with a commitment to nurturing talent and fostering a supportive work environment. Our strategy cultivates a culture that values inclusivity, growth and professional development. We empower our diverse workforce, offering opportunities for skill enhancement and career progression. Prioritising the well-being and growth of employees creates a vibrant atmosphere where each individual's contributions are celebrated and valued.

We ensure our employees understand work ethics and labour standards through our Code of Conduct and company policies and procedures. These documents are globally accessible, presented in English, and translated into Bahasa Malaysia, enabling comprehensive understanding and adherence to these guidelines across our diverse workforce.



No instances of non-compliance with labour standards



No safety incidents related to non-compliance were reported

Our management approach concerning the property portfolio for employees and contractors is committed to addressing various social issues, including:

- Prioritising health and safety measures
- Paying fair wages
- Promoting equal opportunities for all individuals involved in our operations

We uphold these principles to create a conducive and equitable working environment.

SUSTAINABILITY STATEMENT

PRIORITISING LOCAL TALENT

Our hiring policy complies with local labour laws, emphasising local employment to bolster the national economy and combat youth unemployment. Most Group employees are Malaysian nationals, underscoring our dedication to supporting the local workforce.

COMPENSATION AND BENEFIT

Hektar REIT provides extensive employee benefits and compensation packages that adhere to industry benchmarks.

Leave Benefits

Employees receive annual leave and medical benefits, ensuring well-deserved breaks and medical coverage

Medical Benefits

Medical coverage safeguards employees against unforeseen circumstances

Insurance Coverage

Comprehensive coverage includes hospitalization, term life, and personal accident policies

Handphone Allowance

Employees receive an allowance to cover their mobile phone expenses

Managerial Benefits

Managers enjoy additional perks such as a travel allowance, toll, petrol, insurance and maintenance benefits

Hektar REIT's remuneration package extends beyond these specific benefits, including parental leave, mandatory leave, retirement contributions, various allowances, and memberships (club and professional memberships). Executive-level employees receive reimbursement for monthly club subscriptions.

The company's policy complies with local regulations and standards. It supports the principles of a minimum or living wage, ensuring that benefits and compensation packages surpass the requirements stipulated by Malaysian employment laws. Hektar REIT adheres strictly to the principle of equal pay for equal work as mandated by local regulations concerning fair remuneration. This principle is stated in its Human Resources processes.

DIVERSITY AND INCLUSION

Hektar REIT strives to create vibrant spaces where people delight in shopping, dining and entertainment. We prioritise inclusivity within our workforce by recognising the importance of diverse employee talent in serving our varied shoppers, tenants and visitors.

Maintaining a zero-tolerance stance against workplace discrimination, we are committed to nurturing a diverse environment and ensuring equal opportunities. Our dedication to inclusivity spans every aspect of employment, encompassing hiring, placement, promotions, terminations and training initiatives.

OCCUPATIONAL HEALTH AND SAFETY

Our foundational principle is protecting the safety and well-being of our employees, tenants, customers, shoppers, guests, visitors, and contractors. Our commitment surpasses regulatory standards, bolstered by implementing robust safety measures driven by proactive initiatives and industry-leading practices. These measures create welcoming spaces while prioritising the overall welfare of every individual.

As stewards of commercial spaces and destinations, we wholeheartedly recognise our responsibility to cultivate safe and healthy environments for all who interact with our properties. This dedication guides us in upholding a comprehensive safety policy emphasising health, hygiene and security across all properties.

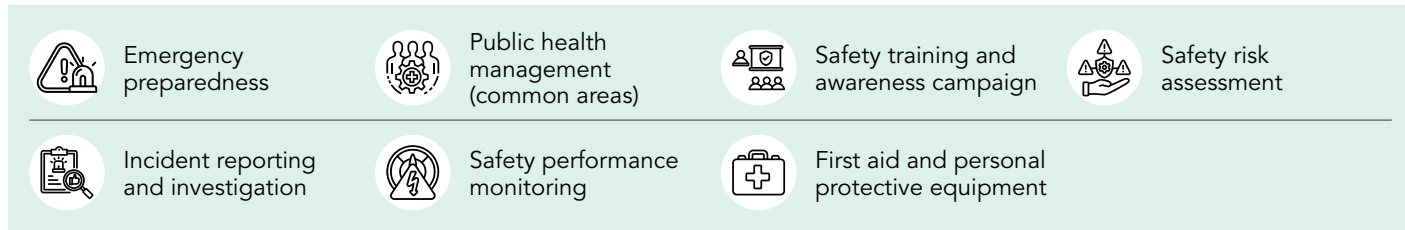
Hektar REIT has implemented an Environmental, Social, Health, and Safety (ESHS) Policy designed to minimise and mitigate impacts, integrate ESHS risk, promote fair treatment, uphold human rights, and ensure safe and healthy working conditions. This policy applies to employees, contractors, suppliers and tenants. A copy of this policy is accessible here.



Scan this QR code
to view ESHS Policy

SUSTAINABILITY STATEMENT

Coverage of Our Health, Hygiene and Safety Protocols



Every asset has a dedicated Safety, Health and Environmental Committee responsible for reviewing and developing property safety and health standards and procedures.

Composition of Our Occupational Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
Corporate (Group)	1	1	12	12
Subang Parade	1	1	5	5
Mahkota Parade	1	1	4	6
Wetex Parade	1	1	5	5
Central Square	1	1	2	3
Kulim Central	1	1	3	3
Segamat Central	1	1	5	4
Classic Hotel	1	1	3	3

Safety training is compulsory for new hires, and we conduct annual sessions for our entire staff. This safety protocol extends to contractors and all those working at our premises, ensuring a comprehensive safety standard across all operations.

Examples of Regular Safety and Health Training and Initiatives

Regular Safety and Health Training	Safety and Health Initiatives
<ul style="list-style-type: none"> Incident Reporting and Analysis Technique First Aider Training Group Safety and Health Induction Training Emergency Response and Emergency Preparedness Training Occupational Safety and Health Coordinator Training Awareness of Occupational Health and Safety Management System ISO 45001:2018 Safety And Health A Priority: Systematic Approach from ISO Standards Perspective Emergency Response Team Training 	<ul style="list-style-type: none"> Fire Drill – Collaborated with BOMBA Safety and Health Campaigns collaborated with NIOSH and BOMBA Program Cegah Jenayah di tempat kerja – Collaborated with PDRM The Role of Community in ensuring Safety and Wellbeing Fire Safety Campaign - Collaboration with BOMBA Kempen Keselamatan Penggunaan Lif dan escalator - Collaborated with DOSH Pest Control Centre Safety and Health Induction

We proactively organise several safety awareness initiatives, collaborating with authorities, industry bodies and the community. Together, our collective efforts promote a healthier and safer society.

SUSTAINABILITY STATEMENT

MENTAL HEALTH WELL-BEING

Mental health in the workplace is everyone's business. Creating a mentally healthy workplace is positive for all employees, including reduced job stress and an improved work-life balance. Various initiatives, such as mental health awareness and flexible work hours, promote a positive workplace culture to minimise workplace risks related to mental health. Hektar REIT has a principle with targets to reduce excessive working hours and addresses the maximum overtime allowed, aligned with local laws.

AN ENGAGED WORKFORCE

We prioritise initiatives involving employees in the company's values and operations, supported by established structures and goals for fostering employee engagement.



We maintain transparency regarding operational changes by providing a notice period based on the operating situation. Keeping employees informed and involved in any changes that may impact the company's operations promotes a culture of open communication and trust.

EMPLOYEES' VOICE AND FEEDBACK

Hektar REIT prioritises employee satisfaction by conducting a thorough Employee Satisfaction Survey (ESS) through an independent consultant. This survey gathers anonymous feedback covering job satisfaction, culture, leadership and benefits, allowing for unbiased insights. Analysing survey results helps identify trends, enabling the company to create action plans to address concerns and enhance positive aspects highlighted by employees. Driving continual improvement by conducting regular surveys, measuring the impact of changes, and fostering a feedback loop maintains a positive work environment that boosts employee engagement and retention. The overall engagement score was within the normal range, reflecting positive and satisfactory engagement levels.

SUSTAINABILITY STATEMENT

EMPLOYEE TRAINING, CAREER DEVELOPMENT AND REVIEWS

Our workforce benefits from various training modules and ongoing learning avenues, empowering them to excel. We offer professional training opportunities and occasionally sponsor employees pursuing formal certifications. This commitment to continuous development equips our team with the latest knowledge and expertise, fostering a culture of ongoing improvement and excellence within Hektar REIT.

Our talent development programmes improve personal development skills such as communication, time management, leadership and adaptability to nurture a well-rounded workforce. Delivering workshops and coaching empowers individuals, providing employees with the necessary tools to succeed in their careers and lives outside the workplace.

Compliance and Standards Training:

- ISO Standards & Compliance:
 - Environmental Management Systems ISO 14001: 2015
 - Occupational Health and Safety Management Systems ISO 45001: 2018
 - Quality Management Systems ISO 9001: 2015
 - Safety & Health from ISO Standard Perspective
- Legal Compliance:
 - Briefing on Anti Bribery & Corruption, Code of Conduct and Whistle Blowing
- Tax and Law Related to Property Developers, JMB/MC, and Investors

Professional Development Training:

- Leadership and Performance Management
- Business Communication: Spoken and Written Skills
- Insights Into Fit-Outs and More
- International Architecture and Design Conference 2023

Safety and Health Training:

- Fire Safety and Emergency Preparedness:
 - Incident Reporting and Analysis Technique
 - Group Safety and Health Induction
 - Emergency Preparedness and Response Plan
- Occupational Safety:
 - Occupational Safety and Health Coordinator
 - Kursus Asas Organisasi Keselamatan Kebakaran (OKK)

Specialised Skill Development

- Facility Management:
 - Certified In Facility Management Manager (CFMM)
- Environmental Professionals:
 - Certified Environmental Professionals In Sewage Treatment Plant Operation
- Technical Skills:
 - PL300 Microsoft Power BI Data Analyst
- Others:
 - HPS Balanced Scorecard 2023 (Malls + Hotel)
 - Insights Into Fit-Outs And More

Industry Seminars & Webinars:

- Electric Vehicle Charging and Building Protection Systems
- New Industry Trends and Innovations:
 - Secure Your Spot: 'e-invoice' implementation in Malaysia
 - New Kids On The Block 3 Webinar
- Strata Property Management Seminars
- Shopping Mall Management Continuous Education Seminars (SMMCES)

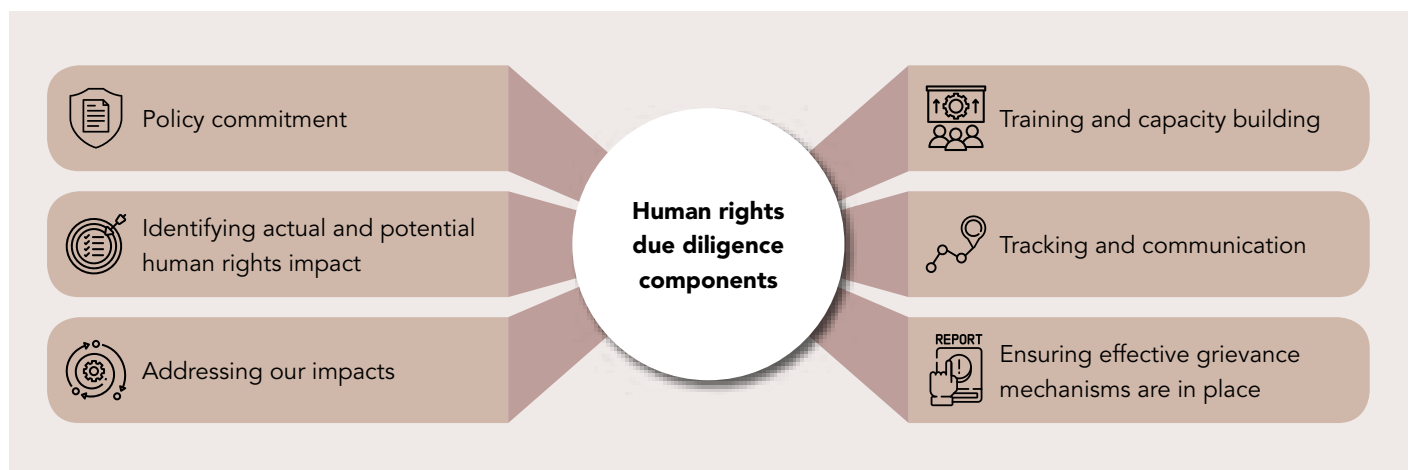
Guided by our human resources processes, we conduct annual performance appraisal exercises for all employees based on merit, providing them valuable feedback for personal and career advancement. We achieved a 100% rate of performing career development and performance reviews for all our employees during the reporting period.

SUSTAINABILITY STATEMENT



UPHOLDING HUMAN RIGHTS

Hektar REIT is committed to upholding human rights. We integrate human rights due diligence into our business processes to mitigate the risk of human rights violations at our properties and throughout the supply chain.



Hektar REIT has recently introduced a comprehensive Human Rights Policy that advocates for promoting human rights across all facets of its operations. This policy applies to all relevant stakeholders, including employees, contractors, suppliers and tenants. It is presented in appropriate languages to ensure a clear understanding of their rights and obligations.

The fundamental human rights principles guide our commitment, as defined by the Employment Act 1955 (revised 2022), the Child Act, and other related acts enforced in Malaysia. Furthermore, it aligns with international standards, including the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the International Bill of Human Rights and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work.

SUSTAINABILITY STATEMENT

Hektar REIT Principles, Codes and Actions Concerning Human Rights and Labour



Freely Chosen Employment

We have zero tolerance for forced, involuntary or exploitative prison, indentured, bonded (including debt bondage), trafficked or slave labour.



Prevention of Child Labour

We have zero tolerance for child labour, defined as work by any person:

- Aged less than 15
- Under age for completing compulsory education
- Under the minimum age for employment

(Whichever is the most stringent in the country of origin)



Working Hours

We comply with local working hours and overtime laws and reduce excessive overtime.



Wages and Benefits

Our worker compensation complies with all applicable wage laws. We exceed the legally mandated minimum living wages, benefits and overtime pay.



Equality and Non-discrimination

Our recruitment and employment practices protect against discrimination based on race, colour, religion, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status.

The Company improved workforce diversity and equal opportunities and reduced discrimination, including those based on the following:

Race and Traits:

We embrace and celebrate the cultural diversity of all races and their respective festive traditions.

Religion:

Designated prayer rooms at the workplace accommodate various religious practices.

Gender:

Breastfeeding rooms at our properties support nursing mothers.

Age:

We offer equal training, promotion and appraisal opportunities for employees regardless of age.

Disabilities:

We eliminate discrimination in disability hiring and provide feasible assistance and an inclusive work environment. We designed and equipped all malls to be disability-friendly.

Nationality:

We welcome and consider individuals of all nationalities in our hiring process.

SUSTAINABILITY STATEMENT



Eradicating Any Form of Harassment or Abuse

We will maintain a workplace that is free from physical, psychological or verbal abuse, the threat of abuse and sexual or other harassment. Equality and mutual respect characterise our conducive working environment. We have established a grievance mechanism policy that allows employees to report any concerns or violations related to HAMS B and HPSSB's Code of Conduct without fear of retaliation.



Freedom of Association and Collective Bargaining

We comply with local laws on freedom of association and collective bargaining by:

- Maintaining an open-door policy
- Allowing workers to communicate their ideas and concerns with management regarding working conditions and management practices openly without fear of intimidation or reprisal
- Respecting the rights of all workers to collective bargaining, including forming and joining trade unions of their choice, bargaining collectively, engaging in peaceful assembly or refraining from such activities



Health and Safety

We established a Health and Safety management system reflecting ILO Guidelines on Occupational Safety and Health. We strive for a 'Zero Harm' environment for our employees and encourage contractors, suppliers and tenants to achieve the same.



Talent Development

We offer workers an opportunity to grow, learn new skills and develop.



Open and Transparent Communication

Our formal mechanism allows internal and external stakeholders, including individuals and communities impacted by our business activities, to raise their grievances with management, including human rights. Our whistle-blowing channel guarantees anonymity and is available to internal and external stakeholders. We are committed to a remediation process to address adverse human rights impacts we have contributed to or caused.



SUSTAINABILITY STATEMENT

SUSTAINABLE SPACES FOR EVERYONE

Hektar REIT's core mission revolves around transforming the shopping experience into vibrant, immersive destinations where individuals delight in shopping, dining and entertainment. Our commitment extends beyond creating dynamic spaces to being responsible for our esteemed customers and tenants. Our excellent geographical diversification allows us to serve and engage diverse communities, reflecting our dedication to fostering inclusive and thriving retail spaces.

DELIVERING UNPARALLEL SHOPPING EXPERIENCE

Shoppers' delight is at the core of all malls' missions. We distinguish ourselves by fostering close collaboration with our tenants to meticulously plan distinctive and memorable events, particularly during festive seasons. This collaboration revolves around creating standout experiences, providing unique, captivating moments that enhance the shopping journey and leave a lasting impact.

We prioritised easy access to public transportation during the design and development of all properties. We concentrated on strategically locating our malls and providing seamless connectivity for visitors using diverse modes of public transport. Constructing our malls near major highways or roads provided effortless accessibility for individuals commuting from diverse locations. Incorporating this approach into our design and development strategy increased convenience and encouraged sustainable transportation options for patrons to access our malls without difficulty.

All our malls are family-oriented, featuring open spaces, cinemas, and eateries catering to children. They organise school holiday events and other family-friendly activities to enhance patrons' enjoyment during their outings.

Family-Friendly Facilities at Our Malls



We proactively seek feedback and gather valuable input from tenants and shoppers through various channels, including feedback forms. We also conduct Tenant Assessment Surveys to collect their opinions on the shopping centre's appearance, cleaning service, repair and maintenance services, security management, car park, leasing services and marketing activities. Suggestions, insight, and feedback from tenants and shoppers drive improvement in the malls, allowing us to refine and enhance our offerings and ensure they meet and exceed the needs and expectations of our valued visitors.

SUSTAINABILITY STATEMENT

QUALITY OF ASSETS AND SERVICES

Hektar REIT's asset enhancement decisions incorporate sustainable design and planning whenever feasible. Rigorous environmental and technical assessments ensure structural safety, mechanical and electrical efficiencies, and improved environmental and energy efficiency ratings across our properties.

We collaborate closely with property managers, leveraging technology to monitor and optimise sustainability performance and fine-tune operations for enhanced facility efficiency. Our strict management during renovation and upgrading ensures high-fit-out standards, boosting overall asset performance.

Our commitment to quality and business excellence maximises tenant satisfaction and retention, fostering regular engagement to address ongoing needs. External consultations on cleanliness, convenience, indoor air quality, thermal comfort and natural light availability enable tailored efforts to meet tenants' and shoppers' requirements.

Our proactive strategy involves routine Asset Enhancement Initiatives (AEIs) to complement ongoing maintenance endeavours. These initiatives include refurbishing Air Conditioning and Mechanical Ventilation Systems (ACMV), implementing energy efficiency programmes, expanding Net Lettable Areas (NLA), upgrading public facilities and access roads and enhancing facades. These efforts catalyse continuous improvement in our properties.

CREATING PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY

Hektar REIT properties are vibrant hubs bustling with events and celebrations. We pride ourselves on bringing people together through diverse happenings, fostering a sense of community and joy.

CELEBRATING CULTURE AND FESTIVITIES

We pride ourselves on crafting delightful experiences for shoppers and tenants during festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas. Our malls adorn festive decorations and host diverse special events, including cultural performances, competitions, and themed family activities. These celebrations honour diversity and serve as a platform for tenants to highlight seasonal promotions, enhancing sales during the festive period.

Hektar REIT's Cultural and Festive Highlights

Wetex Parade

Hosted the prestigious KSK International Lion Dance Championship 2023

Kulim Central

Organised a Chinese Gasing and orchestra performance in February 2023

Subang Parade

Distributed complimentary dates and drinks to Muslims for breaking their fast

MALAYSIAN PRIDE

Subang Parade celebrated Malaysia during Merdeka month with vibrant activities to honour the nation's diversity and unity. These activities included the Malaysiaku Merdeka 3D Mural Painting, Merdeka Fest Workshop, Malaysiaku Bazaar and Workshop, events showcasing Malaysian Batik Art and the Borneo Festival.

CELEBRATING CUISINE

Our malls take pride in the country's diverse cuisine as local destinations. Our food festival gathered popular dishes from across Malaysia, attracting food enthusiasts while offering activities that increased sales.

LOCAL COMMUNITY PARTNERS

We actively involve the local community in collaborative joint programmes. For instance, Segamat Central collaborates with PPD Segamat and the Segamat Municipal Council on various programmes. Understanding and meeting the distinctive needs of the community has redefined our malls, transforming them from mere commercial spaces to actively contributing to the neighbourhood's well-being.

Hektar REIT allocated spaces within the mall for community gatherings, workshops and educational events. These areas warmly welcome and encourage local clubs, schools and organisations to use the facilities for various community activities.

SUSTAINABILITY STATEMENT

Wetex Parade joined forces with the Fire Department for a fire safety initiative aligned with the festive season, led by Jabatan Bomba dan Penyelamat Muar. Teaming up with The Store, we conducted educational workshops and hands-on activities to raise fire safety awareness in the community. Wetex Parade remains dedicated to ensuring community safety, extending its commitment beyond festive occasions and into the future through this collaboration with the Fire Department and The Store.

Wetex Parade also hosted the World AIDS Day event organised by KKM Muar, demonstrating our commitment to supporting individuals with illnesses and special needs. In collaboration with Muar Mesra Autism, we also launched a calm room, sensory wall and wheelchair-friendly facilities to enhance inclusivity.

In alignment with MBSJ's Car Free Day initiative, Subang Parade collaborates with MBSJ, the Police, Fire Department, AEON Mall, and other stakeholders to establish a communal space for the Subang Jaya community. This designated space is a venue for weekend activities, featuring complimentary SJMC health screenings and a range of engaging programmes. In line with our enduring commitment to Corporate Social Responsibility (CSR) and active community involvement, Subang Parade pledged a monthly sponsorship of RM3,000 to support this event. Our focus aids the B40 community through MBSJ's Rahmah Basket programme. Our contributions encompass financial backing and active volunteerism with the overarching goal of making a meaningful and positive community impact.

SUPPORTING LOCAL BUSINESS

Hektar REIT actively supports and promotes local businesses by providing space in shopping centres. This assistance encompasses opportunities such as pop-up shops or casual leases, often offered at discounted rates to nearby entrepreneurs. Through these initiatives, Hektar REIT contributes to the economic progress of the neighbourhood and acts as a business platform for the local community.

FEATURING LOCAL ARTISTS

Collaborating closely with local artists and cultural groups, our malls actively contribute to enriching cultural art heritage. For instance, Segamat Central has partnered with PPD Segamat, providing them with a specific area to create murals on the link

bridge and showcase paintings produced by students from the Segamat district. This initiative goes beyond enhancing the visual appeal of our malls; it serves as a tribute to local identity and heritage.

Kulim Central also hosted Paint for Pride Mural Arts Drawing. By transforming the mall into a space that reflects the neighbourhood's character, we aim to preserve and celebrate the cultural art heritage of the community. Wetex Parade hosted a mural painting event to showcase and promote the talents of local artists.

By hosting the Gegar Vaganza Roadshow, Central Square offers substantial support to local talented artists. These artists present their stories and successes to celebrate their achievements and increase their community presence. Such exposure motivates and inspires budding local talents, creating a nurturing environment for their development and acknowledgement within the industry.

UNLOCKING DESTINATIONS: ENHANCING THE TOURISM EXPERIENCE

Central Square hosted the MATTA Fair, a crucial platform for promoting tourism. It showcases diverse travel opportunities, enticing destinations, and exclusive deals for potential travellers and enthusiasts.

TENANT AND VISITOR HEALTH, SAFETY AND SECURITY

The Manager ensures the safety and security of properties by installing security access control systems and closed-circuit television, physically deploying security personnel and introducing measures to comply with health and safety advisories directed by the authorities. The property managers perform regular inspections to ensure a safe environment.

Hektar REIT prioritises tenant and customer safety across all properties. Implementing robust security measures, including 24-hour surveillance, well-trained security personnel, and strategically positioned emergency responders in common areas safeguard public safety. Regularly maintaining safety devices ensures they are functioning correctly. Annual emergency drills equip management staff with the necessary experience to handle unforeseen incidents effectively.

SUSTAINABILITY STATEMENT

All properties have collaborated with the fire brigade (BOMBA) to create an Emergency Response Team (ERT) and conduct specialised fire training courses. This joint effort enhances our organisational preparedness and response capabilities in emergencies. Through this collaboration, our team works closely with experts from BOMBA to develop customised, comprehensive training programmes, which:

- Safeguard the safety and well-being of our personnel
- Contribute to a proactive and resilient approach to addressing emergencies within our operational environment








All of our properties are making significant efforts to enhance security and surveillance systems, including:

- Upgrading the CCTV system to cutting-edge technology, empowering our security teams with improved surveillance capabilities for better monitoring of activities throughout the premises
- Installing panic buttons in the basement carpark
- Security guards patrolling hourly
- Stationing guards at designated levels for enhanced safety measures

These proactive initiatives underline our commitment to creating a safe and secure environment for tenants and customers across all our properties.

A few of our properties plan to transition to License Plate Recognition (LPR) parking systems. We target LPR to be fully operational this year to ensure a safer parking environment.

Social Benefits of LPR

 Improving access control	 Optimising traffic flow
 Detecting unauthorised vehicles	 Offering valuable security data
 Preventing theft	 Reducing manual errors
 Improving surveillance	

ENSURING A SAFE SHOPPING EXPERIENCE AT OUR ASSETS



✓ Panic buttons at car parks



✓ Designated ladies-only parking spaces



✓ 24-hour monitored CCTVs throughout the malls



✓ Emergency safety buttons inside lifts and on escalators



✓ 24-hours security patrolling

The Manager conducts regular fire drills and evacuation exercises. Delivering crucial emergency preparedness guidance maximises tenant and visitor safety. All fitting-out works follow approved drawings, comply with regulations and guidelines and prioritise safety and social responsibility. Frequent on-site meetings and tenant inspections further tighten safety measures and regulatory compliance.

CONVENIENCE AND CONNECTIVITY

Hektar REIT focuses on convenience and connectivity in its properties. Mahkota Parade (MP) partners with nearby hotels and hospitals to meet diverse customer needs, providing additional services and amenities conveniently close to the mall. As the only shopping destination within a five-kilometre radius, Mahkota Parade houses supermarkets and department stores such as Family Mart and Parkson, offering customers quality products at competitive prices.

Acknowledging the importance of accessibility, Segamat Central (SC) enhances convenience by linking its shopping mall to the Segamat bus terminal through a covered link bridge. This proactive step diminishes carbon emissions and improves visitor comfort, particularly on rainy days.

Similarly, Central Square is committed to ensuring accessibility for residents by strategically locating the shopping centre for convenient access via public transportation and providing amenities that cater to diverse demographics.

SUSTAINABILITY STATEMENT

DISABLED FRIENDLY

Hektar REIT properties are inclusive and accessible, creating a welcoming environment for the special needs community. All malls are disability-friendly and have facilities that significantly help those with disabilities. These facilities improve accessibility and convenience, ensuring a more inclusive and accommodating environment for all visitors. Our malls have main entrances designed to facilitate wheelchair usage, providing comfortable access for individuals with mobility challenges.

Featuring well-placed ramps, special toilets, elevator facilities, accessible disabled parking, and wheelchair provisions, our malls offer thoughtful amenities appreciated by individuals with disabilities. These accommodations showcase our commitment to intelligent design and accessibility.

Segamat Central actively engages with the disabled community through collaborative programmes with NGOs and government offices. Events in 2023, such as *Iftar Berbuka Puasa* for OKU students and job interview programmes, highlight Segamat Central's dedication to supporting and addressing the needs of individuals with disabilities.

Our malls also provides wheelchairs for visitor convenience, assisting those needing mobility aid. By offering such resources and enhancing infrastructure, Hektar REIT creates an inclusive and friendly environment, ensuring a positive shopping experience for all patrons across our properties.

FAMILY-FRIENDLY MALLS

Hektar REIT cultivates family-friendly environments within its malls. Prioritising the creation of family-oriented spaces, our shopping malls incorporate playgrounds, family lounges and interactive zones. This strategic approach highlights our

commitment to providing families with a welcoming and inclusive atmosphere. Our malls offer diverse amenities, ensuring an enjoyable and hassle-free shopping experience that caters to every family member's needs and preferences.

