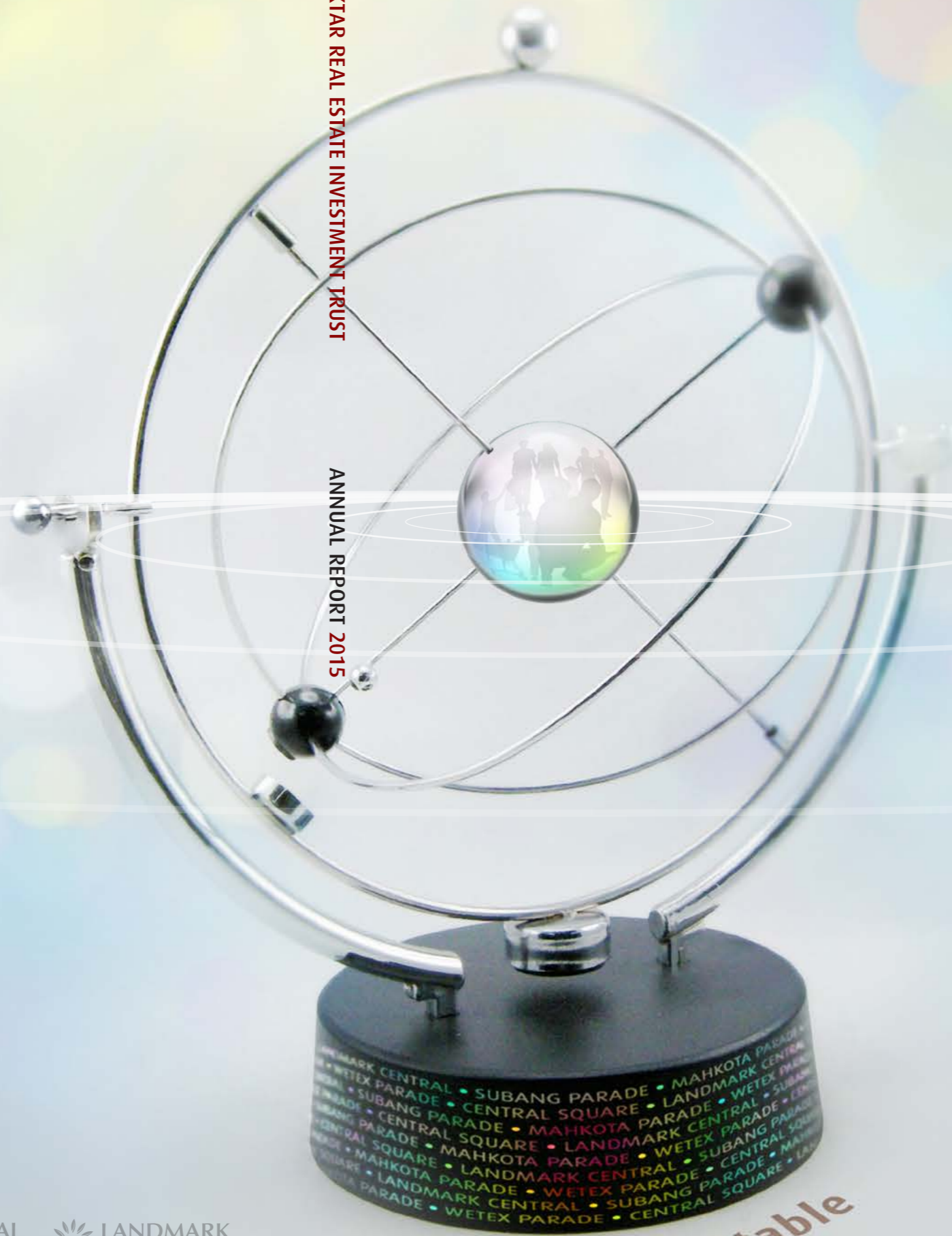
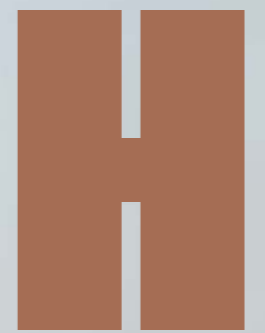


HEKTAR REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT 2015



Strong & Stable



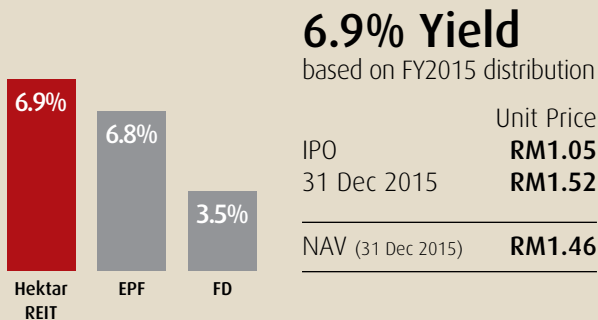
HEKTAR
REIT

STABLE PERFORMANCE

HIGH YIELD

DPU Trend since IPO

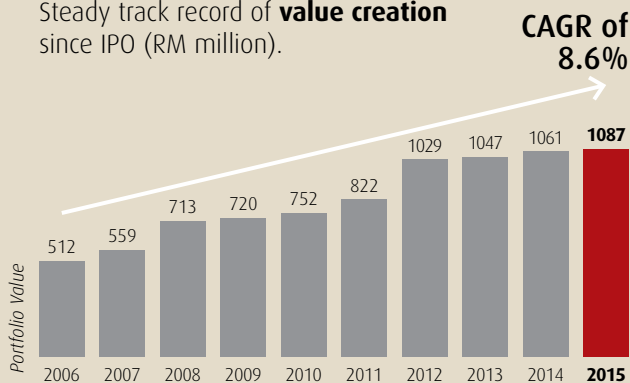
At least maintain or increase y-o-y



Sources: Bloomberg. Hektar REIT yield based on closing price of RM1.52 on 31 December 2015 and FY15 DPU of 10.50 sen.

VALUE CREATION

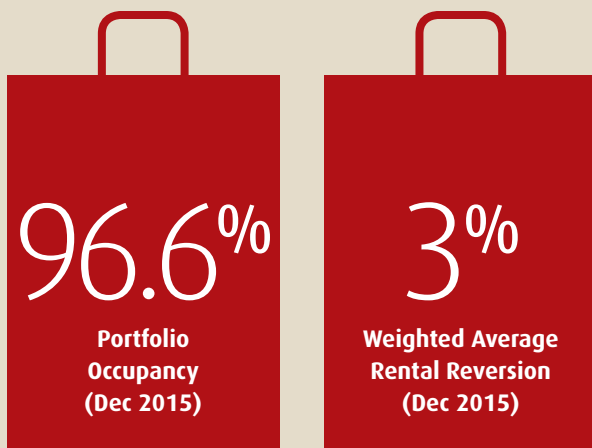
Steady track record of **value creation** since IPO (RM million).



Figures as at 31 December each year, except for 2006, which was recorded as at 4 December 2006 (IPO).

INCOME STABILITY

Hektar's portfolio has 460 tenancies. FY2016 tenancy expiries account for 37% of monthly rental income.



QUALITY ASSETS

Hektar's Portfolio consists of mainly **neighbourhood-focused** shopping centres throughout Malaysia.

Market Catchment¹

3.0 million residents

Number of Tenancies²

460

Net Lettable Area

1.8 million sq ft

Visitor Traffic

30.6 million



¹ Source: Spectrum Research Asia Sdn. Bhd., December 2012 (Independent Research).

² NLA Tenants only.

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 shopping centres situated in Subang Jaya, Melaka, Muar, Sungai Petani and Kulim with a combined value of RM1.09 billion.

Hektar REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006 and has continuously recorded improving performance since its listing. The REIT's cornerstone investor is Frasers Centrepoint Trust, part of the Fraser & Neave Group, headquartered in Singapore.

Hektar REIT is managed by Hektar Asset Management Sdn Bhd, and was formed with a vision to develop world-class shopping centres for Malaysian consumers, based on international best practices.



Creating The Places Where People Love to Shop

Our vision is to develop, 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.

The Gyroscope signifies the strength to hold steady in times of change. **Hektar REIT** has shown stable and strong financial performance since its listing and will persevere to perform in times of uncertainty.



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FINANCIAL HIGHLIGHTS

Realised net income remains to grow steadily from last financial year.
Net income (including unrealised income) reduced due to fair value loss from asset valuation.

FINANCIAL YEAR

ended 31 December

RM'000	FY2015	FY 2014	FY 2013	FY2012	FY 2011
Gross Revenue	125,511	121,991	120,235	103,232	94,881
Direct Cost & Property Expenses	49,028	48,714	46,120	39,485	36,585
Net Property Income (NPI)	76,483	73,277	74,115	63,747	58,296
Net Income*	4,759	50,387	58,766	58,470	86,651
Earnings Per Unit*	1.19	12.58	14.67	17.19**	27.08
Net Income – Realised	44,693	44,261	46,134	39,758	38,914
Net Income Per Unit – Realised (sen)	11.16	11.05	11.52	11.69**	12.16
Income Distribution	42,067	42,067	42,067	35,777	33,600
Distribution Per Unit (DPU) (sen)	10.5	10.5	10.5	10.5	10.5
Change in Unit Price (sen)	3.0	(1.0)	4.0	18.0	(3.0)
Annual Total Return per Unit (sen)	13.5	9.5	14.5	28.5	7.5
Annual Total Return per Unit (%)***	8.9	6.4	9.7	19.5	5.7

* including unrealised income

** Calculated based on Weighted Average No. of Units in Circulation of 340,159,279.

***Calculated based on the Closing Price of each year

BALANCE SHEET

as at 31 December

RM'000	FY2015	FY 2014	FY 2013	FY2012	FY 2011
Total Assets	1,116,315	1,110,046	1,085,103	1,066,267	867,059
Total Liabilities	531,938	488,362	471,739	469,789	391,906
Total Borrowings	494,215	453,876	436,100	436,100	363,480
Gearing Ratio (%)	44.3	41.0	40.2	40.9	41.9
Net Assets	584,377	621,684	613,364	596,664	475,153
No. of Units in Circulation (Units)	400,634	400,634	400,634	400,634	320,001
NAV per Unit (RM)	1.46	1.55	1.53	1.49	1.48

INCOME DISTRIBUTIONS

FY2015

Interim 1 st Quarter DPU	2.60 sen
Interim 2 nd Quarter DPU	2.60 sen
Interim 3 rd Quarter DPU	2.60 sen
Final 4 th Quarter DPU	2.70 sen
Total DPU	10.50 sen

DPU Yield* 6.9%

* Based on DPU of 10.50 sen and the closing unit price of RM1.52 as at 31 December 2015.. Source: Bloomberg

UNIT PRICE STATISTICS

FY2015

High	RM1.56
Low	RM1.43
Opening Price (1 Jan 2015)	RM1.49
Closing Price (31 Dec 2015)	RM1.52
Change In Price	2.0%

AVERAGE TOTAL RETURN*

For 1 year (2015)	8.9%
For 3 years (2013–2015)	8.3%
For 5 years (2011–2015)	10.0%

* Based on the Total Return and the Closing Price as at 31 December of each year.

TOTAL RETURN**

For 3 years (2013–2015)	24.7%
For 5 years (2011–2015)	48.4%

**Based on the Total Return of each year and the Closing Price as at 31 December 2015.

DEBT STRUCTURE

as at 31 December 2015

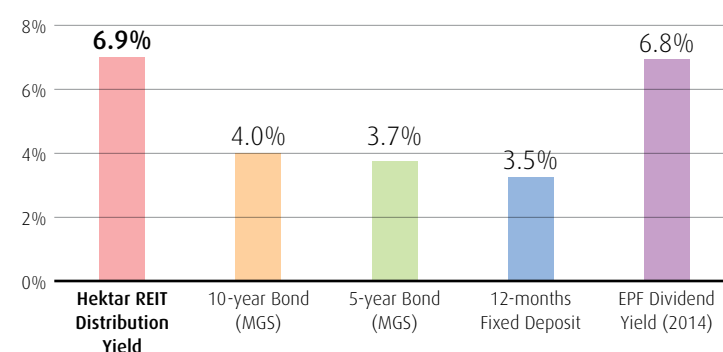
Al-Murabahah/Overdraft
Fixed Term Loan, Annual Floating Rate
and Fixed Term Loan, Annual Fixed Rate

Total Debt	RM494 million
Weighted Cost of Debt	4.9%
Gearing Ratio ¹	44.3%
Interest Cover	3.03

¹ Gearing ratio calculated by total borrowings over Gross Asset Value (GAV).

DISTRIBUTION YIELD

Comparative Yields*



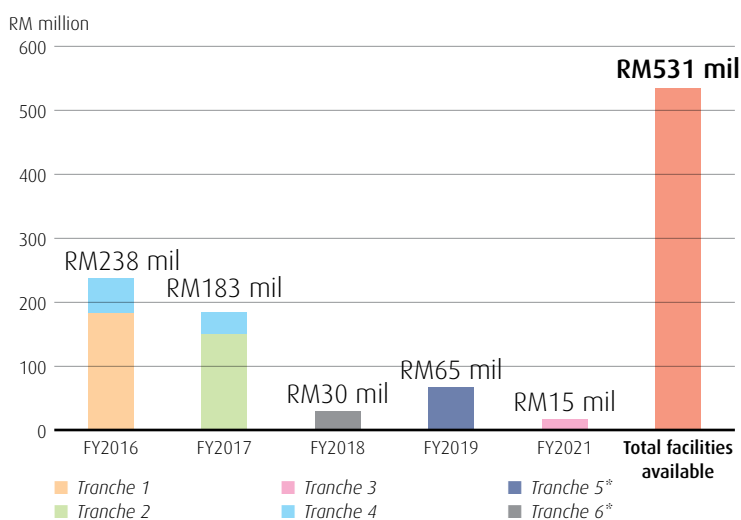
UNIT PRICE PERFORMANCE

FY2015



DEBT EXPIRY PROFILE

as at 31 December 2015

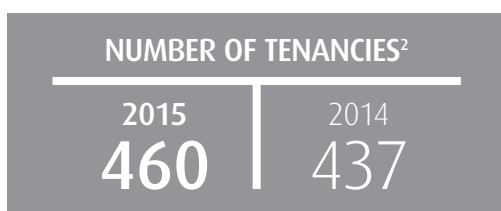
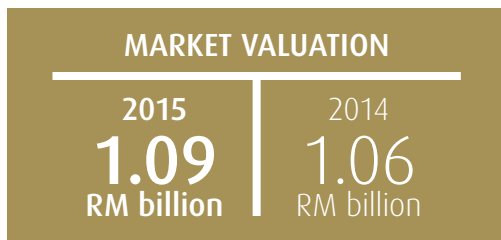
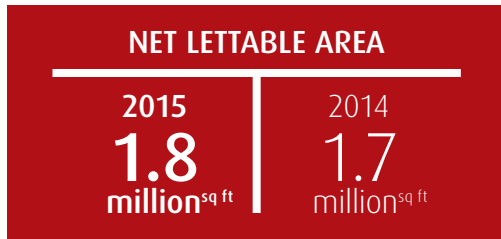


* Tranche 5 and Tranche 6 are partially drawn down as at 31 December 2015.

PORTFOLIO HIGHLIGHTS AND STRATEGY

PORTFOLIO HIGHLIGHTS

Growth in Hektar REIT's portfolio



¹ Source: Spectrum Research Asia Sdn. Bhd., December 2012 (Independent Research).

² NLA Tenants only.

STRATEGY

Hektar REIT remains focused on acquiring retail properties throughout Malaysia and optimising property yields.

Focus

Neighbourhood and regional shopping centres throughout Malaysia with the objective of providing Malaysian consumers with conducive retail environments based on international best practices.

Portfolio Optimisation

Providing Sustainable Returns and Income Defensibility on portfolio by:

- **Active Leasing:** aligning the tenancy mix to the needs of the target shoppers.
- **Advertising & Promotion:** aggressive marketing to retain consumer interest and visitor traffic.
- **Value Creation Initiatives:** improvements including asset enhancement and refurbishment designed to improve long-term yields.

Yield-Accretive Acquisitions

Enhancing the Long-Term Value and Growth of Hektar REIT by acquisition of:

- **Stabilised Properties:** assets with sustainable cash flow, requiring selective optimisation
- **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 long term.

Capital Management

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

LETTER TO UNITHOLDERS

THE YEAR IN REVIEW

5

On behalf of the Board of Directors, I would like to share with you the achievements and activities that have occurred in the financial year ended 31 December 2015 ("FY2015"). I am pleased that Hektar REIT has maintained its strong and stable performance.

Dato' Jaafar Bin Abdul Hamid
Chairman and Chief Executive Officer



Dear Valued Unitholders

On behalf of the Board of Directors, I would like to share with you the achievements and activities that have occurred in the financial year ended 31 December 2015 ("FY2015"). I am pleased that Hektar REIT has maintained its strong and stable performance.

2015 – A YEAR OF ECONOMIC DECLINE

2015 proved to be a difficult year for Malaysians. Initially, the introduction of goods and services tax ("GST") in April discouraged retail spending. Later, the oil crisis and its accompanying currency crisis further dampened retail sentiment as thousands of people from the oil and gas and banking sectors were laid off, vastly decreasing the number of spending shoppers. As a result, numerous retailers have decided to consolidate instead of expanding their business.

To aggravate matters, the weak ringgit has affected many retailers' cost of doing business, putting a squeeze on their profit margin. With reduced consumer spending and increased cost, retailers are facing a very real challenge in their business, not seen since 1997. As a consequence, our negotiating leverage with them is severely tested.

Fortunately, we have managed to weather this economic turbulence intact in 2015, with realised earnings registering RM44.7 million, higher than the previous year. This bears testimony to our strategy of geographical diversification, where the performance of a mall in one location has helped another mall in a separate location facing challenges.

Our history illustrates the efficacy of this strategy; in 2014, our mall in Sungai Petani, Central Square experienced a significant dip in revenue due to the ongoing asset enhancement initiative ("AEI"). Central Square's reduced revenue was mitigated by higher revenues in other malls.

In 2015, it is the turn of Mahkota Parade to suffer dips in revenue as domestic competition heats up, and this time, it was Central Square's much-improved revenue post-AEI that had mostly helped out.

Though shopping mall performance is premised on sound management, sometimes external factors like rent competition from neighbouring malls, GST and the economic condition play an equally crucial part. Our strategy against these external factors is diversification. We find that shopping malls in smaller towns, though not entirely insulated, are affected less by the prevailing economy than shopping malls in bigger towns.

OPERATING ENVIRONMENT AND MARKET UPDATE

Based on Bank Negara's third quarter 2015 report, Malaysia's economy grew by 4.7% in 3Q2015, the key driver being private sector expenditure, mainly manufacturing and services sector. This growth is markedly lower than the corresponding period of the previous year, which was 5.6%. Meanwhile, private consumption growth moderated to 4.1% in the same quarter due to household adjustment to GST (2Q2015 : 6.4%). Following this, Bank Negara projects growth to be between 4% to 5% in 2016.

Due to weak retail figures, Retail Group Malaysia downgraded its forecast in September 2015 for the fifth consecutive time to 2.0% for 2015, from 3.1% earlier – down 11.9% y-o-y. The association also said in their recent report that confusion such as that involving service charges for the food and beverage industry, telecommunications top-up cards, last minutes' announcement of products to be exempt from tax, and sudden increase in taxi fares, also contributed to the drop in retail sales. Consumers were confused by the conflicting

We have managed to weather this economic turbulence intact in 2015, with realised earnings registering RM44.7 million, higher than the previous year. This bears testimony to our strategy of geographical diversification.

For FY2015, gross revenue reached RM125.5 million, an increase of 2.9% from the previous year, while net property income (NPI) reached RM76.5 million, also up 4.4% from the preceding financial year ended 31 December 2014 (FY2014).

messages by the different authorities, causing them to delay their purchases.

Market researcher Nielsen found that consumer confidence in Malaysia fell to 78 points over the July to September period, down 11 percentage points on the quarter, marking a record low since the survey began in 2005, as well as Southeast Asia's worst reading for the quarter.

FINANCIAL PERFORMANCE

Continuing Stability

Gross revenue of RM125.5 million for FY2015 was a 2.9% increase from the financial year ended 31 December 2014 ("FY2014"), the main contributor being casual leasing and car park income. However, percentage rent dropped due to lower retailer sales.

Despite the overall increase in the cost of doing business, our operations team has managed to rein in operating expenses via astute negotiations with service providers, energy-saving initiatives as well as seeking sponsors to subsidise our promotional activities.

As a result, Net Property Income ("NPI") FY2015 went up by 4.4% to RM76.5 million compared to FY2014. Meanwhile, realised income increased from RM44.3 million to RM44.7 million.

However, our net income fell from RM50.4 million in FY2014 to RM4.8 million in FY2015 due to fair value loss arising from revaluation of our properties (non-cash item). The revaluation loss arose mainly from timing issue; we need a longer time to crystallise the returns to our investment, where:

- i. At Mahkota Parade, we acquired individual lots and embarked on an AEI to increase the number of screens for our cinema. The ultimate objective of incurring these capital expenses is to increase the value of our mall. While these capital expenses were incurred and recognised upfront in our books, it will take longer than a year for them to generate additional income that will improve Mahkota Parade's overall market value. Hence the revaluation deficit.
- ii. Similarly for Central Square, a major AEI was undertaken primarily to revitalise a 16-year old mall. Unfortunately, there was no space to create new net lettable area ("NLA") that would immediately increase the value of the mall. This means income returns would require several rental cycles to improve the overall market value of the mall.

- iii. Finally, the overall weak outlook of the retail and property industry has influenced the valuers to be more conservative in their method of computation.

Please be reminded that the revaluation deficit does not affect our ability to pay dividends as it is a non-cash item. In 2015, despite the revaluation deficit and poor market conditions, our total dividend payment to investors remain the same as 2014.

Income Distribution and Accounting Policy

Hektar REIT announced a distribution per unit ("DPU") of 10.50 sen for FY2015 maintaining the distribution made in FY2014. Since its initial public offering ("IPO") in 2006, Hektar REIT has maintained its uninterrupted track record of making quarterly distributions to its unitholders, providing unitholders a stable distribution track.

We have maintained a policy of paying out at least 90% of our distributable net income in four quarterly distribution payments throughout the year. We should clarify that distributable net income is net income excluding non-cash items, such as fair value adjustments (usually attributed to property value increases) and items under MFRS 117, an accounting standard implemented in FY2010 (see the notes to the accounts for more details). As a result, the FY2015 distributable income is higher than the net income. After paying 90% of the distributable net income, Hektar REIT retains the remaining 10% for future asset enhancements of the properties and potential acquisitions of sold lots throughout the Hektar REIT portfolio.

Stable Distributions and Capital Growth

Hektar REIT's unit price closed the year at RM1.52, increased by 3 sen as compared to the opening price in the beginning of the financial year. Hektar REIT's net asset value at 31 December 2015 stood at RM1.46 per unit.

If you have invested in Hektar REIT units in the beginning of 2015 at RM1.49 and remained a unitholder till the year end, you would have received four distributions totalling 10.5 sen per unit, representing a dividend yield of 6.9% (based on a closing price of RM1.52 on 31 December 2015). Your total return on Hektar REIT for FY2015 would be approximately 8.9%.

At the end of 2015, Hektar REIT units had been traded at a spread of 295 basis points to the 10-year Malaysian Government Securities ("MGS") yield. Previously, the spread against MGS yield was recorded at 287 basis points in 2014. The premium over the MGS yield had increased by 8 basis points due to lower MGS rates.

Financing in 2015

Hektar REIT's financing is secured by Al-Murabahah overdraft facilities with 6 tranches worth RM184 million, RM150 million, RM15 million, RM87 million, RM65 million and RM30 million expiring in 2016, 2017, 2021, 2016/17, 2019 and 2018 respectively. Hektar REIT's FY2015 gearing ratio had increased to 44.3% (FY2014: 40.9%) of gross asset value which is still within the 50% limit set by the authorities whilst its weighted average cost of financing as at the year ended FY2015 was maintained at 4.9%.

We were reliably informed by our banker that despite Bank Negara maintaining the Overnight Policy Rate of 3.25%, commercial rate has started creeping up since 3Q2015 due to Bank Negara's phased implementation of Basel III. In a nutshell, Basel III aims to promote a more resilient banking system and further strengthen global capital and liquidity regulations. Banks are basically asked to increase their capital requirements as a buffer. Key changes in Basel III include the introduction of a counter-cyclical buffer and a leverage ratio. It also introduced the liquidity coverage ratio and the net stable funding ratio. Ultimately, this has increased cost of borrowings.

More than 60% of Hektar's borrowings remain hedged but its remaining borrowings are now exposed to increasing interest rates. We are currently exploring options to pare down our loans to limit our exposure.

PORTFOLIO PERFORMANCE

The Portfolio

Hektar REIT's 5 malls stretch across the west coast of Peninsula Malaysia: Subang Parade in Subang Jaya, Selangor, Mahkota Parade in Melaka, Wetex Parade in Muar, Johor, and Central Square in Sungai Petani and Landmark Central in Kulim, both in Kedah. Collectively our NLA is 1.8 million square feet with a market catchment of 3.0 million. We aim to bring best practices across all locations of our malls and strive to give shoppers the same enjoyable shopping experience.

