

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	As at 31.03.2021 RM (Unaudited)	As at 31.12.2020 RM (Audited)
<u>NON-CURRENT ASSETS</u>		
Investment properties	1,207,000,000	1,207,000,000
Plant & Equipment	84,949	90,579
Capital work in progress	1,423,138	1,379,757
Fixed deposits with a licensed bank	1,551,765	1,551,765
	<u>1,210,059,852</u>	<u>1,210,022,101</u>
<u>CURRENT ASSETS</u>		
Trade receivables	6,375,117	4,251,192
Other receivables, deposits and prepayments	12,606,821	17,356,146
Cash and bank balances	34,832,209	27,345,909
	<u>53,814,147</u>	<u>48,953,247</u>
TOTAL ASSETS	<u>1,263,873,999</u>	<u>1,258,975,348</u>
<u>NON-CURRENT LIABILITIES</u>		
Tenancy deposits	8,697,361	9,080,548
Deferred tax liability	27,922,384	27,922,384
Bank borrowings	566,090,863	536,090,863
	<u>602,710,608</u>	<u>573,093,795</u>
<u>CURRENT LIABILITIES</u>		
Trade payables	21,050,398	16,352,877
Other payables and accruals	23,648,940	25,671,535
Tenancy deposits	22,746,472	22,502,198
Bank borrowings	15,000,000	45,000,000
	<u>82,445,810</u>	<u>109,526,610</u>
TOTAL LIABILITIES	<u>685,156,418</u>	<u>682,620,405</u>
NET ASSET VALUE	<u>578,717,581</u>	<u>576,354,943</u>
<u>FINANCED BY:</u>		
Unitholders' capital	492,500,449	492,500,449
Undistributed income – realised	49,034,181	46,671,543
– unrealised	37,182,951	37,182,951
TOTAL UNITHOLDERS' FUND	<u>578,717,581</u>	<u>576,354,943</u>
NET ASSET VALUE PER UNIT (RM)		
-as at the date	1.2527	1.2476
-after distribution for the cumulative quarter	1.2437	1.2386
NUMBER OF UNITS IN CIRCULATION	461,960,178	461,960,178

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2021 RM	Preceding Year Corresponding Quarter 31.03.2020 RM	Current YTD 31.03.2021 RM	Preceding YTD 31.03.2020 RM
Revenue	26,780,508	30,714,301	26,780,508	30,714,301
Property operating expenses	(12,682,976)	(14,999,728)	(12,682,976)	(14,999,728)
Net property income	14,097,532	15,714,573	14,097,532	15,714,573
Interest income	30,432	63,368	30,432	63,368
Other income	128,811	32,582	128,811	32,582
Trust expenses	(2,860,105)	(3,090,382)	(2,860,105)	(3,090,382)
Borrowing costs	(4,876,389)	(5,644,214)	(4,876,389)	(5,644,214)
Realised income before taxation	6,520,280	7,075,927	6,520,280	7,075,927
Change in fair value of investment property	-	-	-	-
Income before taxation	6,520,280	7,075,927	6,520,280	7,075,927
Taxation	-	-	-	-
Net income	6,520,280	7,075,927	6,520,280	7,075,927
Other comprehensive income after tax	-	-	-	-
Total comprehensive income	6,520,280	7,075,927	6,520,280	7,075,927
Earnings per unit (sen)	1.41	1.53	1.41	1.53
- realised (sen)	1.41	1.53	1.41	1.53
- unrealised (sen)	-	-	-	-
Number of units	461,960,178	461,960,178	461,960,178	461,960,178

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached.

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE QUARTER ENDED 31 MARCH 2021 (UNAUDITED)**

	Unitholders' Capital RM	<u>Undistributed income</u>		Unitholders' Fund RM
		Realised RM	Unrealised RM	
<u>Balance at 1 January 2021</u>				
As previously reported	492,500,449	46,671,543	37,182,951	576,354,943
<u>Operation for quarter ended 31 March 2021</u>				
Total comprehensive income for the financial quarter	-	6,520,280	-	6,520,280
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(4,157,642)	-	(4,157,642)
Balance at 31 March 2021	<u>492,500,449</u>	<u>49,034,181</u>	<u>37,182,951</u>	<u>578,717,581</u>

CUMULATIVE YEAR ENDED 31 DECEMBER 2020 (AUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u>		Unitholders' Fund RM
		Realised RM	Unrealised RM	
As at 1 January 2020	492,500,449	41,687,502	75,243,700	609,431,651
<u>Operation for year ended 31 December 2020</u>				
Total comprehensive income for the financial year	-	14,223,245	(38,060,749)	(23,837,504)
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(9,239,204)	-	(9,239,204)
Balance at 31 December 2020	<u>492,500,449</u>	<u>46,671,543</u>	<u>37,182,951</u>	<u>576,354,943</u>

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes.