Our malls have strategically embraced a family-friendly approach by curating diverse tenancy mixes tailored to families' needs and preferences. Understanding the importance of providing a wholesome experience, the malls have incorporated a range of offerings, including family-oriented F&B outlets, dedicated kids' playgrounds, bookstores with a variety of children's literature, specialised baby shops catering to parents' needs, and an array of engaging activities designed for families. This deliberate mix ensures that the malls become destinations where families can indulge in shopping, dining, and entertainment while fostering inclusive and enjoyable environments for all age groups. With this strategy, the malls aim to create lasting memories and become the go-to destinations for families seeking quality time and diverse experiences under one roof.

Mahkota Parade, situated at the heart of Melaka, stands out as a premier family-centric destination. With extensive family-oriented products and services, the mall caters to the diverse needs of visiting families. From department stores, supermarkets, and convenience stores to various food and beverage options, a food court and pharmacies, Mahkota Parade is a convenient one-stop destination where families can find everything they need under a single roof. This comprehensive mix of offerings caters to various aspects of family life, providing accessibility and convenience for shoppers of all ages.

At Segamat Central, our Kids Playland tent provides relaxing spaces for kids and parents. A playground and comfortable family waiting area deliver an enjoyable experience for children and adults.

HEKTAR REIT'S SUSTAINABLE PATH FORWARD

As we grow, we look forward to accelerating our journey toward a resilient, sustainable future. In the following annual reports, we are excited to share our ongoing essential transformation and journey towards being a responsible corporation emphasising people, the planet and performance.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE REPORT (BURSA ESG LINK PLATFORM)

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	88.10
Executive	Percentage	77.59
Non-executive	Percentage	91.60
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	1
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	28,840.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	453.233000
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	69.05
Management Above 50	Percentage	30.95
Executive Under 30	Percentage	21.55
Executive Between 30-50	Percentage	68.97
Executive Above 50	Percentage	9.48
Non-executive Under 30	Percentage	22.69
Non-executive Between 30-50	Percentage	53.78
Non-executive Above 50	Percentage	23.53
Gender Group by Employee Category		
Management Male	Percentage	52.38
Management Female	Percentage	47.62
Executive Male	Percentage	36.21
Executive Female	Percentage	63.79
Non-executive Male	Percentage	71.43
Non-executive Female	Percentage	28.57
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	129
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,268
Executive	Hours	3,235
Non-executive	Hours	1,755
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	10.11
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	23
Executive	Number	39
Non-executive	Number	45
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	372,527.70
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

Indicator	Unit	2023	2022	2021
Economic				
Supply Chain				
Percentage of local suppliers	%	100%	NA	NA
Proportion of spending on local suppliers	%	100%	99%	99%
New suppliers that were screened using environmental criteria	%	0%	NA	NA
Number of suppliers assessed for environmental impacts	Number	0	NA	NA
Percentage of the company's total property portfolio certified to a recognised building management standard for property	%	0%	NA	NA
Corruption				
Number of staff disciplined or dismissed due to non-compliance with anti-corruption practices	Number	1	0	0
Confirmed incidents of corruption †	Number	1	NA	NA
Cost of fines, penalties or settlements concerning corruption	RM	0	0	0
Total political contributions made during the year	RM	0	0	0
Total employees who have received training on anti-corruption	Number (%)	236 (85.20%)	112 (38.62%)	145 (48.01%)
Total management employees who have received training on anti-corruption	Number (%)	37 (88.10%)	26 (54.17%)	-
Total Executive employees who have received training on anti-corruption	Number (%)	90 (77.59%)	57 (57.00%)	-
Total Non-Executive employees who have received training on anti-corruption	Number (%)	109 (91.60%)	29 (20.42%)	-
Percentage of operations assessed for corruption-related risks	%	0	0	0
† The employee was dismissed.				
Environment				
Energy				
Direct Energy: Diesel	Litres	873	1,788	300
Direct Energy: Diesel	GJ	34	69	12
Total electricity consumption (landlord only) †	MWh	28,840	38,968	33,039
Total electricity consumption (landlord only) †	GJ	103,825	140,285	118,939
Total electricity consumption (landlord and tenants) †	GJ	103,859	140,354	118,951
Total electricity consumption (tenants only) †	MWh	10,616	-	-
Total electricity consumption (tenants only) †	GJ	38,218	-	-
* Conversion coefficients for electricity and diesel to Joules are derived from the Malaysia Energy Commission National Energy Balance 2020 report.				
† In 2021 and 2022, Hektar REIT's electricity comprised Group and tenant consumption. Hektar REIT improved its monitoring processes to separate the energy consumed by its tenants.				
Energy Intensity				
Building Energy Intensity	kWh/ft ²	8.48	8.37	7.10
Emissions				
Scope 1 *	tCO ₂ e	2	5	1
Scope 2 **	tCO ₂ e	21,861	29,538	25,043
Scope 3: Business travel ***	tCO ₂ e	270	246	185
Scope 3: Employee commuting	tCO ₂ e	497	NA	NA
Scope 3: Downstream Leased Assets †	tCO ₂ e	8,047	NA	NA
* CO ₂ emissions from fuel consumption are calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.				
** CO ₂ emissions from electricity consumption are calculated using the Energy Commission Grid Emission Factor for Peninsular 2021. The Group restated its Scope 2 emissions using this new emission factor to improve the accuracy of its GHG reporting.				
*** CO ₂ emissions from business air travel are estimated using online tools derived from the WRI Greenhouse Gas Protocol. Emissions from fuel claims are calculated using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories. Emissions from mileage claims are calculated using the World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6.				
† In 2021 and 2022, Hektar REIT's Scope 2 emissions comprised Group and tenant emissions. Hektar REIT improved its monitoring processes to separate the GHG emissions produced by its tenants and now captures these as Downstream Leased Assets.				

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Emissions Intensity				
Operational intensity	kgCO ₂ e per ft ²	6.43	6.35	5.38
Waste				
Total solid waste disposal	Tonnes	2,709	2,532	2,168
Total waste diverted from disposal	Tonnes	0	0	0
Water [†]				
Total volume of water used (landlord only)	m ³	453,233	639,815	511,759
Total volume of water used (tenants only)	m ³	161,958	-	-
Total volume of water used (landlord and tenants)	m ³	615,191	639,815	511,759
Total water consumption	ML	615	640	512
[†] In 2021 and 2022, Hektar REIT's water comprised Group and tenant consumption. Hektar REIT improved its monitoring processes to separate the water consumed by its tenants.				
Water use intensity				
Overall	m ³ /ft ²	0.132	0.137	0.110
Social [†]				
Workforce Strength				
Total employees	Number	277	290	302
By Gender				
Female	Number (%)	128 (46.21%)	125 (43.10%)	130 (43.05%)
Male	Number (%)	149 (53.79%)	165 (56.90%)	172 (56.95%)
By Age Group				
<30	Number (%)	52 (18.77%)	45 (15.52%)	54 (17.88%)
30-50	Number (%)	173 (62.45%)	186 (64.14%)	186 (61.59%)
>50	Number (%)	52 (18.77%)	59 (20.34%)	62 (20.53%)
By Ethnicity				
Malay	Number (%)	231 (83.39%)	236 (81.38%)	237 (78.48%)
Indian	Number (%)	11 (3.97%)	11 (3.79%)	15 (4.97%)
Chinese	Number (%)	31 (11.19%)	37 (12.76%)	45 (14.90%)
Others	Number (%)	4 (1.44%)	6 (2.07%)	5 (1.66%)
By Nationality				
Malaysian	Number (%)	276 (99.64%)	289 (99.66%)	301 (99.67%)
Non-Malaysian	Number (%)	1 (0.36%)	1 (0.34%)	1 (0.33%)
By Union Membership				
Union members	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-union members	Number (%)	277 (100.00%)	290 (100.00%)	302 (100.00%)
By Contract				
Permanent	Number (%)	249 (89.89%)	234 (80.69%)	260 (86.09%)
Contractors/Temporary Staff	Number (%)	28 (10.11%)	56 (19.31%)	42 (13.91%)
By Disability				
Disabled staff	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-Disabled staff	Number (%)	277 (100.00%)	290 (100.00%)	302 (100.00%)
By Employee Category				
Management	Number (%)	42 (15.16%)	48 (16.55%)	45 (14.90%)
Executives	Number (%)	116 (41.88%)	100 (34.48%)	107 (35.43%)
Non-Executives	Number (%)	119 (42.96%)	142 (48.97%)	150 (49.67%)

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Management Composition				
Females in Management	Number (%)	18 (45.00%)	15 (32.61%)	12 (27.27%)
Females in Top Management	Number	2	2	1
Employee Category By Gender				
Female (manager)	Number (%)	20 (47.62%)	17 (35.42%)	13 (28.89%)
Male (manager)	Number (%)	22 (52.38%)	31 (64.58%)	32 (71.11%)
Female (executive)	Number (%)	74 (63.79%)	69 (69.00%)	73 (68.22%)
Male (executive)	Number (%)	42 (36.21%)	31 (31.00%)	34 (31.78%)
Female (non-executive)	Number (%)	34 (28.57%)	39 (27.46%)	44 (29.33%)
Male (non-executive)	Number (%)	85 (71.43%)	103 (72.54%)	106 (70.67%)
Employee Category By Age Group				
<30 (manager)	Number (%)	0 (0.00%)	1 (2.08%)	1 (2.22%)
30-50 (manager)	Number (%)	29 (69.05%)	32 (66.67%)	34 (75.56%)
>50 (manager)	Number (%)	13 (30.95%)	15 (31.25%)	10 (22.22%)
<30 (executive)	Number (%)	25 (21.55%)	18 (18.00%)	18 (16.82%)
30-50 (executive)	Number (%)	80 (68.97%)	74 (74.00%)	79 (73.83%)
>50 (executive)	Number (%)	11 (9.48%)	8 (8.00%)	10 (9.35%)
<30 (non-executive)	Number (%)	27 (22.69%)	26 (18.31%)	35 (23.33%)
30-50 (non-executive)	Number (%)	64 (53.78%)	80 (56.34%)	73 (48.67%)
>50 (non-executive)	Number (%)	28 (23.53%)	36 (25.35%)	42 (28.00%)
Director Diversity				
Total directors	Number	9	10	10
Directors By Age				
<30	Number (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	Number (%)	0 (0.00%)	2 (20.00%)	4 (40.00%)
>50	Number (%)	9 (100.00%)	8 (80.00%)	6 (60.00%)
Directors By Gender				
Female	Number (%)	3 (40.00%)	4 (40.00%)	4 (40.00%)
Male	Number (%)	6 (60.00%)	6 (60.00%)	6 (60.00%)
Turnover				
Total Turnover	Number (rate)	107 (37.74%)	84 (28.38%)	79 (24.84%)
Turnover By Gender				
Female	Number (rate)	44 (34.78%)	37 (29.02%)	44 (31.32%)
Male	Number (rate)	63 (40.13%)	47 (27.89%)	35 (19.72%)
Turnover By Age Group				
<30 Years Old	Number (rate)	28 (57.73%)	27 (54.55%)	24 (39.34%)
30-50 Years Old	Number (rate)	57 (31.75%)	43 (23.12%)	44 (22.06%)
>50 Years Old	Number (rate)	22 (39.64%)	14 (23.14%)	11 (19.13%)
Turnover By Employment Category				
Management	Number	23	18	14
Executives	Number	39	30	24
Non-Executives	Number	45	36	41

* Turnover rates are expressed as the number of employees who left divided by the average number of employees.

SUSTAINABILITY STATEMENT

Indicator	Unit	2023	2022	2021
Voluntary/Involuntary Turnover				
Total Turnover of full-time staff (voluntary)	Number (%)	92 (85.98%)	84 (100.00%)	79 (100.00%)
Total Turnover of full-time staff (involuntary)	Number (%)	15 (14.02%)	0 (0.00%)	0 (0.00%)
Training				
Total time spent on employee development training to enhance knowledge or individual skills	Hours	7,258	2,884	2,106
Total time spent on employee development training for management	Hours	2,268	NA	NA
Total time spent on employee development training for Executives	Hours	3,235	NA	NA
Total time spent on employee development training for Non-Executives	Hours	1,755	NA	NA
Total number of employees attending training	Number	336	NA	NA
Average training hours per year per employee	Hours	22	10	7
Average training days per year per employee	Days	3	1	1
Long-Service Awards				
Below 2 years	Number	103	80	56
2 to 5 years	Number	52	108	131
6 to 9 years	Number	50	40	48
10 years and above	Number	72	63	67
Safety and Health				
<u>Safety Statistics (Employees)</u>				
Fatalities	Number	0	0	0
High-consequence work-related injuries	Cases	0	0	1
Recordable work-related injuries	Cases	0	0	2
Number of days without accident	Days	365	365	362
<u>Safety Statistics (Contractors)</u>				
Fatalities	Number	0	0	0
High-consequence work-related injuries	Cases	0	0	1
Recordable work-related injuries	Cases	0	0	1
Number of days without accident	Days	365	365	363
Lost time incident rate	Rate	0.00	NA	NA
Employees trained on health and safety standards	Number	129	NA	NA
Employees receiving general training, which includes safety	Number	63	NA	NA
Human Rights				
Substantiated complaints concerning human rights violations	Number	0	0	0
Community				
Total amount of corporate or group donations/community investments made to externally registered not-for-profit organisations	RM	372,527.70	292,949.00	170,177.91
Total number of beneficiaries of the investment in communities	Number	NA	NA	NA
Marketing and Labelling				
Incidents of non-compliance concerning product and service information and labelling	Number	0	0	0
Incidents of non-compliance concerning marketing communications	Number	0	0	0
Quality, Data Privacy and Security				
Percentage of the company's total property portfolio certified to a recognised building management standard for property	%	0%	NA	NA
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

† All social indicators comprise complete data from Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd.

SUSTAINABILITY STATEMENT

GRI CONTENT INDEX

Statement of use Hektar REIT has reported the information cited in this GRI content index for the period 1 January to 31 December 2023 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	4, 5
	2-2 Entities included in the organisation's sustainability reporting	38
	2-3 Reporting period, frequency and contact point	38
	2-4 Restatements of information	No restatement of information
	2-5 External assurance	85 - 87
	2-6 Activities, value chain and other business relationships	16 - 20
	2-7 Employees	79 - 80
	2-8 Workers who are not employees	79
	2-9 Governance structure and composition	42, 90
	2-10 Nomination and selection of the highest governance body	89
	2-11 Chair of the highest governance body	90
	2-12 Role of the highest governance body in overseeing the management of impacts	91 - 93, 111 - 112
	2-13 Delegation of responsibility for managing impacts	95 - 101
	2-14 Role of the highest governance body in sustainability reporting	42
	2-15 Conflicts of interest	48, 93, 108
	2-16 Communication of critical concerns	102, 116, 117
	2-17 Collective knowledge of the highest governance body	91 - 93
	2-18 Evaluation of the performance of the highest governance body	115 - 116
	2-19 Remuneration policies	115
	2-20 Process to determine remuneration	115, 116
	2-22 Statement on sustainable development strategy	40 - 41
	2-23 Policy commitments	40 - 41
	2-24 Embedding policy commitments	40 - 41
	2-25 Processes to remediate negative impacts	45 - 46
	2-26 Mechanisms for seeking advice and raising concerns	43 - 44
	2-27 Compliance with laws and regulations	40, 48, 49, 66
	2-28 Membership associations	50
	2-29 Approach to stakeholder engagement	43 - 44
	2-30 Collective bargaining agreements	71
	GRI 3: Material Topics 2021	3-1 Process to determine material topics
3-2 List of material topics		43 - 44

SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6, 7
	201-2 Financial implications and other risks and opportunities due to climate change	60
	201-3 Defined benefit plan obligations and other retirement plans	65
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	4, 5
	203-2 Significant indirect economic impacts	4, 5
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	78
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	78
	205-2 Communication and training about anti-corruption policies and procedures	48
	205-3 Confirmed incidents of corruption and actions taken	78
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	78
	302-2 Energy consumption outside of the organisation	78
	302-3 Energy intensity	78
	302-4 Reduction of energy consumption	78
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	55
	303-5 Water consumption	79
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	78
	305-2 Energy indirect (Scope 2) GHG emissions	78
	305-3 Other indirect (Scope 3) GHG emissions	78
	305-4 GHG emissions intensity	79
	305-5 Reduction of GHG emissions	78
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	55
	306-4 Waste diverted from disposal	79
	306-5 Waste directed to disposal	79
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	78
	308-2 Negative environmental impacts in the supply chain and actions taken	49 - 50
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	80
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	67

SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65 - 66
	403-3 Occupational health services	66
	403-4 Worker participation, consultation, and communication on occupational health and safety	67
	403-5 Worker training on occupational health and safety	66
	403-6 Promotion of worker health	67
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66
	403-8 Workers covered by an occupational health and safety management system	66
	403-9 Work-related injuries	81
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programs for upgrading employee skills and transition assistance programs		68
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	79 - 80
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No case of discrimination reported during this reporting period
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	70
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	70
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	62 - 63
GRI 415: Public Policy 2016	415-1 Political contributions	78
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	74 - 75
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	7, 81
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	81

INDEPENDENT LIMITED *Assurance Report*

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



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Hektar Asset Management Sdn. Bhd.
D1-U3-10, Solaris Dutamas,
No. 1, Jalan Dutamas 1, Sri Hartamas,
50480, Kuala Lumpur

Dear Sirs,

Independent Limited Assurance Report on Selected Sustainability Information of Hektar Real Estate Investment Trust for the financial year ended 31 December 2023

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on Hektar Real Estate Investment Trust's ("Hektar REIT") Selected Sustainability Information (the "Subject Matter"), published in Hektar REIT's Annual Report for the financial year ended 31 December 2023 (the "Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with Hektar REIT's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement are as follows:

- 1) Percentage of employees who have received training on anti-corruption by employee category (%);
- 2) Number of employees trained on health and safety standards (No.);
- 3) Total electricity consumption (landlord only) (MWh); and
- 4) Total volume of water used (landlord only) (m3).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information for 1) and 2) above covers Hektar Asset Management Sdn. Bhd. and Hektar Property Services Sdn. Bhd. and the boundary for 3) and 4) above covers Hektar REIT's properties namely Subang Parade, Mahkota Parade, Central Square, Kulim Central, Classic Hotel, Wetex Parade and Segamat Central.

Board of Directors and Management's Responsibilities

The Board of Directors (the "Directors") of Hektar Asset Management Sdn. Bhd., ("HAMSB" or the "Manager") and the management of the Manager (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

INDEPENDENT LIMITED ASSURANCE REPORT

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



Hektar Real Estate Investment Trust ("Hektar REIT")
*Independent Limited Assurance Report on Selected Sustainability
Information of Hektar REIT for the financial year ended 31 December 2023
22 February 2024*

Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against Hektar REIT.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Annual Report;
- Compared the Subject Matter presented in the Annual Report to underlying sources on a sample basis to determine whether the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of Hektar REIT.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

INDEPENDENT LIMITED ASSURANCE REPORT

to Hektar Asset Management Sdn. Bhd. on Hektar Real Estate Investment Trust's
Selected Sustainability Information for the financial year ended 31 December 2023



Hektar Real Estate Investment Trust ("Hektar REIT")
*Independent Limited Assurance Report on Selected Sustainability
Information of Hektar REIT for the financial year ended 31 December 2023
22 February 2024*

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would cause us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in Hektar REIT's Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

A handwritten signature in black ink that reads 'KPMG'. The signature is stylized and appears to be written in a cursive or semi-cursive script.

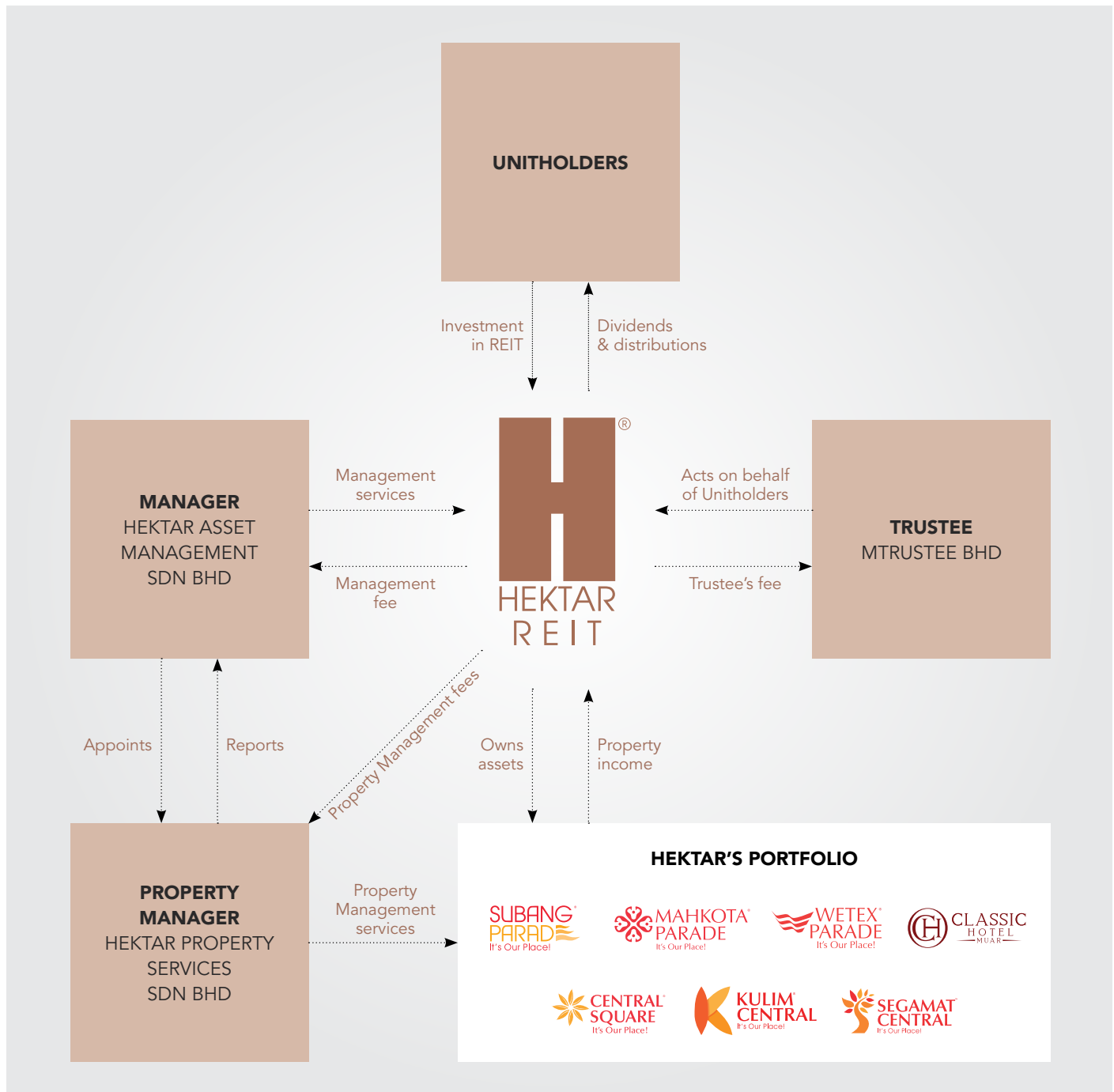
KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 22 February 2024

CORPORATE *Organisation*

Hektar REIT is a Real Estate Investment Trust managed by Hektar Asset Management Sdn Bhd. The Trust owns six shopping centres and a hotel, all of which are managed by Hektar Property Sdn Bhd. MTrustee Berhad is the legal custodian of the Trust and acts on behalf of the Unitholders.



CORPORATE Directory

MANAGER

Hektar Asset Management Sdn Bhd
Company's Registration No. 200601012511 (732261-T)

Manager's Principal Place of Business

D1-U3-10, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel : +6 03 6205 5570
Fax : +6 03 6205 5571
Web : www.HektarREIT.com

Manager's Registered Office

Unit 419, Block A
Kelana Business Centre
No. 97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor

BOARD OF DIRECTORS OF THE MANAGER

Johari Shukri bin Jamil
Executive Director and Chief Executive Officer

Wan Kamaruddin bin Wan Mohamed Ali
Independent Non-Executive Director
(Appointed w.e.f. 10 February 2023)

Norliza binti Suleiman
Independent Non-Executive Director
(Appointed w.e.f. 10 February 2023)

Richard Ng
Non-Executive Director
(Resigned w.e.f. 6 December 2023)

Phillip Eng Heng Nee
Non-Executive Director
(Resigned w.e.f. 6 December 2023)

Datuk Siti Zauyah Md Desa
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
12 December 2023)

Dr Chew Tuan Chiong
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
6 December 2023)

Hasli bin Hashim
Independent Non-Executive Chairman
(Appointed Chairman w.e.f. 10 February 2023 &
Resigned w.e.f. 1 November 2023)

Mahusni bin Hasnan
Independent Non-Executive Director
(Resigned w.e.f. 25 May 2023)

Zarina Halim
Executive Director (Resigned w.e.f. 15 January 2023)
and Chief Corporate Officer
(Resigned w.e.f. 29 December 2023)

Tan Loo Ming
Alternate Director to Mr Richard Ng
(Resigned w.e.f. 6 December 2023)

Pauline Lim Poh Noy
Alternate Director to Mr Richard Ng
(Resigned w.e.f. 1 June 2023)

EXECUTIVE COMMITTEE

Johari Shukri bin Jamil (Chairman)

Zarina Halim
(Resigned w.e.f. 29 December 2023)

Richard Ng
(Resigned w.e.f. 6 December 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE

Norliza binti Suleiman (Chairman)
(Appointed Chairman w.e.f. 8 May 2023)

Wan Kamaruddin bin Wan Mohamed Ali
(Appointed w.e.f. 10 February 2023)

Datuk Siti Zauyah Md Desa
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
12 December 2023)

Dr Chew Tuan Chiong
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
6 December 2023)

Mahusni bin Hasnan
(Resigned w.e.f. 8 May 2023)

Phillip Eng Heng Nee
(Resigned w.e.f. 1 June 2023)

Hasli bin Hashim
(Resigned w.e.f. 10 February 2023)

NOMINATION AND REMUNERATION COMMITTEE

Wan Kamaruddin bin Wan Mohamed Ali (Chairman)
(Appointed w.e.f. 10 February 2023)

Norliza binti Suleiman
(Appointed w.e.f. 10 February 2023)

Datuk Siti Zauyah Md Desa
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
12 December 2023)

Dr Chew Tuan Chiong
Independent Non-Executive Director
(Appointed w.e.f. 1 June 2023 & Resigned w.e.f.
6 December 2023)

Mahusni bin Hasnan
(Resigned w.e.f. 25 May 2023)

Phillip Eng Heng Nee
(Resigned w.e.f. 1 June 2023)

Hasli bin Hashim
(Resigned w.e.f. 10 February 2023)

JOINT COMPANY SECRETARIES OF THE MANAGER

Dato' Muhammad Hafidz Bin Nuruddin
(MAICSA 7005820)

Lim Seck Wah (MAICSA 0799845)

TRUSTEE

MTrustee Berhad
Company's Registration No. 198701004362 (163032-V)
Level 15, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya, Selangor

PROPERTY MANAGER

Hektar Property Services Sdn Bhd
Company's Registration No. 200901025275 (868376-K)
Lot A, Basement, Subang Parade
No. 5, Jalan SS 16/1
47500 Subang Jaya
Selangor

PRINCIPAL BANKER OF THE FUND

Malayan Banking Berhad
Company's Registration No. 196001000142 (3813-K)
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

CIMB Bank Bhd
Company's Registration No. 197201001799 (13491-P)
CBC KL1, Level 9
Menara CIMB
No. 1 Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

Hong Leong Bank Berhad
Company's Registration No. 193401000023 (97141-X)
Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

AUDITOR (EXTERNAL)

BDO PLT
Level 8 BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

AUDITOR (INTERNAL)

KPMG Management & Risk Consulting Sdn Bhd
Company's Registration No. 198401000916 (150059-H)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor

TAX AGENT

BDO Tax Services Sdn Bhd
Company's Registration No. 198401002347 (114863-K)
Level 8 BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

REGISTRAR

Mega Corporate Services Sdn Bhd
Company's Registration No. 198901010682 (187984-H)
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : +6 03 2692 4271
Fax : +6 03 2732 5388

STOCK EXCHANGE LISTING

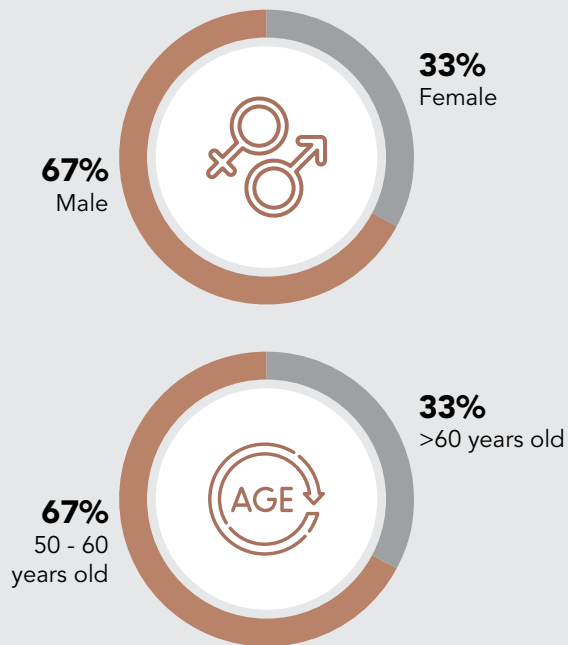
BURSA MALAYSIA SECURITIES BERHAD
Company's Registration No. 200301033577 (635998-W)
Board: Main Market
Sector: Real Estate Investment Trusts
Short Name: HEKTAR
Stock Code: 5121

THE BOARD OF *Directors*

BOARD COMPOSITION



DIVERSITY



The Directors of the Manager who have held office during the financial year and have resigned are as follows:

Frasers (Divestment from Hektar REIT):

- Richard Ng, Non-Executive Director
- Philip Eng Heng Nee, Non-Executive Director
- Tan Loo Ming, Alternate Director to Mr Richard Ng
- Pauline Lim Poh Noy, Alternate Director to Mr Richard Ng

Others:

- Dr Chew Tuan Chiong, Independent Non-Executive Director
- Datuk Siti Zauyah Md Desa, Independent Non-Executive Director
- Hasli bin Hashim, Independent Non-Executive Chairman
- Mahusni bin Hasnan, Independent Non-Executive Director
- Zarina Halim, Executive Director

THE BOARD OF DIRECTORS

JOHARI SHUKRI BIN JAMIL

Executive Director and Chief Executive Officer

 52  Male

 Malaysian

**Number of Board Meetings
Attended:** 6/6

Date of Appointment:
11 June 2022



Encik Johari Shukri bin Jamil, a Malaysian, male, aged 52, was appointed to the Board as a Non-Independent Non-Executive Director on 22 February 2022. He was subsequently appointed as the Executive Director & Chief Executive Officer on 11 June 2022.