Subang Parade

An iconic and historical mall, Subang Parade is located in the heart of Subang Jaya's commercial centre. Subang Parade continues to be Hektar REIT's flagship mall. Its close proximity to the train station, the soon-to-be-completed LRT and main road links afford it great accessibility. Subang Parade sits on an enclave of several shopping centres located within a short walking distance of each other.

In 2015, we recalibrated a significant number of retail lots to offer improved retail experience to the shoppers. Larger lots were subdivided to increase tenancy mix; for instance, part of MPH was carved out to bring in several beauty and healthcare service providers – the hitherto low traffic area is now designated as a beauty and healthcare corner.

We have also increased food and beverage ("F&B") offerings to diversify our shoppers' culinary options. NY Steak Shack, Papparich, Ah Cheng Laksa, and Mozer's are the latest food outlets that have joined Subang Parade.

An iconic and historical mall, Subang Parade is located in the heart of Subang Jaya's commercial centre.

From our analysis, compared to our other malls, retailers at Subang Parade suffered the strongest impact from weak consumer spending. Mass layoffs occasioned by the world economy affect Subang Parade the most as these workers reside in Klang Valley.

Mahkota Parade

Located at the heart of the city of Melaka, Mahkota Parade was Melaka's first regional shopping mall when it opened way back in 1994. It celebrated its 20th anniversary in 2014. Mahkota Parade was positioned and is still one of Melaka's premier shopping destinations as it is strategically located in the tourist belt of the historical city of Melaka. The city is inscribed on UNESCO's World Heritage List as part of UNESCO's preservation of historical sites across the globe. In this part of the city, there are other shopping malls such as Dataran Pahlawan and Hatten City shopping complexes which, due to their proximity to one another has created a vibrant, though highly competitive retail precinct.

In 2015, we expanded our cinema from 4 screens to 10 screens. To celebrate this expansion, the cinema re-launched glamorously with the attendance of the international movie star from Hong Kong, Donnie Yen. Tens of thousands of fans and shoppers thronged Mahkota Parade that day which benefited our retailers.

As explained earlier, Mahkota Parade's performance dipped in 2015 due to very stiff domestic competition as well as the general economy. In the face of this great challenge, Mahkota Parade differentiated itself with colourful events held throughout the year to boost shopper traffic and retailer sales. Amongst the events include "Balloon Wonderland Campaign" during school break, "AA Bazaar" – a bazaar bringing together many online retailers, "Hari Belia Sukan" organised with Jabatan Belia dan Sukan Negeri Melaka, in conjunction with the nationwide sports day, "Save a Life"

Mahkota Parade was positioned and is still one of Melaka's premier shopping destinations as it is strategically located in the tourist belt of the historical city of Melaka.

LETTER TO UNITHOLDERS

THE YEAR IN REVIEW

campaign in collaboration with WWF, where stage activities were held to create awareness on turtle and marine life preservation.

Wetex Parade's Leading Position in Muar

Wetex Parade is an integrated retail complex located in the midst of Muar town's commercial area. It enjoys a prominent position as a premier retail destination for the local community as Wetex Parade is the only purpose built shopping mall in the thriving town of Muar.

Wetex Parade continues to be the epitome of stability for Hektar REIT as it weathered the economic storm with minimal impact. In 2015, we introduced several new offerings and new retail concept like: Big Apple Donuts & Coffee, Focus Point, Bonita (first in Johor), and Lolita – a fashion café.

Wetex Parade continues to be the epitome of stability for Hektar REIT as it weathered the economic storm with minimal impact.

The upcoming expiry of Classic Hotel's long term lease gives us a good opportunity to explore the recalibration of the retail and hotel area to increase the overall NLA of the mall.

Central Square

Central Square is situated in the middle of Sungai Petani town, which is located 35km north of the state of Penang. It is a thriving industrial township with a sizeable population of more than 400,000 residents. The township is also about 25km away from another growing industrial district known as Gurun, a heavy industry zone. Sungai Petani's retail environment is thriving and is increasingly competitive as the town boasts several shopping malls and hypermarkets.

Central Square's AEI was fully completed in 2015. Following this, a major promotional relaunch was conducted, officiated by the former Menteri Besar, Datuk Seri Mukhriz Mahathir. The relaunch also reintroduced the cinema in Central Square, which previously had ceased operations. Other promotional events that were attached to this relaunch included the launching of Super Kids Squad to attract family patrons.

Central Square's revenue has dramatically increased since the completion of the AEI, despite the gloomy economic backdrop. We hope that Central Square can continue to

Central Square's revenue has dramatically increased since the completion of its AEI in 2015.

contribute positively to Hektar's portfolio in the coming years.

The revitalised mall has attracted several new retailers like Apple Store, OPPO, Panbowling, and Sushi World.

Landmark Central

Landmark Central is situated in Kulim town, which is regarded as the feeder to the successful Kulim Hi-Tech Park that resides many of the global technology companies. Landmark Central is the only purpose built shopping mall in Kulim town serving the immediate catchment of more than 250,000 residents. The closest competitors are two other malls located in the neighbouring Bukit Mertajam town. Landmark Central was officially launched in 2009 and since then Landmark Central has been a catalyst to the town attracting more commercial development towards the vicinity.

Landmark Central has demonstrated the fastest growth in terms of revenue amongst the other malls in Hektar's portfolio in 2015. It recorded very healthy reversion rates (average about 10% for FY2015). Additional fashion offerings like Factory Direct and Scarfsecret were added to improve the tenancy mix at the mall.

We are now looking into plans for AEI to increase the retail space at Landmark Central.

Landmark Central has demonstrated the fastest growth in terms of revenue amongst the other malls in Hektar's portfolio in 2015.

MOVING FORWARD INTO 2016

We expect 2016 to be Hektar REIT's toughest year over its 10-year history. To reiterate, the oil crisis, the currency crisis, mass layoffs and hike in interest rates from the implementation of Bank Negara's Basel III are not doing Hektar REIT and retailers any favours. The retail outlook in 2016 is very lacklustre and retailers continue to be skittish. A significant number of our loyal retailers are seeking our support to reduce their rent until the tide is turned. These are not fly-by-night retailers. They have been with us for many years and have never objected to rent increases before. I feel it is now time for us to demonstrate our loyalty to them during this extremely trying period. Bear in mind though, that by acceding to these rent reduction, Hektar REIT may experience dips in revenue in 2016.

However, every cloud has a silver lining. We now expect more opportunities for acquisition as we are now in a better position to negotiate with vendors, who we feel are more willing to accept our high-yield requirement.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank our team for their commitment and dedication to their work. Our appreciation is also extended to our retailers, vendors and business partners. Your contributions and support ensure that Hektar REIT remains a defensible, safe and preferred investment for our investors.

DATO' JAAFAR BIN ABDUL HAMID

Chairman and Chief Executive Officer



PERUTUSAN PENERUSI KEPADA PEMEGANG-PEMEGANG UNIT

ULASAN TAHUNAN

Bagi pihak Lembaga Pengarah, saya ingin berkongsi dengan anda pencapaian dan aktiviti bagi tahun kewangan berakhir 31 Disember 2015 ("FY2015"). Saya berasa sukacita Hektar REIT telah mengekalkan prestasi yang kukuh dan stabil.

Pemegang-pemegang Unit yang Dihargai

Bagi pihak Lembaga Pengarah, saya ingin berkongsi dengan anda pencapaian dan aktiviti bagi tahun kewangan berakhir 31 Disember 2015 ("FY2015"). Saya berasa sukacita Hektar REIT telah mengekalkan prestasi yang kukuh dan stabil.

2015 – TAHUN KEMEROSOTAN EKONOMI

2015 merupakan tahun yang sukar bagi rakyat Malaysia. Pada mulanya, pelaksanaan cukai barangan dan perkhidmatan ("GST") pada bulan April telah mengekang pengguna daripada berbelanja. Ini diikuti dengan krisis minyak dan krisis matawang yang melembabkan lagi sentimen runcit. Ekoran dari krisis ini, beribu-ribu pekerja dari sektor minyak dan gas, dan perbankan telah diberhentikan yang memburukkan lagi keadaan. Akibatnya, kebanyakan peruncit telah memutuskan untuk tidak mengembangkan perniagaan mereka.

Matawang ringgit yang lemah turut menjejaskan kos perniagaan peruncit dengan kadar keuntungan yang semakin tipis. Dengan perbelanjaan pengguna yang berkurangan dan kos meningkat, peruncit menghadapi satu cabaran yang amat nyata dalam perniagaan mereka yang tidak pernah dialami sejak 1997. Akibatnya, kuasa perundingan kami dengan mereka telah terjejas.

Kami bernasib baik kerana berjaya mengharungi pergolakan ekonomi ini tanpa kesan negatif yang ketara. Pada 2015, kami berjaya mencapai keuntungan nyata sebanyak RM44.7 juta, meningkat berbanding tahun sebelumnya. Ini hasil strategi dari segi kepelbagaian geografi, di mana prestasi pusat membeli-belah di sebuah lokasi telah membantu pusat membeli-belah di lokasi berasingan yang menghadapi cabaran.

Sejarah kami telah membuktikan keberkesanan strategi ini; pada 2014, pusat membeli-belah kami di Sungai Petani, Central Square mengalami penurunan ketara dalam hasil akibat daripada inisiatif peningkatan aset ("AEI") yang sedang dijalankan. Hasil yang berkurangan di Central Square telah diimbangi oleh hasil yang lebih tinggi di pusat membeli-belah lain.

Pada 2015, Mahkota Parade pula mengalami penurunan hasil ekoran saingan tempatan yang semakin meningkat. Kali ini, prestasi Central Square AEI telah banyak membantu.

Walaupun prestasi pusat membeli-belah bergantung pada pengurusan yang kukuh, kadang-kala faktor luar seperti pesaing mengurangkan sewa, GST dan keadaan ekonomi memainkan peranan sama penting. Strategi kami terhadap faktor-faktor luaran ini adalah kepelbagaian. Kami dapati bahawa pusat-pusat membeli-belah di bandar-bandar kecil kurang terjejas oleh keadaan ekonomi berbanding pusat membeli-belah di bandar-bandar besar.

PERSEKITARAN OPERASI DAN PASARAN TERKINI

Berdasarkan laporan suku ketiga 2015 Bank Negara, ekonomi Malaysia tumbuh sebanyak 4.7%, pemacu utama merupakan perbelanjaan sektor swasta, terutamanya sektor pengilangan dan perkhidmatan. Pertumbuhan ini adalah jelas lebih rendah berbanding tempoh yang sama pada tahun sebelumnya, iaitu 5.6%. Sementara itu, pertumbuhan penggunaan swasta perlahan sedikit kepada 4.1% pada suku yang sama disebabkan oleh penyesuaian isi rumah terhadap GST (suku kedua 2015: 6.4%). Berikutan itu, Bank Negara mengunjurkan pertumbuhan antara 4-5% pada 2016.

Disebabkan statistik runcit yang lemah, Retail Group Malaysia menurunkan ramalannya pada September 2015 buat kali kelima berturut-turut kepada 2.0% bagi 2015, dari 3.1% – turun 11.9% tahun ke tahun. Persatuan itu juga menyatakan dalam laporan terbaru mereka bahawa kekeliruan caj perkhidmatan bagi industri makanan dan minuman, kad tambah nilai telekomunikasi, pengumuman pada saat-saat terakhir produk yang akan dikecualikan daripada cukai, dan kenaikan secara tiba-tiba tambang teksi, juga menyumbang kepada kejatuhan dalam jualan runcit. Pengguna-pengguna keliru dengan mesej yang bercanggah oleh jabatan kerajaan yang berbeza, menyebabkan mereka menangguhkan pembelian mereka.

Penyelidik pasaran Nielsen mendapati bahawa keyakinan pengguna di Malaysia jatuh kepada 78 mata sepanjang tempoh Julai hingga September, turun 11 peratus mata berbanding suku tahun sebelumnya, menandakan rekod rendah sejak kajian bermula pada 2005, serta bacaan paling buruk di Asia Tenggara.

PRESTASI KEWANGAN

Kestabilan Berterusan

Hasil kasar sebanyak RM125.5 juta bagi FY2015 adalah peningkatan sebanyak 2.9% daripada tahun kewangan berakhir 31 Disember 2014 ("FY2014"), dengan penyumbang utama yang terdiri daripada sewaan sambilan dan pendapatan tempat letak kereta. Walau bagaimanapun, sewa mengikut peratusan menurun akibat daripada jualan peruncit yang lebih rendah.

Di sebalik peningkatan kos perniagaan, pasukan operasi kami telah berjaya mengekang perbelanjaan melalui rundingan bijak dengan penyedia perkhidmatan, inisiatif penjimatan tenaga elektrik serta mencari penaja aktiviti promosi kami.

Hasil daripada itu, pendapatan hartanah bersih ("NPI") FY2015 meningkat sebanyak 4.4% kepada RM76.5 juta berbanding FY2014. Sementara itu, keuntungan nyata meningkat daripada RM44.3 juta kepada RM44.7 juta.

Walaupun bagaimanapun, pendapatan bersih kami jatuh daripada RM50.4 juta pada FY2014 kepada RM4.8 juta pada FY2015 akibat daripada kerugian nilai saksama ekoran daripada penilaian semula hartanah kami (perkara bukan tunai). Kerugian penilaian semula timbul terutamanya daripada isu masa; kami memerlukan masa yang lebih panjang untuk memberi pulangan kepada pelaburan kami, di mana:

- i. Di Mahkota Parade, kami membeli lot-lot individu dan memulakan AEI untuk meningkatkan bilangan skrin pawagam kami. Objektif utama perbelanjaan modal ini adalah untuk meningkatkan nilai pusat membeli-belah kami. Perbelanjaan modal ini telah diambil kira sebagai aset di dalam akaun namun akan mengambil masa lebih dari setahun untuk menjana pendapatan tambahan yang akan meningkatkan nilai pasaran keseluruhan Mahkota Parade. Maka timbullah defisit penilaian semula.
- ii. Begitu juga bagi Central Square, AEI utama telah dijalankan untuk memberi nafas baru kepada pusat membeli belah berusia 16 tahun ini. Malangnya, tiada ruang bersih baru yang diwujudkan yang boleh meningkatkan nilai pusat membeli belah. Ini bermakna pulangan pendapatan akan memerlukan beberapa kitaran sewa untuk meningkatkan keseluruhan nilai pasaran pusat membeli belah ini.

- iii. Akhir sekali, tinjauan masa depan industri runcit yang lemah telah mempengaruhi jurunilai untuk menjadi lebih konservatif dalam kaedah pengiraan mereka.

Perlu diingatkan bahawa defisit penilaian semula tidak menjejaskan keupayaan kami untuk membayar dividen kerana ia adalah perkara bukan tunai. Pada 2015, di sebalik defisit penilaian semula dan keadaan pasaran yang lemah, jumlah bayaran dividen kami kepada anda masih sama seperti 2014.

Pengagihan Pendapatan dan Polisi Perakaunan

Hektar REIT mengumumkan pengagihan setiap unit ("DPU") sebanyak 10.50 sen bagi FY2015 mengekalkan pengagihan yang dibuat pada FY2014. Sejak penawaran awam awalnya ("IPO") pada 2006, Hektar REIT telah mengekalkan rekod prestasi pengagihan suku tahunan kepada pemegang-pemegang unitnya tanpa gangguan, memberikan pemegang-pemegang-pemegang unit trek pengagihan yang stabil.

Kami telah mengekalkan polisi membayar sekurang-kurangnya 90% daripada pendapatan bersih boleh diagih sebanyak empat kali setiap suku tahun sepanjang tahun. Kami perlu menjelaskan bahawa pendapatan bersih boleh diagih adalah pendapatan bersih tidak termasuk perkara bukan tunai, seperti pelarasan nilai saksama (biasanya berpunca daripada kenaikan nilai hartanah) dan perkara-perkara di bawah MFRS 117, piawai perakaunan dilaksanakan pada FY2010 (lihat nota kepada akaun bagi maklumat lanjut). Akibatnya, pendapatan bersih boleh diagih FY2015 adalah lebih tinggi daripada pendapatan bersih. Selepas membayar 90% daripada pendapatan bersih boleh diagih, Hektar REIT mengekalkan 10% selebihnya untuk peningkatan aset masa hadapan hartanah dan potensi pembelian lot-lot bagi keseluruhan portfolio Hektar REIT.

Pengagihan Stabil dan Pertumbuhan Modal

Harga unit Hektar REIT mengakhiri tahun ini pada RM1.52, meningkat sebanyak 3 sen berbanding dengan harga pembukaan pada permulaan tahun kewangan. Nilai aset bersih Hektar REIT pada 31 Disember 2015 ialah RM1.46 setiap unit.

Sekiranya anda telah melabur dalam unit-unit Hektar REIT pada permulaan 2015 pada RM1.49 dan kekal sebagai pemegang unit sehingga akhir tahun, anda akan menerima empat pengagihan berjumlah 10.5 sen setiap unit, mewakili hasil dividen sebanyak 6.9% (berdasarkan harga penutupan RM1.52 pada 31 Disember 2015). Jumlah pulangan anda ke atas Hektar REIT bagi FY2015 akan menjadi lebih kurang 8.9%.

Pada akhir 2015, unit-unit Hektar REIT telah didagangkan pada tebaran 295 mata asas kepada kadar hasil Sekuriti Kerajaan Malaysia ("MGS") 10 tahun. Sebelum ini, tebaran

PERUTUSAN PENERUSI KEPADA PEMEGANG-PEMEGANG UNIT ULASAN TAHUNAN

terhadap kadar hasil MGS telah dicatatkan pada 287 mata asas pada 2014. Premium ke atas kadar hasil MGS telah meningkat sebanyak 8 mata asas akibat daripada kadar MGS yang lebih rendah.

Pembiayaan pada 2015

Pembiayaan Hektar REIT diperoleh melalui kemudahan overdraf Al-Murabahah dengan 6 tranche bernilai RM184 juta, RM150 juta, RM15 juta, RM87 juta, RM65 juta dan RM30 juta yang akan tamat tempoh masing-masing pada 2016, 2017, 2021, 2016/17, 2019 dan 2018. Nisbah pembiayaan FY2015 Hektar REIT telah meningkat kepada 44.3% (FY2014: 40.9%) daripada nilai aset kasar masih di bawah had 50% yang ditetapkan oleh pihak berkuasa manakala purata wajaran kos pembiayaan pada tahun berakhir FY2015 ialah 4.9%.

Kami telah dimaklumkan oleh jurubank kami bahawa walaupun Bank Negara mengekalkan Kadar Dasar Semalaman sebanyak 3.25%, kadar komersial telah mula menular naik sejak 3Q2015 berikutan pelaksanaan Basel III Bank Negara secara berperingkat. Secara ringkas, Basel III bertujuan menggalakkan sistem perbankan yang lebih berdaya tahan dan mengukuhkan lagi peraturan modal dan mudah tunai global. Bank-bank pada dasarnya diminta untuk menambah keperluan modal mereka sebagai penampakan. Perubahan-perubahan penting dalam Basel III termasuk pengenalan penampakan kitaran penimbal dan nisbah penuilan. Ia juga memperkenalkan nisbah perlindungan mudah tunai dan nisbah pendanaan stabil bersih. Ini telah mengakibatkan peningkatan kos pinjaman.

Lebih 60% daripada pinjaman Hektar berkadar tetap tetapi pinjaman selebihnya terdedah kepada kenaikan kos pinjaman. Kami sedang dalam proses mencari pembiayaan alternatif dengan tujuan menghadkan pendedahan.

PRESTASI PORTFOLIO

Portfolio

Lima pusat membeli-belah Hektar REIT terletak sepanjang pantai barat Semenanjung Malaysia: Subang Parade di Subang Jaya, Selangor, Mahkota Parade di Melaka, Wetex Parade di Muar, Johor, dan Central Square di Sungai Petani dan Landmark Central di Kulim, kedua-duanya di Kedah. Secara kolektif NLA kami adalah 1.8 juta kaki persegi dengan tarikan pasaran sebanyak 3.0 juta pengunjung. Kami berhasrat untuk membawa amalan terbaik di seluruh lokasi pusat membeli-belah kami, berusaha untuk memberikan pembeli pengalaman membeli-belah yang menyeronokkan yang sama.

Subang Parade

Sebuah pusat membeli-belah yang ikonik dan bersejarah, Subang Parade terletak di tengah-tengah pusat komersial

Subang Jaya. Subang Parade terus menjadi pusat membeli-belah kemegahan Hektar REIT. Kedudukannya yang berhampiran dengan stesen kereta api, LRT yang akan siap tidak lama lagi dan rangkaian jalan raya utama menjadikannya cukup mudah diakses. Subang Parade terletak dalam kelompok beberapa pusat membeli-belah yang terletak dalam jarak berjalan kaki yang berdekatan antara satu sama lain.

Pada 2015, kami menyusun semula sejumlah besar lot runcit untuk menawarkan pengalaman runcit yang lebih baik kepada pembeli. Lot-lot yang lebih besar telah dipecah bahagi untuk menambah campuran penyewaan; misalnya, sebahagian daripada MPH telah dibina untuk membawa beberapa penyedia perkhidmatan kecantikan dan kesihatan – dengan itu kawasan trafik yang sehingga kini rendah sekarang dijadikan sebagai sudut kecantikan dan kesihatan.

Kami juga telah menambah penawaran makanan dan minuman (“F&B”) untuk mempelbagaikan pilihan makanan kepada pembeli-pembeli kami. NY Steak Shack, Papparich, Ah Cheng Laksa, dan Mozer adalah kedai makanan terkini yang telah menyertai Subang Parade.

Daripada analisis kami, berbanding dengan pusat membeli-belah lain kami, peruncit di Subang Parade mengalami kesan yang paling kuat akibat daripada perbelanjaan pengguna yang lemah. Pemberhentian pekerjaan beramai-ramai ekoran ekonomi dunia telah menjejaskan prestasi peruncit-peruncit di Subang Parade, memandangkan kebanyakan pekerja-pekerja tersebut tinggal di Lembah Klang.

Mahkota Parade

Terletak di tengah-tengah bandaraya Melaka, Mahkota Parade adalah pusat membeli-belah serantau pertama Melaka apabila ia dibuka sejak 1994. Ia menyambut ulang tahun ke 20 pada 2014. Mahkota Parade adalah dan masih menjadi salah satu destinasi membeli-belah utama di Melaka kerana ia berada di lokasi yang strategik di kawasan tumpuan pelancong di bandar bersejarah Melaka. Bandar ini tercatat dalam Senarai Warisan Dunia UNESCO sebagai sebahagian daripada pemeliharaan tempat bersejarah UNESCO di seluruh dunia. Di bahagian bandar raya ini terdapat beberapa pusat membeli-belah lain seperti Dataran Pahlawan dan kompleks membeli-belah Hatten City, kedudukannya yang berhampiran antara satu sama lain telah menghidupkan suasana peruncitan walaupun persaingan sengit.

Pada 2015, kami telah menambahkan pawagam kami daripada 4 skrin kepada 10 skrin. Untuk meraikan penambahan ini, pawagam dilancarkan semula dengan penuh glamor dengan kehadiran bintang filem antarabangsa dari Hong Kong, Donnie Yen. Berpuluh-puluh ribu peminat dan pembeli membanjiri Mahkota Parade pada hari tersebut yang memberi manfaat kepada peruncit kami.

Sebagaimana dijelaskan sebelum ini, prestasi Mahkota Parade menurun pada 2015 akibat daripada persaingan domestik yang amat sengit dan keadaan ekonomi secara amnya. Dalam menghadapi cabaran besar ini, Mahkota Parade menawarkan kelainan dengan mengadakan pelbagai acara-acara menarik sepanjang tahun untuk melonjakkan trafik pembeli dan jualan peruncit. Di antara acara-acaranya termasuklah “Balloon Wonderland Campaign” semasa cuti sekolah, “AA Bazaar” – bazar membawa bersama banyak peruncit dalam talian, “Hari Belia Sukan” dianjurkan dengan Jabatan Belia dan Sukan Negeri Melaka, sempena hari sukan seluruh negara, kempen “Save a Life” kerjasama dengan WWF, di mana aktiviti di pentas telah diadakan untuk mewujudkan kesedaran mengenai penyu dan pemeliharaan hidupan laut.

Wetex Parade

Wetex Parade adalah kompleks runcit bersepadu yang terletak di tengah-tengah kawasan komersial bandar Muar. Ia menikmati kedudukan tersohor sebagai destinasi runcit utama bagi masyarakat setempat memandangkan Wetex Parade adalah satu-satunya pusat membeli-belah dibina di bandar Muar yang pesat berkembang.

Wetex Parade terus menjadi lambang kestabilan bagi Hektar REIT kerana ia mengharungi kemelut ekonomi dengan kesan yang minima. Pada 2015, kami memperkenalkan beberapa penawaran baru dan konsep terkini seperti: Big Apple Donuts & Coffee, Focus Point, Bonita (pertama di Johor), dan Lolita – kafe fesyen.

Classic Hotel yang akan tamat tempoh penyewaannya tidak lama lagi, akan memberi peluang yang baik bagi meneroka penyusunan semula ruang runcit dan hotel untuk menambahkan NLA keseluruhan pusat membeli-belah.

