

Creating The Places People Love

HEKTAR REAL ESTATE INVESTMENT TRUST
ANNUAL REPORT 2021



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

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

Hektar REIT invests in income-producing real estate primarily used for retail purposes. Hektar REIT's portfolio currently consists of quality properties situated in Subang Jaya, Melaka, Muar, Sungai Petani, Kulim and Segamat with a combined value of RM1.2 billion.

Hektar REIT was listed on the Main Board of Bursa Malaysia on 4 December 2006 and has continuously recorded stable performance since its listing. The REIT's strategic partner is Frasers Centrepoint Trust, part of the Frasers Property Group, headquartered in Singapore.

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



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Creating The Places People Love, Striving Towards A Sustainable Future

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



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STRATEGY



The REIT's strategy is to focus on retail assets in underserved markets across Malaysia, to create lifestyle places where people love to shop, dine and play.

GOALS

- To form a solid and defensible portfolio to create stable and sustainable value to its Stakeholders
- To pay attractive Distribution Per Unit ("DPU") relative to the market

PORTFOLIO OPTIMISATION

Providing Sustainable Returns and Income Defensibility of portfolios by:

- **Active Leasing:** aligning the tenancy mix to the needs of the target shoppers
- **Marketing:** strategic promotion and marketing to attract visitor traffic and improve tenant sales
- **Value Creation Initiatives:** asset enhancement and refurbishment designed to improve long-term yields

YIELD-ACCRETIVE ACQUISITIONS

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

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

CAPITAL MANAGEMENT

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

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

Hektar REIT owns **6 neighbourhood shopping centres** throughout Peninsular Malaysia.



2 Million^{sq ft}
NET LETTABLE AREA

13 Million
ANNUAL VISITOR TRAFFIC

384 Tenants
NLA TENANTS ONLY

FINANCIAL HIGHLIGHTS

Profit & Loss

For Financial Year ended 31 December

	FY2021	FY2020	FY2019	FY2018	FY2017
Gross Revenue (RM'000)	96,599	111,139	137,089	135,107	125,543
Direct Cost & Property Expenses (RM'000)	49,581	58,168	61,654	56,390	51,805
Net Property Income (NPI) (RM'000)	47,018	52,971	75,436	78,716	73,738
Net (Loss)/Income (RM'000)	(31,501)	(24,086)	39,614	33,129	32,696
(Loss)/Earnings Per Unit (sen)	(6.16)**	(5.16)	2.48	7.17	7.82*
Net Income – Realised (RM'000)	12,712	14,223	35,874	42,269	40,134
Earnings Per Unit – Realised (sen)	2.75	3.08	7.77	9.15	9.60
Income Distribution (RM'000)	11,923	4,158	35,894	41,623	40,485
Distribution Per Unit (DPU) (sen)	2.53	0.90	7.77	9.01	9.60
Change in Unit Price (sen)	(12.5)	(36.5)	(12.0)	(8.0)	(28.0)
Annual Total Return per Unit (sen)	(10.0)	(35.6)	(4.2)	1.0	(18.4)
Annual Total Return per Unit (%)***	(15.8)	(35.8)	(3.8)	0.8	(11.6)

*Calculated based on Weighted Average No. of Units in Circulation 418,009,834 (pro-rated basis)

**Calculated based on the Weighted Average No. of Units in Circulation of 462,122,918 units (pro-rated basis)

***Calculated based on DPU and unit price change over opening market price for respective financial year

Balance Sheet

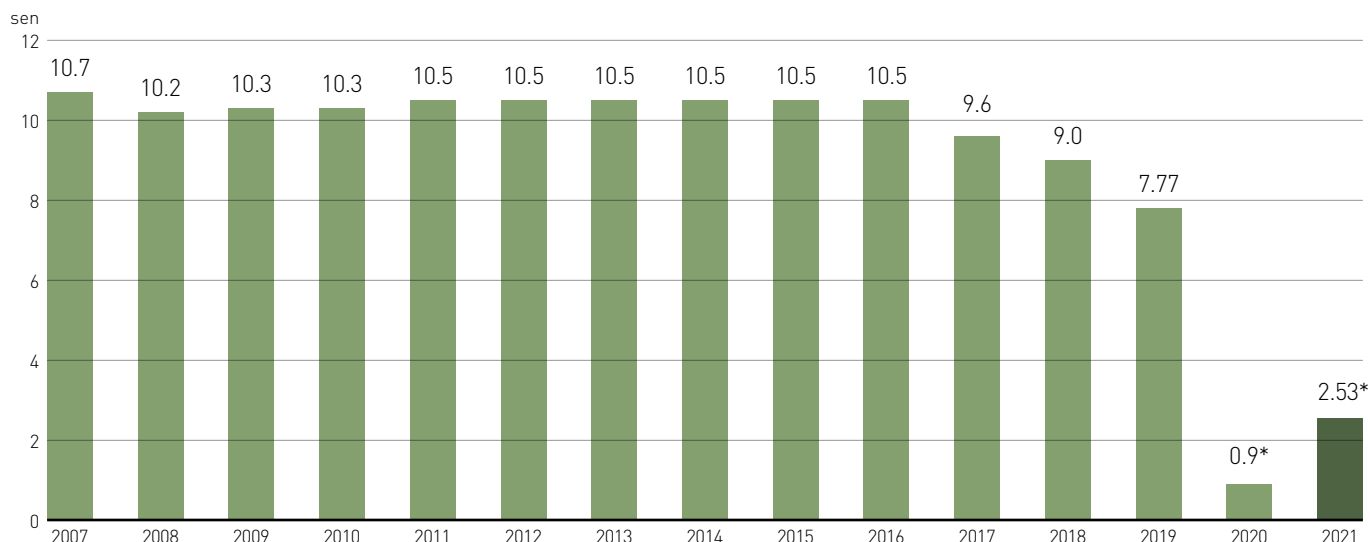
As at 31 December

	FY2021	FY2020	FY2019	FY2018	FY2017
Total Assets (RM'000)	1,230,708	1,258,975	1,276,076	1,268,273	1,252,357
Total Liabilities (RM'000)	682,745	682,620	666,645	632,957	603,488
Total Borrowings (RM'000)	581,091	581,091	563,091	563,072	557,057
Gearing Ratio (%)	47.2	46.2	44.1	44.4	44.5
No. of Units in Circulation (Units)	471,260	461,960	461,960	461,960	461,960
Net Asset Value (NAV)	547,963	576,355	609,432	635,316	648,869
NAV per Unit (RM)	1.16	1.25	1.32	1.38	1.40
NAV – before income distribution (RM'000)	547,963	576,355	609,418	635,334	648,869
NAV – after income distribution (RM'000)	536,040	572,197	600,179	624,663	633,625
NAV per unit before income distribution (RM)	1.16	1.25	1.32	1.38	1.40
NAV per unit after income distribution (RM)	1.14	1.24	1.30	1.35	1.37
Lowest NAV during the period (RM)	1.16	1.25	1.32	1.38	1.38
Highest NAV during the period (RM)	1.26	1.33	1.38	1.39	1.46
Unit Price as at 31 December (RM)	0.51	0.63	0.99	1.11	1.30
Premium/(Discount) to NAV (%)	(56.0)	(49.6)	(25.0)	(19.6)	(7.1)

Note: NAV based on quarterly filings

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

Hektar REIT Annual DPU (2007-2021)



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

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

Income Distributions

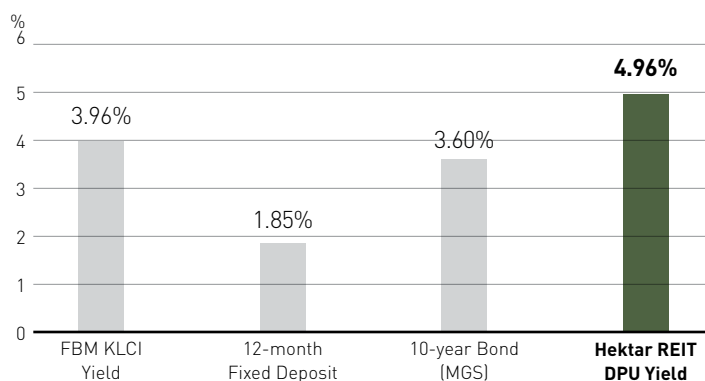
FY2021

4 th Quarter DPU	2.53 sen
Total DPU	2.53 sen
DPU Yield*	4.96%

*Based on DPU of 2.53 sen and the closing unit price of RM0.51 for FY2021

Distribution Yields

Comparative Yields*



*Source: FTSE Russell, Maybank, Bank Negara (2021)