Encik Johari graduated with a Bachelor of Science in Chemical Engineering (Polymer) from University Technology Malaysia. He also holds a Certificate in Advanced Leadership Programme from University of Cambridge, Judge Business School. He possesses a Capital Market Services Representatives' License (CMSL) for REIT for the asset management company to carry on regulated activities specified under the Capital markets and Services Act (CMSA), Securities Commission (SC), Malaysia.

Encik Johari began his career as a Process/Chemical Engineer in Titan Polyethylene (M) Sdn Bhd in 1995 and was promoted as a Project Engineer in 1997 which he stayed on until 2000. In the same year, he left the firm and joined Foster Wheeler (M) Sdn Bhd until 2002 as a Project Engineer. He then served as a Business Development Manager for several companies from 2002 to 2005. He then joined Inai Kiara Sdn Bhd in 2005 as a Senior General Manager. From 2006 to 2011, he was with Difense Konsult Sdn Bhd, serving as their Chief Executive Officer and Director. In the same year, he joined Johor Corporation (JCorp), a Johor

state-owned company (GLC) as a General Manager, Business Development and was later promoted to Chief Executive Officer of Tanjung Langsat Port Sdn Bhd and also served as a member of the board of the subsidiary companies. He later assumed the role as Group Vice President, Business Relationship & Marketing, Industrial Development Division of the JCorp, Executive Director of TPM Technopark Sdn Bhd and Executive Director of Tanjung Langsat Port Sdn Bhd prior to his special assignment to a public listed subsidiary company, EA Technique (M) Berhad where he was the Group Chief Operating Officer. He then joined Iskandar Investment Berhad, a subsidiary of Khazanah Nasional Berhad in January 2019 and where he has stepped into a newly created role, Transformation Office, to bring the company towards innovation and new business frontiers. He later assumed the post as the Executive Vice President, Business Development. He was also seconded to a subsidiary company, Medini Iskandar Malaysia Sdn Bhd to facilitate the transformation journey and strategic marketing and business development initiatives. He was the Chief Executive Officer of Integrated Marine Works Sdn Bhd. He is currently an Independent Non-Executive, Deputy Chairman BSL Corporation Berhad.

En Johari attended all 6 Board Meetings of the Company held during the financial year ended 31 December 2023.

THE BOARD OF DIRECTORS

WAN KAMARUDDIN BIN WAN MOHAMED ALI

Independent Non-Executive Director



68



Male



Malaysian

Number of Board Meetings Attended: 6/6

Date of Appointment:
10 February 2023



Encik Wan Kamaruddin bin Wan Mohamed Ali, a Malaysian, male, aged 68, was appointed to the Board on 10 February 2023.

Encik Wan has always been in the Finance field since he first graduated from University of Malaya in 1980. He started his career with Bank of America, Amanah Merchant Bank, JP Finance (on loan to Bank Negara & subsequent assignment by them), Amanah Merchant Unit Trust Bhd and Amanah International Finance Bhd as Chief Executive Officer.

In 1995, he moved to Fieldstone Capital Services Sdn Bhd, a Boutique Financial Advisory Firm where he was involved mainly in Project Finance Advisory services involving mostly highways and power plants.

The Asian financial crisis of 1999 saw the entry of Babcock & Brown Asia Pacific (BnB) opening its office in Kuala Lumpur and the whole team at Fieldstone was absorb into BnB. Again, whilst with BnB he led a team advising Penerbangan Malaysia Bhd / Malaysia Airlines in their lease finance of various aircrafts (777s, 747s freighters and ATRs) in 2002, 2004, 2006 and 2009. He was also involved in advising clients in bidding for various power plant projects.

In 2009, upon leaving BnB, he acted as advisor to Markmore Energy in their acquisition of an oil field in Kazakhstan. The acquisition and arrangement of finance was completed in 2012.

He is currently an Advisor to PV Technologies PLT, a solar panel cleaning services company.

En Wan attended all 6 Board Meetings of the Company held during the financial year ended 31 December 2023.

THE BOARD OF DIRECTORS

NORLIZA BINTI SULEIMAN

Independent Non-Executive Director

 59  Female

 Malaysian

Number of Board Meetings Attended: 6/6

Date of Appointment:
10 February 2023



Puan Norliza binti Suleiman, a Malaysian, female, aged 59, was appointed to the Board on 10 February 2023.

Puan Norliza has over 30 years of experience in the field of Corporate and Finance. She is a Fellow Member of the Association Chartered Certified Accountant (“ACCA”) United Kingdom and also a registered member of Malaysian Institute of Accountant. She completed her professional accounting studies at Trent Polytechnic Nottingham and Emile Woolf College of Accountancy, London.

She started her career as an Audit Assistant at Ivory Barry & Company, an audit firm in London. Upon her return to Malaysia in 1989, she joined Coopers & Lybrand, Johor Bahru as Audit Assistant until 1993. Prior to joining KPRJ, she served as the Finance Manager for Tharra Holdings Sdn Bhd, a reputable local medical services company.

In 1996, Puan Norliza joined Kumpulan Prasarana Rakyat Johor Sdn Bhd (“KPRJ”), a wholly owned Johor State Government as the Accountant. Throughout the years, she has served in various capacities covering areas of corporate, restructuring and mergers, legal, finance, company secretarial, property development and construction. She retired in December 2021 as the Deputy Chief Executive Officer.

During her tenure with KPRJ, she was twice entrusted to hold 2 portfolios concurrently. For 3 years from 2012, whilst assuming the post of General Manager, Corporate Division of KPRJ, she was also acting as the Group Financial Controller of Iskandar Waterfront City Berhad, a Public Company listed on Bursa Malaysia, under secondment from KPRJ. She was instrumental in turning over the loss making company back to profit during those period. Then, in 2017, she was again tasked to assist the State Government in the restructuring of Koperasi Iskandar Malaysia Berhad (‘KIMB’), a chain of grocery shops initiated by the government to help manage the people’s cost of living. She was appointed as the CEO for KIMB, a post she held until 2018 and at the same time performed her duties as the Deputy CEO of KPRJ.

She also sits on many Company Boards, including public listed companies, as representative of KPRJ. She was also appointed as the Chairman of Audit Committee for Iskandar Investment Berhad, a joint venture between Khazanah Nasional Berhad, KWSP and KPRJ.

Puan Norliza attended all 6 Board Meetings of the Company held during the financial year ended 31 December 2023.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries; and (iv) any conviction for offences within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

THE *Management Team*

ASSET MANAGEMENT TEAM



From left to right:

MUHAMMAD BAKHTIAR UL HAQ, AIDA ZAINUDIN, JOHARI SHUKRI BIN JAMIL, LIM KEK SIANG,
ZARINA HALIM, MARTIN CHEN, MOHAMAD OTHMAN BIN MAIL,
SABRINA HALIM, MUHAMMAD FAHMI RASNI, ALVIN LIM CHEEN WEI

THE MANAGEMENT TEAM



JOHARI SHUKRI BIN JAMIL



ZARINA HALIM

JOHARI SHUKRI BIN JAMIL

Executive Director and
Chief Executive Officer

Please refer to Johari's profile under the section on The Board of Directors.



LIM KEK SIANG



SABRINA HALIM

ZARINA HALIM

Executive Director and
Chief Corporate Officer

Puan Zarina Halim, a Malaysian, female, aged 52, was appointed Executive Director and Chief Corporate Officer of Hektar Asset Management Sdn Bhd on 1 February 2018. She resigned from the Board on 15 January 2023 as part of an exercise to refresh the Board's composition but remained as Chief Corporate Officer and a member of the Board's Executive Committee for 2023.



MARTIN CHEN



MOHAMAD OTHMAN BIN MAIL

Puan Zarina graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance (Honours) and also holds a Bachelor of Laws (Honours) degree from the University of London. Puan Zarina is a member of the Institute of Corporate Directors Malaysia (ICDM) and Malaysian Institute of Corporate Governance (MICG). She is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia.



MUHAMMAD FAHMI RASNI



AIDA ZAINUDIN

Puan Zarina has more than 21 years of experience with the Hektar group, having been part of the founding team in 2002 and part of the management team responsible for the listing of Hektar REIT on Bursa Malaysia in December 2006. In her role she was responsible for the functions of Legal, Secretarial & Compliance as well as Sustainability, Investor Relations and Special Projects. She possesses a Capital Markets Services Representatives' License (CMSRL) for REITs as a Licensed Director for the asset management company to



ALVIN LIM CHEEN WEI



MUHAMMAD BAKHTIAR UL HAQ

THE MANAGEMENT TEAM

carry on regulated activities specified under the Capital Markets and Services Act (CMSA). Prior to Hektar, she was formerly with the United Engineers Malaysia Berhad (“UEM”) Group of Companies for 9 years where she was involved in project management at Faber Hotels Holdings which culminated in the conversion of a series of Faber owned properties under the “Merlin” brand name to “Sheraton”. She then became Head of Corporate Affairs and Business Development in Prolink Development Sdn Bhd, the UEM Group’s subsidiary responsible for the development of Nusajaya. Her notable experience at Prolink included the implementation of corporate land sales to the value of over RM1 billion and the successful restructuring of Prolink’s debt obligations under Danaharta. She then moved on to head the Business Development unit at OptixLab Sdn Bhd and was mainly responsible for strategic marketing and ICT-related investments.

Puan Zarina had tendered her resignation from Hektar Asset Management on 29 December 2023 to further advance her career.

LIM KEK SIANG

Senior General Manager, Finance

Mr. Lim was appointed as the Senior General Manager of Finance of the REIT Manager on 1 March 2022. He holds membership with the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants, and a Certificate of Investor Relations from the United Kingdom. He is also a holder of the Capital Market Services Representative’s License (CMSRL) issued by Securities Commission under the Capital Markets and Services Act 2007.

Mr. Lim has more than 28 years of extensive experience in Accounting, Corporate Taxation, Financial Reporting, Treasury and

Corporate Finance in public listed entities. He began his career in Deloitte Kassim Chan, an international public auditing firm, where he undertook various audit assignments for multinational companies, financial institutions, insurance companies and small & medium enterprises.

In his previous attachments with public listed entities, he was responsible for ensuring financial statement integrity and controllership. He also advised the listed entity’s group leadership on numerous project-financing arrangements, structured corporate debts, merger and acquisition activities. Among his other successful assignments was implementing a RM2.5 billion Asset-Backed Securitisation Programme and the initial public listing of a telecommunication subsidiary on the Main Market of Bursa Securities. He was one of the key management personnel that spearheaded the subsidiaries’ diversification programme from e-commerce to energy & semiconductors.

SABRINA HALIM

General Manager, Business Development & Strategy

Sabrina is responsible for developing the business and profile of the REIT. With a focus on identifying new business opportunities, Sabrina conducts due diligence and analysis for potential investments within the REIT. Her role extends to monitoring market trends, undertaking comprehensive market research, and performing portfolio analyses to support the strategy department. Sabrina’s insights and recommendations play a crucial role in advising senior management on business development opportunities, encompassing acquisitions, divestments, and asset enhancement strategies.

Sabrina oversees the development and execution of corporate strategies,

strategic planning processes, and strategic performance management. Her goal is to align these initiatives with the REIT’s growth objectives, fortifying its core strengths to maintain a competitive advantage. This involves formulating strategies, collaborating with internal and external stakeholders, and leading cross-functional teams to implement business-wide operational strategies for medium- and long-term improvement.

Beyond strategy, Sabrina has enhanced investor relations and public relations at Hektar REIT. She communicates the company’s strategy, providing stakeholders with accurate updates. Her scope encompasses building and nurturing relationships with partners, analysts, trustees, unitholders, brokers, and investors.

Sabrina’s tenure at Hektar REIT extends back to 2010, where she initially played a key role in leasing and marketing strategies. Over the years, she has progressed through various departments at the Property Manager for Hektar REIT. Her contributions extend to the conceptualization and planning of retail projects, including the relaunch, revamping, and expansion exercises of several malls under the portfolio, including Central Square and Kulim Central. Currently, she is leading the planning of Asset Enhancement Initiatives and repositioning of the assets under the portfolio, in particular, at Subang Parade.

Sabrina holds a Diploma in Fashion and Retail Design and graduated with a Bachelor’s degree (BA, Hons) in Retail Management from LimKokWing University. She subsequently completed a Master of Science (MSc) in Management from the University of Warwick, United Kingdom. A Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents, and Property Managers (BOVEAP), Malaysia.

THE MANAGEMENT TEAM

MARTIN CHEN

General Manager, Legal

Martin provides support in the areas of legal and secretarial compliance in relation to the portfolio of Hektar REIT. He has more than 16 years of experience with the group. Since joining Hektar REIT in 2008, Martin was involved in assets acquisition for Hektar REIT valued at approximately RM 402 million and in the growth of Hektar REIT's Asset Under Management from an initial RM 512 million to approximately RM 1.2 billion to date.

Prior to this, Martin was in legal practice as an Advocate and Solicitor with well-established and award-winning commercial law firms in the Klang Valley. At his previous firm, he was with the Property Practice Group and has advised local, multinational and international corporations in land and property matters, land development arrangements and banking matters.

Martin also has considerable knowledge and experience in strata management matters and in the incorporation of joint management bodies & management corporations. He has appeared before Strata Management Tribunals in relation to legal disputes concerning strata buildings.

Martin graduated from the University of Sheffield, United Kingdom with a Bachelor of Laws (LLB) degree and holds a Certificate in Legal Practice (CLP) from the Legal Qualifying Board, Malaysia. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 2002. Martin is also a Registered Property Manager, a profession governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia and a holder of the Capital Markets Services Representative's License (CMSRL) issued by the Securities Commission of Malaysia under the Capital Markets and Services Act 2007.

In terms of professional accolade, Martin was selected as a finalist for the In-House Lawyer of the Year Award for the Asian Legal Business (ALB) Malaysia Law Awards 2022 while the In-House Legal team led by Martin was also selected as a finalist for the Malaysia In-House Team of the Year Category at the same Awards. More recently in November 2023, Martin was also shortlisted for the In-House Counsel of the Year Award for the In-House Community's (IHC) Counsels of the Year Awards 2023 while the In-House Legal team led by Martin was also shortlisted for the In-House Industry Awards (Property, Infrastructure & Logistics) Category at the same Awards.

MOHAMAD OTHMAN BIN MAIL

Senior Manager, Finance

Othman joined the REIT Manager as Senior Manager of Finance in July 2018. He graduated with BSc (Hon) in Business and Management Studies from University of Bradford, United Kingdom and obtained his MBA from Graduate School of Management, Universiti Putra Malaysia.

He has more than 25 years of working experience in diversified areas including financial reporting, treasury, and business operations. He began his career as a management trainee in one of the largest conglomerates in Malaysia with exposures to internal audit and business operations. He then joined a listed entity specializing in public transportation and was involved in the operations planning, budgeting, and financial reporting before joining its business operations. Later, he joined another listed entity which is involved in the oil and gas industry and responsible for the preparation of financial reporting and overseeing treasury matters. He was also involved in several fund-raising exercises including USD bond issuance, and mergers and acquisition exercises.

MUHAMMAD FAHMI RASNI

Senior Manager, Business Strategy

Fahmi joined Hektar REIT in June 2023 and was primarily tasked to spearhead the REIT's portfolio diversification strategy. In his role as the Senior Manager of Business Strategy, Fahmi provides support in the area of strategic planning for Hektar REIT where he oversees the formulation and implementation of the REIT's strategic initiatives to deliver competitive and sustainable returns to the Unitholders. His key responsibilities include active portfolio management, developing and managing Hektar REIT's Annual Operating Plan and Corporate Balanced Scorecard, as well as providing support to Finance on fund raising exercises.

Fahmi has more than 10 years' experience in the areas of strategic planning, business development, and portfolio and operations management. Prior to joining Hektar REIT, Fahmi was with Iskandar Investment Berhad where he acquired considerable knowledge in corporate restructuring, property development and land matters. Fahmi graduated from London School of Economics and Political Science, United Kingdom with a Bachelor of Arts (Honours) degree in Actuarial Science.

THE MANAGEMENT TEAM

AIDA ZAINUDIN

Manager, Risk and Assurance

Aida brings a wealth of expertise to her role as Manager of Risk and Assurance at Hektar REIT, having joined the organization in March 2023. With a 20 years background in internal audit, corporate performance monitoring and reporting, and risk management, Aida plays a crucial role in supporting the ARMC and the Board, ensuring the establishment of effective governance, risk management, and internal control systems within Hektar REIT ensuring the organization operates at the highest level of integrity and efficiency.

Before joining Hektar REIT, Aida gained extensive experience at Maybank Berhad's internal audit department, initially as an internal auditor for Retail Financial Services and later as part of the audit secretariat team for Operations & Quality Unit, reporting to the Audit Committee of the Board and regulator. She then joined Dagang NeXchange Berhad (DNeX), where she accumulated 12 years of experience. Aida held significant positions at DNeX, spearheading corporate performance reporting initiatives and serving as the Head of Risk and Compliance Management. Her contributions included developing robust risk management frameworks and governance policies. Aida's commitment to operational efficiency and risk mitigation continued in her later role as DNeX's internal auditor, supporting the Group's Audit Committee in discharging their duties on governance, risk, and internal control functions.

Aida graduated from MARA University of Technology with a Bachelor of Accountancy (Honours).

ALVIN LIM CHEEN WEI

Manager, Secretarial & Compliance /
Compliance Officer

Alvin provides support in the areas of corporate secretarial and compliance in relation to the portfolio of Hektar REIT. He is the designated Compliance Officer under the Capital Market Services License (CMSL) granted to REIT Managers.

Alvin has more than 10 years of experience in corporate secretarial practice with private and public listed companies including Ekovest Berhad, Knusford Berhad, PLS Plantations Berhad, Lion Industries Corporation Berhad and Lion Posim Berhad.

Alvin graduated from the University of London, United Kingdom with a Bachelor of Laws (Honours) degree. Alvin is an Associate Member of the Institute of Chartered Secretaries and Administrators (ACIS) since 2013. He is a Chartered Secretary, governed by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a Chartered Governance Professional (CGP).

MUHAMMAD BAKHTIAR UL HAQ

Assistant Manager, Investor Relations,
ESG & Special Projects

Bakhtiar started his career as an educator before transitioning into corporate roles. He joined Hektar REIT in September 2019 as a Special Officer to the Chief Corporate Officer (CCO).

He was subsequently assigned responsibility for portfolio focusing on Investor Relations, ESG, and Special Projects. In this capacity, he assisted in engaging with external stakeholders to manage investor & public relations and successfully implemented diverse ESG-related action items across the portfolio. He spearheaded the HAMS Sustainability Secretariat with strategic guidance from the CEO & CCO, emphasizing Hektar REIT's exemplary commitment to sustainability. Additionally, he conducted benchmarking analysis and research for the Management team, while also overseeing the comprehensive process of sustainability reporting.

Bakhtiar holds a Master's in Financial Planning from SEGi University (Malaysia) and a Bachelor of Science in Applied Accounting from Oxford Brookes University (UK).

THE MANAGEMENT TEAM

PROPERTY MANAGER
(Key Management Team)

ALDELA PUSPA BT NORDIN

Chief Executive Officer

Aldela is the Chief Executive Officer of Hektar Property Services Sdn Bhd. She graduated from the University of Reading, United Kingdom, with a Bachelor of Science (Hons) majoring in Quantity Surveying.

Aldela has more than 30 years of experience in areas such as Facilities Management, Cost Optimisation, Contracts & Procurement and as a Quantity Surveyor.

Aldela began her career as a Quantity Surveyor in 1992 with Percon Corporation, a subsidiary of PNB. Thereafter, she joined Yeoh Tiong Lay (YTL) Corporation as Senior Contracts Executive, where she was involved in the Papua New Guinea Defense Force housing project worth USD50 Million. Subsequently, from 1996-2006, she joined Basar & Harun Sdn (BHS) as a Senior Consultant. In 2006, she joined Ahmad Zaki Resources Berhad (AZRB). Her last position was General Manager, Contracts before she moved to 1 Malaysia Development Berhad (1MDB) in 2011 as Vice President, Procurement for the Bandar Malaysia project. In 2012, she was the Chief Operating Officer with Global Globe (M) Sdn Bhd, where she headed the construction of the Industrial Building System (IBS). In 2013 she joined Sapura Resources Berhad (SRB) as the Head of Cost, Contracts & Procurement. She managed the facilities of office buildings, aircraft hangars, and ground handling of private jets. She was part of the Management Team of a joint venture with KLCC Holdings to construct Permata Sapura, a 55-storey office tower with an exhibition hall and a retail mall.

She then left to join Malaysian Resources Corporation Berhad (MRCB) in 2015 as General Manager, Contracts. In 2018, she joined Sapura Subsea Services Sdn Bhd (SSS), a subsidiary of Sapura Energy Berhad, as Head of Project Control and Services for diving works.

KHAIRUL ARIFFIN BIN IBRAHIM

Chief Operating Officer

Khairul Ariffin bin Ibrahim, the Chief Operating Officer at Hektar Property Services Sdn Bhd, has established a solid track record over two decades in change and quality management. At Airasia Bhd, as the Regional Head of Performance Improvement, he effectively implemented change and quality improvement initiatives.

Before his tenure at Hektar, Khairul Ariffin was integral to the Quality and Risk Management efforts at SapuraKencana Petroleum Bhd, culminating in his role as the Senior Manager of the Transformation Program Office.

Academically, Khairul Ariffin achieved his Bachelor of Business Studies in Accounting at Massey University, New Zealand, under the Renong Group Scholarship Trust Fund. He further advanced his education with an MBA, majoring in Marketing, from the Graduate School of Business at the National University of Malaysia.

Khairul also attended the esteemed GE Crotonville Leadership Training in Evendale, New York, USA, and holds a Lean Six Sigma Black Belt certification. These credentials reflect his commitment to professional growth and operational excellence, qualities he brings to his current role at Hektar Property Services Sdn Bhd.

REBECCA PHAN

Senior General Manager, Group Leasing and Marketing

Rebecca Phan has more than 35 years of dedicated experience in the shopping mall industry, where she has consistently played pivotal roles in Development Consultancy, Agency, and Mall Management. Recognized for her strategic acumen, Rebecca has become a driving force behind the success of numerous projects.

In her current role as the head of Leasing and Marketing activities for Hektar Group malls, Rebecca Phan leads with a belief in transformation to effectively fill up vacancies, working collaboratively with her team. Her leadership style encompasses aspects of being a mentor, trainer, and a team player within the company.

Before her tenure at Hektar, Rebecca held key positions in other reputable organizations. Notably, she served as the Assistant General Manager of Leasing, Center Management at Atria, Assistant General Manager of Leasing at Plenitude Berhad, and held Associate Director roles in both Knight Frank and DTZ Nawawi Tie Leung.

THE MANAGEMENT TEAM

MOHAMED BIN MOHD HANAFIAH

Centre Manager, **Subang Parade**

Mohamed is the Centre Manager for Subang Parade. He holds a Bachelor Degree in Human Resource Management from Universiti Teknologi Mara, Shah Alam.

Mohamed has more than 15 years of strong mall and facility management experience. He was previously with Island Plaza in Penang as Mall Operation Manager where he oversees the entire operations of the Plaza especially on leasing, marketing and the operations units.

Prior to that, he was with several other malls such as Plaza Alam Sentral as Senior Manager, KPI Bangi and Giant Sunway Ipoh as Complex Manager. Aside being involve in retail, he was also the Senior Manager, Business Development for a agriculture related company.

MOHAMAD SAHIR BIN JOHARI

Acting Centre Manager, **Mahkota Parade**

Sahir is currently the Acting Centre Manager. He has been with Mahkota Parade since 2014, joining as Maintenance Manager. He holds a Diploma in Building from Universiti Teknologi Mara (UiTM) and is currently pursuing further studies at Universiti Teknologi Malaysia in Property Management.

Sahir has more than 18 years of experience in projects and facilities management and has been involved in the refurbishment of old building structures & services at TM College, upgrading M&E infrastructure for Ibusawat Telekom, landscape refurbishment projects for Jabatan Lanskap Negara & Pusat Sains Negara and has implemented architectural design systems such as Industrialised Building System (IBS) for a few housing development projects for Seri Pajam Development Sdn. Bhd.

His past employment has been mostly in the construction industry which consists of procurement & supply chain management, site & cashflow planning and project management for various government and private sector projects. He has attended PPK's certification course in Shopping Mall Management (Operations & Maintenance) parts 1 & 2, Fire Warden Training, and Safety & Health Assessment Training and has been appointed as Mahkota Parade's joint management body (JMB) Secretary to comply with Strata Management Act 2013.

GENEVIEVE GAN

Centre Manager, **Wetex Parade**

Genevieve is the Centre Manager for Wetex Parade since 2015 and before that she was the Finance & Administration Manager from 2008 to 2014. She has more than 14 years of experience in the retail industry and is familiar with the market of northern Johor and Melaka. Prior to joining Hektar, she was an accountant for Takaso Rubber Products Sdn Bhd, a company manufacturing rubber products and responsible for the company's finance operation. She started her career in tax and audit in the accounting practice of KPMG Tax Services Pte Ltd and Stephen McLaren Consultants Pte Ltd in Singapore from 2001 to 2003, and thereafter worked in the audit division of Intel Technology Asia Pte Ltd in 2004. She graduated from Curtin University of Technology, Western Australia with a Bachelor of Commerce majoring in Accounting. She is a member of CPA Australia and completed her CPA Program in 2003. She is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia.