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 31 MARCH 2021**

	Current YTD 31.03.2021 RM	Preceding YTD 31.12.2020 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income/(Loss) before taxation	6,520,280	(24,086,252)
Adjustments for :-		
Depreciation PPE	5,630	22,520
Interest income	(30,432)	(524,767)
Interest expense	4,876,389	20,896,403
Impairment loss on trade receivables	341,592	7,777,708
Fair value adjustment on Investment Properties	-	38,309,497
Operating profit before working capital changes	<u>11,713,459</u>	<u>42,395,109</u>
Change in working capital :-		
Receivables	2,283,808	(3,073,532)
Payables	2,536,014	(1,775,439)
Net cash from operating activities	<u>16,533,281</u>	<u>37,546,138</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure for refurbishment and enhancement of investment property incurred	(43,382)	(9,031,325)
Interest income	30,432	524,767
Fixed deposit	-	(24,731)
Net cash from/(used) in investing activities	<u>(12,950)</u>	<u>(8,531,289)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expense	(4,876,389)	(20,896,403)
Distribution to Unitholders	(4,157,642)	(9,239,204)
Borrowings	-	18,000,000
Net cash used in financing activities	<u>(9,034,031)</u>	<u>(12,135,607)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,486,300	16,879,242
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	27,345,909	10,466,667
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>34,832,209</u>	<u>27,345,909</u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 MARCH 2021 PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

A1 BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting and Chapter 9, Paragraph 9.44 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Hektar REIT had adopted Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board for the accounting period beginning 1 January 2012.

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR

The auditors have expressed an unqualified opinion on Hektar REIT's financial statements for the year ended 31 December 2020 in their report dated 25 February 2021.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of Hektar REIT is not affected by material, seasonal or cyclical factors.

A4 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A5 CHANGES IN ESTIMATES

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

A6 DEBT AND EQUITY SECURITIES

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

A7 INCOME DISTRIBUTION

The Manager will distribute at least 90% of its distributable income to its Unitholders of Hektar REIT in each financial year.

A8 SEGMENT INFORMATION

The principal activity of Hektar REIT is to invest in properties in Malaysia with the primary objective to derive rental income and medium-to-long-term growth. Hence, no segmental reporting is presented.

A9 VALUATION OF INVESTMENT PROPERTIES

The Investment Properties for Subang Parade, Mahkota Parade, Wetex Parade, Central Square, Kulim Central and Segamat Central were last valued on 31 December 2020.

A10 MATERIAL SUBSEQUENT EVENTS TO THE END OF THE INTERIM PERIOD

Hektar REIT's shopping malls have complied and continue to observe the Government and regulatory directives during the Movement Control Order ("MCO") periods. With the rise in COVID-19 cases, the Government published the first list of premises flagged as potential COVID-19 hotspots that were identified through the Hotspots Identification for Dynamic Engagement ("HIDE") system. Many prominent shopping malls in the Klang Valley which included Subang Parade were listed under HIDE and were required to temporarily close for 3 days to undergo sanitisation upon the directive from the Government from 9 May to 11 May 2021. The Government has recently announced MCO 3.0 from 12 May 2021 to 7 June 2021 nationwide, whereby restrictions include no dine-in for F&B outlets and closure of spa & entertainment outlets have been imposed during this period to curb further spread of the virus.

Hektar REIT continues to enforce stringent standard operating procedures in line with directives from the Ministry of Health to ensure a safe retail environment for our tenants, shoppers and employees.

A11 CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes to the composition of Hektar REIT during the current quarter and the fund size stands at 461,960,178 units.

A12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

A13 RENTAL INCOME FROM TENANCIES (MFRS 16)

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

A14 CAPITAL COMMITMENT (MFRS 134)

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

Authorised and contracted for:-	<u>RM</u>
Refurbishment of investment properties	<u>131,191</u>

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

B1 REVIEW OF PERFORMANCE

For the cumulative period ended 31 March 2021, Hektar REIT generated total revenue of RM26,939,750, including interest and other income.

Revenue was lower than the preceding year by 13% and this has resulted in lower realised net income by 8% and lower property operating expenses by 15%.