Debt Structure

As at 31 December 2021

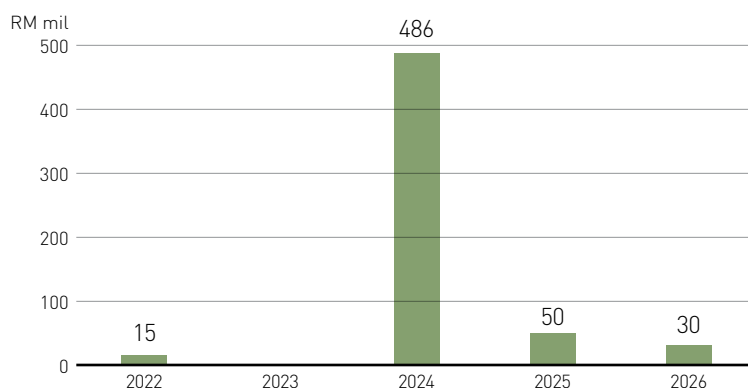
Al-Murabahah Overdraft (MOD)
Term Financing (TF)
Short-Term Revolving Credit (STRC)

Total Debt	RM581 million
Weighted Cost of Debt	3.27%
Gearing Ratio ¹	47.2%
Interest Cover	1.68%

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

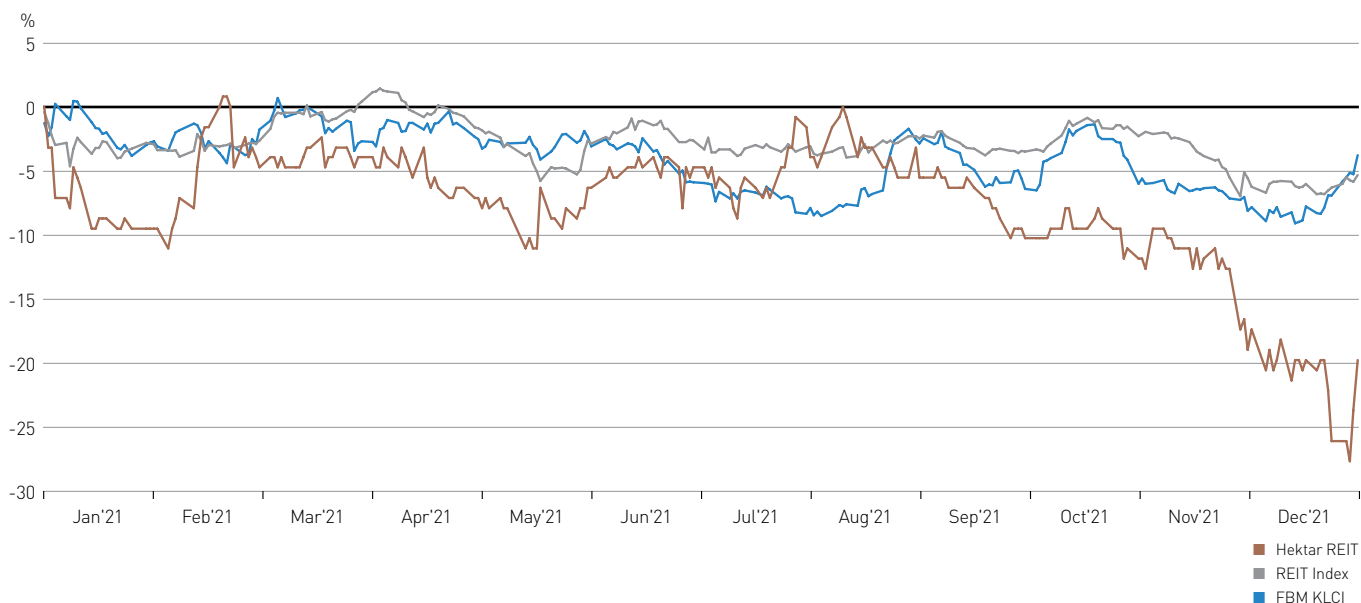
Debt Expiry Profile

As at 31 December 2021



FINANCIAL HIGHLIGHTS

Comparative One-Year Price Performance Trend



Trading Summary

For Financial Year ended 31 December

	FY2021	FY2020	FY2019	FY2018	FY2017
Opening Unit Price (RM)	0.63	1.00	1.11	1.19	1.58
Closing Unit Price (RM)	0.51	0.63	0.99	1.11	1.30
52-Week Highest Traded Price (RM)	0.64	1.00	1.17	1.27	1.67
52-Week Lowest Traded Price (RM)	0.45	0.49	0.97	1.09	1.14
Unit Price Change (%) ¹	(19.8)	(36.7)	(10.8)	(6.7)	(17.7)
DPU (sen)	2.5	0.9	7.8	9.0	9.6
DPU Yield (%) ²	5.0	1.4	7.8	8.1	7.4
Annual Total Return (%) ³	(15.8)	(35.8)	(3.8)	0.8	(11.6)

¹ Based on difference between opening and closing market prices of the respective financial year

² Based on DPU over closing price of the respective financial year

³ Based on DPU and unit price change over opening market price for respective financial year

Average Total Return*

For 1 year (2021)	-15.8%
For 3 years (2019–2021)	-44.4%
For 5 years (2017–2021)	-49.2%

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

Unit Price Statistics (2021)

High	RM0.64
Low	RM0.45
Opening Price (4 Jan 2021)	RM0.63
Closing Price (31 Dec 2021)	RM0.51
Change In Price	-19.8%

Annualised Total Return*

For 3 year (2019–2021)	-17.8%
For 5 years (2017–2021)	-12.7%
For 10 years (2012–2021)	0.1%

*Based on the Total Return of each year and the Opening Price as at 31 December 2021

Comparative Return (2021)

FBM KLCI	-3.8%
REIT Index	-5.3%
Hektar REIT	-19.8%

“Our management team remains committed in weathering the challenges and driving Hektar REIT's turnaround in 2022 and beyond.”

Dato' Hisham bin Othman
Executive Director & Chief Executive Officer

Dear Valued Unitholders,

The COVID-19 pandemic, which began in December 2019, has continued to disrupt lives and livelihoods through waves of new infections in Malaysia and globally, necessitating the reinstatement of containment measures to prevent its spread in 2021.

In Malaysia, the adverse impact has been significant on businesses across different industries, including the retail industry of which Hektar REIT is primarily focused on. While headwinds is expected to continue to persist, our management team remains committed in weathering the challenges and driving Hektar REIT's turnaround in 2022 and beyond.

Market Review

The Government declared a temporary state of emergency in January 2021 as well as implemented the second Movement Control Order (MCO 2.0) for 14 days initially from 13 to 26 January 2021 in 6 states across Malaysia to curb the spread of COVID-19. MCO 2.0 was subsequently extended until 4 March 2021 for Kuala Lumpur (KL), Selangor, Penang and Johor while other states (with the exception of Perlis) were placed under Conditional MCO (CMCO). The movement restrictions under MCO 2.0 for the four states were subsequently eased under the CMCO from 5 March 2021.

The whole of Malaysia was however placed again under a third Movement Control Order (MCO 3.0) in early May as the country grappled with rising COVID-19 infections. This was followed by the imposition of a full nationwide lockdown (FMCO) in June 2021 as well as implementation of the Enhanced MCO (EMCO) at most districts in Selangor and 14 localities in KL.

The Government also announced a transitional four-phase National Recovery Plan (“NRP”) in June 2021 with key indicators dependent on a certain threshold of average daily cases, reduced ICU bed occupancy and percentage of the population that had to be vaccinated for the states to progress from one phase to another which will allow certain sectors to operate with reduced restrictions. These thresholds were further adjusted in line with the accelerated vaccination amongst adults.

The objectives of these measures centred around saving lives and relieving the pressure on Malaysia's public health system. The enforcement of various control measures such as domestic and international travel restrictions as well as the prohibition of operations for contact-intensive services industries affected most economic sectors.

The retail industry was not spared with retail sales declining by 27.8% from a year earlier in 3Q21 while cumulative nine-month retail sales contracted 11.9% compared to the same period in 2020, as reported by Retail Group Malaysia (RGM). RGM had projected a full-year retail industry sales growth forecast of 0.5% for 2021.