LOONG JEE YUNG

Centre Manager, **Central Square**

Loong is currently in charge of Central Square in Sungai Petani. For the past 14 years, he has been involved in property management, in different areas ranging from commercial, residential, hotel and resorts, as well as the retail industry. His knowledge, experience and expertise in building management have been an added value to the team. Prior to Hektar, Loong worked with Sunway Malls at Sunway Carnival, Penang and previously worked with Ireka Corporation and IGB Corporation. He is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia. Loong is also a member of the Malaysia Shopping Mall Association (PPK). He graduated with a Bachelors Degree in Business Information Technology from the University of Coventry, United Kingdom. He also holds an Advance Diploma in Estate Management from University of Greenwich, United Kingdom.

HAFIZA AB HAMID

Acting Centre Manager, **Segamat Central**

Hafiza is the Centre Manager of Segamat Central since 2021. Hafiza has more than 17 years' experience in the retail industry with expertise in leasing and marketing. Prior to joining Hektar, Hafiza was a Manager at Selayang Unggul Sdn Bhd, she has had extensive experience in the shopping mall business having worked with different mall operational teams and has successfully opened and operated U Sentral Mart (formerly known KIP Mart) as well and overseeing the overall management of a sizable retail centre covering leasing, marketing, tenant management and human resource functions. Over the years, based on her experience in managing shopping malls, she has built good rapport with various tenants and positive relations with government bodies and NGOs.

THE MANAGEMENT TEAM

NADZATUL SHIMA RADZALI

Centre Manager, **Kulim Central**

Nadzatul Shima assumed the role of Center Manager for Kulim Central in October 2023, bringing a wealth of expertise and leadership to her position. She holds a Bachelor's degree in Business Management with a major in Marketing from the prestigious University Sains Malaysia (USM) in 2008, providing a solid academic foundation. With over nine years of hands-on experience in mall operations, Shima previously served as the Mall Manager for GCH Retail (M), overseeing the Northern region, including Penang, Kedah, and Perlis, since 2015. During her tenure, she demonstrated exceptional proficiency in managing shopping centers, fostering positive relationships with various tenants, and navigating the intricacies of government bodies and non-governmental organizations (NGOs).

Shima's proactive approach to leadership is underscored by her ability to create and maintain positive relationships, a skill that has proven invaluable in the realm of retail management. As the Center Manager for Kulim Central, she continues to leverage her experience and strategic acumen to drive the centre's success, ensuring a thriving and harmonious environment for tenants and stakeholders alike.

ROZAIDI BIN MD RAMLI

General Manager, **Classic Hotel**

Rozaidi is the General Manager for Classic Hotel. He holds an Associate of Science Degree in Hotel Management from Swiss Hospitality Institute in Washington, USA. He also has a certificate in Food & Beverages Operation from the Institute Hotelier "Cesar Ritz" in Le Bouveret, Switzerland and a certificate in Hotel & Restaurant Service from UiTM.

Rozaidi is a true hotelier with more than 31 years in the hotel industry. His experience covers the entire hotel operations including sales & marketing, food & beverages operation and management, banquets and catering sales & operation as well as the operation side. He has had the opportunity to work with some well-known names such as Shangri-La KL as Event Manager, Sheraton Imperial Hotel KL as Senior Event Manager and the Malaysian Petroleum Club, KLCC as Operation Manager.

INVESTOR *Communications*

Since the IPO listing, the Manager has delivered presentations and papers in remiser briefings, equity roadshows, industry conferences & seminars and investors' meetings. Hektar Asset Management continues to cultivate a long-term approach to maintaining investor relationships through transparent and timely disclosures. The Investor Relations (IR) department practices are built upon firm adherence to a high standard of corporate governance and transparency. The Manager continues to remain committed to focusing on regulatory disclosures, engagement with research houses, and analysts providing information to individual and institutional investors. Coverage extends to regular updates to the website, public relations coverage and direct engagement with stakeholders from time to time. The Manager also engages with the media throughout the financial year with timely updates via press releases.

The Manager interacts actively with the investment community through multiple platforms to provide them with an in-depth understanding of the business performance, challenges and growth strategies as well as to address their concerns. These include regular communication with analysts and investors which is conducted every quarter following the release of quarterly results and ad hoc for material transactions and developments relating to Hektar REIT. Management aims to engage with potential investors for informational purposes and receive constructive feedback to gauge and monitor the overall perception of the REIT.

Hektar REIT's website contains comprehensive information on the REIT strategy, organisation, Manager, portfolio, and financials. The investor information section provides dividend information, current and historical quarterly presentations, annual reports, press releases and announcements in downloadable format. The Management strives to provide fair and transparent information to its investors through clear and consistent communications.

Other than the regulatory publicly released announcements and its corporate website, the Manager also seeks to engage Unitholders and the investment community through the following channels: i) Providing site visits to the portfolio; ii) distribution of Annual reports/Circulars to Unitholders and analysts; iii) Media and analyst quarterly briefings and retail briefings; iv) Distribution of market and REIT industry updates by our team; v) Stakeholders engagement lunches and dinners and vi) Other individual or group teach-ins, interviews, local/overseas conferences, conference calls, roadshows, and emails. The aim is to maintain regular communications with research houses, individual & institutional investors and the media.

Throughout the year, the IR team proactively engaged with analysts, resulting in official coverage from AmlInvestment Bank and HongLeong Investment Bank. AmlInvestment started covering Hektar REIT in August 2022 and HongLeong started its coverage in June 2023. The Manager and the IR team will continue to work with various securities firms and banks to expand our outreach to institutional investors, private banking clients, high-net-worth individuals and retail investors.

The Manager is also an active member of the Malaysian REIT Managers Association (MRMA) and has been participating in the quarterly meets and forums held by MRMA.

Investors are being kept informed through Notices of, and explanatory notes for annual general meetings ("AGM") and extraordinary general meetings ("EGM"). Unitholders are encouraged to attend and vote at the Company's Annual General Meeting ("AGM") and participate during the Q&A session. This allows the Board to comprehend Unitholders' concerns and respond to their questions, especially during the AGM. The Company's 11th AGM was held on 6 April 2023, and it was conducted virtually in line with Securities Commission guidelines.

INVESTOR COMMUNICATIONS

For new and prospective investors, a brief guide, fact sheet and detailed Frequently Asked Questions are available on the website. For more information, please visit the website at www.HektarREIT.com or contact:

The Manager

Investor Communications
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INVESTOR RELATIONS EVENT CALENDAR

Full Year Results Announcement FY 2022	23 February 2023
Final Distribution for FY 2022	24 February 2023
Annual Report 2022	28 February 2023
Annual General Meeting for FY 2022 (Virtual)	6 April 2023
First Quarter Results Announcement 2023	25 May 2023
Second Quarter Results Announcement 2023	28 August 2023
Second Quarter Distribution	16 October 2023
Third Quarter Results Announcement 2023	22 November 2023
Fourth Quarter/Full Year Results Announcement 2023	22 February 2024
Final Distribution for FY 2023	27 February 2024
Annual General Meeting for FY 2023 (Virtual)	25 April 2024

HEKTAR *in the Media*



HEKTAR REIT REVENUE RISES TO RM117.5m

HEKTAR REIT reported a 10% increase in revenue to RM117.5 million for the first quarter of 2023, compared to RM106.8 million in the same period last year. The increase was driven by higher occupancy rates and a mix of new and existing tenants.

07 April 2023 – New Straits Times



Hektar-REIT targets up to 85% overall occupancy

HEKTAR REIT is targeting up to 85% overall occupancy for its portfolio of properties by the end of 2023. The company is focusing on strategic leasing and operational efficiency to achieve this target.

07 April 2023 – The Star



CEOMORNINGBRIEF
Hektar REIT renewed 25% of leases by NLA expiring in 2023

HEKTAR REIT has renewed 25% of its leases by the end of the first quarter of 2023, as it approaches the end of the first quarter of 2023. The company is focused on maintaining a high level of occupancy and revenue.

07 April 2023 – The Edge Malaysia



Hektar Asset Management wins 'Company of the Year' at Sustainability & CSR Malaysia Awards 2023

HEKTAR ASSET MANAGEMENT has been named the 'Company of the Year' in the Sustainability & CSR category at the Sustainability & CSR Malaysia Awards 2023. The award recognizes the company's commitment to sustainable and responsible business practices.

27 July 2023 – The Star



Hektar REIT stays positive and resilient with strategic leasing for growth

HEKTAR REIT remains positive and resilient in the current market environment, supported by strategic leasing and operational efficiency. The company is focused on long-term growth and value creation.

28 August 2023 – The Star



Hektar REIT buying KYSM campus for RM150m

HEKTAR REIT has announced the acquisition of the KYSM campus for RM150 million. The acquisition is expected to enhance the company's portfolio and provide long-term growth opportunities.

13 September 2023 – New Straits Times

HEKTAR IN THE MEDIA

THE EDGE
MALAYSIA
BUSINESS & INVESTMENT NEWS

Hektar REIT diversifies retail portfolio after 12 years: eyes education, industrial assets

30 September 2023 – The Edge Malaysia

THE EDGE
MALAYSIA

Hektar REIT to install 13 EV charging stations across six malls

02 October 2023 – The Edge Malaysia

BH

KORPORAT

Hektar REIT raih dua anugerah emas ESG

08 November 2023 – Berita Harian

THE STRAITS TIMES

CORPORATE

Hektar REIT acquisition of KYSM aimed at growing ESG agenda in all new businesses

01 October 2023 – New Straits Times

The Star

Hektar REIT inks MoU with University of Reading Malaysia

Hektar REIT inks MoU with University of Reading Malaysia

30 November 2023 – The Star

CORPORATE *Governance*

The Manager of Hektar Real Estate Investment Trust ("Hektar REIT"), together with the Trustee, is committed to adopting the highest standards of corporate governance. Hektar REIT ensures that its day to day business affairs consider ethical behaviour, accountability, transparency and sustainability in its core practices. Under such commitment, Hektar REIT aims to acquire public trust and investor confidence which are essential to support the long term growth and sustainability of the organisation.

Hektar REIT

Hektar REIT is Malaysia's first retail-focused REIT listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006. Hektar REIT's main investment objective is owning and investing in income-producing real estate and real estate related assets which are primarily used for retail purposes.

Being a Trust structure, Hektar REIT does not engage any officers and employees directly but is externally administered by the REIT Manager who appoints professionally qualified and experienced personnel to manage its day-to-day operations. In return, the REIT Manager is remunerated by way of base fees and performance fees as disclosed in the Corporate Governance Overview Statement section of this Annual Report.

The Manager of Hektar REIT

Hektar REIT is managed by Hektar Asset Management Sdn Bhd ("the Manager") which was formed with a vision to set strategic directions in managing the REIT's assets and liabilities for the benefit of the Unitholders and to make recommendations to the Trustee on potential acquisitions, investments and enhancement of assets under management.

The Manager has general powers of management over the assets and liabilities of Hektar REIT for the benefit of its Unitholders inclusive of business planning, capital management and risk management of the Fund.

As required by the Capital Markets and Services Act 2007 ("CMSA"), the Manager holds a valid Capital Markets Services License ("CMSL") issued by the Securities Commission ("SC") to carry out REIT management activities.

The principal duty of the Manager is to manage and administer the REIT in accordance with Hektar REIT's Trust Deed, the applicable Laws and Requirements and acceptable business practices of the REIT sector in Malaysia.

Primary roles, functions and responsibilities of the Manager are (but not limited to) as follows:-

- i. Formulate Hektar REIT's investment strategy, including determining the location, sub-sector, type and other characteristics of Hektar REIT's portfolio;
- ii. observe and maintain high standards of integrity and fair dealing in managing the REIT to the best and exclusive interest of the Unitholders;
- iii. not act or conduct transactions in any manner which would result in unnecessary cost or risk to the REIT;
- iv. supervising and overseeing the Property Manager who performs the day to day property management functions concerning the REIT's property (including leasing, finance, marketing and promotion); and
- v. monitoring and ensuring compliance with all relevant regulatory filings, including but not limited to the Capital Markets and Services Act 2007, SC's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), Bursa Malaysia's Main Market Listing Requirements ("Listing Requirements"), Trust Deed and all relevant authority's guidelines.

Hektar REIT's portfolio currently consists of 6 quality shopping centres, namely Subang Parade in Subang Jaya, Mahkota Parade in Melaka, Wetex Parade in Muar, Central Square in Sungai Petani, Kulim Central in Kulim and Segamat Central in Segamat. Besides shopping centres, Hektar REIT also owns Classic Hotel in Muar, which is adjoined to Wetex Parade. Details of Hektar REIT's assets can be found under the "Portfolio Performance" section of this Annual Report.

CORPORATE GOVERNANCE

The Trustee

MTrustee Berhad was appointed as the Trustee for Hektar REIT via a Trust Deed executed by the Manager and the Trustee. The Trust Deed has been updated and amended in the form of the Amended and Restated Trust Deed to be consistent with the revamped Guidelines on Listed REITS, other relevant SC Guidelines and the Listing Requirements. The Trust Deed details out the roles, duties, obligations and powers of the Manager and the Trustee. Essentially, the Trustee and the Manager play countervailing roles against each other to ensure that the REIT's assets and liabilities are managed with efficiency and integrity for the benefit of the Unitholders.

Board Charter & Code of Ethics and Conduct

In addition to the Trust Deed, the Board of the Manager is also governed by the Board Charter, which outlines the principal roles of the Board, establishing the functions, responsibilities and powers of the Board and Board Committees. It also sets out the policies of the Board to ensure that the principles and practices of good corporate governance are applied in all their dealings involving Hektar REIT. The Board Charter is regularly reviewed to incorporate the latest statutory developments.

The Code of Ethics and Conduct ("Code") sets out policies and guidelines relating to the standards and ethics expected of all employees of the Manager. Separately, any specific procedures on the application of policies referred to in the Code will be spelt out in the Company's policies and procedures manual.

Fit & Proper Policy

The Board of the Manager is committed to drive sustainable value for the unitholders of Hektar REIT. The generation of long-term value is anchored on the alignment of interests between Hektar REIT's unitholders with that of the Manager's Board and Management.

In understanding the importance of driving objective and meritorious appointments at the leadership level, the Board has set out the Fit and Proper Policy for the Board and Senior Management of the Manager (the "Policy").

The Policy is an extension of the Manager's corporate governance framework and serves as a guiding document to ensure Directors and Senior Management possess the necessary traits and qualities required to perform their respective roles.

Anti-Bribery and Anti-Corruption Policy

The Board of the Manager had approved the establishment of Anti-Bribery and Anti-Corruption ("ABAC") Policy to ensure that adequate procedures are in place to prevent employees and person associated with the Company from behaviours contrary to commercial integrity which can compromise the Company's reputation. Any types of bribery and corruption such as promising, offering, giving, or accepting any incentive of any nature, directly or indirectly, to influence any type of decision to retain business for the benefit of the Company or of personal interest shall not be tolerated.

Financial reporting

It is the Board's commitment to provide a balanced and meaningful assessment of Hektar REIT's financial performance and prospects at the end of the financial year, primarily through annual financial statements and quarterly announcements of results to Unitholders.

CORPORATE GOVERNANCE

Statement on Director' Responsibility

In accordance with Paragraph 15.26(a) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of Hektar REIT as at the end of the accounting period and of their profit & loss and cash flows for the period ended. In preparing the financial statements, the Directors endeavour to ensure that applicable approved accounting standards issued by the International Malaysian Accounting Standards Board, the requirements set out in the REIT Guidelines, and the provisions of the Companies Act 2016 are applied.

In preparing the financial statements, the Directors endeavour to select and apply consistently suitable accounting policies and make reasonable and prudent judgments and estimates. The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Hektar REIT and to prevent and detect fraud and other irregularities.

External Audit

The Board maintains a transparent relationship throughout their association with the external auditors. The appointment of external auditors who is nominated by the Manager has been approved by the Trustee. The Trustee has re-appointed BDO Malaysia as the external auditors to conduct the statutory audit for the financial year ended 31 December 2023.

The Audit and Risk Management Committee ("ARMC") has also evaluated the reappointment of the External Auditors of Hektar REIT during the financial year ended 2023 to determine their suitability for re-appointment and independence. The appointment satisfies the requirements of Paragraph 15.21 under the Listing Requirements.

BDO is responsible for and has carried out the following external audit activities during the financial year under review:

- i. Presented the statutory audit plan, the scope of work and the result of the annual audit for the REIT; and
- ii. convened meetings with the Board and the Manager to discuss significant issues and results in relation to the statutory audit.

The remuneration of the external auditors is approved by the Trustee based on the Manager's recommendation. The remuneration for the external audit function in respect of the financial year ended 31 December 2023 amounted to RM133,000.

Dealings with Related Parties

For the financial year ended 31 December 2023, the ARMC is satisfied and hereby confirms that there were no material related party transactions and conflict of interest in respect of commercial transactions of the Manager. All commercial transactions executed by the Manager have complied with the SC's REIT Guidelines, the Deed and the Listing Requirements. The Manager has demonstrated to the ARMC that all business transactions were carried out in the best interest of Hektar REIT and were not detrimental to the interests of Unitholders.

Additional Compliance Information

- i. Sanctions and/or penalties

There are no public sanctions and/or penalties imposed on Hektar REIT, its Directors or the management of the Manager, by relevant regulatory bodies during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE

ii. Non-audit fees

The non-audit fees payable to the external auditors of Hektar REIT for the financial year ended 31 December 2023 amounts to RM44,000.

iii. Soft commission

For the year ended 31 December 2023, the Manager did not receive any soft commission.

iv. Variation in results

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2023 and the unaudited results previously announced during the quarterly announcement. Hektar REIT did not release any profit estimate, forecast or projection for the financial year.

v. Material contracts involving the interests of Directors and major Unitholders

There were no material contracts entered into by Hektar REIT involving the interests of the Directors and major Unitholders during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE

Overview Statement

This Corporate Governance Overview Statement provides an overview of the Corporate Governance practices of Hektar Real Investment Trust (“Hektar REIT”) for the financial year ended 31 December 2023. This report provides an insight on the framework applied and best practices in compliance to principles set out in the Malaysian Code on Corporate Governance (“MCCG”) as updated on 28 April 2021, the Securities Commission Guidelines on Listed Real Estate Investment Trusts, Capital Markets and Services Act 2007 and the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”).

The MCCG is based on three key principles of good corporate governance, which are:



This Corporate Governance Overview Statement should be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control, the Audit and Risk Management Committee Report, and Sustainability Statement.

The Board is satisfied that the practices set out in the MCCG apart from the practices prescribed for Large Companies as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year under review, except for the following practices:

- i. Practice 8.1: Disclosure on a named basis, the remuneration of individual directors.
- ii. Practice 8.2: Disclosure on a named basis the top 5 senior management’s remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Manager of Hektar REIT and the Board

A knowledgeable Board manages Hektar Asset Management Sdn Bhd (“the Manager/HAMSB”) with years of experience and a varied range of expertise encompassing legal, financial, and various other aspects of operations. The Board is responsible for the stewardship of Hektar REIT to enhance long term unitholders’ value while taking into account the interests of other stakeholders. The Board must act honestly, with due care and diligence and work in the best interest of the Manager and Hektar REIT at all times.

The Board has full control of the Manager and participates in matters relating to the Company’s overall management including corporate governance practices, strategic direction, acquisitions, business proposals, the review of business performances and business plans, as well as major capital expenditure, risk management, internal control, succession plans and sustainability initiatives.

The Board shall thoroughly and to the best of their knowledge evaluate all information presented to them in order to make informed decisions, taking into account the consequence to the shareholders including unitholders, minority unitholders as well as its stakeholders when discharging their obligations and authorising decisions for the Company. Decisions of the Board shall then be implemented by the Manager who shall be accountable for the execution of the strategic objectives established by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Senior Management in Sustainability

The Board together with management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board takes into account sustainability considerations when exercising its duties, including among others, the development and implementation of Company strategies, business plans, major plans of action and risk management. Strategic management of material sustainability matters is then driven by senior management.

The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders. For more information, please refer to the Sustainability Statement section of this Annual Report.

The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities. Performance evaluations of the Board and senior management include a review of the performance of the Board and senior management in addressing the Company's material sustainability risks and opportunities.

The Board has also identified a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.

Chairman of the Board and Chief Executive Officer

To maintain effective segregation of roles and responsibilities, Hektar REIT practices the separation of the positions of Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO"). Both positions have been held by separate persons as recommended under practice 1.3 of the MCCG. Such separation of roles between the Chairman and the CEO aims to promote robust deliberation by the Board and Management on the business activities of Hektar REIT.

En Hasli bin Hashim has been appointed as Chairman on 10 February 2023 until his resignation on 1 November 2023 due to personal commitments. Since the resignation, the position of Chairman has not been formally replaced. Instead, for Board meetings, a member other than the chairman of the Audit & Risk Management Committee will be selected as chairman of the day to chair the meeting.

Encik Johari Shukri bin Jamil, the Executive Director/CEO is responsible for ensuring the effective implementation of the Manager's and Hektar REIT's strategic plan and policies established by the Board, as well as managing the daily conduct of the business.

The Executive Director/CEO is accountable to the Board for the achievement of the Manager's and Hektar REIT's goals and objectives and is expected to act within the authorities delegated to him by the Board.

Company Secretaries

The Board and Board Committees are supported by two professionally qualified, experienced and competent Company Secretaries, Dato' Muhammad Hafidz Bin Nuruddin and Madam Lim Seck Wah who each have more than 20 years of experience in the corporate secretarial field.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The advice and services of the Company Secretaries are available to all the Directors to ensure that the Board receives appropriate and timely information for its decision-making, Board procedures are followed and that statutory and regulatory requirements are met. The Company Secretaries also assist the chairman in ensuring that all Directors are properly briefed on issues arising at Board meetings.

The Board is confident that the Company Secretaries are proficient in carrying out the appropriate duties to ensure the effective functioning of the Board.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Board Committees and their Roles

The Board is adequately resourced and supported by the following committees:

- i. Executive Committee ("EXCO");
- ii. Nomination and Remuneration Committee ("NRC"); and
- iii. Audit and Risk Management Committee ("ARMC").

All committees are accorded specific authorities and responsibilities to assist the Board in discharging its functions, duties and responsibilities effectively. Where a Committee is formed, specific terms of reference for the Committee shall be established in writing to cover matters such as the purpose, composition and functions of the Committees. The respective Committee terms of reference are available in the Board Charter and are published on Hektar REIT's website. The terms of reference of the Committee will be reviewed and updated to ensure their relevance to the Company's operations as well as compliance with legislation and standards.

The EXCO will review, scrutinise, deliberate and challenge the strategic issues and overall business proposals presented and the various Committees will report on their deliberations and recommendations to the Board. Ultimately, the Board will make the final decision taking into consideration the Committees' recommendation(s).

The composition, responsibilities and activities of the respective Committees are as follows:

EXCO

The EXCO comprises 3 members. The EXCO is chaired by Encik Johari Shukri bin Jamil and the members are Puan Zarina Halim and Mr Richard Ng.

Under the delegated authority limits conferred by the Board, the EXCO is tasked with the following responsibilities:

- i. Recommends to the Board concerning investments to be made or expenditure to be incurred in relation to Hektar REIT;
- ii. Making decisions about operations and management of Hektar REIT within stipulated authorised limit; and
- iii. Carrying out and undertaking such other functions as may be determined by the Board by unanimous resolution and to act as per the instructions of the Board.

The EXCO met 4 times during the financial year with full attendance by all members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NRC

The NRC comprises 3 members, all of whom are Independent Non-Executive Directors. The NRC is chaired by Encik Wan Kamaruddin bin Wan Mohamed Ali and the members are Puan Norliza binti Suleiman and Dr Chew Tuan Chiong.

The NRC is delegated by the Board to carry out the following functions:

- i. To identify and recommend candidates for new appointments, whilst managing the orientation and the provision of continuous training for Directors;
- ii. To assess the effectiveness of the Board and the Board Committees as a whole and the individual Directors, including the Independent Directors in light of the needs of the Manager, the REIT and the operating environment;
- iii. To assist the Board in remuneration matters of Directors in line with good corporate governance principles and practices; and
- iv. To work with the Board to develop a practical succession plan for the Directors and Senior Management of the Manager.

The NRC met twice during the financial year and all members during their tenure as NRC members attended the meeting.

The NRC ensured that the composition of the Board is refreshed periodically and the tenure of each director is reviewed by the NRC where the annual re-election of a director was contingent on satisfactory evaluation of the director's performance and contribution to the Board.

For the financial year ended 31 December 2023, the NRC had assessed, reviewed and recommended the appointment of Directors having regard to the individual's experience, contributions and performance, where required.

ARMC

For information on the composition, responsibilities and activities, please refer to the Audit and Risk Management Committee Report section of this Annual Report.

II. BOARD COMPOSITION

Composition and Diversity

The Board has 12 members (and 2 alternate directors), 2 of whom are non-independent non-executive. Represented on the Board are 5 independent non-executive Directors, whose presence are essential to protect the interests of unitholders of Hektar REIT and these Directors make significant contributions to the Company's decision-making by bringing in the qualities of objectivity and impartiality.

The composition of the Board reflects a balance of Executive Directors, Non-Executive Directors and Independent Non-Executive Directors from diverse professional backgrounds with vast experience, enabling the Manager to tap their expertise. The Directors collectively bring with them a wide range of experience and knowledge in areas such as business administration, accounting, finance, legal, engineering, construction, operations, property management and real estate development thus acting in the best interest of the Manager and Hektar REIT. The profile of each Director is set out in the "Board of Directors" section of this Annual Report.

The current Board composition complies with the Listing Requirements and has applied the recommendation of the MCGG whereby at least half of the board comprises independent directors.

With the composition of 41.6% of the Board held by Independent Directors, the Manager is of the view that the Board can uphold objectivity in reaching meaningful decisions in the best interest of all stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The MCCG also recommends the Board have at least 30% of women directors. The Board recognises that gender diversity makes good business sense, in line with the country's aspirational target of 30% representation of women Directors. The Board has 5 women Directors, representing about 41.6% of the Board composition.

The Board of Directors (the "Board") of the Manager is committed to driving sustainable value for the unitholders of Hektar REIT. The generation of long-term value is anchored on the alignment of interests between Hektar REIT's unitholders with that of the Manager's Board and Management. In understanding the importance of driving objective and meritorious appointments at the leadership level, the Board has set out the Fit and Proper Policy for the Board and Senior Management of the Manager.

Any appointment of new Directors of the Manager will be evaluated by the NRC and after that, formally appointed by way of a Board resolution. The search for candidates to be appointed is conducted through personal contacts and recommendations, and/or external search companies. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates meet the Board's objectives. In recommending the appointment of new Directors, the Board takes into consideration the current Board size and composition, including diversity of skills, the experience of the proposed candidate; and knowledge of matters relating to REIT Management.

The Directors appointed shall be able to devote the required time to serve the Board effectively. The Board shall consider the existing directorship positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company shall be avoided.

The Board shall ensure unitholders have the information they require to make an informed decision on the appointment and reappointment of a director which includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the REIT as a whole. The Board shall also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

As at the date of this report, none of the Directors held directorships in more than 5 listed issuers.

Directors' Training and Continuing Education Programme

During the financial period under review, all Directors have attended training programmes in compliance with the Listing Requirements.

The Manager ensures that the Board is regularly updated on new developments or changes in laws and regulations and financial reporting standards that are relevant to the Manager or Hektar REIT and the Internal Auditors update the Board on this at Board meetings. The Manager maintains a training record to track Directors' attendance at training and professional development courses.

Members of the Board are encouraged to attend relevant courses and seminars to keep themselves updated on development and changes in the operating environment relevant to Hektar REIT.

The Board ensures that the Directors attend various conferences and programmes to enhance their knowledge and expertise and to keep up to date with the relevant changes in laws, regulations and the business environment. The training programmes, conferences and seminars attended by the Directors during the year under review covered areas such as corporate governance, leadership, professional development, industry updates, financial and tax matters, amongst others.