Central Square

Central Square terletak di tengah-tengah bandar Sungai Petani, yang terletak 35km ke utara negeri Pulau Pinang. Ia adalah sebuah bandar perindustrian yang berkembang maju dengan saiz penduduk yang lebih daripada 400,000. Bandar ini juga terletak lebih kurang 25km dari bandar Gurun, sebuah lagi pusat perindustrian berat yang sedang berkembang. Persekitaran runcit Sungai Petani berkembang maju dan semakin berdaya saing memandangkan bandar ini mempunyai beberapa pusat membeli-belah dan pasar raya besar.

AEI Central Square telah siap sepenuhnya pada 2015. Berikutan ini, pelancaran semula secara besar-besaran telah diadakan, yang dirasmikan oleh mantan Menteri Besar Kedah, Datuk Seri Mukhriz Mahathir. Pelancaran semula ini juga telah memperkenalkan semula pawagam di Central Square, yang sebelum ini telah dihentikan operasinya. Lain-

lain acara promosi yang telah menyertai pelancaran semula ini termasuk pelancaran Super Kids Squad untuk menarik pelanggan berkeluarga.

Hasil Central Square telah meningkat secara mendadak sejak pasca AEI, walaupun keadaan ekonomi suram. Kami harap Central Square akan terus memberi sumbangan positif kepada portfolio Hektar dalam tahun-tahun akan datang.

Pusat membeli-belah yang berwaja baru telah berjaya menarik beberapa peruncit-peruncit terkenal seperti Apple Store, OPPO, Panbowling, dan Sushi World.

Landmark Central

Landmark Central terletak di bandar Kulim, merupakan penyalur kepada Kulim Hi-Tech Park di mana terdapat banyak syarikat teknologi global. Landmark Central adalah satu-satunya pusat membeli-belah bersepadu yang dibina khas di bandar Kulim. Ia menyediakan khidmat kepada lebih daripada 250,000 penduduk. Pesaing terdekat adalah dua pusat membeli-belah di Bukit Mertajam. Landmark Central telah dilancarkan secara rasmi pada tahun 2009 dan sejak itu ia telah menjadi pemangkin kepada bandar Kulim kerana ia menarik lebih banyak pembangunan komersial ke kawasan itu.

Landmark Central telah menunjukkan pertumbuhan yang paling pesat dari segi hasil dikalangan pusat membeli-belah lain dalam portfolio Hektar pada 2015. Ia mencatatkan kadar kenaikan sewa amat sihat (kadar purata lebih kurang 10% bagi FY2015). Penawaran fesyen tambahan seperti Factory Direct dan Scarfsecret telah ditambah untuk meningkatkan gabungan penyewaan di pusat membeli-belah.

Kami sekarang sedang mengkaji rancangan bagi AEI untuk meningkatkan ruang runcit di Landmark Central.

MELANGKAH MENUJU 2016

Kami menjangka 2016 akan menjadi tahun yang paling sukar bagi Hektar REIT sepanjang sejarah 10 tahun ia beroperasi. Saya ulangi, krisis minyak, krisis matawang, pemberhentian pekerja beramai-ramai dan kenaikan kadar faedah daripada pelaksanaan Basel III oleh Bank Negara akan merumitkan keadaan Hektar REIT dan peruncit peruncit. Tinjauan sektor runcit pada 2016 adalah suram dimana peruncit-peruncit mengamalkan sikap berjaga-jaga. Sebilangan daripada peruncit setia kami telah merayu untuk mengurangkan kadar sewa sehingga gelombang ekonomi ini reda. Mereka bukanlah peruncit peruncit kilat. Mereka telah bersama kami bertahun-tahun dan tidak pernah membantah kenaikan sewa sebelum ini. Kami rasa kini sudah tiba masanya bagi kami untuk menunjukkan keprihatinan kepada mereka dalam tempoh yang amat mencabar ini. Namun begitu perlu diingatkan, bahawa dengan pengurangan sewa ini, Hektar REIT

mungkin mengalami penurunan dalam pendapatan pada 2016.

Walau bagaimanapun, bagi setiap sesuatu kesukaran pasti ada hikmahnya. Kami menjangkakan lebih banyak peluang bagi pembelian pusat membeli-belah baru memandangkan kami kini berada dalam kedudukan yang lebih kukuh untuk berunding dengan penjual-penjual, yang kami rasa akan lebih terbuka untuk menerima syarat pulangan tinggi kami.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pasukan kami bagi komitmen dan dedikasi mereka kepada kerja mereka. Penghargaan juga ditujukan kepada peruncit-peruncit kami, penjual-penjual dan rakan niaga kami. Sumbangan dan sokongan anda memastikan bahawa Hektar REIT kekal sebagai pelaburan boleh dipertahankan, selamat dan pilihan bagi pelabur-pelabur kami.

DATO' JAAFAR BIN ABDUL HAMID

Pengerusi dan Ketua Pegawai Eksekutif

致单位持有者函

年度报告

15



本人代表公司董事会，有幸为您呈献截至2015年12月31日财政年度（“2015财政年度”）的财务表现与业务报告。本人欣然报告贺达房地产投资信托基金（“贺达产托”）维持了强劲且稳定的表现。

尊贵的单位持有人：

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2015年：经济下滑的一年

对马来西亚人而言，2015年是艰辛的一年。首先，于4月份推行的消费税（“GST”）打压了零售消费。接着，石油危机与随之而来的货币危机进一步削弱零售消费情绪，因为来自石油气体与银行业的数千员工遭到裁退，大大地减少了消费购物者的人数。因此，许多零售业者选择巩固实力，而非大事扩充。

雪上加霜的是，令吉汇价疲软影响了许多零售业者的营商成本，也收窄了他们的获利幅度。随着消费者支出减少，营运成本却上涨，零售业者的营商环境确实面对自1997年来最严峻的挑战。因此，我们与他们谈判的筹码也备受考验。

庆幸的是，我们安然度过了2015年的经济风暴，已实现收益达到4470万令吉，高于前一年的水平。这印证了我们地理位置上多元化的策略奏效，某一地点广场的表现，有助抵销另一地点面对挑战的广场所带来的冲击。

我们的以往记录证实此策略有功效；2014年我们在双溪大年的中环广场，因着推行资产增值举措行动（“AEI”）导致收入大幅下跌。中环广场收入减少所带来的冲击，因着其他广场的收入有所增加而获得缓冲。

2015年，轮到皇冠百利广场因着当地竞争加剧而收入减少，而中环广场在完成资产增值举措行动后，收入大幅改善，纾缓了整体表现所面对的冲击。

虽然广场的表现有赖于稳健的管理，然而，一些外来因素，例如竞争者削减租金、消费税与经济状况也扮演着举足轻重的角色。我们应对这些外来因素的策略正是“多元化”。我们发现较小市镇的购物广场，虽然无法完全独善其身，却比大市镇的购物广场受到当前经济情况的冲击较少。

营运环境与市场最新资讯

根据国家银行2015年第三季报告，马来西亚经济于2015年第三季成长4.7%，主要推动力是制造业与服务业。此成长率显著地低于前一年同期的5.6%成长率。与此同时，由于家庭支出随着消费税而进行调整，同一季的私人消费放缓至4.1%（2015年第二季为6.4%），有鉴于此，国家银行预测2016年的经济成长介于4-5%。

由于零售数据疲弱，大马零售集团于2015年9月连续第五次降低其2015年的预测，从之前的3.1%降至2.0%，按年下降11.9%。该协会在最新的报告中也表示，饮食业的服务费、电讯业的增值卡，以及临时宣布一些产品免税所引起的混淆，再加上计程车收费突如其来地提高，都导致零售销售下跌。各个政府部门发表互相矛盾的言论，让消费者深感混淆，导致他们延迟购买行动。

市场调查公司尼尔森发现7月至9月期间的大马人消费信心指数下跌至78点，在该季下跌11个百分点，是自2005年展开此调查以来的最低记录，也是这一季东南亚地区最差的表现。

财务表现

可持续性财务表现

2015财政年度的总收入为1亿2550万令吉，比2014年12月31日财政年度（“2014财政年度”）增加2.9%，主要贡献来自临时租赁与停车场收入。然而，因零售业者销售减少，出租率也下跌。

虽然整体的营商成本上涨，我们的营运团队藉着与服务供应者精明地谈判、节省能源举措，以及寻求赞助商补助我们的促销活动，而得以控制营运开销。

因此，2015财政年度的净产业收益（“NPI”）达到7650万令吉，比2014财政年度增加了4.4%。同时，已实现收益从4430万令吉，增至4470万令吉。

然而，由于我们的产业重估引发公允价值亏损（非现金项目），导致净收益从2014财政年度的5040万令吉减至2015财政年度的480万令吉。重估亏损主要是时机因素所导致，我们需要更长时间以具体地看到投资回酬，其中：

- i. 在皇冠百利广场，我们收购个别的零售店铺，并推行AEI以增加电影院的影厅数量。承担这类资本开销的最终目的就是要提升广场的价值。在承担了这类资本开销，并在账目上预先入账之际，需要超过一年时间才可带来额外收益，并提升皇冠百利广场整体的市场价值。因此，重估出现亏损。
- ii. 中环广场的情况也类似，我们进行了大型的AEI以翻新楼龄达16年的广场。遗憾的是，我们无法增加新的净出租面积（“NLA”），以即刻提升广场的价值。这意味着，收益回酬需要经过几轮的租金周期，才可改善广场的整体市场价值。

iii. 最后，零售与产业市场前景展望整体疲软，影响了估价师采用较保守的计算法。

特此提醒，重估亏损属非现金项目，并不会影响我们的派息能力。虽然2015年面对重估亏损与逊色的市场状况，我们给您的派息仍维持与2014年的同样水平。

收益分配与会计政策

贺达产托宣布在2015财政年度的每单位派息（“DPU”）为10.50仙，与2014财政年度的派息保持不变。自2006年首次公开招股（“IPO”）迄今，贺达产托一直保持每季度未曾中断派息给单位持有人的纪录，让单位持有人持续享有派息。

我们也坚持在全年以四个季度派息支付至少90%的可分配净收益的政策。我们谨此澄清可分配净收益是指不包括非现金项目，例如公允价值调整（通常是基于产业价值上涨）以及属于财务报告标准117的项目的净收益，财务报告标准117是于2010财政年度采纳的会计标准（详情请见账目注释）。有鉴于此，2015财政年度的可分配净收益比净收益高。支付90%的可分配净收益后，贺达产托保留剩余的10%，供未来资产增值举措以及收购资产组合中已出售店铺之用途。

稳定分配与资本成长

贺达产托单位价格在年终以1.52令吉收市，比财政年初的开市价格水平高出3仙。贺达产托的资产净值在2015年12月31日为每单位1.46令吉。

您若在2015年初以1.49令吉价格投资贺达产托单位，并持有单位直到年终，您将收到四次总计每单位10.5仙的派息，股息回酬率为6.9%（按2015年12月31日的1.52令吉收市价格计算）。您的2015财政年度贺达产托总回酬率将大约为8.9%。

2015年终的贺达产托单位价格比10年马来西亚政府债券（“MGS”）收益率高出295个基点。之前，在2014年与MGS收益率的价差为287个基点。由于MGS收益率下跌，它与MGS收益率的溢价提高了8个基点。

2015年融资计划

贺达产托的融资来自 Al-Murabahah 透支便利的六批贷款，价值分别为1亿8400万令吉、1亿5000万令吉、1500万令吉、8700万令吉、6500万令吉和3000万令吉，并分别于2016年、2017年、2021年、2016/17年、2019年和2018年到期。贺达产托在2015财政年度的资本负债比提高至资产总值的44.3%（2014财政年度为40.9%），处在管制当局所制定的50%上限范围内，而截至2015财政年度的加权平均融资成本保持在4.9%。

我们接获来自银行家的可靠消息说，虽然国家银行的隔夜政策利率保持在3.25%，但由于国家银行分阶段实施《巴塞尔协议III》，商业利率自2015年第三季已开始缓缓上扬。简言之，《巴塞尔协议III》旨在提倡更加稳健的银行体系，并进一步增强全球资本与流动资金的管制。基本上银行受促提高资本要求作为缓冲。《巴塞尔协议III》的主要变更包括推介对抗经济景气资本缓冲与杠杆比率。此协议也推介流动性覆盖率与净稳定资金比率。最终，这增加了贷款成本。

贺达产托多于60%的贷款仍获对冲，惟剩余的贷款如今面对利息正扬升的风险。我们目前正探讨选择方案以减少贷款，来限制我们所面对的风险。

资产组合表现

资产组合

贺达产托的5个广场遍布马来半岛西海岸：雪兰莪州首邦再也的首邦百利广场、马六甲州的皇冠百利广场、柔佛州麻坡的威德百利广场，以及吉打州双溪大年的中环广场和吉打州居林的新世纪广场。这些广场的净出租面积达180万平方米，这些产业的顾客来源区共有逾300万人口。我们旨在各个地点的广场实施最佳实践法，致力于让购物者享有同等愉悦的购物体验。

首邦百利广场

具图标象征意义且历史悠久的首邦百利广场位于蓬勃兴旺的首邦再也商业区中心点。首邦百利广场依然是贺达产托的旗舰广场。这家广场邻近火车站、即将竣工的轻快铁车站，并衔接主要公路，交通四通八达。首邦百利广场坐落在数家购物中心汇集之处，彼此距离咫尺之遥。

我们在2015年重新调整多间零售店铺，力求改善购物者的购物体验。大型的店铺加以细分，以增加租户组合的搭配，举例说，MPH书局的部分空间切割给数家美容与保健服务供应商，原本人潮较稀落的地区如今已成为美容与保健专属角落。

我们也增加饮食店铺的阵容，让购物者拥有更多的好选择享受美味佳肴。最新进驻首邦百利广场的美食店计有 NY Steak Shack、Papparich、Ah Cheng Laksa 与 Mozer's。

据我们分析，相比我们的其他广场，首邦百利广场的零售业者在消费支出疲软的局势中面对最强烈的冲击。伴随着全球经济局势而引发的大型裁员风潮，深深地影响着首邦百利广场，因为这批员工居住在巴生河流域一带。

马六甲皇冠百利广场

位于马六甲市中心的皇冠百利广场是马六甲首家区域性购物中心。它于1994年开始营业，并在2014年庆祝廿周年纪念。皇冠百利广场一直都是马六甲的高级购物中心，因为它处于马六甲历史城的旅游区关键位置。马六甲已被列入联合国世界文化遗产名录，属于联合国教科文组织保护的全球各地历史古迹之一。此城市也有其它购物广场如英雄广场和惠胜之都购物广场，由于彼此毗邻接近，形成了一个虽然竞争激烈，却是热闹的零售地带。

2015年，我们扩充了电影院，从现有四（4）影厅增加至十（10）影厅。配合完成扩充的欢庆活动，电影院邀请来自香港的国际巨星甄子丹出席重新开张仪式。当天数以万计的粉丝与购物者蜂拥而至，齐聚皇冠百利广场一睹巨星风采，让零售商受益不浅。

如前所述，皇冠百利广场于2015年的表现滑落，是因为当地的竞争非常激烈，以及整体经济低迷所致。在面对如此艰巨挑战的当儿，皇冠百利广场在一整年推出多姿多彩的盛事活

动，藉此吸引购物人潮，并推高零售销售额。我们举行的盛事活动包括学校假期的“Balloon Wonderland Campaign”、汇聚众多网上零售业者的街市——“AA Bazaar”、由马六甲州青年及体育局配合全国运动日所举办的“青年运动日”（Hari Belia Sukan），以及与世界野生动物基金会（WWF）联办的“Save a Life”活动，以唤醒保护海龟与海洋生物的意识。

麻坡威德百利广场

威德百利是位于麻坡市镇商业区中心的综合型零售广场。威德百利是麻坡市镇上唯一专门建设的购物广场，因此它是当地社区首屈一指的高级零售好去处。麻坡蓬勃繁荣，是继首府新山之后柔佛州的第二大城市。

威德百利广场依然是贺达产托稳定表现的缩影，在经济风暴期间，此广场受到的冲击微乎其微。我们于2015年引进数项新商店与崭新零售概念，例如：Big Apple Donuts & Coffee、Focus Point、Bonita（柔佛州首间）与时尚咖啡馆——Lolita。

Classic酒店的租约即将期满，让我们有良好机会探讨重新调整零售与酒店区的租户，以增加广场整体的净出租面积。

双溪大年中环广场

中环广场位于双溪大年镇，在槟城州以北35公里。这是一个发展中的工业城镇，拥有超过40万居民。距离双溪大年约25公里，另有一蓬勃发展的重工业区——莪仑（Gurun）。双溪大年的零售环境繁荣，竞争日益激烈，因为近年已建立了几家新的购物广场与霸级市场。

中环广场的AEI于2015年全面完成。随后，我们举行了大规模的重新开张促销活动，并由当时的吉打州务大臣拿督斯里慕克里马哈迪（Datuk Seri Mukhriz Mahathir）主持重新开张仪式。伴随此次重新开张的，也包括中环广场之前已停业的电影院重新营业。其他促销活动包括推介Super Kids Squad以吸引全家人一起来此广场光顾。

即使在经济状况低迷之际，完成AEI之后，中环广场的收入大幅增加。我们期望中环广场将继续在未来几年为贺达产托的资产组合作出正面的贡献。

这间翻新的广场吸引多家新的零售商店进驻，包括Apple Store、OPPO、Panbowling与Sushi World。

居林新世纪广场

新世纪广场位于居林城镇，这是居林高科技园的供给地，此高科技园吸引了多家全球科技公司进驻，成就斐然。新世纪广场是居林城镇唯一专门建设的购物中心，邻近有逾25万名居民，最接近的竞争对手是两间位于邻近大山脚镇的购物广场。新世纪广场于2009年正式开张，此后新世纪广场成为该城镇的催化剂，带动了此地区的商业发展。

新世纪广场于2015年是贺达产托资产组合中收入成长最迅速的广场。它也取得非常健全的租金调升率（2015财政年平均约为10%）。更多的服装店，例如 Factory Direct 与Scarfsecret 进驻也改善了此广场的租户组合配搭。

我们正研究推行AEI，以增加新世纪广场的零售面积。

迈向2016年

我们预期贺达产托会在2016年面对10年以来最严峻的考验。在此重提，石油危机、货币危机、大型裁员潮，以及国家银行推行《巴塞尔协议III》引发的利率上扬，不利于贺达产托与零售商。2016年零售业的前景阴霾密布，零售商将继续如履薄冰。多位忠实租户正向我们求助，要求暂时削减租金，以待经济景气出现转机。这些并非没有信誉的零售业者。他们是我们的多年租户，而且未曾反对之前的租金调升。我觉得在这个格外艰难时期，正是我们展现与他们共赴时艰的时刻。然而须牢记于心，在削减租金后，贺达产托的收入可能于2016年下跌。

然而，危中有机。我们期望如今正是增购资产的好时机，因为与卖方谈判时我们处于更有利位置，他们会更乐于接受我们高收益的要求。

鸣谢

本人代表董事会感谢团队对工作尽责和献身精神。我们也感谢零售商、供应商和业务伙伴。大家的贡献和支持确保贺达产托得以继续成为投资者一项具防御、安全和首选的投资。

DATO' JAAFAR BIN ABDUL HAMID

主席兼首席执行官

CREATING THE PLACES WHERE PEOPLE LOVE TO SHOP





PORTFOLIO PERFORMANCE

PROPERTY PROFILES

Hektar REIT's portfolio consists of five well-established shopping centres in various states on the West Coast of Peninsular Malaysia:



**SUBANG
PARADE**

Subang Parade, located in
Subang Jaya, Selangor

**MAHKOTA
PARADE**

Mahkota Parade, located in
Bandar Melaka, Melaka

**WETEX
PARADE**

Wetex Parade, located in
Muar, Johor;

**CENTRAL
SQUARE**

Central Square, located in
Sungai Petani, Kedah

**LANDMARK
CENTRAL**

Landmark Central, located in
Kulim, Kedah

Net Lettable Area

1.8
million^{sq ft}

Occupancy

96.6
percentage

Market Catchment¹

3.0
million
residents

Visitor Traffic

30.6
million
per annum

Number of Tenancies²

460

Data current as at 31 December 2015.

¹ Spectrum Research Asia Sdn. Bhd., December 2012 (Independent Research), within 20-minutes drive.

² NLA Tenants only.

The portfolio provides a good geographical diversification to the REIT. This financial year, Central Square was re-launched following the completion of its major asset enhancement initiative, which includes a modern facelift, improved fittings and amenities, and expansion of the cinema. The Manager aims to enhance the long-term value of the portfolio via key operating, investment and capital management strategies. The performance achieved by each centre in the financial year 2015 is set out in the following pages.

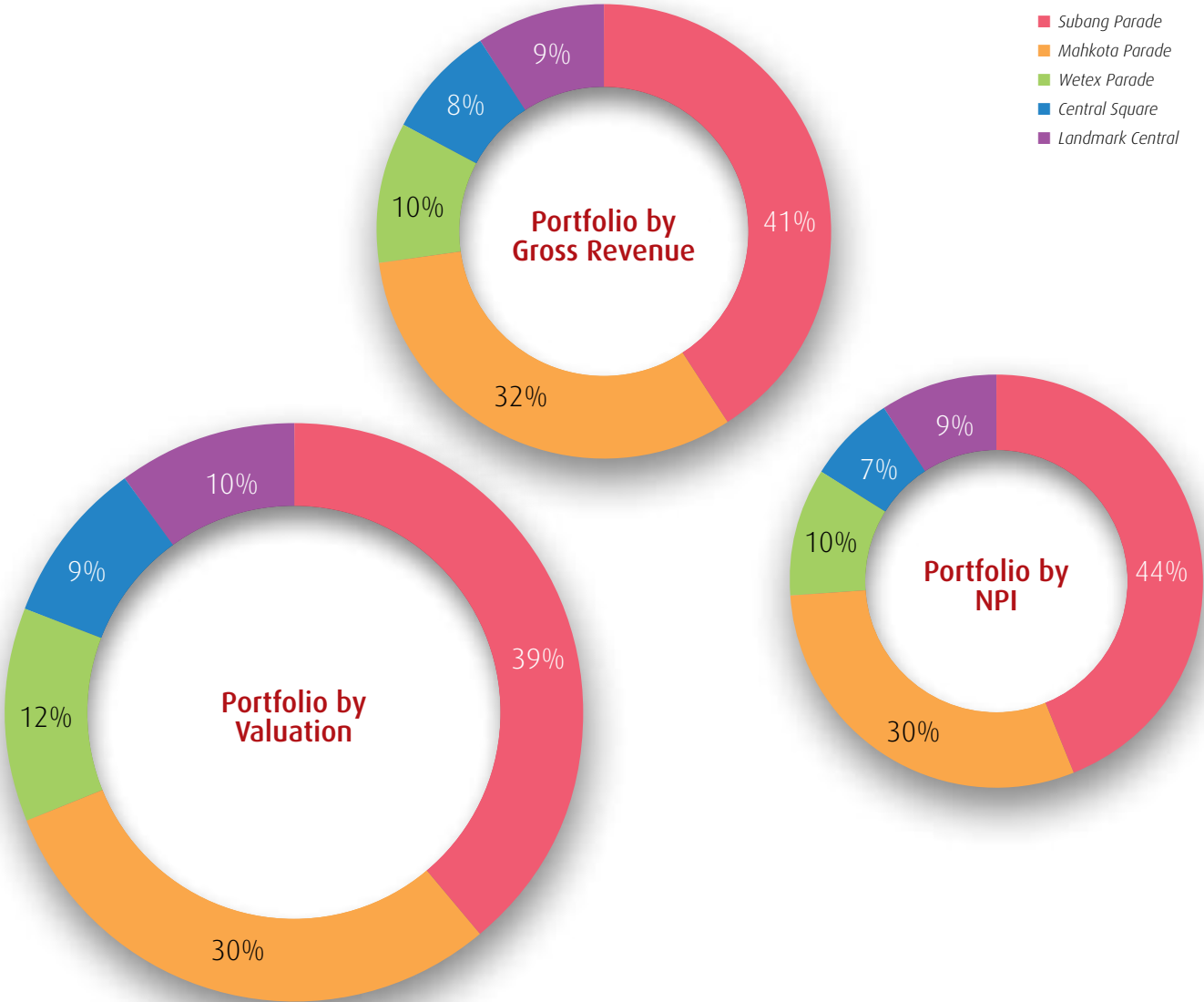
	Subang Parade	Mahkota Parade	Wetex Parade	Central Square	Landmark Central
State	Selangor	Melaka	Johor	Kedah	Kedah
Title	Freehold	Leasehold*	Freehold	Freehold	Freehold
Primary Trade Area ¹	1,834,000	382,200	201,600	406,870	181,195
NLA – Retail (sq ft)	505,293	519,654	159,153	311,741	281,388
Tenancies	126	106	75	82	71
Occupancy (%) ²	94.7	95.5	98.7	98.0	99.3
Visitor Traffic FY2015 (million)	9.8	9.1	4.6	3.9	3.2
Purchase Price (RM million)	280.0	257.5	117.5	83.0	98.0
Valuation (RM million) ²	426.4	320.0	135.0	94.0	111.2
Gross Revenue FY2015 (RM million)	51.7	39.8	13.4	9.7	11.0
Net Property Income (NPI) FY2015 (RM million)	34.1	22.7	8.0	5.1	6.7

1. Spectrum Research Asia Sdn. Bhd., December 2012 (Independent Research)

2. As at 31 December 2015

* Until year 2101

DIVERSIFIED PORTFOLIO



PORTFOLIO OCCUPANCY

Hektar’s portfolio of assets have achieved an aggregate occupancy rate of 96.6% as at 31 December 2015. The overall occupancy rate has improved following the completion of the AEI at Central Square.