The Malaysian economy contracted by 4.5% in 3Q21 2021 (2Q 2021: +16.1%). Consequently, the GDP growth forecast for 2021 was revised downwards to between 3% and 4%. To cushion the shock, the Government implemented several assistance and economic stimulus packages totalling RM530 billion since the COVID-19 outbreak, with RM225 billion or 14.8% of GDP allocated in 2021 via four assistance and stimulus packages – PERMAI, PEMERKASA, PEMERKASA+ and PEMULIH – comprising fiscal and non-fiscal measures while Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 1.75% in 2021 to support a more sustained recovery.

The acceleration in the country's vaccination rates in 3Q21 led to a decline in the number of new daily infections, hospitalisation as well as fatality rates. Against this backdrop, the Government decided to allow certain non-essential businesses that were prohibited to operate under MCO 3.0 to resume operations from mid-August 2021 while adhering to the standard operating procedures (“SOPs”) implemented by the Government. The Government also relaxed further restrictions, including allowing dine-in at restaurants & cafes from August 2021 for fully vaccinated individuals for states that met certain criteria. Inter-state and overseas travel were recently allowed for fully vaccinated individuals. Cinemas were also allowed to reopen in September 2021, albeit with the implementation of strict physical distancing measures in place.

85%
Portfolio
occupancy rate

13.2m
Visitor Traffic

CEO'S LETTER TO UNITHOLDERS

Economic activity has picked up as the whole country has transitioned into Phase 4 of the NRP in early January 2022 with less restrictive containment measures and most of the retail trades have been allowed to operate. At the time of writing, Malaysia has also achieved a vaccination rate of almost 98% and 90% for adults and adolescents respectively. The high rate of vaccination in the community has increased consumer confidence which has resulted in shoppers and patrons gradually returning to the shopping malls.

BNM reported in its latest quarterly economic report on 11 February 2022 that the Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. With the turnaround in growth in the fourth quarter, the economy grew by 3.1% in 2021 as a whole with the unemployment rate declining to 4.6%.

83%

**Subang Parade
occupancy rate**

87%

**Mahkota Parade
occupancy rate**

90%

**Wetex Parade
occupancy rate**

86%

**Central Square
occupancy rate**

94%

**Kulim Central
occupancy rate**

67%

**Segamat Central
occupancy rate**

Nevertheless, the progress and efficacy of vaccinations, compliance with standard operating procedures as well as the ability to effectively contain outbreaks from any new COVID-19 variants of concern will be key to the expected recovery of the retail sector and our economy at large.

Portfolio Review

Despite the continued challenging market conditions, Hektar REIT's overall portfolio occupancy remained a healthy 85% in 2021 with Kulim Central maintaining a commendable occupancy rate of above 90%. The fact that our portfolio is geographically well diversified with our malls being either the dominant mall or the only mall in a particular town has also helped to cushion the overall impact on Hektar REIT's portfolio occupancy. Visitor traffic declined to 13.2 million visits in 2021 on the back of the continued implementation of the various phases of movement control order. Meanwhile, the portfolio overall rental reversion rate was a negative 7% on the back of rental reviews and rebate offers implemented by the REIT to support eligible tenants.

SUBANG PARADE. Subang Parade recorded an occupancy rate of 83% at the end of 2021 as a number of tenants opted for early termination of their tenancies as their respective businesses succumbed to the

harsh realities of an immensely tough and challenging retail environment. However, we are pleased to have welcomed the opening of Golden Screen Cinemas (GSC) at the mall in early January 2022 subsequent to GSC's successful acquisition of the MBO outlet in Subang Parade in 2021.

Meanwhile, 2021 also saw the entry of new retailers such as Eco Shop, Marina Nail Spa and Original Classic, in line with the tenancy rejuvenation plans for Subang Parade which would refresh its offerings of daily shopping, services, entertainment and F&B.

MAHKOTA PARADE. Mahkota Parade's occupancy dropped to 87% in 2021. Despite market uncertainties, the Management continued to enhance the tenancy mix of the mall with the introduction of new retailers such as Skechers, L'lao L'lao and Gatti Sports in 2021. Although footfall at Mahkota Parade has declined in 2021 due to the various movement restrictions and closure of international borders, the shopping mall remained the main shopping destination in Melaka with a traffic count of 2.8 million visits in 2021. Of the malls in Hektar REIT's portfolio, it is anticipated that the mall would benefit the most from the return of tourists to Melaka once Malaysia reopens its borders to international travellers in 2022.

WETEX PARADE & CLASSIC HOTEL. Wetex Parade, the only mall in Muar ended the year 2021 with its occupancy at close to 90% with total visitor traffic recorded at 1.9 million visits. Despite the difficult market conditions, overall rental reversion remained commendable at 6%. Wetex Parade saw the entry of EEK Mart, Carlo Rino, Original Classic and Boost Juice in 2021.

Being the largest hotel in Muar with the largest ballroom facilities, Classic Hotel Muar recorded a commendable overall occupancy of 23% with an average room rate of RM131 in 2021 despite being heavily impacted by the various mobility restrictions. Notwithstanding, we are cautiously optimistic that the hotel's performance will improve in 2022 with the lifting of travelling restrictions and normalisation of economic and tourism activities.

CENTRAL SQUARE. The leading mall in Sungai Petani recorded visitor traffic of 1.9 million in 2021 while occupancy dipped marginally to 86%. We welcomed the opening of GSC at the mall in January 2022 after GSC's successful acquisition of the MBO Cinema outlet in Central Square in 2021. Meanwhile, the Management is continuing initiatives to upgrade the quality of the tenant mix and positioning of the mall, as reflected by the entry of Original Classic and 7-Eleven in 2021. Rental reversion for 2021 remained commendable at about 4%.

KULIM CENTRAL. The only mall in Kulim continues to maintain an occupancy rate above 90% for 2021, with an occupancy rate of 94% being recorded as at end 2021. Visitor traffic was about 1.9 million while tenancy reversion remained positive at 6%. The positive effects from the asset enhancement initiative in 2017 continues till today with new brands such as sports and lifestyle retailer, Original Classic and international premium coffee specialist retailer, The Coffee Bean & Tea Leaf as well as Mi Store making their entries into Kulim Central in 2021, thereby enhancing the vibrancy of the tenancy mix in the mall.

One of our anchor tenants, Giant Superstore, which was relaunched in 2019, has also renewed its tenancy agreement for the next 3 years.

SEGAMAT CENTRAL. Segamat Central's occupancy dropped to 67% with visitor traffic at around 700,000 visits in 2021. Notwithstanding, the Management remains steadfast on an "occupancy first" strategy by executing a rental revision strategy to retain existing tenants as well as attract specialty anchors and more F&B retailers to the mall. Meanwhile, we welcomed the opening of Original Classic and the authorised Apple reseller, Switch in 2021, offering shoppers with a new shopping experience and access to the much acclaimed Apple products. We also recently introduced an exciting new grocer, KS Mart Signature and a new F&B tenant, Siam Restaurant in January 2022.

Financial Review

The REIT recorded revenue of about RM97 million in 2021, down 13% compared to 2020 whilst operating expenses reduced by 15% to about RM50 million. Meanwhile Net Property Income declined to RM47 million, down by about 11% from 2020 while realised net income before tax was about RM13 million. There was a net loss before tax of about RM32 million due to the fair value decline of the portfolio.

FINANCING. Hektar REIT's current financing includes debt facilities of up to RM581 million, with 97% of the amount due in 2024-2026.

Hektar REIT's gearing ratio stood at 47.2% as at end 2021, well below the increased 60% gearing limit announced by the Securities Commission on 11 August 2020, an increase of 10% from the 50% limit previously. The increased gearing limit is effective until 31 December 2022.

Meanwhile, BNM has continued to maintain the Overnight Policy Rate (OPR) at 1.75% since July 2020. The accommodative interest rate environment as well as the higher gearing limit will provide the REIT with more flexibility to run our debt and capital structures more efficiently amid the COVID-19 pandemic.

DISTRIBUTION. The COVID-19 pandemic has impacted the retail industry significantly and the REIT has also not been spared. However, we remain committed to maintaining a distribution policy of at least 90% of our distributable income and have declared a fourth quarter/total DPU of 2.53 sen for the year 2021 reflecting a total distribution pay out of approximately RM11.9 million. Based on the final price of 50.5 sen on 31 December 2021, the DPU represents a yield of approximately 5%. At the end of 2021, Hektar REIT had close to 5,500 unitholders.