The Company is a member of the Malaysian Institute of Corporate Governance ("MICG"). MICG regularly updates the Company on relevant Corporate Governance training programmes suitable for Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the current Directors of the Manager have attended training programmes during the financial year in compliance with the Listing Requirements. The details are as follows:

Director	Date	Events
Johari Shukri bin Jamil	21 March 2023	A Winner' Mindset
	14 April 2023	FTSE4 Good Dialogue With Bursa Malaysia
	17 – 18 May 2023	12 th Annual Shopping Malls Summit
	8 September 2023	Board Risk Management
	11 September 2023	Cross Border Seminar On Real Assets Investment Opportunities
	12 October 2023	A New Strategy & Risk Approach: Out With The Old In With The New
	2 November 2023	A Delicate Balance Board & Management Relationship
	22 November 2023	Module 2b: Business Challenges And Expectations - What Directors Need To Know (Fund Management)
	23 November 2023	Module 3: Risk Oversight And Compliance - Action Plan For Board Of Directors
Norliza binti Suleiman	8 – 10 August 2023	Malaysia SDG Summit: Iskandar Malaysia Sustainability Summit (IMSS) 2023
Wan Kamaruddin bin Wan Mohamed Ali	4 December 2023	Sukuk Fundamentals For Everyone

As shown above, the Directors of the Manager have attended various training programmes during the financial year, encompassing a variety of topics such as corporate governance, financial reporting and retail industry trends.

III. REMUNERATION

Hektar REIT being a Trust has no employees and the Directors sit on the Board of HAMSMB, as the REIT Manager. The Directors and senior management's remunerations are remunerated by the Manager, which is a privately-owned company.

The NRC shall assist the Board in determining a remuneration framework and terms of employment for Executive Directors and senior management personnel of the Manager. The Board, in determining the remuneration package for the Directors, takes into account the remuneration level that is competitive with the relevant market and industry and the NRC's recommendation.

The Board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the Company as well as the skills and experience required. The Board practices transparent remuneration policies and procedures and the remuneration of Executive Directors are based on individual performance. The Board confirms that the Directors do not participate in decisions regarding their remuneration.

All Directors receive Directors' fees and all Non-Executive Directors receive meeting allowances for their attendance at Board meetings and any other Board Committee meetings after require their presence. The policies and procedures are periodically reviewed and made available on Hektar REIT's website.

The details of the remuneration, on a named basis, for directors and top 5 senior management personnel are not disclosed in the Annual Report due to confidentiality, business and personal security concerns. The Board is also of the view that the disclosure of such information may put Hektar REIT in a disadvantageous position given the competition for talent in the industry where it operates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

An overview of the Director's remuneration for the financial year ended 31 December 2023 are as follows:

	RM
Salaries and Other Remuneration	1,011,851
Directors' Fees	638,310
Meeting Attendance Allowances	28,000
Total	1,678,161

The total top 5 senior management staff of HAMS B was remunerated with total salaries and other remuneration amounting to RM2,010,329 for the financial year ended 31 December 2023.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

All members of the ARMC are Independent Non-Executive Directors and are in line with the requirement of MCCG, which states that the ARMC should solely comprise Independent Directors. The Chairman of the ARMC is not the Chairman of the Board.

The ARMC ensures that the primary responsibilities are discharged in accordance with its terms of reference and has explicit authority to investigate any matter within its terms of reference. The ARMC has direct and full access to the internal and external auditors and complete discretion to invite any Director or executive officer to attend its meetings. Both internal and external auditors are given unrestricted access to the ARMC. Collectively, members of the ARMC have a good understanding of REIT operations and its financial reporting requirements and possess the necessary skills required to discharge their duties effectively. The ARMC members have extensive experience and knowledge in accounting, finance and legal matters.

II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of risk management to safeguard the interest of unitholders of Hektar REIT. The review and implementation of internal control systems to maintain the integrity of the businesses and assets is an essential part of the management strategy.

Further information on Risk Management and Internal Control is covered under "Statement on Internal Control and Risk Management".

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Unitholders and Relationship

The Manager recognises the importance of being accountable to investors of Hektar REIT and as such maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with Hektar REIT's investors, stakeholders and the general public. This is achieved principally through quarterly reports, interim reports, annual reports, annual general meetings and extraordinary general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the need to establish regular communication with its stakeholders to disseminate information on Hektar's activities, performance and other relevant events. Unitholders and investors can obtain an overview of performance and operations via the timely release of various announcements by the Company on Bursa Malaysia. Unitholders are also able to access the Investor Relations Department via Hektar REIT's website to seek clarification or post any queries that they may have.

Disclosure and Corporate Transparency

The Manager strives to uphold high standards of disclosure and corporate transparency. In line with Hektar REIT's disclosure obligations, all significant and material developments that could impact Hektar REIT's fundamentals, performance and developments are announced on Bursa Malaysia. Such information will be available to unitholders on Bursa Malaysia's website under 'Listed Companies'. Other information such as corporate and investor information is also disclosed on Hektar REIT's website.

Hektar REIT has established and maintained its website at www.hektarreit.com and all material information is available there. An investor relations section on the website is also regularly maintained, allowing the unitholders and other stakeholders to be informed of the past and current financial developments of Hektar REIT.

II. CONDUCT OF GENERAL MEETINGS

In efforts to strengthen the relationship between Hektar REIT and its unitholders, the Annual General Meeting and/or Extraordinary General Meeting serve as crucial mechanisms in communication.

The Chairman of the Board shall ensure that general meetings support meaningful engagement between the Board, senior management and unitholders. The engagement should be interactive and include robust discussion on, amongst others, the financial and non-financial performance as well as the long-term strategies. Unitholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

The Board ensures that the conduct of a virtual general meeting supports meaningful engagement between the Board, senior management and unitholders. This includes having in place the required infrastructure and tools to support, amongst others, a smooth broadcast of the general meeting and interactive participation by unitholders where questions posed by unitholders are made visible to all meeting participants during the meeting itself.

All unitholders are targeted to be given at least 28 days' notice prior to the Annual General Meeting, which exceeds the minimum requirement of 21 days, to enable good participation from unitholders. The notice includes details of resolutions proposed along with relevant explanations as required under the Trust Deed.

The Minutes of the Annual General Meeting or Extraordinary General Meeting are targeted to be published on the Hektar REIT website within 30 business days after the Annual General Meeting or Extraordinary General Meeting respectively.

AUDIT AND RISK MANAGEMENT *Committee Report*

COMPOSITION

The composition of the Audit and Risk Management Committee ("ARMC") is as follows:

Members

Puan Norliza binti Suleiman <i>(Chairman, Independent Non-Executive Director)</i>	Mr Philip Eng Heng Nee <i>(Independent Non-Executive Director) (Resigned wef 1 June 2023)</i>
En Wan Kamaruddin bin Wan Mohamed Ali <i>(Independent Non-Executive Director)</i>	Dr Chew Tuan Chiong <i>(Independent Non-Executive Director) (Resigned wef 6 December 2023)</i>
En Hasli bin Hashim <i>(Independent Non-Executive Director) (Resigned wef 10 February 2023)</i>	Datuk Siti Zauyah binti Md Desa <i>(Independent Non-Executive Director) (Resigned wef 12 December 2023)</i>
En Mahusni bin Hasnan <i>(Independent Non-Executive Director) (Resigned wef 8 May 2023)</i>	

Membership

The ARMC shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The members of the ARMC shall elect a chairman from amongst themselves who is an independent Director and who is not the chairman of the Board. The composition of the ARMC shall fulfil the requirements as prescribed in the Bursa Securities Malaysia Berhad Main Market Listing Requirements ("Listing Requirements"). Currently, all ARMC members comprise Independent Directors.

None of the members of the ARMC was a former key audit partner of the External Auditors of the Group.

Meetings

The ARMC shall meet at least 4 times annually. A majority of independent Directors present shall form a quorum.

TERMS OF REFERENCE

The Terms of Reference of the ARMC which are in line with the provisions of the Listing Requirements, the Malaysian Code on Corporate Governance and other best practices are available for reference on Hektar REIT's website at www.hektarreit.com.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 ARMC Meetings were held. The attendance of each member was as follows:

Name of Members	Attendance
Puan Norliza binti Suleiman	4/4
En Wan Kamaruddin bin Wan Mohamed Ali	4/4
En Hasli bin Hashim	0/0
En Mahusni Bin Hasnan	1/1
Mr Philip Eng Heng Nee	2/2
Dr Chew Tuan Chiong	2/2
Datuk Siti Zauyah binti Md Desa	2/2

The ARMC carried out its duties for the year in accordance with its Terms of Reference. Summary of the work carried out and discharged by the ARMC for the financial year are as follows:

Financial Results

Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements prior to submission to the Board for its consideration and approval.

Internal Audit

Reviewed the internal audit reports and ensured that action plans recommended are agreed upon and implemented by Management on a timely basis.

External Audit

- i. Reviewed and approved the external auditor's audit plan, audit approach and reporting requirements prior to the commencement of audit works for the year under review; and
- ii. Discussed the key audit matters and other audit focus areas raised by external auditors.

Risk Management

Reviewed the Risk Management Report containing the Risk Register on a semi-annual basis. Details of the risk management processes of the Manager are contained in the Statement on Risk Management and Internal Control of this Annual Report.

Related Party Transactions

Reviewed on a quarterly basis, the list of related party transactions involving interests of related parties who are directors of the Manager, substantial Unitholders of Hektar REIT and ultimate major shareholders of the Manager or persons connected to them.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Internal Audit function was outsourced and carried out by an independent and reputable firm, KPMG Management & Risk Consulting Sdn Bhd (“KPMG”) to assist the ARMC in discharging its duties and responsibilities. KPMG was responsible for carrying out the following internal audit activities during the financial year under review:

- i. to report to the ARMC and provide independent and objective reports on the adequacy and effectiveness of the Manager’s internal controls, risks and governance framework;
- ii. to issue an internal auditor’s report for the Manager’s response and implementation; and
- iii. to issue a final internal auditor’s report to the ARMC for deliberation and approval.

KPMG adopts a risk-based auditing approach, taking into account global best practices and industry standards consistent with the Manager’s objectives and goals.

The cost incurred for the internal audit function for the financial year ended 31 December 2023 amounted to RM124,000.

STATEMENT ON RISK MANAGEMENT AND *Internal Control*

INTRODUCTION

In accordance with the principles set out in the Malaysian Code on Corporate Governance 2017, it is imperative for a publicly listed company to establish a robust framework for risk management and internal control. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by The Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors (Board) is pleased to present this Statement on Risk Management and Internal Control. This statement provides a comprehensive overview of the key components of Hektar REIT's risk management system and internal control, assessing their effectiveness throughout the period under review.

BOARD'S RESPONSIBILITY

The Board recognises its overarching duty to institute and evaluate a robust risk management and internal control system. Actively participating in setting Hektar REIT's objectives and strategies, the Board assumes key responsibilities such as identifying principal risks, approving the Enterprise Risk Management Framework (ERMF), and evaluating the effectiveness of risk management practices. Integral to fostering an effective risk management and internal control culture, the Board plays a crucial role in shaping a governance structure, determining risk appetite, and delineating acceptable risk levels aligned with business and strategic goals. This comprehensive involvement extends to strategic planning, risk oversight, and the establishment of the Audit and Risk Management Committee (ARMC) to oversee risk, compliance, and internal controls.

The ARMC assists and reinforces the Board's oversight responsibilities by evaluating the management and operations of the REIT through the review and monitoring of the adequacy and effectiveness of systems of risk management systems and internal controls. The ARMC reviews the half-yearly or ad-hoc risk report prepared by the Risk Manager, focusing on significant risk profiles and deliberates on risk assessments and mitigation strategies, as well as considering reports and recommendations from both internal and external auditors. Subsequently, the ARMC reports to the Board to ensure key deliberations and decisions are communicated effectively.

Through updates from regular meetings, quarterly reviews of financial performance, and approval processes for acquisitions or investments, the Board stays well-informed about the REIT's risk profile and management efforts, ensuring robust oversight and mitigation of risks to safeguard Hektar REIT's assets and the interests of unitholders. Recognising the inherent limitations of any risk management and internal control system, the Board acknowledges that it provides reasonable, rather than absolute assurance, to achieve Hektar REIT's objectives and guard against material financial misstatements, losses, or fraud.

MANAGEMENT'S RESPONSIBILITY

The Manager and Property Manager play pivotal roles in ensuring the effective implementation of risk management and internal control measures for Hektar REIT, reflecting a commitment to excellence and ethical business conduct. The Manager oversees the risk related to the overall performance and strategy of the REIT's portfolio, while the Property Manager handles the day-to-day risks on operations and management of each individual portfolio. Both roles in the risk management are critical to the success of the REIT, and effective collaboration is essential, cultivating open communication and cooperation across various departments and teams to achieve the REIT's investment objectives and ensure the portfolios' profitability and sustainability. This ensures a holistic understanding of risks, leveraging insights from diverse stakeholders.

To enhance transparency and collaboration, the Management is committed to providing regular reports to the Board and relevant committees, offering valuable insights, updates, and recommendations on risk-related matters. This commitment underscores the dedication to fostering a culture of transparency within Hektar REIT. Furthermore, the Management is actively driving a culture of continuous improvement by consistently reviewing and enhancing risk management and internal control processes. Lessons learned from past experiences are carefully analysed, leading to adjustments and refinements in our strategies. This proactive stance ensures that Hektar REIT remains adaptive, resilient, and at the forefront of effective risk management practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

In delving into Hektar REIT's risk management landscape for the year 2023, we embark on a journey of exploration within a dynamic and ever-evolving landscape, one that requires thoughtful and deliberate consideration of potential challenges and opportunities. The foundation of our risk management strategy lies in our commitment to proactively identify and understand the diverse array of risks that could impact our strategic objectives and operations.

Embarking on this journey, we employ a comprehensive approach to risk identification, leveraging the expertise of our team and staying attuned to market conditions. Regular risk assessments involve a thorough examination of potential challenges, including market volatility, regulatory compliances, and operational intricacies of asset management.

Risk Governance & Oversight

Risk governance model at Hektar REIT has been designed to establish a structured, transparent, and effective framework. This approach actively involves both the Board and Senior Management in the risk management process, ensuring a shared understanding of risk across Hektar REIT. The emphasis lies on accountability, ensuring appropriate levels of independence and segregation of duties.

Hektar REIT maintains a robust risk governance structure led by the Board, which oversees the ARMC responsible for monitoring and managing risks. We foster a risk-aware culture, integrating risk considerations into our core values, strategic planning, and day-to-day decision-making processes.

Recognising the integral role of risk management and internal control in governance, the Board has instituted the following:

<p>✓</p> <p>Board of Directors</p> <p>Governing body responsible for setting the governance structure, risk appetite, and implementing risk management policies across the REIT</p>	<p>✓</p> <p>Audit and Risk Management Committee</p> <p>Oversee financial reporting, risk management, and internal controls</p>	<p>✓</p> <p>Internal Audit</p> <p>Review and assess the effectiveness of risk management processes within the REIT and provide recommendations to improve internal controls</p>
		<p>✓</p> <p>External Audit</p> <p>Assess the accuracy and reliability in financial reporting</p>
		<p>✓</p> <p>Risk Officer</p> <p>Oversees the identification, assessment, & management of risks within the REIT</p>
		<p>✓</p> <p>Risk Owners</p> <p>Responsible for identifying & managing specific risks within the REIT</p>
	<p>✓</p> <p>CEO & Senior Management</p> <p>Setting the overall direction and tone for managing risks within the company</p>	

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Appetite

Hektar REIT's risk appetite is a foundational element within our comprehensive risk management framework. It provides a principled guide for our decision-making processes, prioritising responsible risk-taking in harmony with our strategic objectives. By striking a balance between risk and return, it ensures the sustainable growth and resilience of our portfolios, contributing significantly to the long-term success of Hektar REIT.

In doing so, we maintain a steadfast commitment to preserving the interests of our valued unitholders and stakeholders. Our risk appetite is formulated to support the pursuit of growth opportunities while maintaining a prudent approach to risk management.

Throughout the financial year, the Board, guided by the ARMC's recommendation, has set the tone from the top and approved the following key risk appetite statements:

- Embracing growth opportunities and innovative technologies for operational efficiency and advancements to address potential threats.
- Upholding high corporate governance standards and zero-tolerance on bribery and corruption, ensuring strict compliance, robust internal controls, and avoiding erosion of stakeholders' trust.
- Maintaining financial prudence and ensuring liquidity to navigate unforeseen challenges.
- Prioritising the safety and well-being of all stakeholders and proactively managing potential challenges.
- Embracing sustainability and responsible environmental practices.

Our risk appetite encourages the identification and assessment of risks at an early stage, enabling the implementation of mitigation strategies and timely seizing of opportunities. We have clearly defined risk tolerance levels to provide guidance on the acceptable degree of risk exposure in various aspects of our operations. These tolerance levels undergo regular reviews to align with changes in market conditions, regulatory landscapes, and our internal risk assessments.

The risk appetite will undergo periodic reviews to ensure alignment with Hektar REIT's strategic objectives, risk management capabilities, and the evolving business environment. Any adjustments will be made with careful consideration of potential benefits and consequences.

Risk Management Framework

Hektar REIT ERMF represents a risk model designed to establish robust and effective risk management processes. This framework revolves around the identification, assessment, and management of risks that may impact Hektar REIT's business objectives, financial performance, reputation, and long-term sustainability.

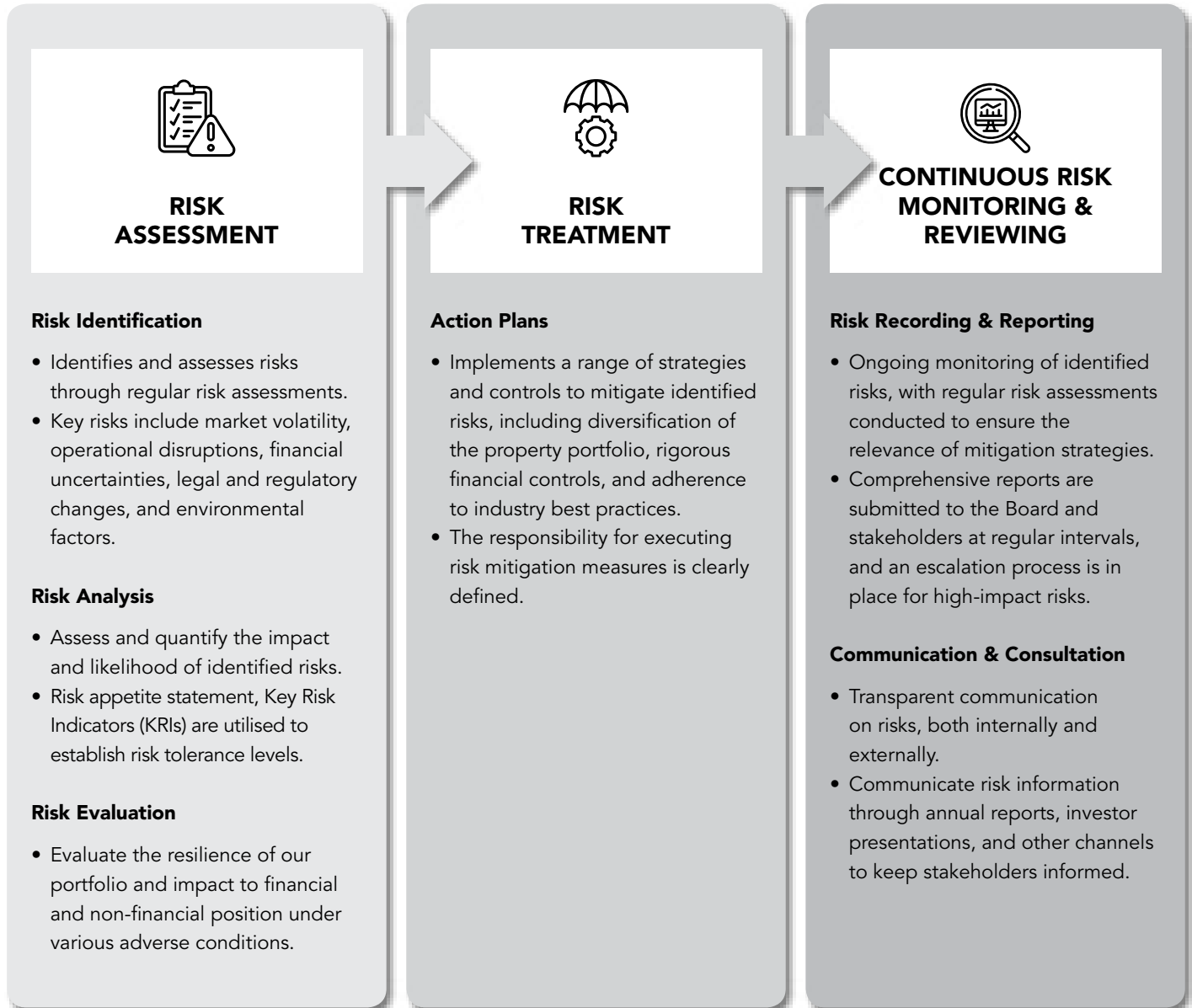
Aligned with the International Organisation for Standardisation ISO 31000:2018 – A Risk Practitioner's Guide, the ERMF serves as a benchmark to ensure the consistent implementation of risk management practices across Hektar REIT.

The ERMF serves as a foundational structure by primarily:

- establishes systematic and consistent processes for identifying, assessing, and monitoring risks within Hektar REIT.
- prioritises risks based on a well-defined set of criteria, considering both the likelihood and potential impact on Hektar REIT's strategic objectives.
- facilitates open communication between Management and the Board regarding risk management, fostering proactive decision making.
- fosters a culture of integrity, risk awareness, and ensures everyone is aware of their roles and responsibilities concerning risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The ERMF is structured to encompass the following components, illustrating Hektar REIT's commitment to a resilient and adaptive business model:



On a biannual basis, risk owners submit their risk registers to the designated Risk Officers. These registers are then consolidated, and a semi-annual Risk Report detailing significant risk exposures is prepared by the Risk Officer. Prior to presenting the report to the ARMC and Board, it undergoes a review by Senior Management. Additionally, ad-hoc risk reports will be generated whenever necessary to promptly address emerging risks and ensure transparency in risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The following is an overview of the non-exhaustive principal risks that the Manager has been actively monitoring in the financial year ending 31 December 2023, alongside the key mitigation measures crafted to adeptly manage them.

Market Risk

Potential adverse impact on the value of assets and financial performance due to changes in economic conditions, consumer behavior, and market trends.

- The risk can manifest through changes in economic conditions, shifts in consumer behavior stemming and market trends, resulting in decreased foot traffic, declining occupancy rates, diminished rental income, and potential depreciation of property values.
- To proactively address these challenges, we employ comprehensive market analysis and leverage data analytics for well-informed decision-making. Our risk mitigation strategy involves the implementation of diversification initiatives within our portfolio. This includes exploring alternative revenue streams, attracting a diverse mix of retailers and tenants, exploring new market segments, and allowing for rental adjustments to ensure tenant retention.

Liquidity & Gearing Risk

Potentially impeding Hektar REIT's capacity to cover operational expenses, meet debt obligations, and pursue growth initiatives. Elevated gearing levels can intensify financial risks, reducing financial flexibility and heightening sensitivity to changes in interest rates.

- Liquidity risk may emerge due to unforeseen disruptions in cash flow, while gearing risk stems from the proportion of debt structure. Economic downturns, unexpected market conditions, or disruptions to rental income can significantly amplify risks.
- To proactively address these challenges, we prioritise prudent cash flow management and explore alternative financing options, maintaining flexibility in refinancing arrangements. Diversifying our funding sources with a balanced mix of debt and equity helps reduce dependence on a single channel, while negotiations for favorable terms and exploration of debt restructuring opportunities further fortify our financial resilience.
- Ensuring transparent communication with stakeholders is integral. By providing regular updates on the REIT's financial health, liquidity position, and gearing levels, we cultivate investors' confidence and provide the necessary information for strategic decision-making.

Legal & Regulatory Compliance Risk

Failure to adhere to legal and regulatory requirements may result in legal actions, fines, reputational damage, and disruptions to business operations. It can also impact relationships with stakeholders and hinder the REIT's ability to achieve strategic objectives.

- Non-compliance may arise due to factors such as evolving legal frameworks, changing regulatory requirements, lack of awareness, or oversight in adapting to new industry standards.
- To effectively tackle these challenges, we establish a dedicated legal and compliance team or engage legal advisors to stay abreast of the dynamic legal and regulatory landscapes. Furthermore, we conduct thorough compliance checks to assess adherence to relevant laws and regulations by our employees and business, aligning with our established risk appetite. This involves a meticulous review of leases, contracts, and operational processes to identify potential areas of non-compliance.
- In our commitment to fostering a culture of compliance, we implement comprehensive education and training programs for all employees. This ensures that our team is well-informed about the latest legal and regulatory requirements. Regular updates and awareness sessions contribute to cultivating a compliance-centric culture, thereby minimizing potential risks associated with legal and regulatory matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Environment & Climate Change Risk

The REIT recognises the implications of its day-to-day operations on climate change, primarily stemming from the emission of Carbon Dioxide (CO₂) and Greenhouse Gases (GHG). This emission potential poses a multifaceted risk, encompassing, increased maintenance costs, operational disruptions, and the threat of legal or regulatory penalties for non-compliance with stringent environmental standards.

- The emission of CO₂ primarily arises from diesel consumption to power generators across our diverse portfolio of properties. Similarly, GHG emissions result from the business travel facilitated by employee-owned vehicles, which include both fuel consumption and mileage claims.
- In response to these challenges, we undertake comprehensive environmental impact assessments for existing properties. This meticulous process involves a thorough evaluation of vulnerabilities to climate-related risks, paving the way for the strategic implementation of resilience-enhancing measures.
- Moreover, a commitment to sustainability is embedded in our property management practices. We actively integrate sustainable initiatives, incorporating energy-efficient technologies, waste reduction programs, and water conservation measures.

Technology Risk

Potential threats and vulnerabilities arising from our reliance on technology pose the risk of data breaches, potentially compromising sensitive information, causing operational disruptions, and creating challenges in keeping pace with industry advancements.

- To fortify our defenses, we proactively implement robust cybersecurity measures. These include the deployment of firewalls, encryption protocols, and regular security audits. This comprehensive approach ensures the protection of sensitive data and minimises the risk of unauthorised access.
- Our IT infrastructure incorporates stringent IT General Controls (ITGC) seamlessly connected with cloud-hosted applications supported by our trusted vendor. The software is purposefully designed to meet the intricate financial management needs specific to the real estate and property management industries.
- To ensure operational resilience, we consistently test backup and recovery plans on OneDrive cloud storage platform, allowing for the swift restoration of systems and data in the event of technological failures. This proactive measure guarantees business continuity and minimises potential downtime.
- In our commitment to remaining competitive amid technological advancements, we strategically invest in technology upgrades and innovations. This not only enhances operational efficiency but also positions us as a resilient player in the ever-evolving landscape of technology within the shopping mall and hotel segments.

Regular engagement and feedback mechanisms help strengthen our risk management framework. The Manager will constantly review and reinforce the ERMF to remain relevant and effective given the present and future business environment, operating procedures, legislative or best practices in relation to risk management.

The ERMF will be reviewed on a periodic basis at least once every three years or as and when there are key changes in operating procedures, legislative or best practices in relation to risk management to ensure that it remains aligned with the evolving risk landscape and business strategy.