Property	Occupancy as at 31 December				
	2015	2014	2013	2012	2011
Subang Parade	94.7%	99.3%	100.0%	99.8%	99.9%
Mahkota Parade	95.5%	94.5%	97.8%	96.1%	94.5%
Wetex Parade	98.7%	98.3%	96.8%	97.8%	98.6%
Central Square	98.0%	80.5%	82.5%	89.8%	N/A
Landmark Central	99.3%	97.8%	93.7%	96.9%	N/A
Overall*	96.6%	94.3%	95.0%	96.3%	97.5%

* The weighted average occupancy rate is calculated based on NLA.

VISITOR TRAFFIC

Visitor traffic is measured by FootFall, a computerised video-based traffic monitoring system. Visits to Subang has increased slightly by 3.2% but Mahkota Parade and Wetex Parade have decreased slightly due to the weak consumer sentiment. Shopper traffic at Central Square has increased significantly with the completion of AEI. Visitor traffic at Landmark Central remained stable at 3.2 million.

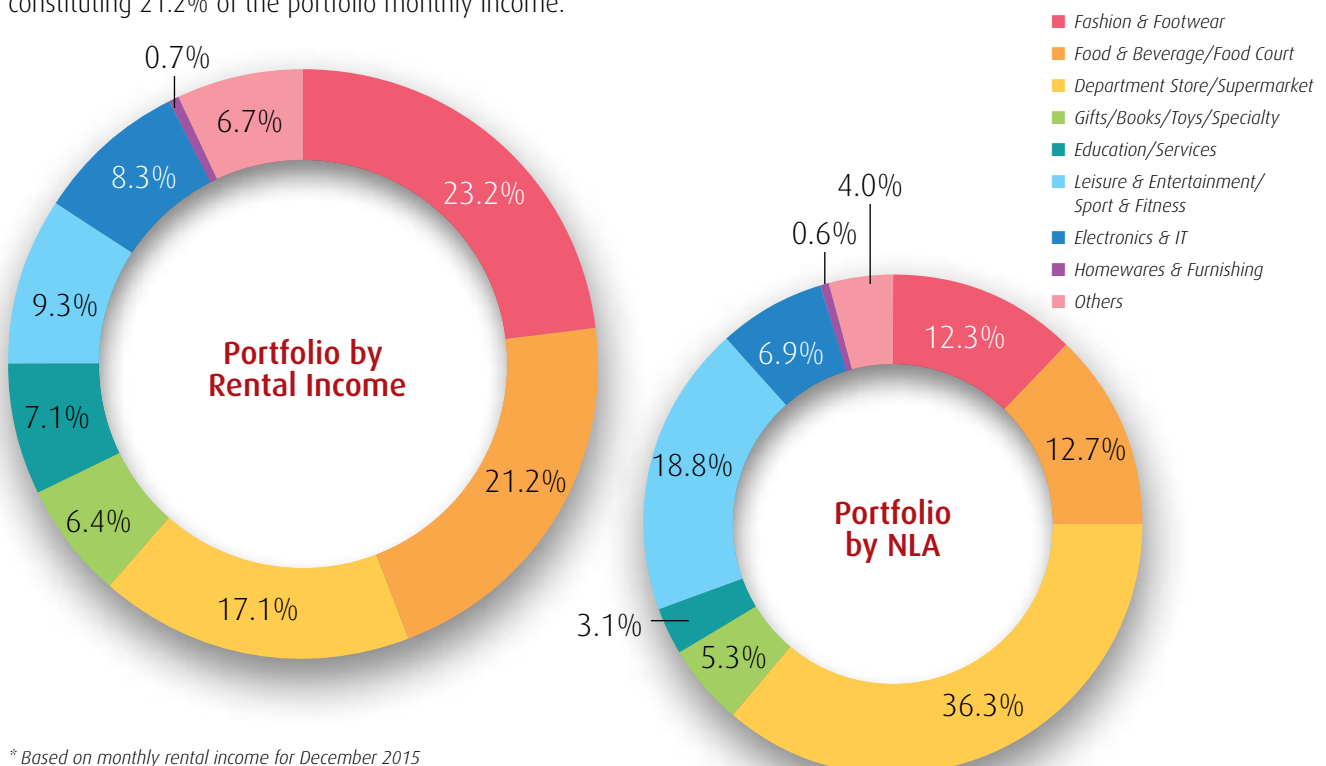
Property (Number of Visits)	2015	2014	2013	2012	2011
Subang Parade (million)	9.8	9.5	8.5	7.7	7.9
% Change in Traffic	3.2%	11.8%	10.4%	-2.5%	5.3%
Mahkota Parade (million)	9.1	10.0	10.4	11.0	8.2
% Change in Traffic	-9.0%	-3.8%	-5.5%	34.1%	13.9%
Wetex Parade (million)*	4.6	4.8	4.8	5.2	5.9
% Change in Traffic	-4.2%	0.1%	-7.7%	-11.9%	7.3%
Central Square (million)	3.9	3.3	4.1	—	—
% Change in Traffic	18.2%	-19.5%	—	—	—
Landmark Central (million)	3.2	3.2	3.4	—	—
% Change in Traffic	NIL	-5.9%	—	—	—
Total (million)	30.6	30.8	31.2	23.9	22.0

* Footfall system for Central Square and Landmark Central was installed only in late November 2012. Footfall for these two malls are reported from January 2013 onwards.

* Figure revised due to system recalibration.

PORTFOLIO TENANCY MIX

The portfolio tenancy mix is dominated by department stores and supermarkets, which led by Parkson, The Store and Giant, constitute approximately 36.3% of total portfolio NLA. In terms of rental income, the largest segment remains fashion and footwear, which contributes approximately 23.2% of monthly rental income. Food and beverage comes closely behind, constituting 21.2% of the portfolio monthly income.



* Based on monthly rental income for December 2015

PORTFOLIO'S TOP TEN TENANTS

The top ten tenants in the portfolio contributed approximately 28.5% of total monthly rental income, providing a diversified revenue base. After the top tenant, Parkson, which contributed approximately 9.6% monthly rental income, no other tenant contributed more than 6.0%.

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	254,009	14.3%	9.6%
The Store	Department Store/Supermarket	273,198	15.4%	5.8%
Seleria	Food & Beverage	35,437	2.0%	2.5%
Giant	Department Store/Supermarket	96,283	5.4%	1.7%
Bata	Fashion & Footwear	8,355	0.5%	1.7%
MBO	Leisure & Entertainment/Sports & Fitness	83,705	4.7%	1.6%
McDonald's	Food & Beverage	14,124	0.8%	1.6%
KFC	Food & Beverage	17,431	1.0%	1.5%
Watsons	Services	8,757	0.5%	1.3%
Kenny Roger Roasters	Food & Beverage	7,096	0.4%	1.2%
Top 10 Tenants (By Monthly Rental Income)		798,395	45.0%	28.5%
Other Tenants		978,834	55.0%	71.5%
Total		1,777,229	100.0%	100.0%

* Based on monthly rental for December 2015

PORTFOLIO RENTAL REVERSIONS

For the year ended 31 December 2015, the portfolio recorded 126 new and renewed tenancies, with an overall weighted average rental reversion of 3%. Central Square has recorded commendable reversion this year with the completion of its AEI. Landmark Central has continued to enjoy good reversion rates following to active tenant remixing exercises. Mahkota Parade has experienced negative reversion due to competitive market conditions.

The remaining two malls, Subang Parade and Wetex Parade recorded stable reversion rates.

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	35	201,618	40%	6%
Mahkota Parade	39	234,918	49%	-6%
Wetex Parade	46	40,289	25%	0.2%
Central Square	4	80,669	27%	21%
Landmark Central	2	139,640	50%	10%
Total/Average*	126	697,134	40%	3%

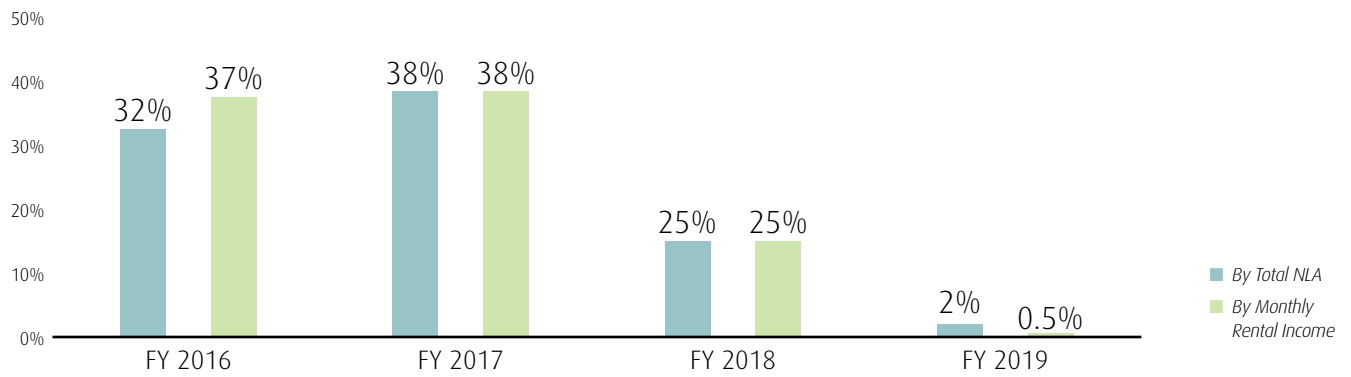
* The weighted average is calculated based on NLA. Figures as at 31 December 2015

PORTFOLIO TENANCY EXPIRY PROFILE

For the year 2016, a total of 176 tenancies will expire, representing approximately 32% of NLA and 37% of monthly rental income as at 31 December 2015. This is in line with typical tenancy terms of 3 years, as per the current market practice in Malaysia.

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	176	567,805	32%	37%
FY 2017	152	666,924	38%	38%
FY 2018	129	451,306	25%	25%
FY 2019	2	26,737	2%	0.5%

* Based on monthly rental income for December 2015

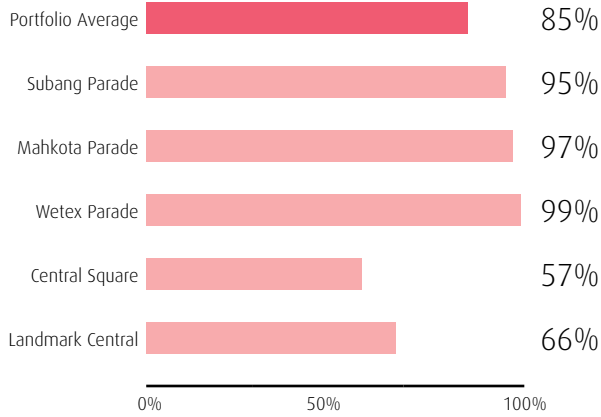


PORTFOLIO TENANCY PROVISIONS

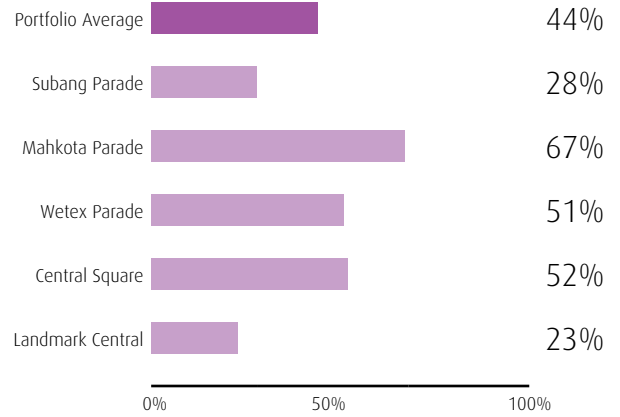
As at 31 December 2015, turnover rent provisions were present in approximately 78% of the tenancies in the portfolio. Step-up rent provisions were present in approximately 44% of tenancies within the portfolio.

A turnover rent provision allows for rent calculated as a proportion of annual turnover of the tenant’s business. Turnover rent is paid to the REIT if it exceeds the base rent specified in tenancy agreements on an annual basis. A step-up rent provision is specified in tenancy agreements as a pre-determined increase in rent at defined intervals during a tenancy agreement, typically each year and forms the base rent of any tenancy agreement.

Hektar REIT Tenancy Provisions
Turnover Rent



Hektar REIT Tenancy Provisions
Step-up Rent



SUBANG PARADE

Location	No. 5, Jalan SS 16/1 Subang Jaya 47500 Petaling Jaya Selangor
Title	Freehold
Primary Trade Area	1,834,000 within 20-mins drive time
Gross Floor Area	1,169,038 sq ft
Net Lettable Area	505,293 sq ft
Car Park	1,282
Valuation	RM426.4 million
Tenants*	126
Key Tenants	Parkson, Celebrity Fitness, MBO Cinemas, Best Denki, Digital One, TGIF
Occupancy	94.7%
Visitor Traffic	9.8 million per annum
Year Opened	1988
Year Acquired	2006

Data as of 31 December 2015.

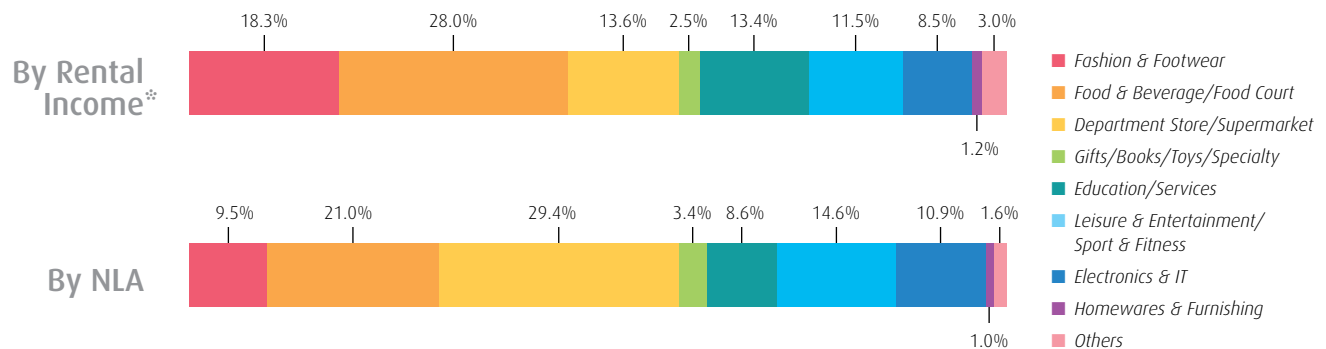
* Only NLA Lots.

Subang Parade was the first 'regional' shopping centre in Selangor when it was opened in 1988. The centre is located in the heart of Subang Jaya's commercial district, a township which is 25 minutes drive from Kuala Lumpur.

Subang Parade's positioning strategy is neighbourhood-focused, with an emphasis on its primary trade area. This market focus provides the centre with a captive customer base, whose needs are met by a tenant mix offering value and convenience. In 2011, the introduction of a cinema has further enhanced the tenant mix of the centre, bringing us closer to our purpose in meeting customers' needs.



SUBANG PARADE'S TENANCY MIX



SUBANG PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	61	96,792	19%	34%
FY 2017	49	181,743	36%	38%
FY 2018	23	194,440	38%	28%
FY 2019	1	1,737	0.3%	1%

* Based on monthly rental income for December 2015.



SUBANG PARADE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	140,620	27.8%	13.6%
Digital One	Electronics & IT	21,361	4.2%	2.8%
Celebrity Fitness	Leisure & Entertainment/Sport & Fitness	21,646	4.2%	2.7%
Best Denki	Electronics & IT	24,739	4.9%	2.3%
TGI Friday's	Food & Beverage	5,655	1.1%	2.1%
Kenny Roger Roasters	Food & Beverage	3,610	0.7%	1.9%
W.O.S World of Sports	Fashion & Footwear	5,769	1.1%	1.9%
MBO Cinemas	Leisure & Entertainment/Sport & Fitness	25,293	5.0%	1.8%
The Reject Shop	Fashion & Footwear	9,192	1.8%	1.8%
MPH Bookstores	Gifts/Books/Toys/Specialty	14,908	3.0%	1.7%
Top 10 Tenants (by monthly rental income)		272,793	53.9%	32.6%
Other Tenants		232,500	46.1%	67.4%
Total		505,293	100.0%	100.0%

* Based on monthly rental income for December 2015.

MAHKOTA PARADE

Location	No. 1, Jalan Merdeka 75000 Bandar Melaka Melaka
Title	Leasehold (until 2101)
Primary Trade Area	382,200 within 20-mins drive time
Gross Floor Area	1,392,623 sq ft
Net Lettable Area	519,654 sq ft
Car Park	1,079
Valuation	RM320.0 million
Tenants*	106
Key Tenants	Parkson, Seleria, Giant, MIXX
Occupancy	95.5%
Visitor Traffic	9.1 million per annum
Year Opened	1994
Year Acquired	2006

Data as of 31 December 2015.

* Only NLA Lots.

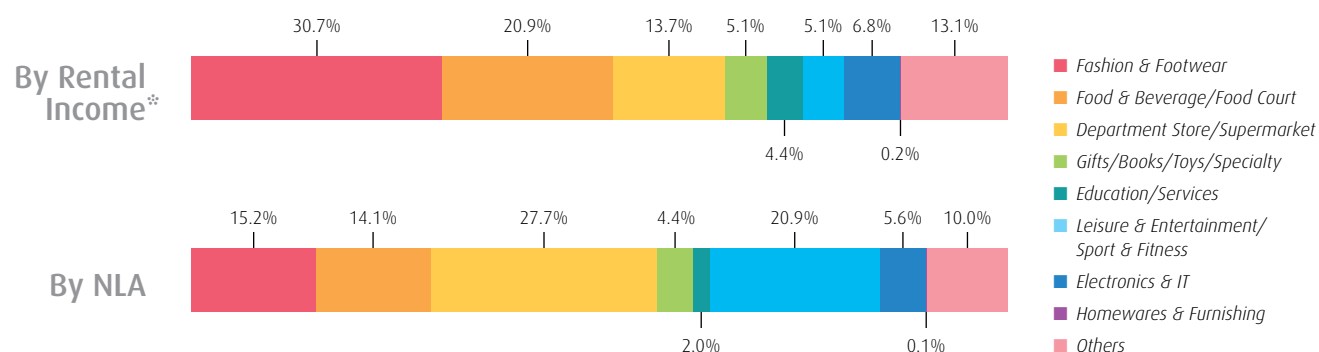
Mahkota Parade was the first 'regional' shopping centre located in the commercial and tourist centre situated in the heart of Melaka town.

Mahkota Parade is positioned as the leading shopping centre in the Melaka region. The centre also serves as a key destination for major community events and exhibitions.

Mahkota Parade was re-launched on May 1, 2010, following a complete refurbishment. The revitalised shopping centre improved the overall shopping experience for customers.

A further expansion at the cinema was completed in 2015, where the number of screens were increased from four to ten. These are part of Hektar's continuing efforts to invest in the Melaka market and maintain Mahkota Parade as the leading shopping centre in the state.

MAHKOTA PARADE'S TENANCY MIX



MAHKOTA PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	51	149,349	29%	43%
FY 2017	35	280,669	54%	43%
FY 2018	21	66,174	13%	14%
FY 2019	—	—	—	—

* Based on monthly rental income for December 2015.



MAHKOTA PARADE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	113,389	21.8%	12.3%
Seleria	Food & Beverage	35,437	6.8%	7.9%
Ampang Superbowl	Leisure & Entertainment/Sport & Fitness	36,717	7.1%	2.7%
LFS Cinemas	Leisure & Entertainment/Sports & Fitness	43,608	8.4%	2.6%
McDonald's	Food & Beverage	5,942	1.1%	2.2%
KFC	Food & Beverage	5,403	1.0%	2.1%
Reject Shop	Fashion & Footwear	8,503	1.6%	2.1%
Darling	Fashion & Footwear	2,529	0.5%	2.0%
Guardian	Services	3,800	0.7%	1.7%
Kaison	Homewares & Furnishing	9,655	1.9%	1.6%
Top 10 Tenants (by monthly rental income)		264,983	50.9%	37.2%
Other Tenants		254,671	49.1%	62.8%
Total		519,654	100.0%	100.0%

* Based on monthly rental income for December 2015.

WETEX PARADE

Location	69 Jalan Ali Off Jalan Sulaiman 84000 Muar, Johor
Title	Freehold
Primary Trade Area	201,600 within 20-mins drive time
Gross Floor Area	281,590 sq ft
Net Lettable Area	159,153 sq ft
Classic Hotel GFA/NLA	125,931 sq ft
Car Park	175
Valuation**	RM135.0 million
Tenants*	75
Key Tenants	The Store, McDonald's, Watsons, Popular Bookstore
Occupancy	98.7%
Visitor Traffic	4.6 million per annum
Year Opened	1996
Year Acquired	2008

Wetex Parade is an integrated retail development located within the commercial district of Muar, Johor. Wetex Parade is the leading department store anchored shopping centre in town and serves as the premier retail destination for the Muar area.

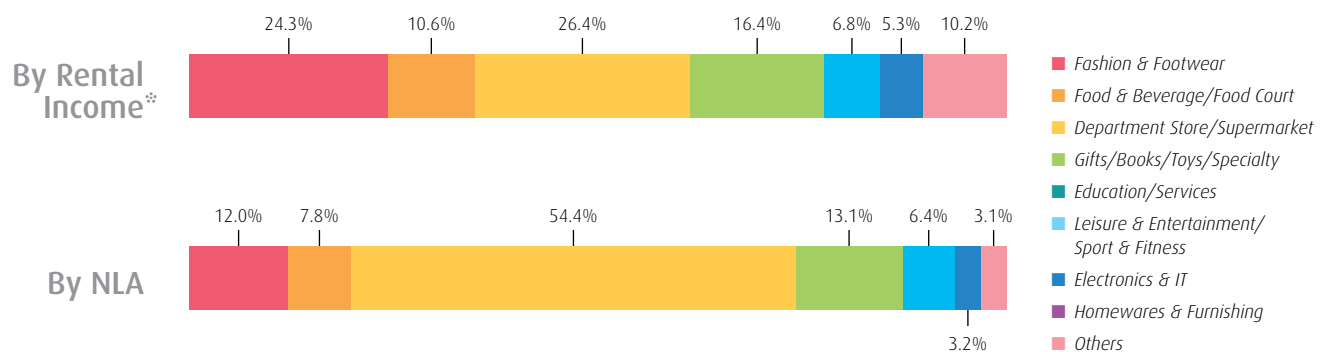
As part of the integrated development, Classic Hotel is situated on top of Wetex Parade and is one of the leading hotels in Muar. Hektar REIT has secured a 10-year net lease with the operator as part of the terms of the acquisition in May 2008.

Data as of 31 December 2015.

* Only NLA Lots.

includes Classic Hotel

WETEX PARADE'S TENANCY MIX



WETEX PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	19	15,435	10%	17%
FY 2017	20	110,450	69%	49%
FY 2018	37	31,158	20%	34%
FY 2019	—	—	—	—

* Based on monthly rental income for December 2015.





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	53.6%	26.4%
Watsons	Services	2,027	1.3%	4.4%
Living Cabin	Gifts/Books/Toys/Specialty	2,949	1.9%	3.0%
McDonald's	Food & Beverage	2,489	1.6%	2.5%
Tanjongmas Bookcentre	Gifts/Books/Toys/Specialty	4,037	2.5%	2.4%
Popular	Gifts/Books/Toys/Specialty	7,190	4.5%	2.3%
Sukan Muara	Leisure & Entertainment/Sport & Fitness	1,356	0.9%	2.1%
Fabiano Ricco/Ecco	Fashion & Footwear	1,259	0.8%	2.0%
Baker House Confectionery	Food & Beverage	990	0.6%	1.8%
Pao Sing	Gifts/Books/Toys/Specialty	1,023	0.6%	1.8%
Top 10 Tenants (by monthly rental income)		108,733	68.3%	48.7%
Other Tenants		50,420	31.7%	51.3%
Total		159,153	100.0%	100.0%

* Based on monthly rental income for December 2015.

CENTRAL SQUARE

Location	23, Jalan Kampung Baru 08000 Sungai Petani, Kedah
Title	Freehold
Primary Trade Area	406,870 within 20-mins drive time
Gross Floor Area	743,117 sq ft
Net Lettable Area	311,741 sq ft
Car Park	467
Valuation	RM94.0 million
Tenants*	82
Key Tenants	The Store, Perfect Mobile Village, MBO Cinemas, Popular Bookstore, Dave's Deli
Occupancy	98.0%
Visitor Traffic	3.9 million per annum
Year Opened	1997
Year Acquired	2012

Completed in 1997, Central Square is the most established retail centre in Sungai Petani and is considered as one of the most recognisable landmarks in the area.

Strategically situated in the town centre, the Central Square property is well-positioned as a neighbourhood mall that caters to its immediate surrounding community. It houses an established mix of national and international brand retailers.