Corporate Proposal

We had on 15 November 2021 announced that Hektar REIT had proposed to undertake a private placement of up to 23,098,000 new units of Hektar REIT ("Proposed Private Placement"), representing up to 5% of its total issued Units of 461,960,178 Units as at 12 November 2021, being the latest practicable date prior to the announcement ("LPD"). As at to-date, the actual number of Placement Units issued under the Proposed Private Placement was 9.3 million Units.

The Proposed Private Placement will mainly allow Hektar REIT to raise the necessary funds for working capital and capital work in progress to help to facilitate Hektar REIT's existing day-to-day operations as a whole by providing more flexibility in terms of cash flow management.

In addition, the Proposed Private Placement will also strengthen the capital base of Hektar REIT and allow Hektar REIT to have greater focus on prioritising its business strategy to overcome the economic and business challenges in light of the current economic situation brought about by the COVID-19 pandemic. The Proposed Private Placement is expected to be completed by the first half of 2022.

Sustainability

2021 was a year of challenges, turbulence and recovery. Like many organisations, we experienced unprecedented economic volatility and disruption in our day-to-day functions due to COVID-19. The pandemic has shown that widespread and significant interruptions are entirely possible, as unfortunate as they may be. Solidifying our platform to create value and deliver sustainable, stable income for our unitholders is vital for our post-COVID-19 recovery.

Sustainability remained a key priority throughout 2021 as we emerged from the crisis. We refined our material issues, strengthened our commitment to business excellence and managed our stakeholders' most material environmental, social, and governance (ESG) aspects. We also aligned our material factors with the corresponding United Nations Sustainable Development Goals (SDG) to maximise our impact. Hektar REIT remains a constituent member of the FTSE 4Good Bursa Malaysia Index and in its latest December 2021 evaluation, its ESG conduct has been recognised with a 3-star ESG rating by FTSE Russell.

We took extra care to ensure the health, safety and well-being of employees, shoppers, guests, visitors and local communities. We also provided rental assistance to eligible tenants to support them in challenging market conditions.

Last year was indeed particularly challenging for vulnerable and disadvantaged members of society. We worked with other members of the Malaysia REIT Managers Association (MRMA) in donating RM100,000 in the form of 99-Speedmart cash vouchers which could be exchanged for food, groceries, personal hygiene products and other essential goods to alleviate the suffering of local communities in Selangor and Kuala Lumpur who were adversely affected by the COVID-19 pandemic and the various resulting lockdowns since 2020.

Despite the pandemic, reducing the environmental footprint of our assets and operations remain a priority. We managed to reduce the overall amount of CO₂e emissions of our assets by about 11.6% to 18.8 million kgCO₂e in 2021 from almost 21.3 million kgCO₂e in 2020. Emissions intensity of our assets expressed as the amount of CO₂e emitted per gross floor area (kgCO₂e/sq.ft.) also improved to 4.0 kgCO₂e/sq.ft. from 4.5 kgCO₂e/sq.ft. in 2020.

CEO'S LETTER TO UNITHOLDERS

Moving forward, we will also continue to establish measurable targets, improve and formalise our ESG priorities and include them in our decision-making process. Increasingly, tenant-customers, employees, investors and other stakeholders demand more substantial ESG commitments. We will continue to improve our ESG credentials, not just because regulations are becoming more focused on these matters, but also because it makes good business sense and – most importantly – because it is the right thing to do.

Embracing Uncertainties

The global economy enters 2022 in a weaker position than previously expected. As the new Omicron variant spreads, countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retracement of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Based on IMF's latest forecast, global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022, half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the United States and China, the two largest economies in the world.

As Malaysia transitions into an endemic phase, the country's growth trajectory is expected to improve given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. BNM has recently reiterated that the Malaysian economy will expand between 5.5% and 6.5% in 2022, underpinned by continued expansion in global demand and higher private sector expenditure, given improving labour market conditions and on-going policy support. The continuation of major investment projects in both private and public sectors will also support growth.

While new daily cases is on an increasing trend recently with the outbreak of the Omicron variant, we are cautiously optimistic that Malaysia will gradually emerge from the worst wave of the pandemic stronger and more prepared compared to the earlier waves given the acceleration in the National COVID-19 Immunisation Program (NIP), with almost 79% of the population being fully vaccinated as at 15 February 2022. With the NIP coverage now being extended to children, the country is gearing itself for the lifting of COVID-19 curbs and a return to pre-pandemic normality as nearly the entire population is now eligible to receive vaccination protection from COVID-19.

The retail market is nevertheless expected to remain challenging given the prolonged disruption caused by the pandemic and uncertainties posed by the emergence of variants of concern, particularly the Omicron variant. The Management maintains a cautious outlook for the coming year and will vigilantly monitor this evolving situation and remain focused on ensuring the safety and well-being of shoppers, tenants, employees and communities at all its properties.

We also intend to explore new business formats and build on omni-channel strategies as well as incorporate experiential elements, embrace digitalisation and rethink the spatial design of our malls. We will also continue to implement strategic marketing initiatives to drive traffic back to our malls as well as ensure our malls remain relevant through various tenancy remixing and other optimum asset enhancement initiatives.

To ensure that we have a good foundation for recovery, we have also actively reduced or deferred non-essential operational and capital expenditures to contain costs and conserve cash, while strengthening the balance sheet via continued prudent and proactive capital management.

Awards & Acknowledgments

The REIT's community engagement efforts in 2021 were recognised with our property manager, Hektar Property Services receiving the 2021 Sustainability & CSR Awards from CSR Malaysia. We are indeed humbled by the recognition and will continue to engage closely with our communities.

I would also like to congratulate our Head of Legal and the Legal Team for being named as finalists for the Malaysia In-House Lawyer of the Year and In-House Team of the Year categories at the Asian Legal Business (ALB) Malaysia Law Awards 2022 recently. These prestigious awards pay tribute to the outstanding performance of private practitioners and in-house teams in Malaysia and around the region. Asian Legal Business, a leading provider of legal news and information for legal professionals in the Asian region, carefully considers and selects the finalists for the awards based on professional accomplishments in terms of the breadth, complexity, innovativeness, impact and significance of the work or achievements by the individual or team. We wish our Legal Team all the best for the upcoming ALB's Virtual Law Awards Ceremony to be held on 24 March 2022.

On behalf of the Board of Directors, I would like to express our thanks and appreciation to Miss Tay Hwee Pio and Cik Rahanawati binti Ali Dawam who resigned from our Board on 24 July 2021 and 11 February 2022 respectively. We sincerely appreciate their dedication and contributions over the years. We also welcome our new members of the Board, Miss Tan Loo Ming, Encik Johari Shukri bin Jamil and Encik Hasli bin Hashim and look forward to working with them.

I would like to acknowledge the dedication and perseverance of our team and the guidance from the Board of Directors during this difficult period. I would also like to take this opportunity to thank all of our stakeholders for withstanding the headwinds and working together in overcoming the year's challenges.

We will continue to work hard and look forward to the continued support of all our stakeholders' as we strive to steer Hektar REIT towards recovery in 2022.

Dato' Hisham bin Othman

Executive Director & Chief Executive Officer

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG-PEMEGANG UNIT

Para Pemegang Unit Yang Dihargai,

Pandemik COVID-19, yang bermula pada bulan Disember 2019 yang lalu, terus mengganggu kehidupan dan mata pencarian melalui gelombang jangkitan baharu di Malaysia dan di seluruh dunia, yang memerlukan pengembalian semula langkah pembendungan untuk mencegah penularannya pada tahun 2021.

Di Malaysia, kesan negatifnya amat ketara terhadap semua jenis industri termasuk bidang peruncitan yang menjadi fokus utama Hektar REIT. Walaupun cabaran dari ketidaktentuan dijangka berterusan, pihak pengurusan tetap komited dalam mengharungi cabaran dan memacu pemulihan Hektar REIT di tahun 2022 dan seterusnya.

Ulasan Pasaran

Pihak kerajaan telah mengisytiharkan darurat sementara pada bulan Januari 2021 serta melaksanakan Perintah Kawalan Pergerakan (PKP 2.0) selama 14 hari pada mulanya dari 13 hingga 26 Januari 2021 di 6 buah negeri di Malaysia bagi membendung penularan COVID-19. PKP 2.0 kemudiannya dilanjutkan sehingga 4 Mac 2021 di Kuala Lumpur (KL), Selangor, Pulau Pinang dan Johor manakala negeri lain (kecuali Perlis) diletakkan di bawah PKP Bersyarat (PKPB). Sekatan pergerakan di bawah PKP 2.0 bagi empat negeri itu kemudiannya telah dilonggarkan di bawah PKPB mulai 5 Mac 2021.