INTERNAL CONTROLS

The Management has proactively instituted a diverse array of processes to strengthen our internal control framework, placing a particular emphasis on safeguarding our assets and optimising operational efficiency. At the core of Hektar REIT's robust internal control environment are key elements that form the cornerstone of our governance and risk management practices. These elements encompass:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Segment	Key Internal Control Elements
Delegation of Authority	<p>Hektar REIT delineates clear lines of responsibility and authority, fostering agile responses to the dynamic business environment. Consequently, the Board delegates its approving authority for certain activities to the Management through a well-defined Discretionary Authority Limit (DAL). The DAL serves as a fundamental governance framework, formally bestowing functions and controls upon the Management while maintaining specific oversight and supervisory functions.</p> <p>It effectively manages the business decision-making process within the Hektar REIT, offering a robust structure for authority, accountability, and segregation of duties to facilitate effective decision-making at the appropriate levels. Nevertheless, significant matters are specifically reserved for the exclusive consideration and decision-making of the Board.</p>
Organisational Structure	<p>A well-defined organisational structure is foundational for Hektar REIT, providing a robust framework for internal control and risk management processes. This structure is instrumental in promoting accountability, transparency, and operational efficiency.</p> <p>Each role and position within Hektar REIT are characterised by clearly delineated responsibilities and accountabilities. This clarity is paramount for establishing lines of authority, ensuring individuals are cognizant of their roles in internal control processes and risk management activities. Additionally, the clear segregation of duties minimises the risk of errors or fraudulent activities. By assigning specific tasks to different individuals or departments, a built-in system of checks and balances is established, helping prevent conflicts of interest and unauthorised activities.</p>
Annual Operating Plan ("AOP") and Performance Management	<p>We conduct a comprehensive annual budgeting and forecasting exercise that spans all business and operating units, aiming to align strategic initiatives with Hektar REIT's forward-looking business objectives. Each operating unit assumes the responsibility of formulating an exhaustive analysis of strategic priorities, engaging in a meticulous budgeting process, and participating in a collaborative brainstorming session before finalising the five-year operating plan.</p> <p>The Board rigorously examines the Management's undertakings, ensuring thorough consideration of various opportunities and risks throughout the strategic plan's development. After a comprehensive review and deliberation process, the Board formally approves the annual strategic plan and budget.</p> <p>Subsequently, the Board-endorsed strategic plan and annual operating plan are disseminated throughout Hektar REIT, serving as the cornerstone of the Corporate and Business Unit's scorecard for execution. Every division undergoes meticulous evaluation against the approved budgets and corporate objectives, with justifications provided for any significant variances. This meticulous process guarantees alignment with our strategic goals and upholds financial stewardship across Hektar REIT.</p>
Human Capital Management	<p>Our approach involves a comprehensive strategy encompassing ongoing training programs, skill assessments, and strategic recruitment initiatives, all aimed at enhancing our collective human capital capabilities.</p> <p>The Management meticulously selects employees with the requisite competencies, ensuring that those steering key operations are not only skilled but also embody the essential qualities of professional integrity in their conduct.</p> <p>To keep our workforce abreast of the constantly evolving business landscape, we identify and implement training and development programs. These initiatives are specifically designed to equip employees with the knowledge and competencies necessary to align with Hektar REIT's business objectives. Additionally, we employ a robust performance monitoring system, serving as a tool to assess performance against key financial, customer, internal business process, and learning and growth indicators. This proactive approach underscores our commitment to fostering a skilled and high-performing workforce aligned with our strategic goals.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Segment	Key Internal Control Elements
Internal Control Policy	<p>We have integrated and documented elements of internal control through the development of policies and standard operating procedures (SOPs). In a continuous effort to enhance our processes, we have established and improved various policies and SOPs in critical areas, including finance, legal, secretarial and compliance, and risk management. This ongoing refinement is strategically designed to foster continuous improvements, ensuring a consistent, efficient, and compliant approach across all our operations.</p> <p><u>Establishment of Anti-Bribery and Anti-Corruption Policy (“ABAC”):</u> On 25 May 2023, the Board sanctioned the implementation of the ABAC to institute stringent procedures preventing any individuals affiliated with the Hektar REIT from participating in corrupt and bribery practices. The policy expressly prohibits any form of corruption or bribery, whether direct or indirect, with the intent to influence decisions that may confer undue benefit or advantage upon Hektar REIT. This policy underscores our steadfast commitment to upholding principles of good governance and transparency. It serves as a guide for employees and related parties, directing them to conduct business with honesty, fairness, and high ethical standards, thereby safeguarding the esteemed reputation of Hektar REIT.</p> <p><u>Enhancement of Policies and Procedures:</u> Throughout the financial year, the Board approved the enhancement of the following policies:</p> <ul style="list-style-type: none"> • Code of Conduct and Ethics (“CoCE”) The CoCE comprises policies and guidelines delineating the standards and ethics expected of all employees in the execution of their duties. Crafted to maintain discipline and order across all levels within the workplace, the Code precisely outlines circumstances constituting a breach and the consequential actions that may be taken in response. Strict adherence to the Code is mandatory for all employees, ensuring a consistently high level of discipline and integrity in the discharge of their responsibilities. • Whistleblowing Policy Revamped to establish a well-organized mechanism for employees and reporting parties to voice concerns or disclose suspected or known misconduct, the Whistleblowing Policy is overseen by a dedicated channel. Individuals may submit their disclosures through the designated Whistleblower Report Form to ensure a streamlined process. Aligned with the imperative for a thorough investigation, the Board guarantees the utmost confidentiality in handling the whistleblower’s identity and report. • Enterprise Risk Management Framework The enhanced ERMF embodies a proactive and holistic strategy for identifying, assessing, and mitigating risks. The framework places paramount importance on a thorough review of existing risk registers, integrating emerging risks, and implementing proactive risk mitigation strategies. The primary objectives are to enhance the efficiency of the ARMC and the Board in risk oversight, aiding informed decision-making by precisely evaluating both risks and opportunities. This is realised through the establishment of a structured ERM Policy, transparent communication of a Risk Appetite Statement aligning with goals, and a well-defined oversight structure outlining responsibilities. The refined risk management approach includes notable enhancements to risk assessment, treatment processes, and continuous monitoring, with the overarching goal of fostering a culture of risk awareness and resilience throughout Hektar REIT. • Material Outsourcing Arrangement SOP The SOP has undergone a comprehensive enhancement aimed at strengthening controls within the outsourcing process. Notable improvements include the introduction of robust due diligence measures, encompassing background checks, application and declaration processes, and referencing the Code of Corporate Ethics (CoCE). The re-appointment controls were refined to incorporate assessments on frequency, mandatory supporting documents, and necessary approvals. Furthermore, key principles such as role delineation, risk mitigation controls, procedural documentation, timelines, and segregation of duties have been embedded in each process. To ensure ongoing relevance and appropriateness, a recurring review process has been instituted. These enhancements firmly underscore our unwavering commitment to rigorous governance and risk management practices within our outsourcing procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Segment	Key Internal Control Elements
Independent Audit	<p>For the year under review, the Board and ARMC have received independent and objective assurance from both internal and external auditors of the REIT. The appointed internal auditor performs crucial functions to evaluate and strengthen internal controls. Their responsibilities encompass conducting audits based on an approved audit plan by the ARMC. This involves assessing the design and effectiveness of internal controls across various operational aspects. Through rigorous testing procedures and risk assessments, the internal auditor identifies areas of vulnerability and provides recommendations for improvement. Collaborating closely with Management, they develop remediation plans and monitor the implementation of corrective actions to enhance control effectiveness.</p> <p>Meanwhile, the external auditor plays a vital role in assessing the reliability of Hektar REIT's financial statements through evaluations of internal controls over financial reporting, providing assurance on the accuracy and fairness of the REIT's financial information.</p>
Communication and Feedback	<p>In recognition of the paramount importance of timely information dissemination, the Board is unwavering in its commitment to upholding transparency and accountability to unitholders, stakeholders, and the general public.</p> <p>To ensure unitholders and investors are well-informed about significant developments within Hektar REIT, the Board employs diverse communication channels, including the timely distribution of information and the issuance of disclosures and announcements to Bursa.</p> <p>To foster engagement with stakeholders and manage financial and corporate development announcements effectively, the REIT has established platforms and communication channels. These measures also help in mitigating reputation issues that may negatively impact the corporate image.</p> <p>Furthermore, the CEO actively engages with the media through business interviews, analyst briefings, and press releases. All relevant information is easily accessible online on the company's website and through digital communication channels such as social media and video conferencing.</p> <p>The Strategic Communications Department serves as the primary point of contact for Hektar REIT, consistently collecting, analysing, and addressing ongoing feedback. This proactive approach ensures that relevant stakeholders are promptly apprised of potential opportunities or risks, along with corresponding action plans and control measures for each scenario.</p> <p>Within the REIT, a culture of open communication thrives. The CEO, who chairs regular meetings and quarterly employee engagement activities, actively engages in sharing company news, information, and updates with employees across the company.</p>
Monitoring	<p>To gauge the effectiveness of our internal controls, routine monitoring activities are diligently conducted. Utilising budget monitoring, key performance indicators and control assessments, we pinpoint areas for enhancement, steering corrective actions as needed.</p> <p>On a monthly basis, the Management convenes to scrutinise business performance, financial standing, operational matters, and risks and issues management. This proactive engagement ensures the provision of support to business units, enabling them to fulfil their assigned duties effectively.</p> <p>Quarterly or as deemed necessary, the Management furnishes the ARMC and the Board with comprehensive reports, analysing and highlighting variances. This thorough examination, considering macroeconomic factors and associated business risks, ensures that the Board is apprised of significant control issues concerning internal controls, risk management, and regulatory compliance. This mechanism guarantees that our business objectives remain aligned, and any required remedial actions are promptly undertaken.</p>

MANAGEMENT COMMITMENT

The Board has received reasonable assurance from the CEO and Senior General Manager, Finance, affirming the robustness and effectiveness of Hektar REIT's risk management and internal control system. This endorsement underscores our commitment to maintaining a resilient framework that upholds the highest standards of governance. The Management is dedicated to fulfilling its fiduciary duties to the Board and will vigilantly monitor all significant risks impacting Hektar REIT. In the event of emerging risks, the Management stands ready to implement necessary measures to mitigate them effectively.

This statement is issued in accordance with the resolution of the Board dated 22 February 2024.

MANAGER'S *Report*

Hektar Asset Management Sdn Bhd, the Manager for Hektar Real Estate Investment Trust ("Hektar REIT" or the "Trust"), has the pleasure in presenting its report together with the audited financial statements of the Trust for the financial year ended 31 December 2023.

Hektar REIT was constituted on 5 October 2006 pursuant to the Deed dated 5 October 2006 and the supplementary deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021) between MTrustee Berhad as the Trustee and Hektar Asset Management Sdn Bhd as the Manager. The Deed was registered with Securities Commission Malaysia (SC) on 29 March 2021. Hektar REIT is regulated by the SC's Guidelines on Listed Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant laws and regulations.

Hektar REIT is Malaysia's first retail-focused REIT listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006.

Hektar REIT's main investment objective is owning and investing in income-producing real estate and real estate related assets which are primarily used for retail purposes.

DIRECTORS

The Directors of the Manager who have held office during the financial year until the date of this report are as follows:

Johari Shukri bin Jamil

Wan Kamaruddin bin Wan Mohamed Ali (Appointed w.e.f. 10 February 2023)

Norliza binti Suleiman (Appointed w.e.f. 10 February 2023)

Richard Ng (Resigned w.e.f. 6 December 2023)

Philip Eng Heng Nee (Resigned w.e.f. 6 December 2023)

Datuk Siti Zauyah Md Desa (Appointed w.e.f. 1 June 2023 & Resigned w.e.f. 12 December 2023)

Dr Chew Tuan Chiong (Appointed w.e.f. 1 June 2023 & Resigned w.e.f. 6 December 2023)

Hasli bin Hashim (Appointed Chairman w.e.f. 10 February 2023 & Resigned w.e.f. 1 November 2023)

Mahusni bin Hasnan (Resigned w.e.f. 25 May 2023)

Zarina Halim (Resigned w.e.f. 15 January 2023)

Tan Loo Ming (Resigned w.e.f. 6 December 2023)

Pauline Lim Poh Noy (Resigned w.e.f. 1 June 2023)

DIRECTORS' BENEFITS

For the financial year ended 31 December 2023, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by Hektar REIT or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest save and except for Note 24 as disclosed in the notes to the financial statements.

There were no arrangements during the financial year ended 2023, which had the objective of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of Hektar REIT or any other corporate body.

DIRECTORS' INTERESTS

According to the register of depository of Hektar REIT, the Directors of the Manager in office at the end of the financial year did not have any interests in units in Hektar REIT during the financial year.

MANAGER'S REPORT

SOFT COMMISSION

There was no soft commission received by the Manager during the financial year from any broker or dealer by virtue of transactions conducted for Hektar REIT.

OTHER INFORMATION

- (a) Before the financial statements of the Trust were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.
- (b) At the date of this report, the Manager is not aware of any circumstances which would:
 - (i) render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Trust inadequate to any substantial extent; and
 - (ii) render the values attributed to the current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Trust misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability of the Trust which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
 - (i) the results of the operations of the Trust during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made; and
 - (iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months (12) after the end of the financial year which would or may affect the ability of the Trust to meet their obligations when they fall due.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 30 to the financial statements.

MANAGER'S REPORT

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager.

Johari Shukri Bin Jamil

Executive Director
Chief Executive Officer

Norliza Binti Suleiman

Chairman, Audit & Risk Management Committee
Independent Non-Executive Director

Kuala Lumpur
22 February 2024

STATEMENT BY
Directors of the Manager

In the opinion of the Directors of Hektar Asset Management Sdn. Bhd. ("the Manager"), the financial statements set out on pages 139 to 172 have been drawn up in accordance with the provisions of the Trust Deed dated 5 October 2006 and as amended by two Supplemental Trust Deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021 between Hektar Asset Management Sdn. Bhd. and MTrustee Berhad ("the Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust") as at 31 December 2023 and of the financial performance and cash flows of the Trust for the financial year then ended.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager.

Johari Shukri Bin Jamil

Executive Director
Chief Executive Officer

Norliza Binti Suleiman

Chairman, Audit & Risk Management Committee
Independent Non-Executive Director

Kuala Lumpur
22 February 2024

STATUTORY *Declaration*

I, Johari Shukri Bin Jamil, being the Director of the Manager, Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 139 to 172 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this)
22 February 2024)

Johari Shukri bin Jamil

Before me:-

TRUSTEE'S *Report*

We, MTrustee Berhad, have acted as Trustee of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust") for the financial year ended 31 December 2023.

In our opinion and to the best of our knowledge, Hektar Asset Management Sdn. Bhd. ("the Manager") has managed Hektar REIT during the period covered by these financial statements, set out on pages 139 to 172, in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the Trust Deed dated 5 October 2006 and as amended by two Supplemental Trust Deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021, the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and the applicable securities laws.

We have ensured that the procedures and processes employed by the Manager to value/price the units of Hektar REIT are adequate and that such valuation/pricing is carried out in accordance with the Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2023 are in line with and are reflective of the objective of Hektar REIT.

For and on behalf of the Trustee,
MTrustee Berhad

Nurizan binti Jalil
Chief Executive Officer

Selangor, Malaysia
22 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF

Hektar Real Estate Investment Trust

(Established in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust"), which comprise the statement of financial position as at 31 December 2023 of the Trust, and statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of the Trust for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 139 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Trust in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Trust for the current year. These matters were addressed in the context of our audit of the financial statements of the Trust as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

As disclosed in Note 5 to the financial statements, the Trust's investment properties were measured as RM1,232,700,000 as at 31 December 2023.

There were significant judgements and estimates used by management in relation to the valuation of Trust's investment properties including allowance for void, term yield rates, reversionary yield rates and discount rates.

Audit responses

Our audit procedures included the following:

- (i) Discussed with management of their process for reviewing the work of the independent valuers;
- (ii) Assessed the competency, independence and integrity of the independent valuers;

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

Key Audit Matters (continued)

Audit responses (continued)

Our audit procedures included the following: (continued)

- (iii) Tested the integrity of the data provided to the independent valuers to underlying lease agreements; and
- (iv) Benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the allowance for void, term yield rates, reversionary yield rates and discount rates.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Trust and our auditors' report thereon.

Our opinion on the financial statements of the Trust does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Trust, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Trust or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Directors of the Manager and Trustee for the Financial Statements

The Directors of the Manager are responsible for the preparation of financial statements of the Trust that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards and the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia. The Directors of the Manager are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Trust that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Directors of the Manager maintain proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Trust, the Directors of the Manager are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

Auditors' Responsibility for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Trust.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Trust, including the disclosures, and whether the financial statements of the Trust represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Hektar REIT to express an opinion on the financial statements of the Hektar REIT. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia)

Other Matters

This report is made solely to the Unitholders of the Trust in accordance with the Securities Commission's Guidelines on Real Estate Investment Trust in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206

Chartered Accountants

Kuala Lumpur
22 February 2024

Lu Yan Fen

03803/11/2025 J

Chartered Accountant

STATEMENT OF *Financial Position*

As At 31 December 2023

	Note	2023 RM	2022 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	414,238	45,538
Investment properties	5	1,232,700,000	1,206,080,000
		1,233,114,238	1,206,125,538
Current assets			
Trade receivables	6	3,510,934	4,491,594
Other receivables, deposits and prepayments	7	14,917,200	1,736,666
Cash and bank balances	8	63,307,084	23,152,897
		81,735,218	29,381,157
TOTAL ASSETS		1,314,849,456	1,235,506,695
LIABILITIES			
Non-current liabilities			
Other payables and accruals	10	25,477,419	25,581,891
Bank borrowings	11	559,228,255	542,443,790
Deferred tax liabilities	12	30,877,532	28,230,834
		615,583,206	596,256,515
Current liabilities			
Trade payables	9	7,348,647	5,652,838
Other payables and accruals	10	16,187,967	26,635,774
Bank borrowings	11	3,000,000	9,000,000
		26,536,614	41,288,612
TOTAL LIABILITIES		642,119,820	637,545,127
NET ASSET VALUE ("NAV")		672,729,636	597,961,568

STATEMENT OF FINANCIAL POSITION

As At 31 December 2023

	Note	2023 RM	2022 RM
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	13	560,886,684	496,731,949
Undistributed income - realised		53,627,660	66,967,629
Undistributed income - unrealised		58,215,292	34,261,990
TOTAL UNITHOLDERS' FUNDS		672,729,636	597,961,568
NUMBER OF UNITS IN CIRCULATION	13	581,415,073	471,260,178
NAV PER UNIT (RM)			
Before the proposed final income distribution ¹		1.1571	1.2689
After the proposed final income distribution ²		1.1341	1.2159

¹ Before the proposed final income distribution of 2.30 sen per unit (2022: 5.30 sen per unit)

² After the proposed final income distribution of 2.30 sen per unit (2022: 5.30 sen per unit)

The accompanying notes form an integral part of the financial statements

STATEMENT OF PROFIT OR LOSS AND *Other Comprehensive Income*

For the Financial Year Ended 31 December 2023

	Note	2023 RM	2022 RM
Gross revenue	14	111,497,331	117,446,102
Property operating expenses	15	(51,451,086)	(58,759,205)
Net property income		60,046,245	58,686,897
Income from Fund Placements		1,459,462	1,609,111
Sundry income		756,329	1,757,983
Bad debts recovered		45,000	-
Change in fair value of investment properties	5(f)	26,600,000	41,600,000
Total income		88,907,036	103,653,991
Manager's fees	16	(7,465,964)	(7,479,304)
Trustee's fees	17	(489,476)	(450,260)
Auditors' remuneration:			
- current year: statutory audit		(133,000)	(121,000)
- current year: others		(44,000)	(57,750)
Valuation fees		(282,800)	(94,120)
Professional fee		(3,481,987)	(1,117,619)
Reversal of impairment on trade receivables	6(f)(ii)	2,352,829	8,779,287
Administration expenses		(1,463,477)	(4,905,417)
Finance expense	18	(26,203,217)	(20,213,005)
Total expenses		(37,211,092)	(25,659,188)
Profit before tax		51,695,944	77,994,803
Tax expense	19	(2,638,546)	(3,349,150)
Profit for the financial year		49,057,398	74,645,653
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive profit for the financial year		49,057,398	74,645,653

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	2023 RM	2022 RM
Profit for the financial year comprises the following:			
Realised		25,104,096	36,388,853
Unrealised - change in fair value of investment properties		26,600,000	41,600,000
Unrealised - provision for deferred tax on change in fair value of investment properties	12	(2,646,698)	(3,343,200)
		49,057,398	74,645,653
Earnings per unit (Total)			
Before Manager's fees (sen)	20(a)	11.31 ^a	17.43
After Manager's fees (sen)	20(b)	9.81 ^a	15.84
Earnings per unit (Realised)			
Before Manager's fees (sen)	20(c)	6.52 ^a	9.31
After Manager's fees (sen)	20(d)	5.02 ^a	7.72
Net income distributions			
Interim income distribution of 2.70 sen (2022: 2.70 sen) per unit		13,467,276	12,724,025
Proposed final income distribution of 2.30 sen (2022: 5.30 sen) per unit		13,372,547	24,976,789
Final income distribution per unit			
Gross (sen)	21	2.30	5.30
Net (sen)	21	2.30	5.30

^a Earnings per unit and income distribution for the financial year ended 31 December 2023 was calculated based on a weighted average of 499,887,866 units (2022: 471,260,178 units)

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN *Net Asset Value*

For the Financial Year Ended 31 December 2023

	← Undistributed income →			
	Unitholders' capital RM	Realised RM	Unrealised RM	
At 1 January 2023	496,731,949	66,967,629	34,261,990	597,961,568
Total comprehensive income				
Profit for the financial year	-	25,104,096	23,953,302	49,057,398
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations	-	25,104,096	23,953,302	49,057,398
Unitholders' transactions				
Unitholders' capital	64,154,735	-	-	64,154,735
Distributions to unitholders	-	(38,444,065)	-	(38,444,065)
Increase/(Decrease) in net assets resulting from unitholders' transactions	64,154,735	(38,444,065)	-	25,710,670
At 31 December 2023	560,886,684	53,627,660	58,215,292	672,729,636
At 1 January 2022	496,731,949	55,225,682	(3,994,810)	547,962,821
Total comprehensive income				
Profit for the financial year	-	36,388,853	38,256,800	74,645,653
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations	-	36,388,853	38,256,800	74,645,653
Unitholders' transactions				
Distributions to unitholders	-	(24,646,906)	-	(24,646,906)
Decrease in net assets resulting from unitholders' transactions	-	(24,646,906)	-	(24,646,906)
At 31 December 2022	496,731,949	66,967,629	34,261,990	597,961,568

The accompanying notes form an integral part of the financial statements

STATEMENT OF *Cash Flows*

For the Financial Year Ended 31 December 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		51,695,944	77,994,803
Adjustments for:			
Bad debts written off		499,877	4,212,766
Change in fair value of investment properties	5	(26,600,000)	(41,600,000)
Depreciation of property, plant and equipment	3	56,468	22,521
Finance expense	18	26,203,217	20,213,005
Income from Fund Placement		(1,459,462)	(1,609,111)
Reversal of impairment on trade receivables	6(f)	(2,352,829)	(8,779,287)
Operating profit before changes in working capital		48,043,215	50,454,697
Trade and other receivables		(10,346,922)	3,746,364
Trade and other payables		(8,868,318)	(18,818,912)
Net cash from operating activities		28,827,975	35,382,149
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(425,168)	-
Interest received from Fund Placement		1,459,462	1,609,111
Withdrawal of fixed deposits		-	1,583,933
Withdrawal/(Placement) of short term funds more than 3 months		10,760,000	(10,760,000)
Placement of deposits with licensed Islamic banks more than 3 months		(1,300,000)	-
Net cash from/(used in) investing activities		10,494,294	(7,566,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance expense paid		(26,203,217)	(20,213,005)
Drawdown of borrowings		16,784,465	-
Repayment of borrowings		(6,000,000)	(29,647,073)
Distributions paid to unitholders		(38,444,065)	(24,646,906)
Proceeds from issuance of new units	13	64,154,735	-
Net cash from/(used in) financing activities		10,291,918	(74,506,984)
Net increase/(decrease) in cash and cash equivalents		49,614,187	(46,691,791)
Cash and cash equivalents at beginning of financial year		12,392,897	59,084,688
Cash and cash equivalents at end of financial year	8	62,007,084	12,392,897

The accompanying notes form an integral part of the financial statements

NOTES TO THE *Financial Statements*

31 December 2023

1. GENERAL INFORMATION

Hektar Real Estate Investment Trust (“Hektar REIT” or “the Trust”) was constituted on 5 October 2006 pursuant to the Deed dated 5 October 2006 and the supplementary deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021 between MTrustee Berhad as the Trustee and Hektar Asset Management Sdn. Bhd. as the Manager.

Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006.

The Manager’s registered office is located at Unit 419, Block A, Kelana Business Centre, No. 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor.

The principal place of business of the Manager is located at D1-U3-10, Block D1, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of Hektar REIT is to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with stable distribution of income and potential capital growth. There has been no significant change in the nature of the principal activity during the financial year.

The principal activities of the Manager consist of managing and administering the Fund for Hektar REIT and other management services. The Manager, incorporated in Malaysia is a subsidiary of Hektar Klasik Sdn. Bhd..

The financial statements comprise the Trust and its subsidiaries.

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 22 February 2024.

2. BASIS OF PREPARATION

The financial statements of the Trust have been prepared in accordance with the provisions of the Trust Deed, the Securities Commission’s Guidelines on Real Estate Investment Trusts in Malaysia, Malaysian Financial Reporting Standards (“MFRSs”) and IFRS Accounting Standards.

The financial statements of the Trust have been prepared under the historical cost convention, except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Trust.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 29.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

2023	Balance as at 1.1.2023 RM	Addition for the year RM	Depreciation charge for the year RM	Balance as at 31.12.2023 RM
Carrying amount				
Computer equipment	25,328	425,168	(52,032)	398,464
Office equipment	19,171	-	(3,957)	15,214
Plant and machinery	1,039	-	(479)	560
	45,538	425,168	(56,468)	414,238

	At 31.12.2023		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Carrying amount			
Computer equipment	538,256	(139,792)	398,464
Office equipment	43,388	(28,174)	15,214
Plant and machinery	3,200	(2,640)	560
	584,844	(170,606)	414,238

2022	Balance as at 1.1.2022 RM	Depreciation charge for the year RM	Balance as at 31.12.2022 RM
Carrying amount			
Computer equipment	42,223	(16,895)	25,328
Office equipment	24,316	(5,145)	19,171
Plant and machinery	1,520	(481)	1,039
	68,059	(22,521)	45,538

	At 31.12.2022		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Carrying amount			
Computer equipment	113,088	(87,760)	25,328
Office equipment	43,388	(24,217)	19,171
Plant and machinery	3,200	(2,161)	1,039
	159,676	(114,138)	45,538

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Computer equipment	15%
Office equipment	10% - 15%
Plant and machinery	15%

4. INVESTMENTS IN SUBSIDIARIES

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any.
- (b) The details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2023	2022	
Pure Quantum Sdn. Bhd.	100%	100%	Property investment
Plenitude Sunlight Sdn. Bhd.	100%	100%	Property investment
Hektar MTN Satu Sdn. Bhd.	100%	-	To undertake the issuance of medium term notes ("MTNs") under a medium term note programme ("MTN Programme") and all matters relating to the MTNs under the MTN Programme

Subsidiaries are entities, including structured entities, controlled by Hektar REIT. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Hektar REIT controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

- (c) The subsidiaries are intended for better management of the strata malls within Hektar REIT's assets portfolio. As the subsidiaries' financial results are not significant to the Trust, hence these are not separately disclosed.
- (d) On 15 September 2023, Hektar REIT incorporated Hektar MTN Satu Sdn. Bhd., a company incorporated in Malaysia. Hektar REIT subscribed for 2 ordinary shares for a total cash consideration of RM2, representing 100% of the issued share capital of Hektar MTN Satu Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENT PROPERTIES

	2023	2022
	RM	RM
A. At fair value		
Freehold land and buildings	829,200,000	802,600,000
Leasehold land	98,041,443	98,041,443
Leasehold buildings	305,458,557	305,458,557
	1,232,700,000	1,206,100,000
At beginning of financial year	1,206,100,000	1,164,500,000
Change in fair value	26,600,000	41,600,000
At end of financial year	1,232,700,000	1,206,100,000
B. Capital work in progress		
At beginning of financial year	(20,000)	62,274
Additions/(Cost adjustment)	20,000	(82,274)
At end of financial year	-	(20,000)
Total at end of financial year (A + B)	1,232,700,000	1,206,080,000

- (a) Capital work in progress is related to the renovation cost capitalised, which shall be transferred to investment properties to be measured at fair value when it is available for use.
- (b) Investment properties with an aggregate carrying amount of RM1,167,700,000 (2022: RM1,141,100,000) are charged to a financial institution for banking facilities granted to the Trust as disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENT PROPERTIES (continued)

(c) Details of the investment properties are as follows:

Description of property	Tenure of land	Location	Existing use	Cost of investment	Fair value	Percentage of fair value
				as at 31 December 2023	as at 31 December 2023	over net asset value as at 31 December 2023
				RM	RM	%
Subang Parade*	Freehold	Subang	Commercial	286,980,000	430,000,000 ^a	64%
Mahkota Parade*	Leasehold [^]	Melaka	Commercial	257,538,630	338,500,000 ^b	50%
Wetex Parade*	Freehold	Muar	Commercial	117,500,000	161,700,000 ^a	24%
Kulim Central*	Freehold	Kedah	Commercial	98,000,000	142,500,000 ^c	21%
Central Square*	Freehold	Kedah	Commercial	83,330,000	95,000,000 ^c	14%
Segamat Central	Leasehold [^]	Segamat	Commercial	106,068,739	65,000,000 ^b	10%
					1,232,700,000	

^a Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2023^b Based on valuation carried out by Raine Horne International Zaki & Partners on 31 December 2023^c Based on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2023

* The properties are charged to financial institutions for banking facilities granted to the Trust.