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Quarter Ended 31.03.2021 RM	Quarter Ended 31.03.2020 RM
Income before tax (RM)	6,520,280	7,075,927
- Realised income before tax (RM)	6,520,280	7,075,927

B3 PROSPECTS

With the re-implementation of the Movement Control Order (MCO 2.0) in January this year, Retail Group Malaysia (RGM) has lowered its retail sales growth rate for 2021 to 4.1% from earlier estimates of 4.9%. The recent hike in COVID-19 cases has led to MCO 3.0 in the country, whereby the borders will remain closed and the ban on inter-state travelling is still in place except for emergencies, work or vaccination appointments. The Government is also enforcing various restrictions with stringent SOPs and mobility restrictions to control the rise in COVID-19 cases. Although most retail outlets are still allowed to stay open compared to the earlier MCO 1.0, where only essential services were allowed to operate, the stringent mobility restrictions and COVID-19 fears due to various virus mutations are expected to impact visitor footfall negatively. As MCO 3.0 has only recently been implemented from 12 May 2021 to 7 June 2021 with a possibility of a further extension, the full impact of this MCO is yet to be ascertained. Although the vaccination rollout programme is in progress, the delay in vaccine procurement could delay the country's targeted timeline to achieve herd immunity. This coupled with the latest MCO is expected to impact the timeline for recovery of the retail industry.

Management is closely monitoring this situation and remain focused on ensuring the safety and well-being of shoppers, tenants, employees and communities at all its properties.

B4 VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE

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

B5 TAX EXPENSE

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

Barring unforeseen circumstances, there will be no tax payable as Hektar REIT intends to distribute at least 90% of the distributable income to unitholders for the year ended 31 December 2021.

B6 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

B7 QUOTED INVESTMENTS

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

B8 CORPORATE PROPOSAL AND DEVELOPMENTS

There was no corporate proposal announced but not completed during the quarter.

B9 BORROWINGS AND DEBT SECURITIES

Hektar REIT's total borrowings of RM581,090,863 are secured and comprise of the following:

1. Current liabilities of RM15,000,000; and
2. Non-current liabilities of RM 566,090,863.

B10 UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

There was no issuance of new units during the quarter under review.

B11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B12 MATERIAL LITIGATION

Strata Management Tribunal Claim Against Mahkota Parade JMB

(Judicial Review No: MA-25-3-01/2019)

(Originating Summons No: MA-24-1-01/2019)

(Strata Management Tribunal, Putrajaya Case No. TPS/M-2024-11/2016)

Further to our earlier announcements on this case, the hearing for the Judicial Review Application was held on 5 March 2021, 26 March 2021 and 5 April 2021 respectively, and the High Court subsequently fixed the matter for decision on 30 April 2021.

On 30 April 2021, the High Court had allowed the following orders sought in the Judicial Review Application:-

1. a declaration that the Adjourned 4th Annual General Meeting of the 2nd Respondent (the Joint Management Body of Mahkota Parade) held on 26.01.2016 (“**Adjourned 4th AGM**”) was not validly and/or properly convened and consequently the proceedings of the Adjourned 4th AGM be declared null and void;
2. a declaration upholding the decision of the 11th Respondent (the Commissioner of Building, Melaka) to not recognize and to not validate the Adjourned 4th AGM;
3. a declaration that the 3rd to 10th Respondents (the parcel proprietors) were not validly appointed as members of the 2nd Respondent’s Joint Management Committee (“**JMC**”) at the Adjourned 4th AGM;
4. a declaration that all the resolutions adopted by the 2nd Respondent at the Adjourned 4th AGM are invalid;
5. a declaration that the 2nd Respondent shall comply with its statutory duty and assign the allocated share units in respect of the parcels in Mahkota Parade pursuant to the provisions Strata Management Act 2013 (“**SMA**”) and file the prescribed Form 3 pursuant to the Strata Management (Maintenance and Management) Regulations 2015 with the 11th Respondent within thirty (30) days from the date of this Order;
6. a declaration that the 2nd Respondent shall re-convene the 4th AGM within thirty (30) days from the date of the filing of the prescribed Form 3 pursuant to the Strata Management (Maintenance and Management) Regulations 2015 to elect members of the JMC;
7. a declaration that in the event (6) is allowed and the 2nd Respondent refuses, fails and/or neglects to comply with the said declaration, a declaration that the 11th Respondent, authorise in writing, Hektar REIT to convene an extraordinary general meeting to carry out the declaration in (6) above;
8. a declaration that the Hektar REIT is not in arrears in respect of maintenance charges which were not imposed in accordance with Section 25(3) of the SMA;

9. an Order that the 3rd to 10th Respondents be restrained from making any representations and/or carrying out any of the duties of the JMC; and

B12 MATERIAL LITIGATION (Continued)

Strata Management Tribunal Claim Against Mahkota Parade JMB (Continued)

10. cost of RM 50,000 to be paid by the 3rd to 10th Respondent to Hektar REIT. No order for costs was made against the 11th Respondent.