Seluruh Malaysia bagaimanapun diletakkan semula di bawah Perintah Kawalan Pergerakan (PKP 3.0) pada awal bulan Mei 2021 ketika negara bergelut dengan peningkatan jangkitan COVID-19. Ini diikuti dengan pengenaan sekatan menyeluruh di bawah PKP Penuh (PKPP) di seluruh negara pada bulan Jun 2021 serta pelaksanaan PKP Diperketatkan (PKPD) di kebanyakan daerah di Selangor dan 14 lokaliti di KL.

Pihak Kerajaan juga mengumumkan Pelan Pemulihan Nasional (PPN) yang mengandungi empat fasa peralihan pada bulan Jun 2021 dengan petunjuk utama bergantung kepada nilai ambang purata kes harian, tertentu, pengurangan kadar penghunian katil di wad ICU dan peratusan penduduk yang perlu diberi vaksin untuk membolehkan negeri-negeri beralih dari satu fasa ke fasa yang lain yang akan membolehkan sektor tertentu beroperasi dengan sekatan yang dikurangkan. Nilai ambang ini kemudiannya telah diselaraskan lagi sejajar dengan peningkatan kadar vaksinasi di kalangan orang dewasa.

Objektif langkah-langkah ini tertumpu kepada menyelamatkan nyawa dan mengurangkan tekanan ke atas sistem kesihatan awam Malaysia. Penguatkuasaan pelbagai langkah kawalan seperti sekatan perjalanan domestik dan antarabangsa serta larangan operasi untuk industri perkhidmatan yang mempunyai hubungan intensif telah menjejaskan kebanyakan sektor ekonomi.

Industri peruncitan juga turut terkesan dengan jualan runcit merosot sebanyak 27.8% berbanding tahun sebelumnya pada 3Q21 manakala jualan runcit terkumpul bagi tempoh sembilan bulan pertama 2021 menguncup sebanyak 11.9% berbanding tempoh yang sama pada tahun 2020, seperti yang dilaporkan oleh Retail Group Malaysia (RGM). RGM telah mengunjurkan ramalan pertumbuhan jualan industri peruncitan sebanyak 0.5% bagi tahun 2021.

Ekonomi Malaysia menguncup sebanyak 4.5% pada suku ketiga 2021 (suku kedua 2021: +16.1%). Akibatnya, unjuran pertumbuhan Keluaran Dalam Negara Kasar (KDNK) bagi tahun 2021 telah disemak semula dan diturunkan kepada antara 3% dan 4%. Untuk mengurangkan kejutan, pihak Kerajaan telah melaksanakan beberapa pakej bantuan dan rangsangan ekonomi berjumlah RM530 bilion sejak wabak COVID-19 menular, dengan RM225 bilion atau 14.8% daripada KDNK diperuntukkan pada tahun 2021 melalui empat pakej bantuan dan rangsangan – PERMAI, PEMERKASA, PEMERKASA+ dan PEMULIH yang terdiri daripada langkah fiskal dan bukan fiskal manakala Bank Negara Malaysia (BNM) telah mengekalkan Kadar Dasar Semalaman (OPR) pada 1.75% sepanjang tahun 2021 untuk menyokong pemulihan yang lebih mampan.

Peningkatan pada kadar vaksinasi negara pada suku ketiga 2021 telah menyebabkan penurunan dalam jumlah jangkitan baru harian, kadar kemasukan ke hospital serta kadar kematian. Berikutan ini, pihak Kerajaan telah memutuskan untuk membenarkan perniagaan tidak penting tertentu yang sebelum ini dilarang beroperasi di bawah PKP 3.0 untuk menyambung semula operasi mulai pertengahan bulan Ogos 2021 tertakluk kepada pematuhan terhadap prosedur operasi standard ("SOP") yang dilaksanakan oleh pihak Kerajaan. Pihak Kerajaan juga telah melonggarkan beberapa sekatan, termasuk membenarkan individu yang telah divaksin sepenuhnya untuk makan di restoran & kafe mulai bulan Ogos 2021 di negeri-negeri yang memenuhi kriteria tertentu. Perjalanan di antara negeri dan ke luar negara juga telah dibenarkan baru-baru ini untuk individu yang telah divaksin sepenuhnya. Pawagam-pawagam juga telah dibenarkan untuk dibuka semula pada bulan September 2021, walaupun dengan pelaksanaan langkah-langkah penjarakan fizikal.

Aktiviti ekonomi telah meningkat apabila seluruh negara telah beralih ke Fasa 4 PPN pada awal Januari 2022 dengan langkah pembendungan yang kurang ketat dan kebanyakan perdagangan runcit telah dibenarkan beroperasi. Pada masa penulisan perutusan ini, Malaysia juga telah mencapai kadar vaksinasi hampir 98% dan 90% masing-masing untuk orang dewasa dan remaja. Kadar vaksinasi yang tinggi dalam masyarakat telah meningkatkan keyakinan pengguna yang telah menyebabkan para pembeli dan pelanggan beransur-ansur kembali ke pusat beli-belah.

BNM melaporkan dalam laporan ekonomi suku tahun terbarunya pada 11 Februari 2022 bahawa ekonomi Malaysia mencatatkan pertumbuhan positif sebanyak 3.6% pada suku keempat 2021 (Suku ketiga 2021: -4.5%), apabila aktiviti ekonomi disambung semula dengan pelonggaran. daripada langkah-langkah pembendungan. Dengan pemulihan dalam pertumbuhan pada suku keempat, ekonomi berkembang sebanyak 3.1% pada 2021 secara keseluruhan dengan kadar pengangguran menurun kepada 4.6%.

Namun begitu, kemajuan dan keberkesanan vaksinasi, pematuhan kepada prosedur operasi standard serta keupayaan untuk membendung wabak dengan berkesan daripada mana-mana varian baharu COVID-19 yang membimbangkan akan menjadi kunci kepada pemulihan sektor runcit dan ekonomi negara secara amnya.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG-PEMEGANG UNIT

Ulakan Portfolio

Walaupun keadaan pasaran yang terus mencabar, kadar penghunian portfolio keseluruhan Hektar REIT kekal sihat pada kadar 85% pada tahun 2021 dengan Kulim Central mengekalkan kadar penghunian yang membanggakan melebihi 90%. Hakikat bahawa portfolio kami terpelbagai dengan baik dari segi geografi dengan pusat beli-belah kami sama ada pusat beli-belah yang dominan atau satu-satunya pusat beli-belah di bandar tertentu juga telah membantu mengurangkan kesan keseluruhan ke atas kadar penghunian portfolio Hektar REIT. Trafik pengunjung merosot kepada 13.2 juta kunjungan pada tahun 2021 berikutan pelaksanaan berterusan pelbagai fasa perintah kawalan pergerakan. Sementara itu, kadar pembaharuan sewa keseluruhan portfolio adalah negatif 7% berdasarkan ulasan sewa dan tawaran rebat yang dilaksanakan oleh REIT untuk menyokong para penyewa yang layak.

SUBANG PARADE. Subang Parade telah merekodkan kadar penghunian sebanyak 83% pada penghujung tahun 2021 apabila sebilangan penyewa memilih untuk menamatkan penyewaan mereka lebih awal dalam persekitaran runcit yang sangat sukar dan mencabar. Bagaimanapun, kami berbesar hati mengalu-alukan pembukaan Golden Screen Cinemas (GSC) di pusat beli-belah ini pada awal bulan Januari 2022 berikutan kejayaan GSC memperolehi cawangan MBO di Subang Parade pada tahun 2021.

Sementara itu, tahun 2021 juga menyaksikan kemasukan peruncit baharu seperti Eco Shop, Marina Nail Spa dan Original Classic, sejajar dengan pelan menambahbaik penyewaan untuk Subang Parade yang akan menyegarkan tawaran membeli-belah harian, perkhidmatan, hiburan dan F&B di pusat beli-belah tersebut.