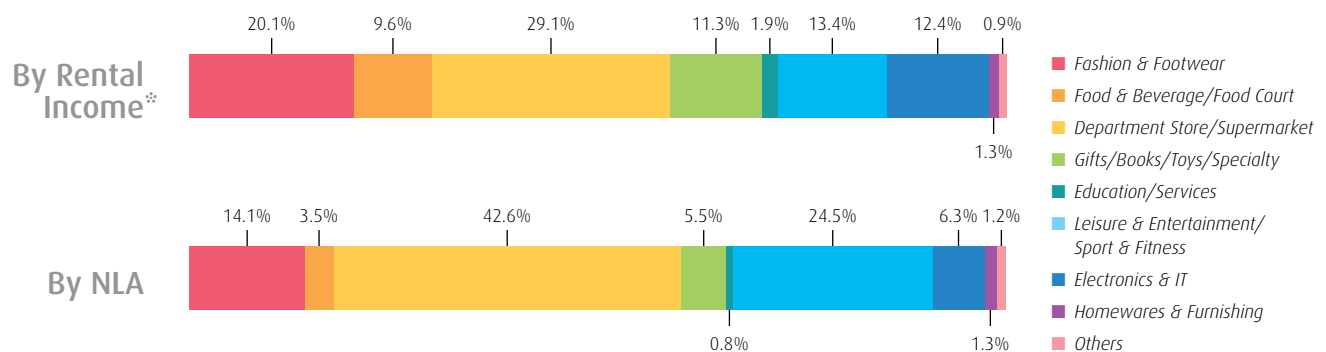
Central Square was relaunched this year upon the completion of its extensive asset enhancement initiatives ("AEI"). The mall is now fitted with a modern facade, bright interior and a brand new cinema having eight screens.



Data as of 31 December 2015.

* Only NLA Lots.

CENTRAL SQUARE'S TENANCY MIX



CENTRAL SQUARE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	18	180,500	58%	51%
FY 2017	30	78,431	25%	29%
FY 2018	20	21,445	7%	17%
FY 2019	1	25,000	8%	3%

* Based on monthly rental income for December 2015.



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	41.7%	29.1%
Perfect Mobile Village	Electronics & IT	13,229	4.2%	6.6%
MBO Cinemas	Leisure & Entertainment/Sport & Fitness	34,412	11.0%	5.4%
Anjung Irama Services	Leisure & Entertainment/Sport & Fitness	13,452	4.3%	3.8%
KFC	Food & Beverage	3,619	1.2%	3.4%
Panbowling	Leisure & Entertainment/Sport & Fitness	25,000	8.0%	2.7%
Studio	Fashion & Footwear	6,563	2.1%	2.6%
Popular	Gifts/Books/Toys/Specialty	6,450	2.1%	2.6%
OFO	Fashion & Footwear	7,693	2.5%	2.4%
Reject Shop	Fashion & Footwear	11,968	3.8%	2.0%
Top 10 Tenants (by monthly rental income)		252,386	80.9%	60.6%
Other Tenants		59,355	19.1%	39.4%
Total		311,741	100.0%	100.0%

* Based on monthly rental income for December 2015.

LANDMARK CENTRAL

Location	No. 1, Jalan KLC Satu (1) 08000 Kulim, Kedah
Title	Freehold
Primary Trade Area	181,195 within 20-mins drive time
Gross Floor Area	513,333 sq ft
Net Lettable Area	281,388 sq ft
Car Park	610
Valuation	RM111.2 million
Tenants*	71
Key Tenants	Giant, The Store, MBO Cinemas, SEC
Occupancy	99.3%
Visitor Traffic	3.2 million per annum
Year Opened	2009
Year Acquired	2012

Data as of 31 December 2015.

* Only NLA Lots.

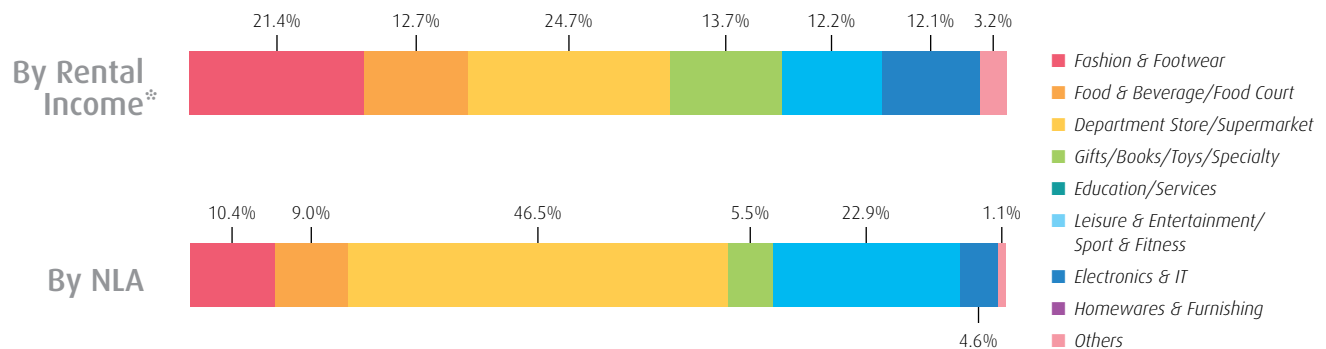
Landmark Central is the prime neighbourhood mall in Kulim.

It offers shoppers a plethora of retailers including Giant Superstore as well as a large variety of telecommunication stores. In 2012, the centre also welcomed the addition of The Store, a well-established department store which has a strong presence in secondary towns.

More importantly, two of its anchor tenants – MBO Cinemas and Ole Ole Superbowl, are the only cinema and bowling centre respectively in Kulim. This allows Landmark Central to capitalise on its unique selling proposition as an all-encompassing neighbourhood mall.



LANDMARK CENTRAL'S TENANCY MIX



LANDMARK CENTRAL'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2016	27	125,729	45%	36%
FY 2017	18	15,631	6%	15%
FY 2018	28	138,089	49%	49%
FY 2019	—	—	—	—

* Based on monthly rental income for December 2015.



LANDMARK CENTRAL'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
Giant Superstore	Department Store	72,140	25.6%	15.1%
The Store	Department Store	51,701	18.4%	9.1%
MBO Cinemas	Leisure & Entertainment/Sports & Fitness	24,000	8.5%	4.8%
Ole Ole Superbowl	Leisure & Entertainment/Sports & Fitness	23,670	8.4%	3.5%
Hasani Books	Gifts/Books/Toys/Specialty	5,566	2.0%	2.9%
SEC	Electronics & IT	5,755	2.0%	2.8%
CYC Mega Leisure World	Leisure & Entertainment/Sports & Fitness	11,356	4.0%	2.7%
Pizza Hut	Food & Beverage	3,530	1.3%	2.3%
Factory Direct	Gifts/Books/Toys/Specialty	4,219	1.5%	2.2%
KFC	Food & Beverage	2,754	1.0%	2.1%
Top 10 Tenants (by monthly rental income)		204,691	72.7%	47.5%
Other Tenants		76,697	27.3%	52.5%
Total		281,388	100.0%	100.0%

* Based on monthly rental income for December 2015.



Charity Collection for Flood Victims in East Coast 2015.

Hektar REIT's assets are made out of mainly neighborhood shopping malls which serve as the "favourite meeting place" in its respective markets. Currently, the REIT's portfolio spreads across the main and growing towns across the west coast of Peninsular Malaysia, serving more than 3.0 million residents in its catchment areas.

Hektar REIT strives to build sustainable business practices which promote giving back to the society. Hektar has stepped forward during the unfortunate occurrence of natural disasters in the region to provide aid and support to the ones in need.

Right in the beginning of 2015, more than 100,000 residents across five east coast states in Peninsula Malaysia were displaced in the wake of the nation's worst flooding in more than 30 years. All five malls in Hektar's portfolio came together to act as donation collection points for the said initiative spearheaded by Firefly Airlines. Donations in the form of essentials and dry goods were collected by the centres and handed over to the airline's management team at their headquarters in the Sultan Abdul Aziz Shah Airport in Subang. More than 8,000 kilogrammes of donations in

kind – consisting of 415 boxes of food and water, 126 boxes of clothing, 22 boxes of baby care products and 50 boxes of other essential items such as household and cleaning utensils, personal hygiene and school products – were collected by the shopping centres, thanks to the generosity of shoppers and retailers who sprung into action at the announcement of the effort within the centres.

In April 2015, Nepal was hit by a major earthquake that had killed thousands and left many more injured and homeless. Hektar's malls have partnered with MERCY Malaysia to seek donations from the public. Subang Parade took a step further by organising a "Help Nepal Charity Bazaar". The bazaar saw 30 vendors comprising of Subang Parade's own team and management, along with students from neighbouring college who came hand-in-hand to help raise RM10,000 within a day. All proceeds were channelled to MERCY Malaysia for relief works.

Subang Parade had also collaborated with Polis Diraja Malaysia ("PDRM") to aid the depleting blood supply in our national blood bank, Pusat Darah Negara. This joint effort is the first-of-its-kind where PDRM conducted the blood donation drive out of its headquarters. The donation drive was held at Subang Parade on 18 April 2015 and 200 pints of blood were raised that day.

Hektar REIT recognises the importance in establishing best sustainable business practices and will continue to pursue the spirit of giving back throughout its organisation.



Help Nepal Charity Bazaar 2015 event at Subang Parade.



PDRM Blood Donation Drive 2015 at Subang Parade.



Augmented Reality at Mahkota Parade raised RM10,000 for WWF Malaysia.

interactive experience with underwater creatures. The main highlight of the programme was to create awareness and provide education on turtles' extinction. The campaign raised RM10,000 towards WWF Malaysia's turtle conservation efforts.

In August 2015, Subang Parade participated in "Classroom Xperience Program" (CXP), a programme providing real-time exposure to the outside world to a group of underprivileged children. The programme was created and conceptualised by a team of students from Taylor's College. The classes were held in seven sessions throughout the year to create impactful education experience for the children. The final graduating class was held in Subang Parade, where it provided the publicity and a platform to encourage this commendable initiative to blossom further.

In the same month, Subang Parade also played host to "The Gift of Love" event, organised by The Breastfeeding Advocates Network ("TBAN"). The advocate network is followed and supported by more than 70,000 members online. There were talks, seminars and activities to raise public awareness and educate public about breastfeeding. The highlight of the event was "The Big Latch", where more than 300 mothers gathered to breastfeed together as a symbolic support to normalise breastfeeding in our society.

It is a custom in Hektar to celebrate the colourful festivals in Malaysia with the less fortunate. Each year, all five malls will invite orphans or elderly from welfare homes in their respective areas to celebrate each festive together.



Orphans from Pertubuhan Kebajikan Anak-anak Yatim Islam Muar were treated to a Hari Raya dinner at Wetex Parade.

During the auspicious season of Chinese New Year, the team at Subang Parade visited the old folks at Rumah Sejahtera Seri Setia. The event saw the celebration of a lion dance, Ang Pow blessings, and a group Yee Sang tossing to usher in the lunar new year.

Wetex Parade treated 90 orphans from Pertubuhan Kebajikan Anak-anak Yatim Islam Muar to a Hari Raya dinner at Wetex Parade. The children were invited to break fast together, followed by a sumptuous meal, along with the blessing of "Duit Raya" to celebrate the holy month. Wetex Parade also organised a Charity Henna campaign in conjunction with Deepavali celebration in November 2015. With a small donation, shoppers were entitled to henna drawings on their hands, drawn by local talented artists. The campaign raised RM3,000 for the less privileged.

In the jolly Christmas season, Central Square and Landmark Central invited more than 100 orphans in total from orphanages in their respective neighbourhood to Christmas celebrations at the malls. There were superheroes appearance and special performances by Santa Clause at Central Square, whilst at Landmark Central the children were brought for a movie treat at MBO. They had joys and laughter from various activities and were treated to Christmas meals at the respective malls.

Hektar REIT recognises the importance in establishing best sustainable business practices and will continue to pursue the spirit of giving back throughout its organisation.



The Gift of Love Charity Bazaar 2015 by The Breastfeeding Advocates Network.



Orphans were treated to a movie during Christmas at Landmark Central.



Central Square Christmas CSR project with underprivileged kids.

THE NEW AND IMPROVED CENTRAL SQUARE



In 2013, Hektar had commenced a RM23 million asset enhancement initiative (“AEI”) in Central Square. The initiative included a brand new facade and major interior refurbishment work of the shopping mall – where common area, roof, restrooms and carpark were given a brighter, fresher and modern appeal. Shopper traffic flow was also improved by reconfiguring standalone counters (“SAC”) and removing small corner lots.

Completed in end 2014 and re-launched in 2015, the new and improved Central Square Shopping Centre unveils modern architectural designs to further strengthen its presence as an icon in Sungai Petani. The enhancement or ‘facelift’ was done with aims to provide its shoppers a truly wholesome experience – complete with dynamic offerings and unique shopping experience which also widens its coverage to best-suit its shoppers.



Central Square Shopping Centre first opened its doors in 1997, marking itself as one of the most established shopping centre in Sungai Petani. It was later acquired by Hektar REIT in late 2012 and soon after, Hektar REIT embarked on a major AEI for Central Square. Having owned a few other successful community-centric shopping centres such as Subang Parade, Mahkota Parade, Wetex Parade and Landmark Central – Hektar REIT is set on making the shopping centre a more customer friendly and safer place for their shoppers. We have upgraded the surau, in addition to creating a ‘mother’s room’ to suit the needs of parents with young children. The concierge is also fully equipped with wheelchairs, strollers, mobile phone charging services while security provides assistance for the senior citizen, ladies and handicapped to carry their shopping bags to the car.

However it wasn’t only the physical and service aspect that has transformed for the betterment, but improvements were also made to the tenancy mix of the shopping centre by including the more renowned retail shops, restaurants and entertainment centres to complete the upgrade of the shopping centre.





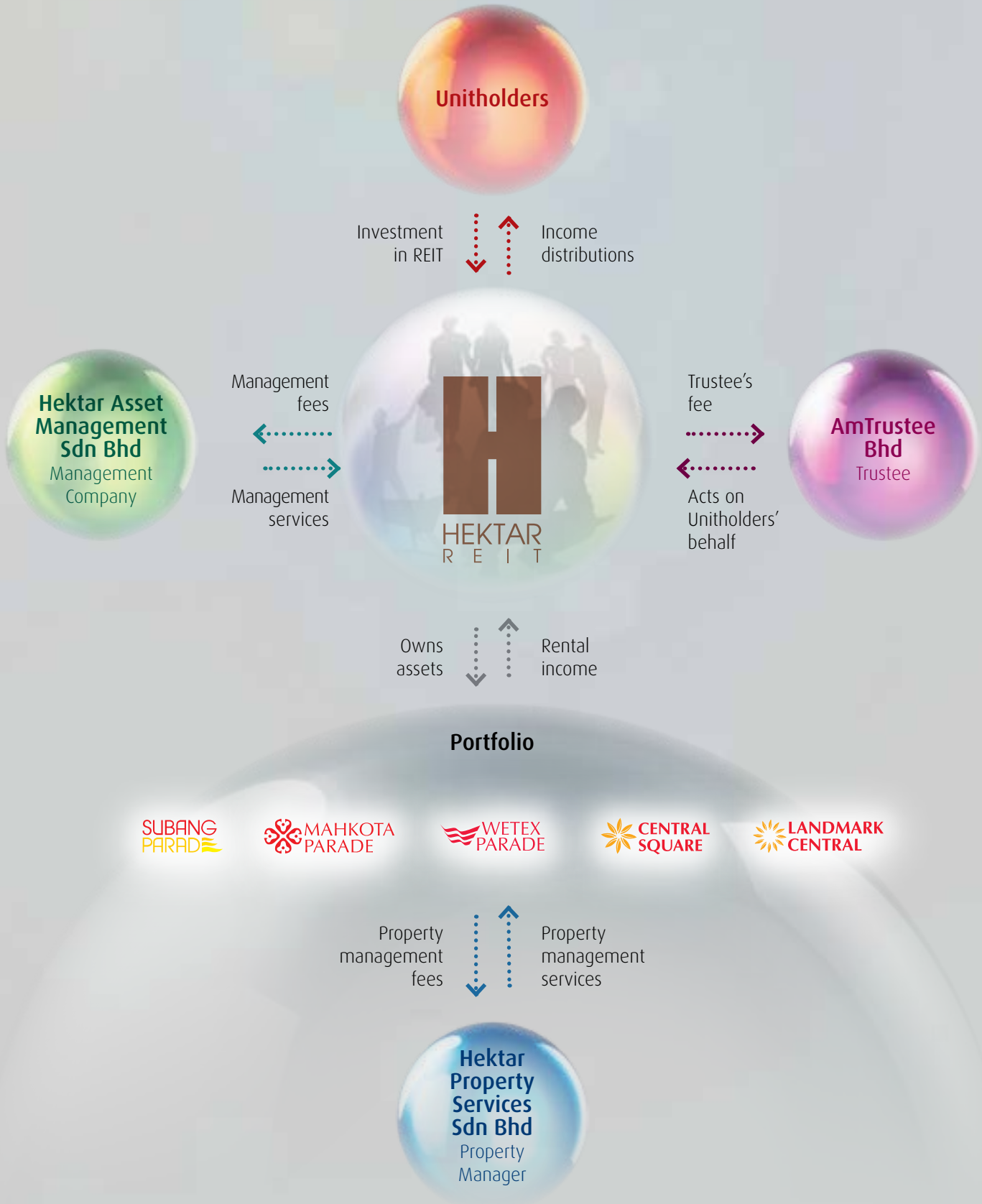
In line with the AEI, Hektar has also brought in the latest retail concepts to Central Square, many which were also among the first in Sungai Petani such as MBO Cinemas, Sasa, The Body Shop, Arnold Cafe, Dave's Deli, Subway, Apple Store and Pan Bowling. With all these new offerings, Central Square's occupancy rate reached 97% during the re-launch of the mall.



The re-launch was officiated by YAB Dato Seri Haji Mukhriz Bin Tun Mahathir, the former Menteri Besar of Kedah. The launch was also graced by other guests of honour from the state government. There were mascot appearances from the Transformers movie, launching of Central Square's own kids club, "Super Kids Squad" and many other activities during the day. It was the celebration of the town with shoppers crowding into the mall to participate in the long awaited re-launch of their neighbourhood mall.



CORPORATE ORGANISATION



MANAGER

Hektar Asset Management Sdn. Bhd.
(Company No. 732261-T)

Manager's Principal Place of Business

D1-U3-10, Block D1, 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**

Dato' Jaafar Bin Abdul Hamid
Chairman and Chief Executive Officer

Zalila binti Mohd Toon
Executive Director and Chief Financial Officer

Dr Chew Tuan Chiong
Non-Executive Director

Christopher Tang Kok Kai
Non-Executive Director

Shahril Kassim
Non-Executive Director

Michael Lim Hee Kiang
Independent Non-Executive Director

Philip Eng Heng Nee
Independent Non-Executive Director

Jack Lam Juck Ngai
Alternate Director to Christopher Tang

Alex Chia Soon Ren
Alternate Director to Dr Chew Tuan Chiong

Datuk Kamaruddin bin Awang
*Independent Non-Executive Director
(Appointed w.e.f. 15 February 2016)*

Dato' Syed Md Amin Aljeffri
*Independent Non-Executive Director
(Resigned w.e.f. 15 February 2016)*

**JOINT COMPANY SECRETARIES
OF THE MANAGER**

Dato' Muhammad Hafidz Bin Nuruddin
(MAICSA 7005820)

Lim Seck Wah (MAICSA 0799845)

TRUSTEE

AmTrustee Berhad (Company No. 163032-V)
(a member of AmInvestment Group Berhad)
Level 15, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya, Selangor

PROPERTY MANAGER

Hektar Property Services Sdn. Bhd. (868376-K)
F36, First Floor, Subang Parade
No. 5, Jalan SS 16/1
47500 Subang Jaya, Selangor

PRINCIPAL BANKER OF THE FUND

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

AUDITOR (EXTERNAL)

SJ Grant Thornton
(Member firm of Grant Thornton International Ltd)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur

AUDITOR (INTERNAL)

KPMG Business Advisory Sdn Bhd
(Company No. 150059-H)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor

TAX AGENT

SJ Grant Thornton (AF : 0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur

REGISTRAR

Mega Corporate Services Sdn Bhd
(Company No. 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 No. 635998-W)
Main Market
Short Name: HEKTAR
Stock Code: 5121

THE BOARD OF DIRECTORS



Dato' Jaafar bin Abdul Hamid

Chairman and Chief Executive Officer

Dato' Jaafar is the founder and principal shareholder of the Hektar Group of companies and provides leadership for the overall strategic direction of the group. Previously, he was the Managing Director of United Engineers Malaysia Berhad ("UEM"), a public-listed corporation listed on the Main Board of Bursa Malaysia Securities Berhad. During his tenure at the helm of the UEM group of companies, he was responsible for undertaking numerous privatisation projects including the North-South Expressway (PLUS), the Malaysia-Singapore Second Crossing (Linkedua), Integrated Schedule Waste Management (Kualiti Alam) and the National Sports Complex.

After his UEM stint, he assumed the chairmanship of an international engineering and construction group, Costain Group PLC until 2000 and was involved in its re-listing exercise on the London Stock Exchange. He holds a Bachelor of Science (Hons) in Engineering Production from the University of Birmingham, United Kingdom. The Kuala Lumpur Malay Chamber of Commerce awarded him with the "Entrepreneur of the Year Award" in 2011 in recognition of his success in entrepreneurship.

Zalila binti Mohd Toon

Executive Director and Chief Financial Officer

Zalila is responsible for the financial matters of Hektar REIT and the overall financial and operational performances. She was instrumental in listing Hektar REIT and acquisition of Wetex Parade, Central Square and Landmark Central for Hektar REIT. She is the designated licensed Director under the Capital Market Services License granted to REIT Managers and her current portfolio in Hektar Asset Management includes Strategy, Finance, Legal, Investor Relations and Corporate Affairs. Prior to joining the Hektar Group in 2004, she was with the UEM Group for 23 years, out of which 20 years was with Cement Industries of Malaysia Berhad. Her primary achievements include spearheading various programmes which include the issuance of private debt securities and the acquisition of Negri Sembilan Cement Industries Sdn Bhd. Subsequently, she was also involved in the reverse take-over exercise of Park May Berhad before leaving for a brief stint in UEM Environment Sdn Bhd, a holding company of Kualiti Alam Sdn Bhd.

Zalila holds a Master of Business Administration (Finance) from the University of Nottingham. She is a member of the Malaysian REIT Managers Association and Malaysian Institute of Corporate Governance (MICG).



Dr Chew Tuan Chiong

Non-Executive Director

Dr Chew is Chief Executive Officer of Frasers Centrepoint Asset Management, the manager of Frasers Centrepoint Trust. Previously, Dr Chew was the Chief Executive of Science Centre Singapore, a government statutory board, from 1995 to 2009. He has also been an Associate Professor with the National University of Singapore, and a Research Scientist with Daimler Benz in Germany and British Gas PLC in the UK, and an Adjunct Professor with the Singapore Management University. Dr Chew is presently also a Director of CityNet Infrastructure Management Pte Ltd, the manager of Netlink Trust.

Dr Chew is a Chartered Engineer and a Fellow of the Institution of Engineers Singapore. A former government scholar, Dr Chew holds a doctorate from University of Cambridge, an M Eng from the National University of Singapore, and a B Eng (1st Class Hons) from Monash University. Dr Chew has been awarded the Sugden Award by the Combustion Institute (UK) and the Public Administration Medal (Silver) (Singapore).



Christopher Tang Kok Kai

Non-Executive Director

Mr Tang oversees Frasers Centrepoint Ltd's business in the Commercial real estate space of Retail Malls and Offices. He oversees the entire value chain of investment, development and property management to asset and fund management. Mr Tang also oversees FCL's property interests in China, providing leadership to the China team in the residential and commercial business there. He is presently a director of Frasers Centrepoint Asset Management Ltd, the manager of Frasers Centrepoint Trust and Frasers Centrepoint Asset Management (Commercial) Ltd, the manager of Frasers Commercial Trust. Mr Tang is also a member of the Executive Committee of REIT Association of Singapore and a member of Board of Governors, Republic Polytechnic.

Mr Tang holds a Masters in Business Administration and a Bachelor of Science Degree from the National University of Singapore.



Shahril bin Kassim

Non-Executive Director

Shahril has had over twenty years of experience with IBM Malaysia and Mesiniaga Bhd in various capacities such as sales, marketing, management and executive education for the government sector. During the course of his career, he has also been involved in organising, designing and facilitating executive strategy development for organizations to align their business strategy with Information and Communication Technology ("ICT"). He left IBM in 1999 and was a consultant to HeiTech Padu Berhad, a local ICT solutions provider until 2003. He holds a degree in Electronics Engineering from Salford University, United Kingdom.