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

Writ of Summons by Hektar REIT against Teo Lark Sye, Lee Won Fah, Lee Kim Fah and Tony Lee Kong Fah

(Civil Suit No. B53F-05-11/2017)

(Civil Appeal No. MA-12BNCvC-7-03/2019)

Further to our earlier announcements on this case, the appeal was partly heard on 5 March 2021 and 29 April 2021 respectively and the High Court subsequently adjourned the hearing to be continued on 5 July 2021.

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

Writ of summons against 3 tenants & Tashima Development Sdn. Bhd.

(Civil Suit No. JD-B52NCVC-01-01/2019; JD-B52NCVC-02-01/2019 and JD-B52NCVC-03-01/2019)

Further to our earlier announcements on this case, the appeals are now fixed for hearing at the High Court in Muar on 30 June 2021.

The Management will take all necessary action to fully defend Hektar REIT's rights and interest in this matter and will provide further updates on the matter in due course.

Writ of Summons by Eng Hiap Seng (Rengit) Sdn Bhd against Hektar REIT & Hektar Property Services Sdn Bhd

(Civil Suit No. JB-22NCvC-15-03/2019)

Further to our earlier announcements on this case, a Notice of Application to Amend Defence and Counter Claim ("Amendment Application") was filed on 12 March 2021 by Hektar REIT. During the case management on 15 March 2021, the Court fixed the Amendment Application for hearing on 9 May 2021.

The Management will take all necessary action to fully defend Hektar REIT's rights and interest in this matter and will provide further updates on the matter in due course.

B12 MATERIAL LITIGATION (Continued)

Writ of Summons against Mahkota Parade JMB & 5 Others
(Civil Suit No. 22 NCvC-22-06/2020)

Further to our earlier announcement on this case, the trial for the Writ of Summons had proceeded on 29 and 31 March 2021 and will continue for an expected 3 more days, on 28 May 2021, 2 August 2021 and 3 August 2021.

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

B13 SOFT COMMISSION

For the quarter ended 31 March 2021, there was no soft commission received by the Manager, or its delegates, from its broker from any transactions conducted by the Trust.

B14 INCOME DISTRIBUTION

The Manager will distribute at least 90% of its distributable income to its Unitholders of Hektar REIT in each financial year. The withholding tax rate imposed on the recipients of income distribution is as follows:

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

B15 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2021 RM	Preceding Year Corresponding Quarter 31.03.2020 RM	Current YTD 31. 03.2021 RM	Preceding YTD 31. 03.2020 RM
Net property income	14,097,532	15,714,573	14,097,532	15,714,573
Interest income	30,432	63,368	30,432	63,368
Other income	128,811	32,582	128,811	32,582
Trust expenses	(2,860,105)	(3,090,382)	(2,860,105)	(3,090,382)
Borrowing costs	(4,876,389)	(5,644,214)	(4,876,389)	(5,644,214)
Realised income before taxation	6,520,280	7,075,927	6,520,280	7,075,927
Change in fair value of investment property	-	-	-	-
Income before taxation	6,520,280	7,075,927	6,520,280	7,075,927
Taxation	-	-	-	-
Distribution income	6,520,280	7,075,027	6,520,280	7,075,027
Less: Proposed/declared income distribution	-	(9,239,204)	-	(9,239,204)
Balance undistributed realised income	6,520,280	-	6,520,280	-
Number of units	461,960,178	461,960,178	461,960,178	461,960,178
Earnings per unit (sen)				
- realised (sen)	1.41	1.53	1.41	1.53
Distribution per unit (sen)	-	-	-	-
Market price (RM)	0.60	0.69	0.60	0.69

Distribution yield (%) - - - -

B16 RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, the quarterly report has been prepared in accordance with MFRSs and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Hektar REIT as at 31 March 2021 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 24 May 2021.

By Order of the Board
HEKTAR ASSET MANAGEMENT SDN BHD
(as the Manager of Hektar Real Estate Investment Trust)

Dato' Muhammad Hafidz Nuruddin (MAICSA 7005820)
Lim Seck Wah (MAICSA 0799845)
Joint Company Secretaries
Kuala Lumpur
24 May 2021