MAHKOTA PARADE. Kadar penghunian Mahkota Parade menurun kepada 87% pada tahun 2021. Walaupun pasaran tidak menentu, pihak Pengurusan terus mempertingkatkan kualiti campuran penyewa di pusat beli-belah ini dengan pengenalan peruncit baharu seperti Skechers, L'lo L'lo dan Gatti Sports pada tahun 2021. Walaupun jumlah pengunjung Mahkota Parade telah menurun pada tahun 2021 berikutan pelbagai sekatan pergerakan dan penutupan sempadan antarabangsa, pusat beli-belah itu kekal sebagai destinasi membeli-belah utama di Melaka dengan 2.8 juta pengunjung pada tahun 2021. Daripada pusat-pusat beli-belah di dalam portfolio Hektar REIT, adalah dijangkakan bahawa pusat beli-belah ini akan mendapat manfaat sepenuhnya daripada kemasukan semula pelancong ke Melaka sebaik sahaja Malaysia membuka semula sempadannya kepada pengembara antarabangsa pada 2022.

WETEX PARADE & HOTEL CLASSIC. Wetex Parade, satu-satunya pusat beli-belah di Muar mengakhiri tahun 2021 dengan kadar penghunian hampir 90% dengan jumlah trafik pengunjung kira-kira 1.9 juta kunjungan. Walaupun keadaan pasaran yang sukar, kadar pembaharuan sewaan keseluruhan kekal membanggakan pada 6%. Wetex Parade telah menyaksikan kemasukan EEK Mart, Carlo Rino, Original Classic dan Boost Juice pada tahun 2021.

Sebagai hotel terbesar di Muar dengan kemudahan dewan acara yang terbesar, Classic Hotel Muar mencatatkan kadar penghunian keseluruhan yang membanggakan sebanyak 23% dengan kadar purata bilik pada RM131 bagi tahun 2021 walaupun terjejas

teruk oleh pelbagai sekatan mobiliti. Walau bagaimanapun, kami optimistik dengan berhati-hati bahawa prestasi hotel akan bertambah baik pada tahun 2022 dengan penarikan balik sekatan perjalanan dan normalisasi aktiviti ekonomi dan pelancongan.

CENTRAL SQUARE. Pusat beli-belah terkemuka di Sungai Petani ini merekodkan trafik pengunjung sebanyak 1.9 juta pada tahun 2021 manakala kadar penghunian telah merosot sedikit kepada 86%. Kami mengalu-alukan pembukaan GSC di pusat beli-belah ini pada bulan Januari 2022 selepas GSC berjaya memperolehi cawangan MBO Cinema di Central Square pada tahun 2021. Sementara itu, pihak Pengurusan sedang meneruskan inisiatif untuk meningkatkan kualiti campuran penyewa dan kedudukan pusat beli-belah ini, seperti yang ditunjukkan oleh kemasukan Original Classic dan 7-Eleven pada tahun 2021. Kadar pembaharuan sewaan kekal positif pada kira-kira 4%.

KULIM CENTRAL. Satu-satunya pusat beli-belah di Kulim terus mengekalkan kadar penghunian melebihi 90% bagi tahun 2021, dengan kadar penghunian 94% direkodkan pada akhir tahun 2021. Trafik pengunjung adalah kira-kira 1.9 juta manakala kadar pembaharuan sewaan kekal positif pada 6%. Kesan positif daripada inisiatif peningkatan aset pada tahun 2017 berterusan sehingga hari ini dengan jenama baharu seperti peruncit sukan dan gaya hidup, Original Classic dan peruncit pakar kopi premium antarabangsa, The Coffee Bean & Tea Leaf menyertai Kulim Central pada tahun 2021, sekali gus meningkatkan kemeriahan campuran penyewa di pusat beli-belah tersebut.

Salah satu penyewa utama kami, Giant Superstore, yang dilancarkan semula pada 2019, juga telah memperbaharui perjanjian penyewaannya bagi tempoh 3 tahun yang akan datang.

SEGAMAT CENTRAL. Kadar penghunian Segamat Central merosot kepada 67% dengan trafik pelawat sekitar 700,000 kunjungan pada tahun 2021. Walau bagaimanapun, pihak Pengurusan tetap berpegang teguh pada strategi "mengutamakan penghunian" dengan melaksanakan strategi penyemakan sewa untuk mengekalkan penyewa sedia ada serta menarik penyewa utama khusus dan lebih banyak peruncit F&B ke pusat beli-belah ini. Sementara itu, kami mengalu-alukan pembukaan Original Classic dan penjual semula produk Apple yang sah, Switch pada tahun 2021, yang menawarkan pembeli-belah dengan pengalaman membeli-belah yang baharu dan akses kepada produk Apple yang terkenal. Kami juga baru-baru ini memperkenalkan peruncit baharu serta menarik, KS Mart Signature dan penyewa F&B baharu, Restoran Siam pada Januari 2022.

Ulakan Kewangan

REIT merekodkan pendapatan kira-kira RM97 juta pada tahun 2021, susut 13% berbanding tahun 2020 manakala perbelanjaan operasi berkurangan sebanyak 15% kepada kira-kira RM50 juta. Sementara itu, pendapatan hartanah bersih menurun kepada RM47 juta, susut kira-kira 11% berbanding 2020 manakala pendapatan bersih sebelum cukai direalisasikan adalah kira-kira RM13 juta. Terdapat kerugian bersih sebelum cukai kira-kira RM32 juta disebabkan oleh penurunan nilai saksama portfolio.

PEMBIAYAAN. Pembiayaan semasa Hektar REIT termasuk kemudahan hutang sehingga RM581 juta, dengan 97% daripada jumlah hutang tersebut perlu dibayar pada tahun 2024-2026.

Nisbah gearing Hektar REIT berada pada 47.2% pada akhir tahun 2021, jauh di bawah peningkatan had gearing 60% yang diumumkan oleh Suruhanjaya Sekuriti pada 11 Ogos 2020, iaitu peningkatan sebanyak 10% daripada had 50% sebelum ini. Kenaikan had gearing ini berkuat kuasa sehingga 31 Disember 2022.

Sementara itu, BNM terus mengekalkan Kadar Dasar Semalaman (OPR) pada 1.75% sejak Julai 2020. Persekitaran kadar faedah yang akomodatif serta had gearing yang lebih tinggi akan memberikan REIT lebih fleksibiliti untuk menguruskan struktur modal dan pembiayaan dengan lebih cekap di tengah-tengah pandemik COVID-19.

PENGAGIHAN. Pandemik COVID-19 telah memberi kesan yang ketara kepada industri peruncitan dan REIT juga tidak terkecuali. Walau bagaimanapun, kami tetap komited untuk mengekalkan dasar pengagihan sekurang-kurangnya 90% daripada pendapatan boleh diagih kami dan telah mengisytiharkan dividen seunit (DPU) bagi suku keempat/jumlah keseluruhan sebanyak 2.53 sen untuk tahun 2021 dengan jumlah keseluruhan pengagihan sebanyak kira-kira RM11.9 juta. Berdasarkan harga penutup saham Hektar REIT 50.5 sen pada 31 Disember 2021, hasil dividen daripada pengagihan adalah kira-kira 5%. Pada akhir tahun 2021, Hektar REIT mempunyai hampir 5,500 pemegang-pemegang unit.

Cadangan Korporat

Kami telah mengumumkan pada 15 November 2021 bahawa Hektar REIT telah mengemukakan Cadangan Penempatan Persendirian sehingga 23,098,000 unit baharu Hektar REIT ("Cadangan Penempatan Persendirian"), yang mewakili sehingga 5% daripada jumlah Unit terbitan sedia ada sebanyak 461,960,178 Unit pada 12 November 2021, iaitu tarikh terkini yang boleh dilaksanakan sebelum pengumuman ("LPD"). Setakat ini, bilangan sebenar Unit Penempatan yang dikeluarkan di bawah Cadangan Penempatan Persendirian ialah 9.3 juta Unit.

Cadangan Penempatan Persendirian terutamanya akan membolehkan Hektar REIT mengumpul dana yang diperlukan untuk modal kerja dan modal kerja yang sedang dijalankan untuk membantu memudahkan operasi harian Hektar REIT sedia ada secara keseluruhan dengan menyediakan lebih fleksibiliti dari segi pengurusan aliran tunai.

Di samping itu, Cadangan Penempatan Persendirian ini juga akan mengukuhkan asas modal Hektar REIT dan membolehkan Hektar REIT memberi tumpuan yang lebih besar dalam mengutamakan strategi perniagaannya untuk mengatasi cabaran ekonomi dan perniagaan berdasarkan situasi ekonomi semasa yang disebabkan oleh COVID-19 pandemik. Cadangan Penempatan Persendirian ini dijangka akan disempurnakan pada separuh tahun pertama 2022.