Datuk Kamaruddin bin Awang

Independent Non-Executive Director

(Appointed with effect from 15 February 2016)

Datuk Kamaruddin was appointed to the Board of Inch Kenneth Kajang Rubber Plc (IKKR) on 17 July 2009. He is also the chairman of the Audit Committee of IKKR. He graduated with a Bachelor of Commerce from Victoria University of Wellington New Zealand in 1973. In 1977 he was admitted as a member of the Institute of Chartered Accountants of New Zealand and the Institute of Chartered Secretaries and Administrators, United Kingdom. In 1982, he became a member of the Malaysian Institute of Accountants. Previously he had held a number of directorships in public listed companies including as Executive Chairman of Metacorp Berhad. He has wide experience in Banking and Finance and is the Chief Executive of KYS Business School in Melaka.





Michael Lim Hee Kiang

Independent Non-Executive Director

Mr Michael Lim Hee Kiang graduated with a Bachelors of Laws with Honours in 1972 and Master of Laws with Distinction in 1973 from Victoria University of Wellington, New Zealand. He was admitted to practise law in the Supreme Court of New Zealand in 1973 and High Court of Borneo, Kuching and the High Court of Brunei in 1974. After one year, he left to join the Law Faculty of University Malaya in KL in 1975 and took up a position as a lecturer. After his stints in University Malaya, he joined Messrs. Shearn Delamore & Co in 1978 and was made a partner of the firm in the next year. He has worked with the same firm for 31 years, specialising in company and securities law before retiring in 2010.

Mr Michael Lim also sits on the Board of various public listed companies, including DKSH Holdings Bhd, Selangor Properties Bhd and Paragon Union Holdings Bhd. In addition, he is presently a consultant with Messrs Jeff Leong, Poon & Wong.

Mr Michael Lim is also currently a Director of Hektar Premier Sdn Bhd, Hektar Black Sdn Bhd and Hektar Klasik Sdn. Bhd.

Philip Eng Heng Nee

Independent Non-Executive Director

Mr Philip was appointed Independent Chairman of Frasers Centrepoint Asset Management Ltd in April 2009 and has been a Board member since April 2006. He is Non-Executive Chairman of mDR Limited and was appointed on the Board of Frasers Centrepoint Limited in October 2013. He also holds other directorships in several local and regional companies. Mr Philip is also Singapore Non-Resident High Commissioner to Canada. He spent 23 years with the Jardine Cycle & Carriage Group before retiring in February 2005 as Group Managing Director.

Mr Philip graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.



Jack Lam Juck Ngai

Alternate Director to Mr Christopher Tang Kok Kai

Mr Jack Lam is currently General Manager (Investment & Business Development) in the commercial properties division of Frasers Centrepoint Limited. Up to July 2011 he was the Deputy Chief Executive Officer and Head, Investment of Frasers Centrepoint Asset Management Ltd, which manages Frasers Centrepoint Trust listed in Singapore. Mr Jack has over 22 years of experience in the Singapore, Malaysia and regional property markets, spanning a variety of roles in investment, asset management, advisory and research. He has also been involved in REIT management since the industry's inception in Singapore in 2002.

Mr Jack holds a Master of Business Administration in Finance (with Distinction) from the University of Leeds, UK, and a Bachelor Degree in Engineering (Civil) from the National University of Singapore.

Alex Chia Soon Ren

Alternate Director to Dr Chew Tuan Chiong

Mr Alex is Head, Investment of Frasers Centrepoint Asset Management Ltd (FCAM), which manages Frasers Centrepoint Trust listed in Singapore. Prior to joining FCAM, Mr Alex had over 8 years of business development experience in serviced residence industry covering the Pan Asia market. In addition, he had more than 5 years of experience in retail operations and project planning in Singapore and China.

Mr Alex holds a Bachelor Degree in Business Administration from National University of Singapore and an MBA from University of Hull, United Kingdom.



THE MANAGEMENT TEAM



*Seated (L-R): Zalina binti Mohd Toon and Dato' Jaafar bin Abdul Hamid.
Standing (L-R): Raziff Suhairi bin Shaaban and Zarina Halim.*

Dato' Jaafar bin Abdul Hamid

Chief Executive Officer & Chairman

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

Zarina Halim

General Manager, Corporate Affairs

Zarina has been with the Hektar Group of Companies since 2002 and was part of the management team responsible for the listing of Hektar REIT on Bursa Malaysia in December 2006. She is responsible for corporate affairs, of which legal and secretarial make up the main areas and provides support in the area of Finance. She is the designated Compliance Officer under the Capital Market Services Licence (CMSL) granted to REIT Managers. She was formerly with the United Engineers Malaysia Berhad ("UEM") Group of Companies for 9 years where she was initially 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 sourcing and implementation of ICT related investments.

Zarina holds two Honours degrees in separate disciplines. She graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance and also holds a Bachelor of Laws degree from the University of London.

Martin Chen

Manager, Legal

Martin graduated from the University of Sheffield, United Kingdom with a Bachelor of Laws (LLB, Hons) degree and holds a Certificate in Legal Practice (CLP) from the Legal Qualifying Board, Malaysia. He was called to the Malaysian Bar and was admitted as an advocate and solicitor in the High Court in Malaya in November 2002 and is currently a member of the Malaysian Corporate Counsel Association.

Zalila binti Mohd Toon

Chief Financial Officer & Executive Director

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

Raziff Suhairi bin Shaaban

General Manager, Finance

Raziff is responsible for the finances of Hektar REIT and provides support in areas of accounting, taxation, corporate finance and treasury. He joined Hektar in 2005 and was extensively involved in the REIT IPO listing. Previously he served in Renong Berhad (now United Engineers Malaysia Berhad) for 5 years from 1997, mainly handling the privatisation exercise of Keretapi Tanah Melayu Berhad. Subsequent to that, he served in Park May Berhad for 2 years as the Manager of Group Finance and Corporate Affairs. In addition to his role in operational finance, he was also involved in various corporate asset divestment programmes as well as the reverse take-over exercise of a public-listed company. In 2004, he joined TIME Engineering Berhad (TIME) as the Manager of Corporate Finance. He was involved in the issuance of the world's first RM2.5 billion Sukuk Musyarakah Asset-Backed Securities Programme. He also initiated the refinancing exercise of TIME's RM550 million term loan, as well as overseeing RM400 million worth of trade finance activities with regard to TIME's project with the Ministry of Education. He holds a Bachelor of Commerce (Accounting and Finance) degree from the University of Queensland, Australia. Raziff also holds a Certificate of Investor Relations from the IR Society (UK) and is a Capital Markets Services Representative's Licence (CMSRL) holder under the Capital Markets & Services Act 2007.

Melaine Ong

Manager, Strategy

Melaine graduated from London School of Economics and Political Science, United Kingdom with a Bachelor of Science (BSc) degree in Accounting and Finance. She also holds a Certificate of Investor Relations from the IR Society (UK). Melaine now supports in the areas of strategy and investor relations, which carries out research and analysis on Hektar REIT.

INVESTOR COMMUNICATIONS

Hektar Asset Management is committed to building and nurturing relationships with long-term investors by ensuring transparent and timely disclosure to the investment community.

Hektar REIT's website contains information on the REIT's strategy, organisation, manager, portfolio and financials. The investor information section provides current and historical quarterly presentations, annual and interim reports, press releases and announcements, in downloadable Portable Document Format (PDF).

Hektar Asset Management continues to maintain regular communications with research houses, individual & institutional investors and the media. Hektar conducts one-to-one and group meetings, conference calls and continues to provide site visits to the portfolio. Since the IPO listing, Hektar has delivered presentations and papers in remisier briefings, equity roadshows, industry conferences & seminars and investor & media outreach programmes throughout Malaysia and Singapore.

Hektar Asset Management continues to improve the quality of investment disclosure for Hektar REIT.

Reports from analyst coverage may be accessed on Bursa Malaysia's website under the Research Report (CBRS) section. Over the past year, analyst coverage included RHB Research and CIMB.

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 Relations & Corporate Communications
Hektar Asset Management Sdn Bhd
D1-U3-10, Block D1,
Solaris Dutamas,
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur
MALAYSIA

Tel : +6 03 6205 5570
Fax : +6 03 6205 5571
Email: ir@HektarREIT.com
Web: www.HektarREIT.com

The Registrar

Mega Corporate Services Sdn Bhd
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur
MALAYSIA

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

Financial Year Calendar

	2016*	2015
Full Year Results Announcement	16 February 2016	13 February 2015
Annual Report	26 February 2016	27 February 2015
Final Distribution	18 March 2016	20 March 2015
First Quarter Results Announcement	May 2016	15 May 2015
First Quarter Distribution	June 2016	17 June 2015
Second Quarter Results Announcement	August 2016	14 August 2015
Second Quarter Distribution	September 2016	18 September 2015
Third Quarter Results Announcement	November 2016	27 November 2015
Third Quarter Distribution	December 2016	31 December 2015

*Dates are tentative and subject to change

MANAGER'S REPORT

The Board of Directors of Hektar Asset Management Sdn Bhd, the Manager of Hektar REIT is pleased to submit their report to the Unitholders of Hektar REIT together with the audited financial statements of Hektar REIT for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

Hektar REIT was established on 5 October 2006 and listed on Bursa Malaysia Securities Berhad on 4 December 2006. The principal activity of Hektar REIT is to invest primarily in shopping centres with the objective of achieving an attractive level of return from rental income as well as for long-term capital growth.

REVIEW OF PERFORMANCE

As at 31 December	2015 RM	2014 RM
Total Net Asset Value	584,376,928	621,684,175
Units in Circulation (Units)	400,634,117	400,634,117
Net Asset Value per unit	1.46	1.55
Market Value per Unit	1.52	1.49
Highest Traded Price	1.56	1.55
Lowest Traded Price	1.43	1.42

OPERATING RESULTS

FYE 31 December	2015 RM	2014 RM
Total Gross Income	126,241,632	122,393,601
Total Property Expenses	(49,028,498)	(48,714,152)
Fair Value Adjustment on Investment Properties	(39,933,986)	6,126,123
	32,279,148	79,805,572
Total Non-Property Expenses	(32,519,813)	(29,418,610)
Net Income before taxation	4,759,335	50,386,962
Net Income before taxation – realised	44,693,321	44,260,839
Net Income before taxation – unrealised	(39,933,986)	6,126,123
Net Income after taxation	4,759,335	50,386,962
Earnings per Unit after Tax (sen)	1.19	12.58
Realised Earnings per Unit after Tax (sen)	11.16	11.05
Distribution per Unit (“DPU”) (sen)	10.50	10.50

The Manager is pleased to report that for the financial year ended 31 December 2015, the total revenue of Hektar REIT is RM126,241,632 comprising gross rental income of RM125,511,215, interest income of RM271,924 and other income of RM458,493. Gross rental income includes expense of RM249,785 which is due to the impact of FRS117 that took effect on 1 January 2010.

The realised net profit FYE 2015 of RM44,693,321 is higher than FYE 2014 by RM432,482. The increase is mostly due to improvement in rental income from tenancies and car park income.

The Manager has recommended and AmTrustee Berhad (“Trustee”) has approved a total income distribution of 10.5 sen per unit totaling RM42,066,582 for the year ended 31 December 2015.

The total income distribution of RM42,066,582 remains unchanged from the previous period.

INCOME DISTRIBUTION

The schedule of the income distributions is as follows:

Distribution payment	Period covered	Income Distribution (RM)	Remarks
First interim distribution	Jan 15 - Mar 15	10,416,487	Paid in June 2015
Second interim distribution	Apr 15 - Jun 15	10,416,487	Paid in September 2015
Third interim distribution	Jul 15 - Sep 15	10,416,487	Paid in December 2015
Final distribution	Oct 15 - Dec 15	10,817,121	To be paid in March 2016
Total		42,066,582	

DIRECTORS OF THE MANAGER

Directors who are currently serving on the Board of Hektar Asset Management Sdn Bhd are:

Dato' Jaafar Bin Abdul Hamid
 Puan Zalila Binti Mohd Toon
 Dr. Chew Tuan Chiong
 Mr. Christopher Tang Kok Kai
 En. Shahril Bin Kassim
 Mr. Michael Lim Hee Kiang
 Mr. Philip Eng Heng Nee
 Mr. Jack Lam Juck Ngai (*Alternate Director to Mr. Christopher Tang*)
 Mr. Alex Chia Soon Ren (*Alternate Director to Dr Chew Tuan Chiong*)
 Datuk Kamaruddin bin Awang (*Appointed w.e.f. 15 February 2016*)
 Dato' Syed Amin Aljeffri (*Resigned w.e.f. 15 February 2016*)

DIRECTORS BENEFITS

For the financial year ended 31 December 2015, 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 22 as explained under the Notes to the Financial Statements.

There were no arrangements during the financial year ended 2015, 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.

MANAGER'S FEE

For the financial year ended 31 December 2015, the Manager's fee comprised the following:

1. Base fee of RM3,967,638, which is calculated at 0.35% of Gross Asset Value
2. Performance fee of RM3,959,616, which is calculated at 5% of Net Property Income

The Manager's total management fee of RM7,927,254 represents 1.36% per annum of the Net Asset Value ("NAV") of Hektar REIT.

Save for the expenses incurred for the general overheads and costs of services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of Hektar REIT.

CORPORATE DEVELOPMENTS

Acquisition of Sold Lot

In 2015, a total of 7 sold lots at Mahkota Parade were acquired at a total value of RM20,420,010 and 1 sold lot at Central Square for RM330,000.

Meanwhile, the acquisition of Lot G68 at Mahkota Parade Shopping Centre which was announced in the third quarter of 2015 was completed on 17 December 2015.

The lots acquired were amongst the individual lots which were previously sold to individual purchasers prior to the acquisition of Mahkota Parade by Hektar REIT.

MATERIAL LITIGATION

Writ of Summons by Mahkota Parade JMB against Hektar REIT

(Guaman Civil No: 22 NCVC-66-11/TAHUN 2015)

Via a letter dated 27 November 2015, the Mahkota Parade Joint Management Body ("JMB"), through its solicitors Messrs HS Chew & Co sent a copy of the writ of summons to the named defendants, AmTrustee Berhad, Hektar Asset Management Sdn Bhd and Hektar Property Services Sdn Bhd.

In the writ of summons, the JMB is seeking, amongst others, the following :-

- i) a declaration for the determination of "common area" within Mahkota Parade as defined under the Strata Management Act 2013 ("SMA");
- ii) a declaration that the areas such as the concourse, lobby, corridor, staircase, car parks etc are included in the definition of "common area" under the SMA;
- iii) an order to compel the defendants to surrender the Building Maintenance Account, the original approved as-built plan for Mahkota Parade, the original approved strata plan for Mahkota Parade, the list of names and details of the tenants occupying the disputed common areas and the control and ownership of the common areas;
- iv) an order to compel the defendants to produce the audited statement of accounts showing the total revenue and rent collection from the movable and fixed kiosks at the main entrance, balcony, concourse, lobby, corridor, below the staircase and the parking fee collected from the car parks at Mahkota Parade for the period 1 June 2012 until the date of judgment; and
- v) an order to compel the defendants to pay to the plaintiff the total revenue and rent collection from the movable and fixed kiosks at the main entrance, balcony, concourse, lobby, corridor, below the staircase and the parking fee collected from the car parks at Mahkota Parade for the period 1 June 2012 until the date of judgment.

In the alternative, if the High Court decides that the ownership of the movable and fixed kiosks at the main entrance, balcony, concourse, lobby, corridor, below the staircase and the car parking bays at Mahkota Parade belongs to Hektar REIT, then the JMB is claiming for payment of an alleged outstanding maintenance charges, sinking fund and late payment interest on the "disputed common areas" totaling a sum of RM 12,148,962.12 as at 31 August 2015.

In addition, in the event the High Court decides that the car park bays (both at the basement level and the external open space) belong to Hektar REIT, the JMB is also making an alternative claim of a payment of RM 428,395.20 a month in accordance with the maintenance charge rate of RM 1.20 per square feet per month commencing from 1 September 2015.

Based on legal advice obtained from Hektar REIT's solicitors, the management of Hektar REIT is of the view that the JMB's claims are unjustified and the management is currently taking all necessary action to fully defend Hektar REIT's rights and interest in this litigation matter.

GEARING

Debt Facilities

Hektar REIT's total borrowings of RM494,214,809 consist of short term, long term and secured loans.

Gearing Capacity

As at 31 December 2015, Hektar REIT had a gearing ratio (external borrowings to total assets) of 44.3%. Based on the GAV of RM1,116,314,825 as at 31 December 2015, there is capacity to borrow an additional RM63,942,603 before reaching the 50% limit permitted under the SC Guidelines on REITs.

Units In Issue

The total number of units in issue of Hektar REIT as at 31 December 2015 is 400,634,117.

Investments Of The Trust

Total Investments as at 31 December 2015 was RM1,086,580,000.

Property	Audited Book Value 1 Jan 2015 RM ('000)	Acquisition/ (Divestment)/ Capital Expenditure in 2015 RM ('000)	Unaudited Book Value as at 31 Dec 2015 RM ('000)	Latest Market Valuation RM ('000)	Revaluation Surplus/ (Deficit) RM ('000)
Subang Parade	417,700	3,761	421,461	426,380	4,919
Mahkota Parade	318,032	38,538	356,570	320,000	(36,570)
Wetex Parade and Classic Hotel	135,000	81	135,081	135,000	(81)
Central Square	85,500	23,334	108,834	94,000	(14,834)
Landmark Central	104,500	68	104,568	111,200	6,632
Total	1,060,732	65,782	1,126,514	1,086,580	(39,934)

The revaluation loss was caused by new capital expenditure and further investment (acquisition of additional lots) spent at Mahkota Parade and Central Square. The return on investment is expected to be recuperated over the full term of tenancy and hence have resulted in a short term loss.

NET ASSET VALUE OF HEKTAR REIT

The Net Asset Value ("NAV") of Hektar REIT as at 31 December 2015 is RM1.46 per unit.

This concludes the Manager's Report with a resolution of the Board of Directors.

DATO JAAFAR BIN ABDUL HAMID
Chairman & Chief Executive Officer

ZALILA MOHD TOON
Executive Director & Chief Financial Officer

Kuala Lumpur
19 February 2016

The management of Hektar REIT is governed by a Trust Deed executed on 5 October 2006 and as amended by a Supplemental Trust Deed dated 20 March 2012 between the Manager and the Trustee. The Deed, inter alia, details out the roles, duties, obligations and power of the Manager and the Trustee. Essentially, the Trustee and the Manager play countervailing roles against each other to ensure that the REIT is managed with efficiency and integrity.

In addition to the Deed, the Board of the Manager is also governed by the Board Charter, which encompasses the principal role of the Board, establishing the functions, responsibilities and powers of the Board and its various Committees; and to set the policies and practices of the Board.

The Board of the Manager views corporate governance in accordance to four key concepts:

1. good performance
2. accountability
3. transparency
4. integrity

The Board has the responsibility to ensure that the abovementioned concepts were rigorously observed throughout the year ended 31 December 2015. To this end, the Manager applied the principles and best practices as set out in SC Malaysian Code on Corporate Governance 2012 and REIT Guidelines, Capital Market and Services Act 2007, Bursa Securities Listing Requirements and relevant corporate governance guidelines.

Changes to Hektar REIT's corporate governance practices will be updated on our website www.hektarreit.com. The Board Charter is also available on the Corporate Governance section of our website.

The Board of Directors

The Board of the Manager is responsible for the overall corporate governance of Hektar REIT, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The role and function of the Board and its committees, as well as the differing roles of the Executive Directors and Non-Executive Directors, are clearly documented in the Board Charter.

Board of Directors

The Board is responsible for the stewardship of Hektar REIT's business and affairs on behalf of shareholders of the Company and unit holders of the REIT with a view to enhancing long term shareholder/ unit holder value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

The principal responsibilities of the Board are:

- to review and adopt a strategic plan, addressing the sustainability of the Company's and REIT's business;
- to oversee the conduct of the Company's and REIT's businesses and evaluate whether or not the businesses are being properly managed;
- to identify principal business risks faced by the Company and REIT and ensure the implementation of appropriate systems to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- to develop and implement an investor relations programme or shareholder communications policy for the REIT;
- to review the adequacy and the integrity of the Company's and REIT's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- to carry out the remunerating responsibilities in the absence of the Remuneration Committee.

Executive Committee

An Executive Committee is delegated by the Board to, among other things :

- make decisions in relation to investments to be made or expenditure to be incurred by Hektar REIT;
- make decision in relation to operations and management of Hektar REIT; and
- carry out and undertake such other functions as may be determined by the Board by unanimous resolution and to act in accordance with the instructions of the Board

The committee comprises three directors, namely, Dato' Jaafar bin Abdul Hamid as chairman, Dr Chew Tuan Chiong and Puan Zalila binti Mohd Toon.

Audit Committee

The Audit Committee assists and supports the Board's responsibility to oversee the Company's and REIT's operations by providing a means for review of the Company's and REIT's processes for producing financial data, its internal controls, risk management activities and independence of the REIT's external and internal auditors. The Audit Committee comprising the Independent Directors Mr. Philip Eng Heng Nee, Dato' Michael Lim Hee Kiang and Datuk Kamaruddin bin Awang as chairman, meets at least four (4) times annually and is delegated by the Board to take on the following functions :

- to review the quarterly and annual financial statements of the REIT, before the approval of the Board.
- to review any related party transaction and conflict of interest situation that may arise within the Manager and the REIT including any transaction, procedure or course of conduct that raises questions of management integrity.
- to review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- to ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
- to review extent of compliance with established internal policies, standards, plans and procedures.
- to obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
- to be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the REIT.
- to review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.
- to review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors.
- to review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.
- to be advised of significant use of the External Auditors in performing non-audit services, considering both the types of services rendered and the fees, such that their independence and objectivity as External Auditors are not deemed to be compromised.
- to review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Manager in order to be satisfied that appropriate action is being taken.
- to recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.
- to prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities for the financial year and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.
- to review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.
- to review ordinary and extraordinary dividend payments.
- to review the assistance given by the employees of Manager to the External Auditors.
- to recommend the nomination of a person or persons as External Auditors.

Nominating Committee

The Nominating Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of Independent Directors', reviews succession plans and, Board diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

The Nominating Committee comprising Independent Directors Mr. Michael Lim Hee Kiang, Mr. Philip Eng Heng Nee and Datuk Kamaruddin bin Awang as chairman, meets at least once a year and is delegated with the following functions :-

- Identify and recommend candidates to the Board based on their skills, knowledge and experience, professionalism and integrity. In the case of Independent Non-Executive Directors (“INEDs”), the Committee shall evaluate the candidate’s ability to discharge such responsibilities as expected from INEDs.
- Assess on an annual basis, the effectiveness of the Board as a whole and its Board Committees, in the light of the needs of the Manager and the REIT and its operating environment.
- Assess on an annual basis, the contribution of each individual Director.
- Conduct a training needs analysis and recommend a continuous education program for Board members to enhance their effectiveness.
- Conduct an orientation/ induction training for new Directors of the Manager.
- Work together with the Board to develop an effective development and succession plan for Directors and Management members.
- Collaborate to share the results on the Directors assessment with Board for effective determination and deliberation of Directors’ remuneration packages.

Board Balance

As at the date of this statement, the Board consists of eight (8) members, comprising one (1) Executive Chairman, one (1) Executive Director, three (3) Non-Executive, Non-Independent Directors and three (3) Independent Non-Executive Directors. More than 37% of Directors are considered independent which complies and exceeds the directors’ independence requirements set out under paragraph 15.02 of Bursa Malaysia’s LR which requires that at least one-third of the Board to be Independent Directors. A brief profile of each Director is presented in the Board of Directors section of this annual report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in Section 1.01 of Bursa Malaysia’s LR.

The Directors, with their varied backgrounds and areas of expertise, collectively bring with them a wide range of experience and expertise in areas such as strategy, finance, corporate affairs, legal, marketing and operations. The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Directors bring objective and independent judgment to the decision making of the Board and provide a review and challenge on the performance of management. As such, there is proper balance in the Board because of the presence of Independent Directors of the calibre necessary to carry sufficient weight in Board decisions.

The roles of Board Chairman and Chief Executive Officer are helmed by Dato’ Jaafar bin Abdul Hamid, who is an Executive Director. This is a departure from Recommendation 3.4 of the Malaysian Code on Corporate Governance 2012 which states that the positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board. The Board believes that the interests of unit holders/shareholders are best served by an experienced CEO and a Chairman who are sanctioned by the Board and who will act in the best interest of unit holders/shareholders. As the Chairman has a significant relevant interest in the Company and Hektar REIT as well as the extensive pertinent experience he brings in running the business, he is well placed to act on behalf of the unit holders/ shareholders and in their best interests.

Board Meetings

The Board ordinarily meets at least once a financial quarter with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. For the year ended 31 December 2015, the Board met on 4 occasions, where it deliberated upon and considered a variety of matters including Hektar REIT’s financial results and strategic and major investment decisions.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both qualitative and quantitative factors so that informed decisions can be made. All proceedings from the Board meetings are minuted.

Below are the directors' attendance for the board meetings held in the financial year 2015 :-

	Board Meeting	Audit Committee Meeting*
Dato' Jaafar Bin Abdul Hamid	3/4	N/A
Puan Zalila binti Mohd Toon	4/4	N/A
Dr Chew Tuan Chiong	3/4	N/A
Mr Christopher Tang Kok Kai	3/4	N/A
En Shahril Bin Kassim	2/4	N/A
Dato' Syed Amin Aljeffri	4/4	4/4
Mr Michael Lim Hee Kiang	4/4	4/4
Mr Philip Eng Heng Nee	4/4	4/4
Mr Jack Lam Juck Ngai	NIL	N/A
<i>(Alternate Director to Mr Christopher Tang)</i>		
Mr Alex Chia Soon Ren	1/4	N/A
<i>(Alternate Director to Dr Chew Tuan Chiong)</i>		

*N/A denotes that the director is not a member of this committee.