[^] The leasehold land for Mahkota Parade and Segamat Central expires in year 2101 and 2116 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENT PROPERTIES (continued)

(c) Details of the investment properties are as follows: (continued)

Description of property	Tenure of land	Location	Existing use	Cost of investment	Fair value	Percentage of fair value
				as at 31 December 2022	as at 31 December 2022	over net asset value as at 31 December 2022
				RM	RM	%
Subang Parade*	Freehold	Subang	Commercial	286,980,000	417,000,000 ^a	70%
Mahkota Parade*	Leasehold [^]	Melaka	Commercial	257,538,630	338,500,000 ^b	56%
Wetex Parade*	Freehold	Muar	Commercial	117,500,000	156,600,000 ^a	26%
Kulim Central*	Freehold	Kedah	Commercial	98,000,000	138,000,000 ^c	23%
Central Square*	Freehold	Kedah	Commercial	83,330,000	91,000,000 ^c	15%
Segamat Central	Leasehold [^]	Segamat	Commercial	106,068,739	65,000,000 ^d	11%
					1,206,100,000	

^a Based on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2022^b Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2022^c Based on valuation carried out by Savills (Malaysia) Sdn. Bhd. on 31 December 2022^d Based on valuation carried out by Raine Horne International Zaki & Partners on 31 December 2022

* The properties are charged to financial institutions for banking facilities granted to the Trust.

[^] The leasehold land for Mahkota Parade and Segamat Central expires in year 2101 and 2116 respectively.

(d) Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at reporting date. Fair value is arrived at and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENT PROPERTIES (continued)

- (e) Fair value is determined in accordance with the Deed, the REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission, which requires the investment properties to be valued by independent qualified valuers. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Directors of the Manager have exercised their judgement and are satisfied that the valuation methods and estimates reflect the current market conditions.

The fair values of investment properties of the Trust are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the investment properties. There is no transfer between levels in fair value hierarchy during the financial year.

The following table shows the valuation technique and significant unobservable inputs used in the determining the fair value measurement of investment property within Level 3, as well as the inter-relationship between key unobservable inputs and fair value used in the valuation model:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Investment method	<ul style="list-style-type: none"> - Allowance for void of 5.00% - 10.00% (2022: 5.00% - 10.00%) - Term yield rate of 6.25% - 6.75% (2022: 6.25% - 7.00%) - Reversionary yield rate of 6.50% - 7.00% (2022: 6.50% - 7.25%) - Discount rate of 6.50% - 7.00% (2022: 6.50% - 7.25%) 	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> - Allowance for void was lower/(higher) - Term yield rate was lower/(higher) - Reversionary yield rate was lower/(higher) - Discount rate was lower/(higher)

The investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived discount rate.

- (f) The following table shows a reconciliation of Level 3 fair value:

	2023	2022
	RM	RM
At beginning of financial year	1,206,100,000	1,164,500,000
Change in fair value	26,600,000	41,600,000
At end of financial year	1,232,700,000	1,206,100,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENT PROPERTIES (continued)

- (g) Classification between investment properties and plant and equipment

The Trust has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Trust would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

- (h) The direct operating expenses are disclosed in Note 15 to the financial statements.

6. TRADE RECEIVABLES

	2023 RM	2022 RM
Third parties	6,281,980	14,728,641
Less: Impairment losses	(2,771,046)	(10,237,047)
	3,510,934	4,491,594

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) The normal credit term granted by the Trust to the trade receivables is 7 days (2022: 7 days). Late charges ranging from 12% to 18% (2022: 12% to 18%) per annum will be imposed on overdue amount.
- (c) Gross trade receivables of RM6,281,980 (2022: RM14,728,641) is taken into account after bad debt written off of RM499,877 (2022: RM4,212,766) of which have been expensed off in the profit or loss.
- (d) The ageing analysis of the Trust's gross receivables is as follows:

	2023 RM	2022 RM
Current	1,180,308	2,053,879
1 to 30 days	485,830	573,832
31 to 60 days	219,946	836,846
More than 60 days	2,970,834	10,090,201
	3,676,610	11,500,879
Fair value adjustments	1,425,062	1,173,883
	6,281,980	14,728,641

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. TRADE RECEIVABLES (continued)

- (e) As at the end reporting period, the credit risks exposures and concentration relating to trade receivables of the Trust are summarised in the table below:

	2023	2022
	RM	RM
Maximum exposure, net of impairment	3,510,934	4,491,594
Collateral obtained	27,832,968	29,061,031
Net exposure to credit risk	-	-

The above collateral represents rental deposits received from tenants.

- (f) Credit risk

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust. The Trust's trade receivables credit term is 7 days.

The Trust has no significant concentration of credit risk that may arise from exposure to a single clearing participant or counterparty.

(ii) Receivables that are impaired

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables which is adjusted by the forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the Trust expenses in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. Estimated cash flows recoverable in worst-case scenario are based on the fair value of the collateral.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information. The Trust has identified Gross Domestic Product, Consumer Price Index, unemployment rate and inflation rate as the key macroeconomic factors of the forward looking information.

Included in the impairment for trade receivables of the Trust is an amount of RM645,775 (2022: RM852,803) as disclosed in Note 10 to the financial statements being amount due from tenants whom has long business relationship with the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. TRADE RECEIVABLES (continued)

(f) Credit risk (continued)

(ii) Receivables that are impaired (continued)

The movement of allowance for impairment loss on trade receivables is as follows:

	2023	2022
	RM	RM
At beginning of financial year	10,237,047	19,405,301
Reversal for the year	(2,352,829)	(8,779,287)
Bad debts written off	(5,113,172)	(388,967)
At the end of financial year	2,771,046	10,237,047

(g) During the financial year, the Trust did not renegotiate the terms of any trade receivables.

(h) Trade receivables are denominated in RM.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	RM	RM
Other receivables	3,746,313	611,068
Deposits	7,910,994	401,061
	11,657,307	1,012,129
Prepayments	3,259,893	724,537
Total other receivables	14,917,200	1,736,666

(a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

(b) Included in other receivables and deposits are as follows:

	2023	2022
	RM	RM
Amount owing from Property Manager	845,090	520,184

Amount owing from Property Manager is unsecured, interest free and repayable monthly in arrears.

(c) Included in deposits is as follow:

	2023	2022
	RM	RM
Deposit on acquisition of Kolej Yayasan Saad ("KYS")	7,500,000	-

Deposit on acquisition of KYS is paid in cash upon execution of the Sales Purchase Agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

- (d) No expected credit loss is recognised arising from other receivables as it is negligible.
- (e) Other receivables, deposits and prepayments are denominated in RM.

8. CASH AND BANK BALANCES

	2023 RM	2022 RM
Cash and bank balances	10,807,084	12,392,897
Short term funds	-	10,760,000
Deposits with licensed Islamic banks	52,500,000	-
	63,307,084	23,152,897

- (a) No expected credit loss is recognised arising from the deposits with a financial institution and short term funds because the probability of default by this financial institution is negligible.
- (b) Cash and bank balances, short term funds and fixed deposits are denominated in RM.
- (c) In the previous financial year, short term funds were made for varying periods between one (1) month and twelve (12) months, depending on the immediate cash requirements and earn interest at respective short term deposit rates between 2.35% to 4.00% per annum.
- (d) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at balance sheet date:

	2023 RM	2022 RM
As reported in statement of financial position	63,307,084	23,152,897
Short term funds with maturity period more than three (3) months	-	(10,760,000)
Deposit with licensed Islamic bank more than three (3) months	(1,300,000)	-
As reported in statement of cash flows	62,007,084	12,392,897

- (e) The weighted average profit rate of deposits with licensed Islamic banks of the Trust is 3.82% per annum. Deposits from licensed Islamic Banker are made for varying periods of between two (2) months and twelve (12) months.
- (f) In respect of profit-earning financial asset, the following table sets out the carrying amount, the weighted average effective profit rate as at the end of each reporting period and the remaining maturities of the Trust's financial instruments that are exposed to profit rate risk:

2023	Within one year RM	One to five years RM	Total RM
Fixed rates			
Deposits with licensed Islamic banks	52,500,000	-	52,500,000
2022	Within one year RM	One to five years RM	Total RM
Floating rates			
Short term funds	10,760,000	-	10,760,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. CASH AND BANK BALANCES (continued)

- (g) There is no sensitivity analysis in respect of deposits with licensed Islamic banks these are fixed rate instruments and are not affected by changes in profit rate.

In the previous financial year, sensitivity analysis for short term funds at the end of the reporting period was not presented as it was not significant to the Trust.

9. TRADE PAYABLES

	2023 RM	2022 RM
Third parties	7,348,647	5,652,838

- (a) Trade payables are classified as financial liabilities measured at amortised cost.

- (b) Included in trade payables are as follows:

	2023 RM	2022 RM
Amount owing to Manager	612,042	1,246,726

Amount owing to Manager is unsecured, interest-free and payable monthly in arrears.

- (c) Trade payables are non-profit bearing and the normal credit term granted by trade payables to the Trust are generally from 30 to 60 days (2022: 30 to 60 days).
- (d) The maturity profile of the Trust's trade payables at the end of reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (e) Trade payables are denominated in RM.

10. OTHER PAYABLES AND ACCRUALS

	2023 RM	2022 RM
Non-current liabilities		
Deposits received from tenants	25,477,419	25,581,891
Current liabilities		
Other payables	4,338,193	9,014,463
Accruals	8,029,671	12,014,133
Advance received	818,779	1,275,246
Deferred income (Note 6(f))	645,775	852,803
Deposits received from tenants	2,355,549	3,479,129
	16,187,967	26,635,774
	41,665,386	52,217,665

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. OTHER PAYABLES AND ACCRUALS (continued)

- (a) Other payables and accruals are classified as financial liabilities and measured at amortised cost.
- (b) Included in other payables and accruals are as follows:

	2023	2022
	RM	RM
Amount owing to Property Manager	4,068,690	4,571,147

Amount owing to Property Manager is unsecured, interest-free and payable monthly in arrears.

- (c) Deposits received from tenants are in respect of refundable deposits received from tenants for tenancy or marketing agreements. Tenancy agreements tenure are for period of between one to three years. The deposits received from tenants are unsecured and non-profit bearing.
- (d) Other payables and accruals are denominated in RM.
- (e) The table below summarises the maturity profile of the Trust's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year	One to five years	Over five years	Total
2023	RM	RM	RM	RM
Financial liabilities				
Other payables and accruals (excluding deferred income)	13,186,643	-	-	13,186,643
Deposits received from tenants	2,355,549	27,197,145	-	29,552,694

	On demand or within one year	One to five years	Over five years	Total
2022	RM	RM	RM	RM
Financial liabilities				
Other payables and accruals (excluding deferred income)	22,303,842	-	-	22,303,842
Deposits received from tenants	3,479,129	27,340,646	-	30,819,775

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. BANK BORROWINGS

	2023 RM	2022 RM
Secured		
Current liability		
- Short term revolving credit	-	9,000,000
- Commodity Murabahah Term Financing-i	3,000,000	-
	3,000,000	9,000,000
Secured		
Non-current liabilities:		
- CL-i 1	181,884,266	162,084,598
- CL-i 2	149,880,370	149,871,919
- CL-i 3	54,270,249	54,271,414
- CL-i 4	32,797,720	32,798,515
- CL-i 5	-	64,863,176
- CL-i 6	29,895,650	28,554,168
- Term financing-i	50,000,000	50,000,000
- Commodity Murabahah Term Financing-i	60,500,000	-
	559,228,255	542,443,790
	562,228,255	551,443,790

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Trust for similar financial instruments.
- (c) The Cash Line-islamic ("CL-i"), CL-i 1, CL-i 2, CL-i 3, CL-i 4 and CL-i 6 are secured by way of fixed charge over Subang Parade, Mahkota Parade, and Wetex Parade respectively.

In the previous financial year, CL-i 1, CL-i 2, CL-i 3, CL-i 4, CL-i 5 and CL-i 6 were secured by way of fixed charge over Subang Parade, Mahkota Parade, Wetex Parade and Kulim Central respectively.

CL-i 1, CL-i 2, CL-i 3 and CL-i 4 (2022: CL-i 1, CL-i 2, CL-i 3, CL-i 4 and CL-i 5) bear profit rate at cost of fund plus 100 basis points (2022: cost of fund plus 100 basis points). CL-i 6 bear profit rate at cost of fund plus 150 basis points (2022: cost of fund plus 150 basis points). The effective profit rates on CL-i facilities are ranging from 3.90% to 5.40% (2022: 3.57% to 5.21%) per annum.

- (d) Short term revolving credit in the previous financial year was secured by way of fixed charge over Mahkota Parade and bore profit rate at cost of fund plus 100 basis points. The effective profit rate on short term revolving credit was 5.50% per annum. There was no roll over risk for the short term revolving credit since the Trust was not in breach of any covenants that would trigger an event of defaults which would affect the bank's assessment to renew the facility. There was no history of non-renewal of the short term revolving credit and the latest Deed agreement with the bank and MTrustee Berhad was renewed on 8 April 2022.
- (e) The term financing-i is secured by way of fixed charge over Central Square and has a tenure of 5 years until year of 2025. The term financing-i bears profit rate at cost of funds plus 100 basis points (2022: cost of fund plus 100 basis points). The effective profit rates on the term financing-i are ranging from 4.69% to 5.13% (2022: 3.21% to 4.44%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. BANK BORROWINGS (continued)

- (f) Commodity Murabahah Term Financing-i is secured by way of fixed charge over Kulim Central and has a tenure of 10 years or 120 months until year of 2033. The Commodity Murabahah Term Financing-i bears profit rate at cost of funds plus 100 basis points, (2022: Nil) and the effective profit rate on the Commodity Murabahah Term Financing-i are ranging from 5.30% to 5.48% per annum (2022: Nil).
- (g) Borrowings are categorised as Level 2 in the fair value hierarchy.
- (h) All borrowings are denominated in RM.
- (i) The table below summarises the maturity profile of the Trust's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2023				
Financial liabilities				
CL-i facilities	-	466,826,864	-	466,826,864
Term financing-i	-	56,000,000	-	56,000,000
Commodity Murabahah Term Financing-i	3,365,500	19,419,280	55,940,312	78,725,092

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2022				
Financial liabilities				
Short term revolving credit	9,360,000	-	-	9,360,000
CL-i facilities	-	532,124,838	-	532,124,838
Term financing-i	-	58,000,000	-	58,000,000

- (j) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the Trust's borrowings that are exposed to profit rate risk:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2023				
Floating rates				
CL-i facilities	-	448,728,255	-	448,728,255
Term financing-i	-	50,000,000	-	50,000,000
Commodity Murabahah Term Financing-i	3,000,000	15,000,000	45,500,000	63,500,000
	3,000,000	513,728,255	45,500,000	562,228,255

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. BANK BORROWINGS (continued)

- (j) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the Trust's borrowings that are exposed to profit rate risk (continued):

2022	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Floating rates				
Short term revolving credit	9,000,000	-	-	9,000,000
CL-i facilities	-	492,443,790	-	492,443,790
Term financing-i	-	50,000,000	-	50,000,000
	9,000,000	542,443,790	-	551,443,790

- (k) The following table demonstrates the sensitivity analysis of the Trust if profit rates at the end of each reporting period changed by 100 basis points with all other variables held constant:

	2023 RM	2022 RM
Profit after taxation		
- increase by 1% (2022: 1%)	(4,272,935)	(4,190,973)
- decrease by 1% (2022: 1%)	4,272,935	4,190,973

The sensitivity for the Trust is higher in 2023 than in 2022 because of the higher loan and borrowings. The assumed movement in basis points for profit rate sensitivity analysis is based on current observable market environment.

- (l) Reconciliation of liabilities from financing activities:

	2023 RM	2022 RM
As at 1 January	551,443,790	581,090,863
Cash flows from/(used in) financing activities	10,784,465	(29,647,073)
As at 31 December	562,228,255	551,443,790

12. DEFERRED TAX LIABILITIES

	2023 RM	2022 RM
At beginning of financial year	28,230,834	24,887,634
Recognised in profit or loss (Note 19)	2,646,698	3,343,200
At the end of financial year	30,877,532	28,230,834

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

12. DEFERRED TAX LIABILITIES (continued)

The deferred tax liability relates to fair value gain of the investment properties which is expected to be recovered through sale.

Where investment properties are carried at fair value as disclosed in Note 5 to the financial statements, the amount of deferred tax recognised is measured using the tax rate that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Under the Finance Act 2021, the Real Property Gains Tax ("RPGT") rate for disposal of real property which have been held in the sixth (6th) year and subsequent years for Trust is 10%.

13. UNITHOLDERS' CAPITAL

	2023		2022	
	Number of units	RM	Number of units	RM
Issued and fully paid				
Balance as at 1 January	471,260,178	496,731,949	471,260,178	496,731,949
Addition by way of;				
Private Placement	75,836,000	42,468,160	-	-
Income Distribution Reinvestment Plan ("IDRP")	34,318,895	21,686,575	-	-
	110,154,895	64,154,735	-	-
Balance as at 31 December	581,415,073	560,886,684	471,260,178	496,731,949

(a) Private Placement

On 7 November 2023, the Manager proposed a Private Placement of up to 15% of the total number of issued unit of Hektar REIT to third party investor(s).

On 14 December 2023, Hektar REIT allotted and issued 75,836,000 new units pursuant to the Private Placement. The New Units have been listed and quoted on the Main Market of Bursa Malaysia Securities on 15 December 2023.

(b) IDRP

On 15 December 2022, the Unitholders had approved for Hektar REIT to establish an IDRP that provides unitholders of Hektar REIT with an option to elect to reinvest, in whole or in part, their cash distribution declared by Hektar REIT (whether interim, final, special or any other types of cash distribution) in new units of Hektar REIT.

As of 31 December 2023, a total of 34,318,895 of new units were allotted and issued pursuant to the IDRP.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. UNITHOLDERS' CAPITAL (continued)

- (c) As at 31 December 2023, the Manager held 1,234,800 (2022: 1,089,172) units in Hektar REIT. The Directors of the Manager and their related parties held units in Hektar REIT as follows:

	2023		2022	
	Number of units	%	Number of units	%
Substantial unitholders' direct unitholdings in Hektar REIT:				
HSBC Nominees (Asing) Sdn. Bhd. for Frasers Centrepoint Trust (As Trustee)	-	-	143,898,398	30.53
Hektar Black Sdn. Bhd.				
- Pledged securities account for Hektar Black Sdn. Bhd.	124,013,854	21.33	138,104,666	29.31
The Manager's related parties' direct unitholdings in Hektar REIT:				
Hektar Black Sdn. Bhd.	124,013,854	21.33	138,104,666	29.31

14. GROSS REVENUE

	2023 RM	2022 RM
Rental income	75,873,823	82,598,065
Service and promotional charges	19,177,302	18,583,787
Carpark income	10,423,643	10,496,004
Hotel income	4,422,547	4,105,959
Other operating income	1,600,016	1,662,287
	111,497,331	117,446,102

- (a) Rental income

Rental income is derived from renting of retail properties to tenants and includes base rent and turnover rent charges from tenants. Base rent is recognised in profit or loss on a straight-line basis over the term of lease. Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

14. GROSS REVENUE (continued)

(a) Rental income (continued)

The aggregate future minimum lease receivables for leasehold land and buildings as at the end of each reporting period are as follows:

	2023	2022
	RM	RM
Not later than one (1) year	24,914,148	15,715,842
Later than one (1) year and not later than five (5) years	86,288,683	37,386,268
	111,202,831	53,102,110

(b) Service and promotional charges

Service and promotional charges is recognised upon services being rendered.

(c) Carpark income

Carpark income is recognised upon services being rendered.

(d) Hotel income

Hotel income is recognised upon services being rendered.

(e) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

15. PROPERTY OPERATING EXPENSES

	2023	2022
	RM	RM
Assessment and quit rent	3,709,902	4,280,376
Marketing and promotions	2,097,556	1,710,902
Property management fee	1,913,784	2,053,769
Property maintenance	37,283,076	43,402,743
Utilities	5,933,566	6,769,803
Insurance	513,202	541,612
	51,451,086	58,759,205

Property management fee of RM1,913,784 (2022: RM2,053,769) incurred is payable to Hektar Property Services Sdn. Bhd. in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

16. MANAGER'S FEES

	2023	2022
	RM	RM
Base fee	4,352,074	4,244,933
Performance fee	3,113,890	3,234,371
	7,465,964	7,479,304

Pursuant to the Deed, the Manager's annual fees consist of the following:

(i) Base fee

Up to 1.0% per annum of the Gross Asset Value ("GAV") of the Trust payable monthly in arrears.

For the financial year ended 31 December 2023, the base fee shall be 0.35% (2022: 0.35%) per annum of the GAV of the Trust.

(ii) Performance fee

Up to 5.0% per annum of the Net Property Income ("NPI"), before deducting the property management fee, payable monthly in arrears.

For the financial year ended 31 December 2023, the performance fee shall be 5.0% (2022: 5.0%) per annum of the NPI, before deducting the property management fee.

17. TRUSTEE'S FEES

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to 0.1% per annum of the Net Asset Value of the Trust, including the Manager's fees payable annually in arrears.

For the financial year ended 31 December 2023, the Trustee's fee shall be 0.07% (2022: 0.08%) per annum of the Net Asset Value of the Trust including the Manager's fees.

18. FINANCE EXPENSE

	2023	2022
	RM	RM
Finance expense paid/payable:		
- short term revolving credit	240,423	495,088
- CL-i facilities	21,565,831	17,891,211
- term financing-i	2,621,506	1,826,706
- Commodity Murabahah Term Financing-i	1,775,457	-
	26,203,217	20,213,005

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. TAX EXPENSE

	2023	2022
	RM	RM
Recognised in profit or loss		
Current tax taxation		
- Current year	(8,152)	5,950
Deferred tax expenses		
- Relating to origination and reversal of temporary differences (Note 12)	2,646,698	3,343,200
Total taxation	2,638,546	3,349,150

Reconciliation of the taxation is as follows:

	2023	2022
	RM	RM
Profit before tax	51,695,944	77,994,803
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	12,407,027	18,718,753
Tax effects in respect of:		
Non-allowable expenses	9,499,298	3,207,761
Income not subject to tax	(21,914,477)	(21,920,564)
Deferred real property gains tax on investment properties	2,646,698	3,343,200
Tax expense	2,638,546	3,349,150

Taxation of the Real Estate Investment Trust ("REIT")

The tax transparency system under Section 61A of the Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income for that year of assessment within two (2) months after the close of the financial year.

Hektar REIT will not incur any tax exposure during the financial year as it distributed more than 90% of its realised income available for distribution for the financial year ended 31 December 2023 within two (2) months after the close of the financial year, which translates to more than 90% of its total taxable income.

Real property gains tax

For investment property carried at fair value, there is a presumption that its carrying amount will be recovered through sale. Hence, the measurement of deferred tax asset or liability pertaining to the investment property will be based on the Real Property Gains Tax ("RPGT") rate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

19. TAX EXPENSE (continued)

Taxation of Unitholders

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

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

20. EARNINGS PER UNIT

	2023 No. of unit	2022 No. of unit
At 31 December	499,887,866 ^a	471,260,178 ^a

^a Earnings per unit and income distribution for the financial year ended 31 December 2023 was calculated based on a weighted average of 499,887,866 units (2022: 471,260,178 units)

- (a) The calculation of earnings per unit (total) before Manager's fee is based on Trust's net profit of RM56,523,362 (2022: RM82,124,957) for the financial year after adding back Manager's fee and weighted average number of units for 2023 and 2022 respectively of 499,887,866 (2022: 471,260,178).
- (b) The calculation of earnings per unit (total) after Manager's fee is based on Trust's net profit of RM49,057,398 (2022: RM74,645,653) for the financial year to the weighted average number of units for 2023 and 2022 respectively of 499,887,866 (2022: 471,260,178).
- (c) The calculation of earnings per unit (realised) before Manager's fee is based on Trust's realised net income for the financial year of RM32,570,060 (2022: RM43,868,157) after adding back Manager's fee and weighted average number of units for 2023 and 2022 respectively of 499,887,866 (2022: 471,260,178).
- (d) The calculation of earnings per unit (realised) after Manager's fee is based on Trust's realised net income for the financial year of RM25,104,096 (2022: RM36,388,853) to the weighted average number of units for 2023 and 2022 respectively of 499,887,866 (2022: 471,260,178).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. INCOME DISTRIBUTION

(a) Distribution to unitholders are from the following sources:

	2023	2022
	RM	RM
Net property income	60,046,245	58,686,897
Income from Fund Placements	1,459,462	1,609,111
Sundry income	756,329	1,757,983
Bad debts recovered	45,000	-
	62,307,036	62,053,991
Less: Expenses	(37,202,940)	(25,665,138)
As per realised undistributed income	25,104,096	36,388,853
Add: Loss not subject to distribution (Note 21(b))	58,719	20,440
Balance undistributed income	25,162,815	36,409,293
Gross provision for distribution per unit (sen):		
- Interim	2.70	2.70
- Final	***2.30	**5.30
	5.00	8.00
Net provision for distribution per unit (sen)*:		
- Interim	2.70	2.70
- Final	***2.30	**5.30
	5.00	8.00

* Withholding tax will be deducted for distributions made to the following types of unitholders:

	2023	2022
	TAX RATE	TAX RATE
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Non-resident companies	24%	24%

** Distribution of 5.30 sen (gross) per unit for the fourth quarter ended 31 December 2022 has been declared to unitholders registered as at 15 February 2023 and payable on 28 February 2023.

*** Distribution of 2.30 sen (gross) per unit for the fourth quarter ended 31 December 2023 ("2023 Final Income Distribution") was announced on 23 January 2024 and payable on 27 February 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. INCOME DISTRIBUTION (continued)

(b) The statement of profit or loss of the subsidiaries which is income not subject to distribution are as follows:

	2023	2022
	RM	RM
Revenue	35,795	35,795
Other income	5,500	-
Expenses	(100,014)	(56,235)
Loss for the financial year	(58,719)	(20,440)

22. PORTFOLIO TURNOVER RATIO

	2023	2022
Portfolio Turnover Ratio ("PTR") (times)	-	-

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in Hektar REIT to the average net asset value for the financial year calculated on a quarterly basis.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Trust's PTR against other real estate investment trusts.

23. MANAGEMENT EXPENSE RATIO

	2023	2022
Management expense ratio ("MER") (%)	2.22	2.52

The calculation of MER is based on the total fees and expenses incurred by the Trust in the year, including Manager's fees, Trustee's fees, auditors' remuneration, tax agent's fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial year.

Since the basis of calculating MER may vary among real estate investment trusts, comparison of the Trust's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

24. TRANSACTION WITH PARTY RELATED TO THE MANAGER

In addition to the transactions and balances detailed elsewhere in the financial statements, the Trust had the following transaction with party related to the Manager during the financial year:

	2023	2022
	RM	RM
Commission and service charges received from - Hektar Black Sdn. Bhd.	190,908	165,102

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

25. CAPITAL COMMITMENT

Capital commitment in respect of the following has been provided for in the financial statements:

	2023	2022
	RM	RM
Approved and contracted for:		
- Refurbishment of investment properties	15,800,000	-
- Acquisition of KYS	142,500,000	-
	158,300,000	-

26. CAPITAL MANAGEMENT

Hektar REIT's capital is represented by its unitholder's fund in the statement of financial position.

The Trust's objectives when managing capital is to maintain a strong capital base and safeguard the Trust's ability to continue as a going concern, so as to maintain stakeholders and market confidence and to sustain future development of the Trust.

The Manager monitors capital using a gearing ratio pursuant to the SC Guideline. As per the SC Guideline, the total borrowings of a trust should not exceed 50% (2022: 60%) of the total asset value of the trust at the time the borrowings are incurred. From the table below, the Trust's gearing ratio is within the permitted threshold per the SC Guideline.