Kelestarian

2021 adalah tahun yang penuh dengan cabaran, pergolakan dan pemulihan. Seperti kebanyakan organisasi, kami mengalami

ketidaktentuan ekonomi yang tidak pernah berlaku sebelum ini dan gangguan dalam operasi harian kami akibat COVID-19. Pandemik ini malangnya telah menunjukkan bahawa gangguan yang meluas dan ketara adalah mungkin. Memperkukuhkan platform kami untuk mencipta nilai dan menyampaikan pendapatan yang mampan, stabil untuk para pemegang unit adalah penting untuk pemulihan pasca pandemik COVID-19 kami.

Kelestarian kekal menjadi keutamaan kami sepanjang tahun 2021 apabila kami bangkit daripada krisis ini. Kami memperhalusi isu material dan mengukuhkan komitmen kami terhadap kecemerlangan perniagaan serta mengurus aspek alam sekitar, sosial dan tadbir urus (ESG) yang paling material bagi pihak berkepentingan kami. Kami juga telah menyelaraskan faktor material kami dengan Matlamat Pembangunan Mampan (SDG) Pertubuhan Bangsa-Bangsa Bersatu yang sedapan untuk memaksimumkan impak kami. Hektar REIT kekal sebagai ahli konstituen Indeks FTSE 4Good Bursa Malaysia dan dalam penilaian terkini Disember 2021, konduk ESGnya telah diperakui dengan penarafan ESG 3 bintang oleh FTSE Russell.

Kami mengambil perhatian yang lebih untuk memastikan kesihatan, keselamatan dan kesejahteraan pekerja, pembeli-belah, tetamu, pelawat dan komuniti setempat. Kami juga menyediakan bantuan penyewaan kepada penyewa yang layak untuk membantu mereka dalam keadaan pasaran yang mencabar.

Tahun lalu sememangnya amat mencabar bagi ahli masyarakat yang terdedah dan kurang bernasib baik. Kami bekerjasama dengan ahli "Malaysia REIT Managers Association" (MRMA) yang lain dalam menderma RM100,000 dalam bentuk baucar tunai 99-Speedmart yang boleh ditukar dengan makanan, barangan runcit, produk kebersihan diri dan barangan keperluan lain untuk meringankan penderitaan penduduk tempatan serta komuniti di Selangor dan Kuala Lumpur yang terjejas teruk oleh pandemik COVID-19 dan pelbagai penutupan yang dilaksanakan sejak 2020.

Walaupun berada di dalam pandemik, pengurangan impak terhadap alam sekitar daripada aset dan operasi kami tetap menjadi keutamaan. Kami berjaya mengurangkan jumlah keseluruhan pelepasan CO₂e daripada aset kami sebanyak kira-kira 11.6% kepada 18.8 juta kgCO₂e pada tahun 2021 daripada hampir 21.3 juta kgCO₂e pada tahun 2020. Keamatan pelepasan daripada aset kami yang dinyatakan sebagai jumlah CO₂e yang dikeluarkan bagi setiap keluasan lantai kasar (kgCO₂e/kaki persegi) juga bertambah baik kepada 4.0 kgCO₂e/kaki persegi daripada 4.5 kgCO₂e/sq.ft. pada tahun 2020.

Melangkah ke hadapan, kami juga akan terus mewujudkan sasaran yang boleh diukur, menambah baik dan memformalisasi keutamaan ESG kami dan mengintegrasikannya dalam proses membuat keputusan kami. Semakin hari, penyewa-pelanggan, pekerja, pelabur dan pihak berkepentingan lain menuntut komitmen-komitmen ESG yang lebih besar. Kami akan terus menambah baik kredibiliti ESG kami, bukan hanya kerana peraturan kini menjadi lebih tertumpu pada perkara ini, tetapi juga kerana ia merupakan amalan perniagaan yang baik dan yang paling penting, kerana ia adalah perkara yang betul untuk dilakukan.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG-PEMEGANG UNIT

Menghadapi Ketidakpastian

Ekonomi global memasuki tahun 2022 dalam kedudukan yang lebih lemah daripada yang dijangkakan sebelum ini. Apabila varian Omicron baharu tersebar, banyak negara telah mengenakan sekatan mobiliti. Kenaikan harga tenaga dan gangguan bekalan telah mengakibatkan inflasi yang lebih tinggi dan lebih luas daripada yang dijangkakan, terutamanya di Amerika Syarikat serta di pasaran baru muncul dan negara ekonomi membangun. Kemerosotan sektor hartanah di negara China yang berterusan dan pemulihan penggunaan swasta yang lebih perlahan daripada jangkaan juga telah menghadkan prospek pertumbuhan.

Berdasarkan unjuran terkini IMF, pertumbuhan global dijangka menyederhana daripada 5.9% pada tahun 2021 kepada 4.4% pada tahun 2022, iaitu unjuran setengah mata peratusan lebih rendah untuk 2022 berbanding unjuran sewaktu Tinjauan Ekonomi Dunia (WEO) pada bulan Oktober 2021 yang lalu, sebahagian besarnya mencerminkan ramalan kemelesetan ekonomi di Amerika Syarikat dan China, dua ekonomi terbesar di dunia.

Trajektori pertumbuhan negara dijangka bertambah baik selaras dengan peralihan Malaysia ke fasa endemik, memandangkan aktiviti ekonomi telah bermula semula, peningkatan selanjutnya dalam pasaran buruh, sokongan dasar yang berterusan dan pengembangan dalam permintaan luar. BNM baru-baru ini mengulangi bahawa ekonomi Malaysia akan berkembang antara 5.5% dan 6.5% pada 2022, disokong oleh pengembangan berterusan dalam permintaan global dan perbelanjaan sektor swasta yang lebih tinggi, memandangkan keadaan pasaran buruh yang bertambah baik dan sokongan dasar yang berterusan. Penerusan projek pelaburan utama dalam kedua-dua sektor swasta dan awam juga akan menyokong pertumbuhan.

Walaupun kes baharu harian dalam aliran meningkat baru-baru ini dengan penularan varian Omicron, kami optimis secara berhati-hati bahawa Malaysia kini beransur-ansur bangkit daripada gelombang terburuk pandemik berikutan pecutan dalam Program Imunisasi COVID-19 Kebangsaan (NIP), dengan hampir 79% daripada populasi telah diberi vaksin sepenuhnya setakat 15 Februari 2022. Dengan liputan NIP kini diperluaskan kepada kanak-kanak, negara sedang bersiap sedia untuk menghapuskan sekatan COVID-19 dan kembali kepada normal sebelum pandemik memandangkan hampir keseluruhan populasi Malaysia kini layak menerima perlindungan vaksinasi daripada COVID-19.

Pasaran runcit bagaimanapun dijangka kekal mencabar memandangkan gangguan berpanjangan yang disebabkan oleh pandemik dan ketidakpastian yang ditimbulkan oleh kemunculan varian yang membimbangkan, khususnya varian Omicron. Pihak Pengurusan mengekalkan pandangan berhati-hati untuk tahun yang akan datang dan akan memantau dengan teliti perkembangan situasi semasa dan akan kekal fokus untuk memastikan keselamatan dan kesejahteraan pembeli-pembeli, penyewa-penyewa, pekerja-pekerja dan komuniti-komuniti di semua hartanahnya.

Kami juga berhasrat untuk meneroka format perniagaan yang baharu dan membina strategi omni-saluran serta menggabungkan elemen pengalaman, menerima pendigitalan dan memikirkan semula reka bentuk ruang pusat-pusat beli-belah kami. Kami juga akan terus

melaksanakan inisiatif pemasaran strategik untuk memacu trafik kembali ke pusat-pusat beli-belah kami serta memastikan pusat-pusat beli-belah kami kekal relevan melalui pelbagai pencampuran semula penyewaan dan inisiatif peningkatan aset optimum yang lain.

Untuk memastikan kami mempunyai asas yang baik untuk pemulihan, kami juga telah secara aktif mengurangkan atau menangguhkan perbelanjaan operasi dan modal yang tidak penting untuk membendung kos dan memelihara aliran tunai, sambil mengukuhkan penyata imbalan melalui pengurusan modal yang berhemat dan proaktif secara berterusan.

Anugerah & Penghargaan

Usaha penglibatan komuniti Hektar REIT pada 2021 telah diiktiraf dengan pengurusan hartanahnya, Hektar Property Services, menerima Anugerah Kelestarian & CSR 2021 daripada CSR Malaysia. Kami sememangnya berasa rendah diri dengan pengiktirafan itu dan akan terus terlibat secara rapat dengan komuniti kami.