Directors Training

During the financial period under review, the Directors attended various conferences / programmes to enhance their knowledge and expertise, and to keep up to date with the relevant changes in law, 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.

Throughout the financial year of 2015, Puan Zalila binti Mohd Toon has attended several directors' training programme, industry conferences and Capital Markets Services Representative's Licence (CMSRL) accredited courses like Investor Behaviour for Financial Services, Psychology in a Bear Market, A Key Leadership Strategy for Women, Seminar on Strata Management Act & Regulations 2015, 2016 Budget and Tax Conference, 25th National Real Estate Convention, and the Advanced Women Directors' Training Programme 2015.

In October 2015, both Dr. Chew Tuan Chiong and Mr Christopher Tang has attended the Session on Recent Amendments to Companies Act.

Dr. Chew Tuan Chiong has also attended several other conferences in 2015, such as the Competition Law Seminar, Strategic Innovation : The Director's Role in Implementing an Innovation Strategy, and Enhancements to Anti-Money Laundering regime.

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, quarterly and half yearly announcements of results to unitholders.

Directors' responsibility statement in respect of the preparation of the audited financial statements

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 Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 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 a 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.

Statement on Internal Control and Risk Management

The Board acknowledges its responsibilities for maintaining sound internal control systems to safeguard unitholders' interest and Hektar REIT's assets and for reviewing the adequacy and integrity of these systems. Due to the limitations that are inherent in any system of internal control, the system currently employed is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provide for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with the publication of an Employees Handbook. There are also established procedures for planning, capital expenditure and for monitoring Hektar REIT's business and performance.

These procedures provide for continuous assurance to be given at increasingly higher levels of management, and finally, the Board.

The Chairman/Chief Executive Officer reports to the Board on significant changes in the business and external environment. The Chief Financial Officer provides the Board with quarterly financial information, which includes key financial indicators. This includes, among others, the monitoring of results against budget, with variances being followed up and management action taken, where necessary.

Supply of Information

The Board recognizes that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have full and unrestricted access to any information pertaining to Hektar REIT.

The Chairman plays a key role in ensuring that all Directors have full and timely access to information relevant to matters that will be deliberated at the Board meeting. The agenda and set of Board papers are circulated in advance of the Board meetings. A comprehensive balance of financial and non-financial information is encapsulated in the papers covering strategic, operational, financial, regulatory and marketing issues.

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making, that Board procedures are followed and the statutory and regulatory requirements are met. The Secretary also assists the Chairman in ensuring that all Directors are properly briefed on issues arising at Board meetings. The Board believes that the current Company Secretary is capable of carrying out the appropriate duties to ensure the effective functioning of the Board while the terms of appointment permit the removal and appointment by the Board as a whole.

Directors, whether acting as a full board or in their individual capacity, may obtain independent professional advice in the furtherance of their duties, at the Company's expense, so far as is practicable and that the cost is reasonable.

Unitholders

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

The Manager also holds periodic briefings for fund managers, analysts and institutional investors. Press conferences are held when required, to brief members of the media on Hektar REIT's strategic direction, performance and key events.

While the Manager endeavours to provide as much information possible to Hektar REIT's unitholders, it is mindful of the legal and regulatory frameworks governing the release of material and price-sensitive information.

Additional Information

The information set out below is disclosed in compliance with the Securities Commission's Guidelines on Real Estate Investment Trusts :-

A. Sanctions and/or penalties

There are no public sanction and/or penalty imposed on Hektar REIT, its directors or management of the Manager, by relevant regulatory bodies during the financial year ended 31 December 2015.

B. Non-audit fees

The non-audit fees payable to the external auditors of Hektar REIT for the financial year ended 31 December 2015 amounted to RM30,000.

C. Soft commission

There was no soft commission received by the Manager for during the financial year ended 31 December 2015.

D. Variation in results

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced during the quarter announcement. Hektar REIT did not release any profit estimate, forecast or projection for the financial year.

E. 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 2015.

In the opinion of the Directors of Hektar Asset Management Sdn. Bhd., the financial statements set out on pages 62 to 99 are drawn up in accordance with the provisions of the Deed dated 5 October 2006 between Hektar Asset Management Sdn. Bhd. and AmTrustee Berhad ("the Deed"), the Securities Commission's Guidelines on Real Estate Investment Trusts, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Hektar Real Estate Investment Trust, ("Hektar REIT") as at 31 December 2015 and of its financial performance and cash flows for the financial year then ended.

In the opinion of the Directors of Hektar Asset Management Sdn. Bhd., the information set out on page 100 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

DATO' JAAFAR BIN ABDUL HAMID
Chairman and Chief Executive Officer

ZALILA BINTI MOHD TOON
Executive Director and Chief Financial Officer

Kuala Lumpur
19 February 2016

STATUTORY DECLARATION

I, Zalila Binti Mohd Toon, being the Executive Director of Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 62 to 99 and the financial information set out on page 100 are 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 Shah Alam in)

Selangor Darul Ehsan this day of)

19 February 2016)

ZALILA BINTI MOHD TOON

Before me:

Commissioner for Oaths

TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

We have acted as Trustee of Hektar Real Estate Investment Trust ("Hektar REIT") for the financial year ended 31 December 2015. In our opinion and to the best of our knowledge, Hektar Asset Management Sdn. Bhd. ("the Manager"), has managed Hektar REIT in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on the Real Estate Investment Trust, the Capital Markets and Services Act 2007 and other applicable laws; and
- (b) the procedures and process employed by the manager to value and price the units of Hektar REIT are adequate and that such valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements.

We confirm that the income distribution declared and paid during the financial year ended 31 December 2015 are in the line with and are reflective of the objectives of Hektar REIT.

For and on behalf of the Trustee,
AmTrustee Berhad

Tan Kok Cheeng
Chief Executive Officer

Selangor, Malaysia
19 February 2016

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of Hektar Real Estate Investment Trust ("the Trust") which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 99.

Directors of the Manager's Responsibility for the Financial Statements

The Directors of the Manager of the Trust are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Deed dated 5 October 2006, the Securities Commission's Guidelines on Real Estate Investment Trusts, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation of financial statements that give a true and fair view 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 December 2015 and of its financial performance and cash flows for the financial year then ended in accordance with the Deed dated 5 October 2006, the Securities Commission Guidelines on Real Estate Investment Trusts, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Reporting Responsibilities

The supplementary information set out on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the Unitholders of the Trust, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

NG CHEE HOONG
(NO: 2278/10/16(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
19 February 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Investment properties	4	1,086,580,000	1,060,732,000
Capital work in progress	5	335,057	21,678,945
Fixed deposits with a licensed bank	6	634,816	4,408,367
Total non-current assets		1,087,549,873	1,086,819,312
Current assets			
Trade receivables	7	3,725,472	2,883,584
Other receivables, deposits and prepayments	8	5,953,842	5,604,023
Cash and bank balances		19,085,638	14,739,242
Total current assets		28,764,952	23,226,849
Total assets		1,116,314,825	1,110,046,161
Current liabilities			
Trade payables	9	902,924	384,358
Other payables and accruals	10	21,730,204	20,027,305
Bank borrowings	11	15,000,000	-
Total current liabilities		37,633,128	20,411,663
Non-current liabilities			
Other payables and accruals	10	15,089,960	14,073,995
Bank borrowings	11	479,214,809	453,876,328
Total non-current liabilities		494,304,769	467,950,323
Total liabilities		531,937,897	488,361,986
Net assets		584,376,928	621,684,175
Unitholders' funds and reserve			
Unitholders' capital	12	425,738,255	425,738,255
Undistributed income-realised		43,996,656	41,369,917
Undistributed income-unrealised		114,642,017	154,576,003
Total Unitholders' funds and reserve		584,376,928	621,684,175
Number of units in circulation	12	400,634,117	400,634,117
Net asset value ("NAV") per unit (RM)			
- As at 31 December		1.4586	1.5518
- Before income distribution during the financial year		1.5636	1.6568

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 2015

	Note	2015 RM	2014 RM
Gross revenue	13	125,511,215	121,991,064
Property expenses	14	(49,028,498)	(48,714,152)
Net property income		76,482,717	73,276,912
Interest income		271,924	318,400
Other income		26,251	14,772
Sundry income		283,072	-
Change in fair value of investment properties		(39,933,986)	6,126,123
Allowance for doubtful debts no longer required		149,170	69,365
Total income		37,279,148	79,805,572
Manager's fees	15	7,927,254	7,634,898
Trustee's fee	16	504,568	497,184
Auditors' remuneration:			
- current year			
- statutory		88,000	85,000
- others		33,000	30,000
Valuation fees		52,887	142,000
Professional fees		1,156,990	566,118
Allowance for doubtful debts		208,155	388,394
Administration expenses		449,234	444,452
Interest expense		22,070,679	19,613,355
Bad debts written off		29,046	17,209
Total expenses		(32,519,813)	(29,418,610)
Income before tax		4,759,335	50,386,962
Tax expense	17	-	-
Income for the financial year		4,759,335	50,386,962
Other comprehensive income		-	-
Total comprehensive income for the financial year		4,759,335	50,386,962

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Total comprehensive income for the financial year is made up as follows:-			
Realised		44,693,321	44,260,839
Unrealised - Change in fair value of investment properties		(39,933,986)	6,126,123
		4,759,335	50,386,962
<hr/>			
Earnings per unit (Total)			
- After manager's fees (sen)	18(a)	1.19	12.58
- Before manager's fees (sen)	18(b)	3.17	14.48
<hr/>			
Earnings per unit (Realised)			
- After manager's fees (sen)	18(c)	11.16	11.05
- Before manager's fees (sen)	18(d)	13.13	12.95
<hr/>			
Net income distribution			
- Interim income distribution of 7.8 sen (2014: 7.8 sen) per unit		31,249,461	31,249,461
- Final income distribution of 2.7 sen in respect of financial year ended 31 December 2015 (31 December 2014: 2.7 sen)		10,817,121	10,817,121
		42,066,582	42,066,582
<hr/>			
Interim income distribution per unit			
- Gross (sen)	19	7.80	7.80
- Net (sen)	19	7.80	7.80
<hr/>			
Final income distribution per unit			
- Gross (sen)	19	2.70	2.70
- Net (sen)	19	2.70	2.70
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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 2015

	Note	Unitholders' Capital RM	Undistributed Realised RM	Income Unrealised RM	Unitholders' Funds RM
At 1 January 2014		425,738,255	39,175,660	148,449,880	613,363,795
Operations for the financial year ended 31 December 2014					
Total comprehensive income for the financial year		-	44,260,839	6,126,123	50,386,962
Increase in net assets resulting from operations		-	44,260,839	6,126,123	50,386,962
Unitholders' transactions					
Distribution to Unitholders		-	(42,066,582)	-	(42,066,582)
Decrease in net assets resulting from Unitholders' transactions		-	(42,066,582)	-	(42,066,582)
Balance at 31 December 2014		425,738,255	41,369,917	154,576,003	621,684,175
Operations for the financial year ended 31 December 2015					
Total comprehensive income for the financial year		-	44,693,321	(39,933,986)	4,759,335
Increase in net assets resulting from operations		-	44,693,321	(39,933,986)	4,759,335
Unitholders' transactions					
Distribution to Unitholders		-	(42,066,582)	-	(42,066,582)
Decrease in net assets resulting from Unitholders' transactions		-	(42,066,582)	-	(42,066,582)
Balance at 31 December 2015		425,738,255	43,996,656	114,642,017	584,376,928

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		4,759,335	50,386,962
Adjustments for:-			
Reversal of impairment loss on trade receivables		(149,170)	(69,365)
Bad debts written off		29,046	17,209
Change in fair value of investment properties		39,933,986	(6,126,123)
Interest expense		22,070,679	19,613,355
Interest income		(271,924)	(318,400)
Allowance for impairment loss		208,155	388,394
Operating profit before working capital changes		66,580,107	63,892,032
Changes in working capital:			
Payables		3,237,430	(1,153,456)
Receivables		(1,279,738)	(252,099)
Net cash from operating activities		68,537,799	62,486,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties		(23,524,327)	(2,676,008)
Expenditure for refurbishment and enhancement of investment properties incurred		(20,913,771)	(24,588,800)
Interest received		271,924	318,400
Withdrawal/(Placement) of fixed deposits		3,773,551	(180,897)
Net cash used in investing activities		(40,392,623)	(27,127,305)

	Note	2015 RM	2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(22,070,679)	(19,613,355)
Drawdown of borrowings		40,338,481	17,776,328
Distribution to Unitholders		(42,066,582)	(42,066,582)
Net cash used in financing activities		(23,798,780)	(43,903,609)
CASH AND CASH EQUIVALENTS			
Net changes		4,346,396	(8,544,437)
Brought forward		14,739,242	23,283,679
Carried forward		19,085,638	14,739,242

NOTE TO CASH FLOW STATEMENTS**Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprises cash and bank balances.

NOTES TO THE FINANCIAL STATEMENT

31 DECEMBER 2015

1. GENERAL INFORMATION

Hektar Real Estate Investment Trust (“Hektar REIT” or “the Trust”) was constituted on 5 October 2006 pursuant to the Deed.

Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006.

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 have been no significant changes in the nature of these activities 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 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 financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Board of Directors on 19 February 2016.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Trust have been prepared in accordance with the provisions of the Deed, the Securities Commission’s Guidelines on Real Estate Investment Trust, Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

2.2 Basis of Measurement

The financial statements of the Trust are prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

The Trust use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 – Quoted (adjusted) market price is active market for identical asset or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Trust's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Adoption of Amendments to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Trust has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Trust adopted MFRSs and amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2015.

Initial application of the standards and amendments to the standards did not have material impact to the financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective

The Trust has not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Trust:

MFRS and Amendments to MFRSs effective 1 January 2016 :

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Venture: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for acquisitions of interests in joint operations
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138 Intangible Assets :Clarification of acceptable methods of depreciation and amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture - Bearer Plants
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle, including the amendments to:

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
MFRS 7	Financial Instruments - Disclosures: Servicing contracts
MFRS 7	Financial Instruments - Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
MFRS 119	Employee Benefits: Discount rate – regional market issue
MFRS 134	Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"

MFRS and Amendments to MFRS effective 1 January 2018:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 7	
MFRS 15	Revenue from Contracts with Customers

MFRS 5, 7, 10, 11, 14, 15, 116, 119, 127 and 134 are not applicable to the Trust's operations.

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (cont'd)

The Trust has not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Trust (cont'd):

MFRS 9 Financial Instruments

MFRS 9 is issued during the financial year, which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions.

The Trust is currently examining the financial impact of adopting MFRS 9, which will be effective for annual financial periods beginning on or after 1 January 2018.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Trust's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Impairment of loans and receivable

The Trust assesses at end of each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Trust considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Trust's loans and receivables at the end of the reporting period is summarised in Notes 7 and 8 to the Financial Statements.

The Board of Directors of the Manager expects that the carrying amount of the Trust's loans and receivables at the end of the reporting date would not have material difference from their estimates and hence it would not result in material variance in the Trust's profit for the financial year.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Significant management judgements

The following are significant management judgements in applying the accounting policies of the Trust that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Trust determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Trust considers whether a property generates cash flows largely independently of the other assets held by the Trust.

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. The Trust accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). 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 an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statement of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Investment properties (cont'd)

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

3.2 Capital work in progress

Capital work in progress represents refurbishment work undertaken to enhance the value of the properties which will be transferred to investment properties upon the completion of the work.

3.3 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss.

3.3.1 Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.3.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.1 to the Financial Statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Tax expense (cont'd)

3.3.2 Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.4 Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.4.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

All financial assets except for those fair value through profit or loss are subject to review for impairment at least at each end of the reporting period.

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset has expired or when the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

As at reporting date, the Trust only carried loans and receivables on its statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.4.1 Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Trust's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

3.4.2 Financial liabilities

After the initial recognition, financial liability is classified as:

- (a) financial liability at fair value through profit or loss;
- (b) other financial liabilities measure at amortised cost using the effective interest method; and
- (c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

As at reporting date, the Trust only carried other financial liabilities measured at amortised cost on its statement of financial position.

Other financial liabilities measured at amortised cost

The Trust's financial liabilities include borrowings, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimate reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Trust can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.6 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, bank balances, short-term demand deposits and bank overdraft which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of reporting period are classified as non-current asset.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Trust incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets

3.8.1 Impairment of financial assets

The Trust assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Trust first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continued to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Trust. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets (cont'd)

3.8.2 Impairment of non-financial assets

At each end of the reporting period, the Trust reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

An impairment loss is recognised as an expense in the profit or loss immediately, except for the assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.9 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.9.1 Rental income

Rental income receivable under operating leases is recognised in the profit or loss on a straight-line basis over the term of lease, except where an alternative basis is more representative of pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

The aggregate cost of incentives provided to leasees is recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rent, which comprises gross turnover rental, is recognised as income in the accounting period on a receipt basis. No contingent rent is recognised if there are uncertainties that may result in the possible return of amount received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue (cont'd)

3.9.2 Carpark income

Carpark income is recognised in the profit or loss on accrual basis.

3.9.3 Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the year to maturity, when it is determined that such income will be accrued.

3.10 Expenses

- (i) Property expenses consist of property management fees, quit rents and assessment, and other property outgoings in relation to investment properties where such expenses are the responsibility of the Trust. Property management fees are recognised on an accrual basis using the applicable formula as stated in Property Management Agreement.
- (ii) Manager's fees are recognised on an accrual basis using the applicable formula as stated in the Deed.
- (iii) Trustee's fee is recognised on an accrual basis using the applicable formula as stated in the Deed.
- (iv) Interest expense and other costs incurred in connection with borrowings are expensed as incurred.

3.11 Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently. Income distributions to unitholders are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as deduction from equity, net of tax, from the proceeds.

3.12 Operating Segments

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Trust's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.13 Contingent

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Related parties

A related party is a person or entity that is related to the Manager. A related party transaction is a transfer of resources, services or obligations between the Manager and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Manager if that person:
- (i) has control or joint control over the Manager;
 - (ii) has significant influence over the Manager; or
 - (iii) is a member of the key management personnel of the Manager.
- (b) An entity is related to the Manager if any of the following conditions applies:
- (i) The entity and the Manager are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Manager or an entity related to the Manager.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the Manager or is a member of the key management personnel of the Manager.

4. INVESTMENT PROPERTIES

	2015 RM	2014 RM
At fair value		
Freehold land and buildings	766,580,000	742,700,000
Leasehold land and building	320,000,000	318,032,000
	1,086,580,000	1,060,732,000

The movement of the investment properties is as follows:

	2015 RM	2014 RM
At 1 January	1,060,732,000	1,047,280,000
Additions	23,524,327	2,676,008
Transferred from capital work in progress (Note 5)	42,257,659	4,649,869
Change in fair value recognised in profit or loss	(39,933,986)	6,126,123
At 31 December	1,086,580,000	1,060,732,000

4. INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties are as follows:-

Description of property	Tenure of land	Location	Existing use	Cost of investment RM	Valuation as at 31 December 2015 RM	Percentage of valuation to net asset value %
1. Subang Parade	Freehold	Subang	Commercial	286,980,000	426,380,000	66
2. Mahkota Parade	Leasehold	Melaka	Commercial	257,538,630	320,000,000	52
3. Wetex Parade	Freehold	Muar	Commercial	117,500,000	135,000,000	22
4. Landmark Central	Freehold	Kedah	Commercial	98,000,000	111,200,000	17
5. Central Square	Freehold	Kedah	Commercial	83,000,000	94,000,000	14
					1,086,580,000	

The valuation reports of Subang Parade and Mahkota Parade were issued on 21 January 2016 whereas Wetex Parade was issued on 2 December 2015 by Messrs. Henry Butcher Malaysia Sdn. Bhd. an independent firm of professional valuers, registered with the Board of Valuers, Appraisers and Estate Agents Malaysia using the investment method of valuation. The valuation reports of Landmark Central and Central Square were issued on 2 December 2015 by Messrs. Khong & Jaafar Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers and Estate Agents Malaysia using the investment method of valuation. There have been no changes on the valuation method during the year.

The leasehold land for Mahkota Parade expires in 2101.

Subang Parade, Mahkota Parade, Wetex Parade and Landmark Central have been pledged as security for borrowings as disclosed in Note 11 to the Financial Statements.

The following is recognised in profit or loss in respect of investment properties:

	2015 RM	2014 RM
Rental income	113,519,059	110,776,479
Direct operating expenses:		
- Income generating investment properties	49,028,498	48,714,152
- Non-income generating investment properties	10,406,290	9,805,255

4. INVESTMENT PROPERTIES (CONT'D)

Fair value basis of investment properties

Fair value measurement of the investment properties were categorised as follows:-

	Level 1 RM	2015 Level 2 RM	Level 3 RM
- Freehold land and buildings	-	-	766,580,000
- Leasehold land and building	-	-	320,000,000
	-	-	1,086,580,000

	Level 1 RM	2015 Level 2 RM	Level 3 RM
- Freehold land and buildings	-	-	742,700,000
- Leasehold land and building	-	-	318,032,000
	-	-	1,060,732,000

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value of investment properties:-

	2015 RM	2014 RM
At 1 January	1,060,732,000	1,047,280,000
Addition	65,781,986	7,325,877
Change in fair value recognised in profit or loss-unrealised	(39,933,986)	6,126,123
At 31 December	1,086,580,000	1,060,732,000

The following shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model:-

Valuation technique

The investment method considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates). In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.

4. INVESTMENT PROPERTIES (CONT'D)**Significant unobservable inputs**

Risk-adjusted capitalisation rates ranging from 7.00%-7.25% (2014: 6.75%-7.00%).

Inter-relationship between significant unobservable input and fair value measurement

The estimated fair value would increase (decrease) if risk-adjusted capitalisation rates were lower (higher).

5. CAPITAL WORK IN PROGRESS

	2015 RM	2014 RM
Capital work in progress	335,057	21,678,945

The movement of capital work in progress is as follows:

	2015 RM	2014 RM
At 1 January	21,678,945	1,740,014
Additions	20,913,771	24,588,800
Transferred to investment properties (Note 4)	(42,257,659)	(4,649,869)
At 31 December	335,057	21,678,945

6. FIXED DEPOSITS WITH A LICENSED BANK

The weighted average interest rate of fixed deposits with a licensed bank of the Trust is 3.23% (2014: 3.23%) per annum.

The fixed deposits have been pledged to a licensed bank for bank guarantee granted to the Trust.

7. TRADE RECEIVABLES

	2015 RM	2014 RM
Trade receivables	4,325,031	3,424,158
Less: Impairment losses	(599,559)	(540,574)
	3,725,472	2,883,584

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7. TRADE RECEIVABLES (CONT'D)

The movement of impairment losses during the financial year is as follows:

	2015 RM	2014 RM
At 1 January	(540,574)	(229,544)
Addition	(208,155)	(388,394)
Reversal	149,170	69,365
Written off	-	7,999
As 31 December	(599,559)	(540,574)

The normal credit terms granted by the Trust to the trade receivables are 7 days. Interest ranging from 12% to 18% (2014: 12% to 18%) per annum will be imposed on overdue amount.

Trade receivables that are past due and not impaired are creditworthy debtors with good payment records with the Trust. None of the Trust's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The impairment loss on trade receivable was reversed during the financial year as a result of subsequent receipts of the amount.

The ageing analysis of trade receivables is as follows:

	Gross RM	Individually Impaired RM	Net RM
2015			
Not past due	2,556,623	-	2,556,623
Past due 0-30 days	70,419	-	70,419
Past due 31-60 days	426,791	-	426,791
More than 60 days	1,271,198	(599,559)	671,639
	4,325,031	(599,559)	3,725,472
2014			
Not past due	2,375,123	(12,196)	2,362,927
Past due 0-30 days	10,235	(356)	9,879
Past due 31-60 days	252,039	(27,407)	224,632
More than 60 days	786,761	(500,615)	286,146
	3,424,158	(540,574)	2,883,584

The net carrying amount of trade receivables is considered a reasonable approximate of fair value.

The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of the reporting period relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RM	2014 RM
Other receivables	4,293,221	3,834,083
Deposits	251,356	744,376
Prepayments	1,409,265	1,025,564
	5,953,842	5,604,023

Included in other receivables is as follows:-

	2015 RM	2014 RM
Amount owing from Property Manager	4,101,004	2,800,111

Amount owing from Property Manager is unsecured, interest free and repayable monthly in arrears.

9. TRADE PAYABLES

Trade payables are non-interest bearing and the normal credit term granted by trade payables to the Trust are generally from 30 to 60 (2014: 30 to 60) days.