	2023	2022
	RM	RM
Non-current assets	1,233,114,238	1,206,125,538
Current assets	81,735,218	29,381,157
Total assets value	1,314,849,456	1,235,506,695
Total borrowings	562,228,255	551,443,790
Gearing ratio	42.76%	44.63%

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

27. MATERIAL LITIGATIONS

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)

Hektar REIT had filed a judgment debtor summons application against Tashima Development Sdn Bhd to enforce the High Court's appeal order and the application is fixed for hearing on 22 February 2024.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

27. MATERIAL LITIGATIONS (continued)

- (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)

The trial proceedings proceeded on 16 and 17 January 2024 and was subsequently adjourned for continuation on 20 and 21 May 2024.

The Management will continue to take all necessary action to fully defend Hektar REIT's rights and interest in this matter and will provide further updates on the matter in due course.

28. OPERATING SEGMENT

The principal activity of Hektar REIT is to invest in properties in Malaysia with the primary objective to derive rental income and medium to long terms capital growth. Hence, no operating segments are presented.

The Directors of the Manager assess the financial performance of the operating segment based on, including but not limited to, net property income ("NPI"). The NPI enables financial performance benchmarking which eliminates the effect of financing and investment decisions not adjusted at operating level.

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

29.1 New MFRSs adopted during the financial year

The Trust adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
<i>International Tax Reform – Pillar Two Model Rules</i> (Amendments to MFRS 112 <i>Income Tax</i>)	Refer paragraph 98M of MFRS 112

Adoption of the above Standards did not have any material effect on the financial performance or position of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**29.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024**

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Trust:

Title	Effective Date
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements</i>	1 January 2024
<i>Lack of Interchangeability (Amendments to MFRS 121 The Effect of Changes in Foreign Exchange Rates)</i>	1 January 2025
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

The Trust are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 June 2023, Hektar REIT had completed the drawdown of a ten (10) years term loan facility, Commodity Murabahah Term Financing-i Facility of RM65 million offered by Hong Leong Islamic Bank and redeemed Maybank Islamic Berhad CL-i 5 amounted to RM65.0 million.
- (b) On 11 September 2023, MTrustee Berhad had entered into a conditional sale and purchase agreement with KYS College Sdn. Bhd. for the proposed acquisition of land and single, 1 ½, 2 and 3- storey buildings that are categorised into administration, academic, residential and student facilities which form the fully residential and co-educational private school known as 'Kolej Yayasan Saad' located at Ayer Keroh, Melaka and erected on part of the leasehold land held under PN 62892, Lot 9808, Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka at the purchase consideration of RM150 million, together with the novation of the lease agreement to the Trustee on the completion of the Acquisition ("Proposed Acquisition and Lease").

Pursuant to the Proposed Acquisition and Lease, the Manager also proposed the following resolutions:-

- Proposed Placement of up to 145,353,768 new units in Hektar REIT, representing up to 25% of the issued units to thirty party investors ("Proposed Placement"); and
- Proposed amendment to the investment objectives of Hektar REIT to facilitate the Proposed Acquisition and Lease ("Proposed Amendment").

During the Extraordinary General Meeting held on 15 January 2024, the Unitholders had granted their approval on the above Proposed Acquisition and Lease, Proposed Placement and Proposed Amendment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (c) On 29 September 2023, the Manager had given the approval on the acceptance of five (5) years Term Financing-i Facility of RM92.1 million from CIMB Islamic Bank Berhad. The drawdown of the facility and the redemption to refinance Maybank CL-i 3 & 4 amounted to RM87.1 million was completed on 31 January 2024.
- (d) On 15 September 2023, Hektar REIT incorporated Hektar MTN Satu Sdn. Bhd., a company incorporated in Malaysia. Hektar REIT subscribed for 2 ordinary shares for a total cash consideration of RM2, representing 100% of the issued share capital of Hektar MTN Satu Sdn. Bhd..

Hektar REIT proposes to establish a MTNs Programme of up to RM500 million in nominal value via the Company solely set up for the purpose of the Proposed MTNs Programme by MTrustee Berhad to be partially guaranteed by Credit Guarantee and Investment Facility ("CGIF"), a trust fund of the Asian Development Bank, and to issue the MTNs from time to time, and to do all other actions necessary for the implementation and establishment of the MTNs Programme and the issuance of the MTNs. The MTNs Programme shall comprise of:

- issuance of guaranteed tranche(s) of up to an aggregate amount of RM230 million irrevocably guaranteed by CGIF; and
- issuance of rated/ unrated tranches.

The lodgement with the Securities Commission Malaysia pursuant to the guidelines on unlisted capital market products under the lodge and launch framework in relation to the MTNs Programme, was lodged on 17 November 2023.

On 13 December 2023, the Manager approved the acceptance of the guarantee offer letter dated 6 December 2023 from the CGIF for up to 5 years Proposed Guarantee for RM230 million MTNs, and further authorised the Manager to effect the Guaranteed Tranche of MTNs.

Proceeds from the Guaranteed Tranche, rated AAA(fg) by RAM Rating Services Berhad, shall be utilised towards redeeming the CL-i 1 amounted to RM184 million which is currently secured by legal charge over the title of Subang Parade and the balance will be utilised towards asset enhancement initiatives, capital expenditure and refurbishment requirements of Subang Parade.

On 15 February 2024, the first issuance of the Guaranteed Tranche of RM215 million irrevocably guaranteed by CGIF, together with the redemption to refinance CL-i 1 was completed.

- (e) On 7 November 2023, the Manager propose a Private Placement of up to 15% of the total number of issued unit of Hektar REIT to third party investor(s).

On 14 December 2023, Hektar REIT allotted and issued 75,836,000 new units pursuant to the Private Placement. The New Units have been listed and quoted on the Main Market of Bursa Malaysia Securities on 15 December 2023.

ANALYSIS OF *Unitholders*

TOP 30 UNITHOLDERS AS AT 29 DECEMBER 2023 (AS PER RECORD OF DEPOSITORS)

No.	Name of Unitholders	No. of Units	%
1	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR RUBBER SDN. BHD. (PJCAC-TL4)	101,100,000	17.39
2	TMF TRUSTEES MALAYSIA BERHAD HEKTAR BLACK SDN BHD	61,853,857	10.64
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD (001)	47,559,228	8.18
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)	25,000,000	4.30
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	20,000,000	3.44
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD	14,600,769	2.51
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DATO' ONG CHOO MENG (PB)	11,200,000	1.93
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AVENTURA SDN BHD	9,746,028	1.68
9	GMA RESOURCES SDN BHD	9,000,000	1.55
10	KUMPULAN PRASARANA RAKYAT JOHOR SDN BHD	9,000,000	1.55
11	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG	8,000,000	1.38
12	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')	6,598,398	1.13
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH BAK SIM	5,000,000	0.86
14	MIRSHAM BIN MEER SADIK	4,521,800	0.78
15	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG KAI MENG	4,500,000	0.77
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG	4,000,000	0.69
17	TEW PENG HWEE @ TEOH PENG HWEE	3,156,065	0.54
18	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SOON KHEAN	3,000,000	0.52
19	MOK TECK LIANG	2,435,260	0.42

ANALYSIS OF UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
20	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SHENG YIH (MGN-GSY0001M)	2,300,000	0.40
21	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH LENG PHEOW	2,250,000	0.39
22	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SHENG YIH	2,200,000	0.38
23	MOHD AIMRAN LONG BIN ABD HALIM	2,092,224	0.36
24	DING SIEW CHOO	2,000,000	0.34
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PHAIK LIM	2,000,000	0.34
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OON BOON KHONG	2,000,000	0.34
27	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,554,156	0.27
28	LIEW YOON YEE	1,480,086	0.25
29	KIM GAP YONG	1,471,337	0.25
30	TAN BENG GUAN	1,400,000	0.24
Total		371,019,208	63.82

UNITHOLDERS AS AT 29 DECEMBER 2023

	No. of Unitholders	% of Unitholders	No. of Units Held	% of Total Units
Less than 100	321	4.56	6,751	0.00%
100 to 1,000	948	13.47	521,055	0.09%
1,001 to 10,000	2,924	41.56	15,031,581	2.58%
10,001 to 100,000	2,375	33.76	77,981,939	13.41%
100,001 and above	468	6.65	487,873,747	83.92%
Directors Shareholding	0	0	0	0%
Total	7036	100.00%	581,415,073	100.00%

ANALYSIS OF UNITHOLDERS

CLASSIFICATION OF UNITHOLDERS AS AT 29 DECEMBER 2023

Category of Shareholders	No. of Holders				No. of Securities				%			
	Malaysia		Foreign	Total	Malaysia		Foreign	Total	Malaysia		Foreign	Total
	Bumi	Non-Bumi			Bumi	Non-Bumi			Bumi	Non-Bumi		
1) Individual	132	4,916	70	5,118	9,396,473	147,579,658	4,382,651	161,358,782	1.62	25.38	0.75	27.75
2a) Body Corporate Banks/finance companies	1	0	0	1	104,700	0	0	104,700	0.02	0	0	0.02
2b) Investments trusts/foundation/ charities	1	4	0	5	10,000	177,853	0	187,853	0.00	0.03	0	0.03
2c) Other types of companies	14	34	1	49	73,151,625	4,975,927	22,500	78,150,052	12.58	0.86	0.00	13.44
3) Government agencies/ Institutions	1	0	0	1	9,000,000	0	0	9,000,000	1.55	0	0	1.55
4) Nominee Company	88	1,721	53	1,862	95,722,526	233,030,178	3,860,982	332,613,686	16.46	40.09	0.66	57.21
Subtotal	237	6,675	124	7,036	187,385,324	385,763,616	8,266,133	581,415,073	32.23	66.36	1.41	100.00
Malaysian Total		6,912				573,148,940				98.59		
Grand Total (Malaysian + Foreign)		7,036				581,415,073				100.00		

GLOSSARY

The Trust / the Fund	: Hektar Real Estate Investment Trust
AEI	: Asset Enhancement Initiative
AGM	: Annual General Meeting
ARMC	: Audit and Risk Management Committee
AUM	: Assets Under Management
Board	: Board of Directors of the Manager
bps	: Basis Points
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (Registration No. 200301033577(635998-W))
CAGR	: Compounded Annual Growth Rate
CAPEX	: Capital Expenditure
CEO	: Chief Executive Officer
CPI	: Consumer Price Index
CSR	: Corporate Social Responsibility
CDS	: Central Depository System
Deed	: The Trust Deed dated 5 October 2006 constituting Hektar REIT and the supplementary deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021) between the Manager and the Trustee
DPU	: Dividend Per Unit / Distribution per Unit
EPU	: Earnings per Unit
ERM	: Enterprise-wide Risk Management
EXCO	: Executive Committee
F&B	: Food & Beverage
FP	: Financial Period
FY / FYE	: Financial Year / Financial Year End
GAV	: Gross Asset Value
GDP	: Gross Domestic Product
Gearing	: Debt Financing to Total Assets
GFA	: Gross Floor Area
GLA	: Gross Lettable Area
Gross Revenue	: Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
HAMSB / HAMS	: Hektar Asset Management Sdn. Bhd., Manager of Hektar REIT
HPSSB / HPS	: Hektar Property Services Sdn. Bhd., the Property Manager of Hektar REIT
IPO	: Initial Public Offering. Hektar REIT's IPO was completed on 4 December 2006
KLCI	: FTSE Bursa Malaysia Kuala Lumpur Composite Index
Listing Requirements	: Bursa Malaysia Securities Berhad Main Market Listing Requirements
Manager	: Hektar Asset Management Sdn Bhd (Registration No. 200601012511 (732261-T)), being the management company of Hektar REIT
M-REIT	: Malaysian Real Estate Investment Trust

GLOSSARY

MER	: Management Expense Ratio
MTN	: Medium Term Note
N/A or NA	: Not Applicable
NAV	: Net Asset Value
NBV	: Net Book Value
NLA	: Net Lettable Area. Area available for leasing. Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
NPI	: Net Property Income
NRC	: Nomination and Remuneration Committee
NTA	: Net Tangible Assets
OMV	: Open Market Value
OPTR	: Off-Peak Tariff Rider. Energy efficiency scheme offered by Tenaga Nasional
Property Manager	: Hektar Property Services Sdn Bhd (Registration No. 200901025275 (868376-K))
Psf	: Per square foot
Psfpm	: Per square foot per month
PTR	: Portfolio Turnover Ratio
REIT(s)	: Real Estate Investment Trust(s)
ROI	: Return on Investment
RM and sen	: Ringgit Malaysia and sen, respectively
ROFR	: Right of First Refusal
SC	: Securities Commission
SC Guidelines	: Guidelines on Real Estate Investment Trusts issued by the Securities Commission in August 2008 and updated on 28 December 2012
SCA	: Securities Commission Act 1993
Share Registrar	: Mega Corporate Sdn Bhd (Registration No. 198901010682 (187984-H))
Sq. ft. / sf	: Square feet
Sq. m. / sq m	: Square metre
Step-Up Rent	: Provision specified in tenancy agreement for pre-determined increase in rent at defined intervals during a tenancy agreement, usually each year
TAV	: Total asset value
Trustee	: MTrustee Berhad (Registration No. 198701004362 (163032-V)) being the Trustee of Hektar REIT
Turnover Rent	: Provision for rent calculated as a proportion of annual turnover of the tenant's business
Unit(s)	: Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units
VWAMP	: Volume Weighted Average Market Price
WALE	: Weighted Average Lease Expiry
YOY	: Year-On-Year

NOTICE OF *Annual General Meeting*

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting (“AGM”) of Hektar Real Estate Investment Trust (“Hektar REIT”) will be conducted on a fully virtual basis at the Broadcast venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1-U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur on Thursday, 25 April 2024 at 10.30 a.m. for the following purpose:

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of Hektar REIT for the financial year ended 31 December 2023 together with the Trustee’s Report to the Unitholders issued by MTrustee Berhad, as Trustee of Hektar REIT and the Statement by the Manager issued by Hektar Asset Management Sdn Bhd, as the Manager of Hektar REIT and the Independent Auditors’ Report thereon.

(Please refer to Explanatory Note A)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following Ordinary Resolutions:

2. **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED AUTHORITY)** Resolution 1

“THAT pursuant to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and the approval of any relevant regulatory authorities, where such approval is required, the Manager be and is hereby authorised to allot and issue new units in Hektar REIT (Units) from time to time to such persons and for such purposes as the Manager may in its absolute discretion deem fit and in the best interest of Hektar REIT, provided that the number of new Units to be allotted and issued pursuant to this resolution does not exceed 20% of the existing issued units of Hektar REIT;

AND THAT the Proposed Authority shall be effective and continue to be in force from the date of receipt of all relevant authorities’ approval or the date the Unitholders pass this resolution, whichever may be the later, until:

- (a) the conclusion of the next AGM of the Unitholders, at which time it shall lapse, unless the authority is renewed by Unitholders by a resolution passed at the meeting; or
- (b) the expiration of the period within which the next AGM of the Unitholders is required by law to be held; or
- (c) the Proposed Authority is revoked or varied by the Unitholders in a Unitholders’ Meeting;

whichever occurs first (Validity Period);

AND THAT the new Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the new Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared before the date of allotment and issuance of such new Units;

AND FURTHER THAT the Manager and the Trustee (acting for and on behalf of Hektar REIT) be and are hereby authorised to give effect to the aforesaid Proposed Authority with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required by any relevant authorities or as the Manager and the Trustee may deem to be in the best interest of Hektar REIT and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise, complete and give full effect to the Proposed Authority.”

NOTICE OF ANNUAL GENERAL MEETING

3. **PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO THE INCOME DISTRIBUTION REINVESTMENT PLAN ("IDRP") THAT PROVIDES UNITHOLDERS WITH AN OPTION TO ELECT TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS IN HEKTAR REIT ("PROPOSED RENEWAL OF IDRPA AUTHORITY")** Resolution 2

"**THAT** pursuant to the IDRPA as approved by the Unitholders at the Extraordinary General Meeting held on 15 December 2022, and subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the IDRPA until the conclusion of Hektar REIT's next AGM, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Hektar REIT and its Unitholders **PROVIDED THAT** the issue price of the said new Units, which will be fixed by the Board on the price-fixing date to be determined and announced ("**Price-Fixing Date**"), shall not be more than 10% discount to the 5-day volume weighted average market price ("**VWAMP**") of the Units immediately prior to the Price-Fixing Date, of which the VWAMP shall be adjusted ex-income distribution before applying the aforementioned discount.

THAT the new Units issued pursuant to the IDRPA shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the holders of the new Units shall not be entitled to any distributable income, right, benefit, entitlement and/or any other forms of distribution that may be declared before the date of allotment and issuance of such new Units.

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of Hektar REIT, all such documents and impose such terms and conditions or delegate all or any part of its power as may be necessary and expedient in order to give full effect to the Proposed Renewal of IDRPA Authority and IDRPA, with full power to assent to any conditions, variations, modifications and/or amendments including amendments, modifications, suspension and termination of the IDRPA as the Board may, in its absolute discretion, deem fit and in the best interest of Hektar REIT and its Unitholders and/or as may be required or permitted by any relevant authorities."

BY ORDER OF THE BOARD

Hektar Asset Management Sdn Bhd (Registration No. 200601012511 (732261-T))
(as the Manager of Hektar Real Estate Investment Trust)

Dato' Muhammad Hafidz bin Nuruddin (MAICSA 7005820)
SSM PC NO. 202008001132

Lim Seck Wah (MAICSA 0799845)
SSM PC NO. 202008000054
Joint Company Secretaries

Kuala Lumpur
29 February 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes :

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
6. The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.
7. Only unitholders registered in the Record of Depositors as at 18 April 2024 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his behalf.
8. Please refer to the Administrative Guide for the 12th AGM for registration and participation at the Meeting.

Explanatory Note A

This Agenda is meant for discussion only as in accordance with the provision under the Guidelines on Listed Real Estate Investment Trusts, the audited financial statements do not require formal approval of the unitholders. Hence, this matter will not be put forward for voting.

Explanatory Notes on Special Business

Ordinary Resolution 1 – Proposed Authority

The purpose to seek the general mandate is to enable the Manager to allot and issue new units in Hektar REIT at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the unitholders in general meeting, will expire at the next AGM. The proceeds raised from the general mandate will provide flexibility to the Manager for any possible fund raising activities, including but not limited to further placing of new units, for purpose of funding future investment project(s), working capital and/or acquisitions.

Ordinary Resolution 2 – Proposed renewal of IDRP authority

The Proposed Renewal of IDRP Authority will empower the Board with the flexibility to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the IDRP until the conclusion of the next AGM of Hektar REIT.

ADMINISTRATIVE Guide



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual unitholders and body corporate unitholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “**e-Services**”).

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Hektar Real Estate Investment Trust and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

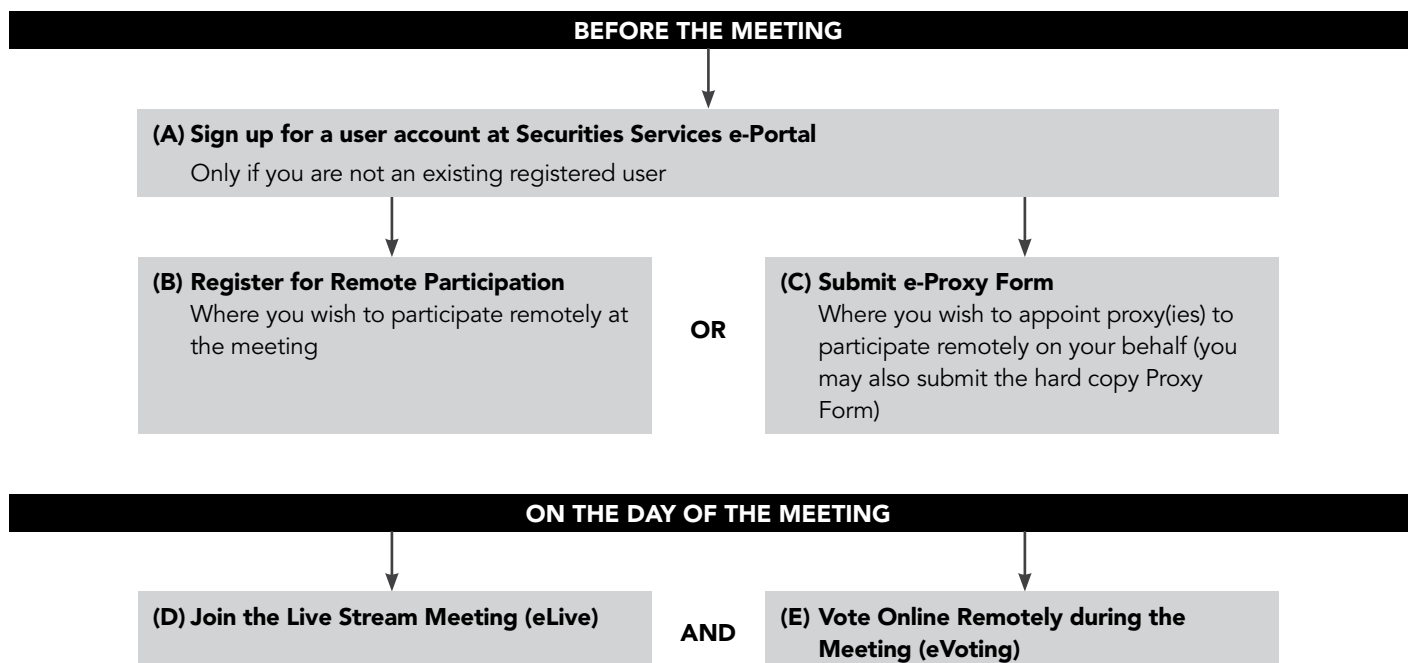
Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Rachel Ou (DID: +603 2084 9161) or Cik. Nur Syazana (DID: +603 2084 9212) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshbs.com.my.

SUBMISSION OF QUESTIONS

Unitholders, proxies or corporate representatives may also submit questions before the 12th AGM to the Chairman or Board of Directors electronically by email to eservices@sshbs.com.my no later than Tuesday, 23 April 2024 at 10.30 a.m. or via real time submission of typed texts through a text box within SS e-Portal at <https://sshbs.net.my/> before the start or during the live streaming of the AGM.



ADMINISTRATIVE GUIDE

BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

<p>Step 1 Visit https://sshbsb.net.my/</p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p>	<ul style="list-style-type: none"> We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below. Your registered email address is your User ID.
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To register for the meeting under (B), please sign up for a user account by 23 APRIL 2024.
To submit e-Proxy Form under (C) below, please sign up for a user account by 19 APRIL 2024, failing which you may only be able to submit the hard copy proxy form.

This is a ONE-TIME registration only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation at the Meeting

→ Log in to <https://sshbsb.net.my/> with your registered email and password.
 → Look for **Hektar Real Estate Investment Trust** under Company Name and **12th AGM on 25 April 2024 at 10:30 a.m. – Registration for Remote Participation** under Event and click ">" to register for remote participation at the meeting.

<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> Individual unitholder Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	<ul style="list-style-type: none"> All unitholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible unitholders in accordance with the General Meeting Record of Depositors as at 18 April 2024. A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). Your registration will apply to all the CDS account(s) of each individual unitholder / body corporate unitholder that you represent. If you are both an individual unitholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate. As the meeting will be conducted on a virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all unitholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.
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(C) Submit e-Proxy Form

Meeting Date and Time: Thursday, 25 April 2024 at 10:30 a.m.	Proxy Form Submission Closing Date and Time: Tuesday, 23 April 2024 at 10:30 a.m.
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→ Log in to <https://sshbsb.net.my/> with your registered email and password
 → Look for **Hektar Real Estate Investment Trust** under Company Name and **12th AGM on 25 April 2024 at 10:30 a.m. – Submission of Proxy Form** under Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

ADMINISTRATIVE GUIDE

Step 1 Check if you are submitting the proxy form as –

- Individual unitholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).

You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 23 APRIL 2024. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the unitholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time:

Thursday, 25 April 2024 at 10:30 a.m.

Proxy Form Submission Closing Date and Time:

Tuesday, 23 April 2024 at 10:30 a.m.

→ Look for **Hektar Real Estate Investment Trust** under Company Name and **12th AGM on 25 April 2024 at 10:30 a.m. – Live Stream Meeting** under Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time:

Thursday, 25 April 2024 at 10:30 a.m.

Proxy Form Submission Closing Date and Time:

Tuesday, 23 April 2024 at 10:30 a.m.

→ If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.

OR

→ If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Hektar Real Estate Investment Trust** under Company Name and **12th AGM on 25 April 2024 at 10:30 a.m. – Remote Voting** under Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

ADMINISTRATIVE GUIDE

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual unitholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the unitholder who appointed you has indicated how the votes are to be casted, we will take the unitholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).



HEKTAR REAL ESTATE INVESTMENT TRUST
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

CDS Account No	
No. of units held	

I/We _____ (Full name in block letters)

I.C No./Co.No.: _____ of _____

_____ (full address) being a unitholder(s) of

HEKTAR REIT hereby appoint the following person(s):-

	Name of proxy, NRIC No., Address & Contact No.	No. of units to be represented by proxy
1.	_____	_____
2.	_____	_____

as my/our proxy to attend on my/our behalf at the unitholders' 12th Annual General Meeting ("AGM") of the Company to be held fully virtual basis at the Broadcast venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1- U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur on Thursday, 25 April 2024 at 10.30 a.m or at any adjournment thereof. My/our proxy is to vote as indicated below:-

Dated this _____ day of _____ 2024

Signature/Common Seal of Unitholder(s)

No	RESOLUTION	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1	Authority to allot and issue new units pursuant to Paragraph 6.59 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad				
Ordinary Resolution 2	Proposed renewal of the authority to allot and issue new units pursuant to the Income Distribution Reinvestment Plan ("IDRP") that provides unitholders with an option to elect to reinvest their income distribution in new units in Hektar REIT ("Unit(s)")				

Representation at Meeting:

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
6. The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.
7. Only unitholders registered in the Record of Depositors as at 18 April 2024 shall be entitled to attend participate and speak at the AGM or appoint proxy(ies) to attend on his behalf.
8. Please refer to the Administrative Guide for the 12th AGM for registration and participation at the Meeting.

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STAMP



The Poll Administrator
SS E Solutions Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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SALIENT *Features*

Fund Name	Hektar Real Estate Investment Trust (HEKTAR)
Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Fund Duration	On the occurrence of any of events listed in Clause 16.2 of the Amended and Restated Trust Deed dated 8 February 2021
Investment Objectives	To invest in income-producing real estate in Malaysia which is primarily used for retail purposes and to provide the Unitholders with a secure income distribution and to enhance the long-term value of the Fund
Investment Strategies	We aim to achieve the objective of the Fund with the following: <ul style="list-style-type: none"> • Invest and manage real estate assets predominantly involved in retail and/or shopping centres; • Acquire and manage future assets which are income-producing properties or possess significant potential for income growth; • Focus on investing under a long-term investment horizon; • Manage and continue to extract synergies and efficiencies from the existing portfolio; and • Finance operations and investments under a conservative conducive capital structure
Authorised Investments	At least 75% of the total assets of Hektar REIT shall be invested in real estate assets, real estate-related assets, single purpose companies or liquid asset
Approved Fund Size	581,415,073 Units as at 31 December 2023
Financial Year	1 January 2023 – 31 December 2023
Distribution Policy	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, at least 90% of the distributable income of Hektar REIT
Borrowing Limitations	Up to 50.0% (2022: 60%) of total asset value of the Fund at the time the borrowings are incurred
Revaluation Policy	The real estates shall be revalued at least once a financial year based on an independent professional valuation pursuant to the SC REIT Guidelines
Management Fee	<ul style="list-style-type: none"> • Base Fee: up to 1.0% per annum of the GAV (FY 2023 actual: 0.35%) • Performance Fee: up to 5.0% per annum of the NPI (FY 2023 actual: 5.0%), before management fee • Acquisition Fee: up to 1.0% of the acquisition value of any asset being real estate, purchased by the Trustee for the Fund • Divestment Fee: up to 0.5% of the disposal value of any Hektar REIT's assets being real estate or unlisted company whose principal assets are real estate, sold or diversified by the Trustee
Trustee Fee	Up to 0.1% per annum of the NAV of the Fund payable annually in arrears (FY 2023 actual: 0.08%)
Minimum Investment	100 units per board lot
Stock Code	HEKTAR 5121
Date of Listing	4 December 2006



www.HektarREIT.com



This Annual Report is printed on FSC material, completely biodegradable and recyclable. The online version is available in the 'Investor Relations' section of our website.