10. OTHER PAYABLES AND ACCRUALS

	2015 RM	2014 RM
<u>Current liabilities</u>		
Other payables	48,970	630,001
Accruals	5,977,442	3,326,680
Advance received	889,746	1,097,365
Output GST	201,047	-
Deposits received from tenants	14,612,999	14,973,259
	21,730,204	20,027,305
<u>Non-current liabilities</u>		
Deposit received from tenants	15,089,960	14,073,995
	36,820,164	34,101,300

10. OTHER PAYABLES AND ACCRUALS (CONT'D)

Included in other payables and accruals are the following amounts:-

	2015 RM	2014 RM
Amount owing to Manager	5,099	–
Amount owing to Property Manager	–	600,887

Amount owing to Manager and Property Manager are unsecured, interest free and repayable monthly in arrears.

Included in deposits received from tenants is RM2,044,197 (RM1,898,262) representing the difference between the fair value and the amount of deposits received carried in the statement of financial position as a result of the initial recognition of the said deposits at fair value in compliance with the requirements of MFRS 139 Financial Instruments: Recognition and Measurement.

11. BANK BORROWINGS

	2015 RM	2014 RM
Secured		
Current liabilities:		
- Term loan 1	15,000,000	–
Non-current liabilities:		
- MOD 1	184,000,000	184,000,000
- MOD 2	150,000,000	150,000,000
- MOD 3	54,300,000	54,300,000
- MOD 4	32,800,000	32,800,000
- MOD 5	39,307,640	13,153,687
- Term loan 1	–	15,000,000
- Term loan 2	18,807,169	4,622,641
	479,214,809	453,876,328
Total bank borrowings	494,214,809	453,876,328

The MOD 1, MOD 2, MOD 3, MOD 4, and MOD 5 are secured by way of fixed charge over Subang Parade, Mahkota Parade, Wetex Parade and Landmark Central respectively.

The MODs have tenure of 5 years from the first disbursement of which MOD 1 is due for repayment in 2011, MOD 2 is due for repayment in 2013, MOD 3 is due for repayment in 2016, MOD 4 is due for repayment in 2017 and MOD 5 is due for repayment in 2019. However, extension period of 5 years was granted for MOD 1 and it is now due for repayment in 2016 and an extension period of 4 years was granted for MOD 2 and it is now due for repayment in 2017.

11. BANK BORROWINGS (CONT'D)

MOD 1 and MOD 2 bear interest rate at cost of funds plus 75 basis points (2014: cost of fund plus 75 basis points), MOD 3 bears interest rate at cost of fund plus 75 basis points for first and second year and cost of fund plus 100 basis points for third year onwards, MOD 4 and MOD 5 bear interest rate at cost of fund plus 100 basis points (2014: cost of fund plus 100 basis points). The effective interest rate on MOD is 4.38%-4.88% (2014: 4.38%) per annum.

The term loans 1 and 2 are secured by way of fixed charge over Mahkota Parade. The term loans 1 and 2 have a 5-year tenure whereby the principal amount is repayable via a bullet repayment at the end of the 5-year tenure in 2016 and 2018 respectively. These term loans bear interest rate at cost of funds plus 75 basis points and interest is to be serviced monthly in arrears. The effective interest rate on the term loans are 4.76% (2014: 4.10%) per annum.

The carrying amount of the borrowings approximates their fair value.

12. UNITHOLDERS' CAPITAL

	2015 No. of units	2014 No. of units	2015 RM	2014 RM
Authorised unitholders' capital	400,634,117	400,634,117	425,738,255	425,738,255

The movement of the authorised unitholders' capital are as follows:

	2015 No. of units	2014 No. of units	2015 RM	2014 RM
At 1 January/31 December	400,634,117	400,634,117	425,738,255	425,738,225

	2015 No. of units	2014 No. of units	2015 RM	2014 RM
Issued and fully paid unitholders' capital	400,634,117	400,634,117	425,738,255	425,738,255

The movement of the issued and fully paid unitholders' capital are as follows:

	2015 No. of units	2014 No. of units	2015 RM	2014 RM
At 1 January/31 December	400,634,117	400,634,117	425,738,255	425,738,255

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12. UNITHOLDERS' CAPITAL (CONT'D)

As at 31 December 2015, the Manager holds 632,867 (2014: 632,867) units in Hektar REIT. However, the Directors of the Manager and their related parties held units in Hektar REIT as follows:-

	No. of units		% of total units	
	2015	2014	2015	2014
Substantial Unitholders' Direct Unitholdings in Hektar REIT:-				
1. HSBC Nominees (Asing) Sdn. Bhd. for Frasers Centrepoin Trust (As Trustee)	124,892,950	124,892,950	31.17	31.17
2. Hektar Black Sdn. Bhd. - Pledged securities account for Hektar Black Sdn. Bhd.	50,875,000	50,875,000	12.70	12.70
3. Hektar Premier Sdn. Bhd. - Pledged securities account for Hektar Premier Sdn. Bhd.	109,750,000	109,750,000	27.39	27.39
The Manager's related parties' Direct Unitholdings in Hektar REIT:-				
1. Hektar Premier Sdn. Bhd.	109,750,000	109,750,000	27.39	27.39
2. Hektar Black Sdn. Bhd.	50,875,000	50,875,000	12.70	12.70

13. GROSS REVENUE

	2015 RM	2014 RM
Rental income	112,636,000	109,892,645
Carpark income	12,241,940	11,431,837
Other income	633,275	666,582
	125,511,215	121,991,064

14. PROPERTY EXPENSES

	2015	2014
	RM	RM
Assessment and quit rent	3,910,227	3,785,449
Marketing and promotions	3,094,107	3,388,982
Property management fee	2,138,546	2,087,840
Property maintenance	34,173,231	33,642,947
Utilities	4,618,218	4,766,330
Insurance	1,094,169	1,042,604
	49,028,498	48,714,152

Property management fee of RM2,138,546 (2014: RM2,087,840) incurred is payable to Hektar Property Services Sdn. Bhd. in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

15. MANAGER'S FEES

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 2015, the base fee shall be 0.35% (2014: 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 2015, the performance fee shall be 5.0% (2014: 5.0%) per annum of the NPI, before deducting the property management fee.

16. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee up to 0.1% per annum of the NAV of the Trust, including the Manager's fees, payable annually in arrears.

For the financial year ended 31 December 2015, the Trustee's fee shall be 0.08% (2014: 0.08%) per annum of the NAV of the Fund, including the Manager's fees.

17. TAX EXPENSE

Taxation of the Real Estate Investment Trust ("REIT")

The tax transparency system under Section 61A of the Malaysian 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 in the same year of assessment.

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 2014 which translates to more than 90% of its total taxable income.

	2015 RM	2014 RM
Current financial year's provision	-	-

A reconciliation of income tax expense on income before tax for the REIT with the applicable statutory income tax rate is as follows:-

	2015 RM	2014 RM
Income before tax	4,759,335	50,386,962
Income tax at 25%	1,189,834	12,596,741
Tax effects in respect of:-		
Non-allowable expenses	10,303,248	251,609
Income not subject to tax	(37,293)	(1,531,531)
Effect of income distribution exempted from tax	(11,455,789)	(11,316,819)
	-	-

Taxation of the Unitholders

Pursuant to Section 109D(2) of Income Tax Act, 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unit holders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individual and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

18. EARNINGS PER UNIT**Number of unitholders' capital**

	2015 No. of units	2014 No. of units
At 1 January/31 December	400,634,117	400,634,117

- (a) The calculation of earnings per unit (total) after Manager's fee is based on net income for the financial year of RM4,759,335 (2014: RM50,386,962) to the number of units and number of units in circulation for 2015 and 2014 respectively of 400,634,117 (2014: 400,634,117).
- (b) The calculation of earnings per unit (total) before Manager's fee is based on net income for the financial year of RM12,686,589 (2014: RM58,021,860) after adding back Manager's fee and number of units and number of units in circulation for 2015 and 2014 respectively of 400,634,117 (2014: 400,634,117).
- (c) The calculation of earnings per unit (realised) after Manager's fee is based on realised net income for the financial year of RM44,693,321 (2014: RM44,260,839) to the number of units and number of units in circulation for 2015 and 2014 respectively of 400,634,117 (2014: 400,634,117).
- (d) The calculation of earnings per unit (realised) before Manager's fee is based on realised net income for the financial year of RM52,620,575 (2014: RM51,895,737) after adding back Manager's fees and the number of units and number of units in circulation for 2015 and 2014 respectively of 400,634,117(2014: 400,634,117).

There is no diluted earnings per unit as the Trust has no dilutive potential unitholders' capital.

19. INCOME DISTRIBUTION

Distribution to Unitholders are from the following sources:-

	2015 RM	2014 RM
Net rental income	76,482,717	73,276,912
Other income	309,323	14,772
Interest income	271,924	318,400
Reversal of impairment loss on trade receivables	149,170	69,365
	77,213,134	73,679,449
Less: Expenses	(32,519,813)	(29,418,610)
	44,693,321	44,260,839
Gross provision for distribution per unit (sen):		
- Interim	7.80	7.80
- Final	2.70	2.70
	10.50	10.50

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19. INCOME DISTRIBUTION (CONT'D)

Distribution to Unitholders are from the following sources (cont'd):-

	2015 RM	2014 RM
Net provision for distribution per unit (sen): **		
- Interim	7.80	7.80
- Final	2.70	2.70
	10.50	10.50

** Withholding tax will be deducted for distributions made to the following types of Unitholders:-

	YA 2015	YA 2014
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Non-resident companies	25%	25%

20. PORTFOLIO TURNOVER RATIO

	2015	2014
Portfolio Turnover Ratio ("PTR")(times)	0.040	0.004

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 PTR is calculated on a quarterly basis, comparison of the PTR of Hektar REIT with other REITs which uses different basis of calculation may not be comparable.

21. MANAGEMENT EXPENSE RATIO

	2015	2014
Management Expense Ratio ("MER")(%)	1.79	1.58

The calculation of MER is based on the total fees and expenses of Hektar REIT incurred, including Manager's fees, Trustee's fee, auditors' remuneration, tax agent's fees, allowance for impairment loss and administrative expenses, to the average NAV during the financial year. Since the NAV is calculated on a quarterly basis, comparison of the MER of Hektar REIT with other REITs which uses different basis of calculation may not be comparable.

22. TRANSACTION WITH A PARTY RELATED TO THE MANAGER

	2015 RM	2014 RM
Commission and service charges received from - Hektar Black Sdn. Bhd.	214,724	234,169

23. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Loans and receivables (L&R); and
(b) Other financial liabilities measured at amortised cost (AC).

2015	Carrying amount RM	L&R RM	AC RM
Financial assets			
Trade receivables	3,725,472	3,725,472	-
Other receivables and deposits	4,544,577	4,544,577	-
Fixed deposits with a licensed bank	634,816	634,816	-
Cash and bank balances	19,085,638	19,085,638	-
	27,990,503	27,990,503	-
Financial liabilities			
Trade payables	902,924	-	902,924
Other payables and accruals	36,820,164	-	36,820,164
Bank borrowings	494,214,809	-	494,214,809
	531,937,897	-	531,937,897
2014			
Financial assets			
Trade receivables	2,883,584	2,883,584	-
Other receivables and deposits	4,578,459	4,578,459	-
Fixed deposits with a licensed bank	4,408,367	4,408,367	-
Cash and bank balances	14,739,242	14,739,242	-
	26,609,652	26,609,652	-
Financial liabilities			
Trade payables	384,358	-	384,358
Other payables and accruals	34,101,300	-	34,101,300
Bank borrowings	453,876,328	-	453,876,328
	488,361,986	-	488,361,986

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risks

Hektar REIT's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the REIT's business whilst managing its risks. Hektar REIT operates within clearly defined guidelines as set out in the Securities Commission's Guidelines on Real Estate Investment Trusts ("the Guidelines"). These Guidelines seek to provide a regulatory framework that would protect the interests of the investing public. Hektar REIT's risk management policies, which ensure compliance with the spirit of the Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

(a) Interest rate risk

Hektar REIT's exposure to changes in interest rates are primarily due to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rate.

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities are as follows:-

	Within 1 year RM	2 to 5 years RM	Total RM	Effective annual interest rate during the financial year %
2015				
Financial asset				
Fixed deposits with a licensed bank	-	634,816	634,816	3.23
Financial liabilities				
Murabahah overdrafts	-	460,407,640	460,407,640	4.38
Term loan	15,000,000	18,807,169	33,807,169	4.10
2014				
Financial asset				
Fixed deposits with a licensed bank	-	4,408,367	4,408,367	3.23
Financial liabilities				
Murabahah overdrafts	-	434,277,893	434,277,893	4.38
Term loan	-	19,598,435	19,598,435	4.10

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments:

A change in 75 basis point (bp) in interest rates at the end of the reporting period would have increased/ (decreased) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit for the year		Equity	
	+ 75 bp	- 75 bp	+ 75 bp	- 75 bp
	RM	RM	RM	RM
2015				
Floating rate instruments	(3,701,850)	3,701,850	(3,701,850)	3,701,850
2014				
Floating rate instruments	(3,371,010)	3,371,010	(3,371,010)	3,371,010

(b) Credit risk

The Trust controls credit risk by the application of credit approvals, limit and monitoring procedure.

The maximum credit risk associated with recognised financial assets is the carrying amounts shown in the statement of financial position.

Hektar REIT has no significant concentration of credit risk with any single counterparty.

As at 31 December 2015, Hektar REIT had no significant credit risk associated with its exposure to potential counterparty failure to settle outstanding.

As at 31 December 2015, trade receivables of RM1,211,693 (2014: RM520,657) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

(c) Liquidity risks

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

In managing its exposures to liquidity risk arising principally from its various payables, loans and borrowings, the Trust maintains a level of cash and cash equivalents and bank facilities deemed adequate by the Manager to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risks

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:

	Within 1 year RM	2 to 5 years RM	Total RM
2015			
Financial liabilities			
Secured:			
Term loan	15,000,000	18,807,169	33,807,169
Murabahah overdrafts	-	460,407,640	460,407,640
Unsecured:			
Trade payables	902,924	-	902,924
Other payables and accruals	21,730,204	15,089,960	36,820,164
Total undiscounted financial liabilities	37,633,128	494,304,769	531,937,897
2014			
Financial liabilities			
Secured:			
Term loan	-	19,598,435	19,598,435
Murabahah overdrafts	-	434,277,893	434,277,893
Unsecured:			
Trade payables	384,358	-	384,358
Other payables and accruals	20,027,305	14,073,995	34,101,300
Total undiscounted financial liabilities	20,411,663	467,950,323	488,361,986

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value of financial instruments

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

2015	Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial liabilities					
Other payable and accruals	–	–	27,658,762	27,658,762	29,702,959

2014	Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial liabilities					
Other payable and accruals	–	–	27,148,992	27,148,992	29,047,254

There were no transfers between Level 1 and Level 2 during the financial year (2014: no transfer in either direction).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 Fair Value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value of financial instruments (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Description	Valuation	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Financial instruments not carried at fair value			
Other payable and accruals	Discounted cash flows	Discount rate (4.85%)	The estimated fair value would increase/(decrease) if discount rate is lower (higher)

25. 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 Securities Commission's Guidelines on Real Estate Investment Trusts ("SC Guideline"). As per the SC Guideline, the total borrowings of a trust should not exceed 50% 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.

	2015 RM	2014 RM
Non-current assets	1,087,549,873	1,086,819,312
Current assets	28,764,952	23,226,849
Total assets value	1,116,314,825	1,110,046,161
Total borrowings	494,214,809	453,876,328
Gearing ratio	44.27%	40.89%

No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015.

26. CAPITAL COMMITMENT

Capital expenditure in respect of the following has not been provided for in the financial statements:-

	2015 RM	2014 RM
Authorised and contracted for:-		
Refurbishment of investment properties	2,121,360	20,258,255
	2,121,360	20,258,255

27. OPERATING SEGMENTS

The principal activity of the 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.

DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised of the Trust, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of unappropriated profits as at the reporting date that has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:

	2015 RM	2014 RM
Total undistributed income of the Trust		
- realised	43,996,656	41,369,917
- unrealised	114,642,017	154,576,003
	158,638,673	195,945,920

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

TOP 30 DEPOSITORS AS AT 31 DECEMBER 2015

NO	NAME OF UNIT HOLDER	ACCOUNT QUALIFIER (BENEFICIAL OWNER)	UNITS	%
1	HSBC NOMINEES (ASING) SDN BHD	HSBC-FS FOR FRASERS CENTREPOINT TRUST	124,892,950	31.1738
2	KENANGA NOMINEES (TEMPATAN) SDN BHD	PLEGDED SECURITIES ACCOUNT FOR HEKTAR PREMIER SDN BHD (001)(THIRD PARTY)	94,750,000	23.6500
3	KENANGA NOMINEES (TEMPATAN) SDN BHD	PLEGDED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD (001)	50,875,000	12.6986
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	EXEMPT AN FOR AIA BHD.	16,565,700	4.1349
5	RHB NOMINEES (TEMPATAN) SDN BHD	OSK CAPITAL SDN BHD FOR HEKTAR PREMIER SDN. BHD.	15,000,000	3.7441
6	ASCENTPAC SDN.BHD.		4,003,100	0.9992
7	AFFIN HWANG INVESTMENT BANK BERHAD	IVT (JBD)	2,971,575	0.7417
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	EMPLOYEES PROVIDENT FUND BOARD	2,028,200	0.5062
9	HSBC NOMINEES (ASING) SDN BHD	HSBC-FS FOR ALLIANZ PAN ASIAN REITS FUND SEGREGATED PORTFOLIO (ALLIANZ GICF SP)	1,658,200	0.4139
10	HANG MEI LING		1,535,000	0.3831
11	RUZIAH BINTI MOHD AMIN		1,400,000	0.3494
12	LIM KOK HOW		1,384,600	0.3456
13	HSBC NOMINEES (ASING) SDN BHD	EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	1,305,900	0.3260
14	KON CZE YAN @ KOON CZE YAN		1,212,500	0.3026
15	CHIN THEN HEE		1,036,000	0.2586
16	LIM SAN LEE		948,600	0.2368
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD	PLEGDED SECURITIES ACCOUNT FOR JAZELAN FIRHAN B JAAFAR	928,000	0.2316
18	HSBC NOMINEES (TEMPATAN) SDN BHD	HSBC (M) TRUSTEE BHD FOR ZURICH INSURANCE MALAYSIA BERHAD (BALANCED FUND)	885,875	0.2211
19	LING THIK PING		800,000	0.1997

ANALYSIS OF UNITHOLDERS

TOP 30 DEPOSITORS AS AT 31 DECEMBER 2015 (CONT'D)

NO	NAME OF UNIT HOLDER	ACCOUNT QUALIFIER (BENEFICIAL OWNER)	UNITS	%
20	DB (MALAYSIA) NOMINEE (ASING) SDN BHD	EXEMPT AN FOR BANK OF SINGAPORE LIMITED	780,625	0.1948
21	HEKTAR ASSET MANAGEMENT SDN BHD		632,867	0.1580
22	TEO MEI CHING		625,000	0.1560
23	YEOH LAY ENG		625,000	0.1560
24	YAU AH PENG		600,000	0.1498
25	LIM PEK HOOI		573,000	0.1430
26	WONG SWEE MEY		535,000	0.1335
27	LIEW CHUI KHENG		528,400	0.1319
28	NG INN JWEE		525,000	0.1310
29	LIM CHEE KIN		524,000	0.1308
30	CHAN KIN YOONG		513,900	0.1283
	TOTAL		330,643,992	82.5302

BREAKDOWN OF UNITHOLDERS AS AT 31 DECEMBER 2015

UNIT CLASS	NO. OF UNITHOLDERS	% OF UNITHOLDERS	NO. OF UNIT HELD	% OF TOTAL UNITS
LESS THAN 100	70	2.32	1,976	0.00
100 TO 1,000	332	10.99	234,684	0.06
1,001 TO 10,000	1,387	45.91	7,015,725	1.75
10,001 TO 100,000	1,050	34.76	32,115,077	8.02
100,001 TO LESS THAN 5% OF ISSUED UNITS	179	5.93	90,748,705	22.65
5% AND ABOVE OF ISSUED UNITS	3	0.10	270,517,950	67.52
TOTAL	3,021	100.00	400,634,117	100.00

REPORT AS AT 31 DECEMBER 2015 CATEGORY OF SHAREHOLDERS

Category of Unitholders	No. of Holders			No. of Units			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1 Individual	49	2,236	50	1,825,125	61,927,721	1,709,400	0.4556	15.4574	0.4267
2 Body Corporate									
a. Bank/Finance Companies	-	1	-	-	2,971,375	-	-	0.7417	-
b. Investments trusts/ foundations/ charities	-	2	-	-	70,000	-	-	0.0175	-
c. Other types of Companies	6	28	2	604,600	4,952,450	148,300	0.1509	1.2362	0.0370
3 Government agencies/ Institutions	-	-	-	-	-	-	-	-	-
4 Nominees	20	597	30	162,366,867	33,981,529	130,076,550	40.5275	8.4819	32.4677
5 Others	-	-	-	-	-	-	-	-	-
Sub Total	75	2,864	82	164,796,592	103,903,275	131,934,250	41.1339	25.9347	32.9314
Malaysian Total		2,939			268,699,867			67.0686	
Grand Total (Malaysian + Foreign)		3,021			400,634,117			100.0000	

AEI	: Asset Enhancement Initiatives
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
Deed	: The Deed dated 5 October 2006 constituting Hektar REIT and as amended by a Supplemental Trust Deed dated 20 March 2012 executed between the Trustee and the Manager
DPU	: Distribution per Unit
GAV	: Gross Asset Value
Gross Revenue	: Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
Hektar Klasik	: Hektar Klasik Sdn Bhd (Company No. 557687-X), being the holding company of the Manager
Hektar / Hektar REIT / the Trust	: Hektar Real Estate Investment Trust
IPO	: Initial Public Offering. Hektar REIT's IPO was completed on 4 December 2006
MER	: Management Expense Ratio
Manager	: Hektar Asset Management Sdn Bhd (Company No. 732261-T), being the management company of Hektar REIT
NAV	: Net Asset Value
NTA	: Net Tangible Assets
NLA / Net Lettable Area	: Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
OMV	: Open Market Value
PTR	: Portfolio Turnover Ratio
Property Manager	: Hektar Property Services Sdn Bhd (868376-K)
REIT(s)	: Real Estate Investment Trust(s)
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission
SCA	: Securities Commission Act, 1993
SC Guidelines on REITs	: Guidelines on Real Estate Investment Trusts issued by the SC in August 2008 and updated on 28 December 2012
Sq. ft. / sf	: Square feet
Sqm	: Square metres
Share Registrar	: Mega Corporate Sdn Bhd (Company No. 187984-H)
Step-Up Rent Provision	: Specified in tenancy agreement as a pre-determined increase in rent at defined intervals during a tenancy agreement, typically each year. Forms the base rent of any tenancy agreement.
Trustee	: AmTrustee Berhad (Company No. 163032-V) being the Trustee of Hektar REIT
Turnover Rent Provision	: Rent calculated as a proportion of annual turnover of the tenant's business. For Hektar REIT, Turnover Rent is paid to the REIT if it exceeds the base rent specified in the tenancy agreement on an annual basis.
Unit(s)	: Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting (“AGM”) of Hektar Real Estate Investment Trust (“Hektar REIT”) will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on **Monday, 25th April 2016 at 10.30 a.m.** for the following purposes :-

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of Hektar REIT for the year ended 31 December 2015 together with the Trustee’s Report to the Unitholders issued by AmTrustee 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 Explanatory Note A)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following Ordinary Resolution :

2. **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO CLAUSE 14.03 OF THE SECURITIES COMMISSION MALAYSIA’S GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS (REITS GUIDELINES) (PROPOSED AUTHORITY)** **Resolution 1**

“**That** pursuant to the REITs Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of any relevant regulatory authorities (which includes the Securities Commission Malaysia and Bursa Malaysia Securities Berhad), 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 80,126,823 Units, representing 20% of the existing fund size 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 an 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.”

BY ORDER OF THE BOARD

Hektar Asset Management Sdn Bhd (732261-T)
(as the Manager of Hektar Real Estate Investment Trust)

Dato' Muhammad Hafidz bin Nuruddin (MAICSA 7005820)

Lim Seck Wah (MAICSA 0799845)

Joint Company Secretaries

Kuala Lumpur

26 February 2016

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 Registrar's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.
7. Only unitholders registered in the Record of Depositors as at 19 April 2016 shall be entitled to attend and speak at the meeting or appoint proxy(ies) to attend on his behalf.

Explanatory Note A

This Agenda is meant for discussion only as in accordance with the provision under the Guidelines on Real Estate Investment Trusts, 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 to allot and issue new units pursuant to clause 14.03 of the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts (REITS Guidelines) (Proposed Authority)

The purpose to seek the general mandate is to enable the Manager to issue and allot 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.



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	No. of units to be represented by proxy
1. _____	_____
2. _____	_____

As my/our proxy to attend on my/our behalf at the unitholders' AGM to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 25 April 2016 at 10.30 a.m. or at any adjournment thereof. My/our proxy is to vote as indicated below:-

NO.	RESOLUTION	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1	Authority to allot and issue new units pursuant to clause 14.03 of the Securities Commission Malaysia's Guidelines.				

Dated this day of 2016

.....
Signature/Common Seal of Unitholder(s)

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.
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7. Only unitholders registered in the Record of Depositors as at 19 April 2016 shall be entitled to attend and speak at the meeting or appoint proxy(ies) to attend on his behalf.



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AFFIX
STAMP

The Registrar
15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

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