Saya juga ingin mengucapkan tahniah kepada Ketua Jabatan dan pasukan dalaman Undang-Undang kami kerana telah dinamakan sebagai finalis untuk kategori Peguam Dalaman Terbaik Tahunan dan Pasukan Dalaman Terbaik Tahunan di "Asian Legal Business (ALB) Malaysia Law Awards 2022" baru-baru ini. Anugerah berprestij ini memberi penghormatan kepada prestasi cemerlang pengamal swasta dan pasukan dalaman di Malaysia dan sekitar rantau ini. "Asian Legal Business", penyedia terkemuka berita dan maklumat undang-undang untuk profesional undang-undang di rantau Asia, mempertimbangkan dan memilih finalis dengan teliti untuk anugerah berdasarkan pencapaian profesional dari segi keluasan, kerumitan, inovasi, impak dan kepentingan kerja atau pencapaian oleh individu atau pasukan. Saya mengucapkan selamat maju jaya kepada pasukan dalaman Undang-Undang kami pada Majlis Anugerah Maya ALB yang akan diadakan pada 24 Mac 2022 nanti.

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih dan penghargaan kepada Cik Tay Hwee Pio dan Cik Rahanawati binti Ali Dawam yang telah meletak jawatan daripada Lembaga Pengarah kami masing-masing pada 24 Julai 2021 dan 11 Februari 2022. Kami amat menghargai dedikasi dan sumbangan mereka selama ini. Kami juga mengalu-alukan ahli-ahli Lembaga Pengarah kami yang baharu, Cik Tan Loo Ming, Encik Johari Shukri bin Jamil dan Encik Hasli bin Hashim dan berharap dapat bekerjasama dengan mereka.

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Kami akan terus bekerja keras dan mengharapkan sokongan berterusan semua pihak berkepentingan dalam usaha kami untuk mengemudi Hektar REIT ke arah pemulihan pada tahun 2022.

Dato' Hisham bin Othman

Pengarah Eksekutif & Ketua Pegawai Eksekutif

首席执行官致信托基金单位持有人的一封信

尊敬的信托基金单位持有人，

从2019年12月开始蔓延的2019新冠肺炎全球性大流行病，在马来西亚和全球范围内掀起一波又一波的新疫情，不断地扰乱人们的生活、影响大家的生计。为此，各国各地在2021年采取了必要的防范措施，以阻止疫情扩大传播。

在马来西亚，疫情所带来的严重冲击，对不同行业的企业带来了重大的影响，也包括了贺达房地产投资信托基金（简称“贺达产托”）所着重的零售领域。纵然前路逆风持续来袭，但我们的管理团队仍无惧应对挑战，推动贺达产托在2022年和未来继续扭转乾坤。

市场概况

政府先是在2021年1月宣布进入临时紧急状态，随后从2021年1月13日至26日期间，在马来西亚6个州属实施了长达14天的第二轮行动管制令（MCO 2.0），以遏制冠病疫情的蔓延。之后，吉隆坡、雪兰莪、檳城和柔佛的MCO 2.0延长至2021年3月4日，同时期其他州属（玻璃市除外）则进入了有条件行动管制令（CMCO）阶段。从2021年3月5日开始，前4个处于MCO 2.0的州属获放宽，逐步转为CMCO阶段。

然而，由于国内的冠病确诊病例再度升温，马来西亚不得不在5月初实行第三轮的行动管制令（MCO 3.0）应对，甚至在2021年6月下令于全国范围实施全面性封锁（FMCO），以及在雪兰莪多数地区和吉隆坡14个地区展开更严厉的加强式行动管制令（EMCO）。

同时期，政府在2021年6月宣布了一项过渡性的四阶段国家复苏计划（NRP），为每个阶段设下了关键指标，依据每日平均确诊数量、重症床位占用率减少，以及各州接种疫苗的人口，来评估各州是否可从一个阶段进展到更高的复苏阶段，并以此标准来批准部分领域可在限制减少的情况下营运。由于成人接种疫苗的速度加快，政府随后也跟着调整上述指标。

政府所实行的这些措施，旨在拯救更多人的生命，并减轻马来西亚公共卫生系统的压力。而所实施的各种控制措施，如限制国内和国际旅行、禁止接触密集型服务领域运营，冲击了大部分的经济领域。

零售领域亦未能幸免如此。根据马来西亚零售集团（RGM）的报告，2021年第三季的零售销售额按年下降27.8%，去年首9个月的零售销售也比2020年同期萎缩了11.9%。RGM预期，零售领域在2021年的全年销售增长仅有0.5%。

在2021年第三季，马来西亚经济萎缩4.5%（2021年第二季：+16.1%）。因此，2021年的国内生产总值（GDP）预估向下调整至介于3%到4%之间。为了缓冲所带来的冲击，政府自冠病疫情爆发以来，共执行了总额高达5千300亿令吉的各类援助和经济振兴配套，其中有2千250亿令吉或相当于GDP的14.8%，分配予4项包括了财政和非财政措施的援助和振兴配套，即PERMAI、PEMERKASA、PEMERKASA+和PEMULIH，加上马来西亚国家银行（BNM）在2021年将隔夜政策利率（OPR）维持在1.75%，齐力支撑我国更稳健持续的复苏步伐。

我国在2021年第三季的疫苗接种率加速，每日确诊人数、住院人数和死亡率都开始下降。在这样的情况下，政府决定在2021年8月中旬允许部分在MCO 3.0禁止营运的非必要性商业企业恢复营业，但需遵循政府设下的标准作业程序（SOP）。政府还松绑了一些限制，包括从2021年8月起，在符合特定标准的州属内允许已接种疫苗的人士在餐厅和咖啡馆堂食。近来，完全接种疫苗的个人也获准进行跨州和海外旅行。在2021年9月，电影院获准在遵循严格的身体距离措施下重新开放。

随着全国在2022年1月初步入NRP第四期，限制措施减少，大部分的零售业者都回归营业，激励经济活动回温。在撰写这封信时，马来西亚的成人和青少年疫苗接种率分别达到了近98%和90%的水平。社区内的疫苗接种率高企，提振了消费者的信心，促使购物者和顾客们逐步返回购物中心。

国家银行在2022年2月11日公布的最新季度经济报告中显示，马来西亚经济在2021年第四季取得了3.6%的增长（2021年第三季：-4.5%），归功于限制措施放松，推动经济活动复苏。凭借着第四季经济增长好转，我国在2021年的全年经济实现了3.1%的增长，失业率降低至4.6%。

无论如何，疫苗接种的进展和有效性、遵守标准作业程序，以及有效抑制新变种病毒爆发能力，依旧是零售业和我国整个经济体复苏的关键。

投资组合概况

尽管市况持续充满挑战，贺达产托整体投资组合的出租率在2021年依然维持于85%的健康水平，居林中环广场更是保持在90%以上的出租率，亮丽的出租率表现，归功于我们的投资组合地理位置多元化，且旗下的购物中心通常是当地的主要购物中心，或是一些城镇中唯一的购物中心，有助于抵御贺达产托投资组合所面对的整体冲击。随着政府实施不同阶段的行动管制令，2021年的客流量下跌至1千320万人次。同时，贺达产托为支持符合资格的租户度过难关，提供了租金重估和折扣优惠，促使整体投资组合的租金调升率为-7%。

首邦百利购物广场。截至2021年底，首邦百利购物广场取得83%的出租率，因为有许多租户的业务在艰苦和充满挑战的零售环境中不得不屈服于残酷的现实，最终选择提前终止租约。不过，随着Golden Screen Cinemas (GSC) 在2021年收购了首邦百利购物广场的MBO电影院分行后，我们非常欣喜地欢迎GSC在2022年1月初在该购物广场正式投入营运。

同时，2021年也迎来一些新的零售商，包括Eco Shop、Marina Nail Spa和Original Classic，这非常符合首邦百利购物广场租户重整计划，为访客们打造一个全新的日常购物、服务、娱乐和餐饮体验。

马六甲皇冠百利购物广场。马六甲皇冠百利购物广场的出租率在2021年下滑至87%。尽管市场存在不确定性，管理团队仍不懈于强化该广场的租户组合，包括在2021年引进Skechers、Llao Llao和Gatti Sports等新零售商。虽然马六甲皇冠百利购物广场在2021年因为各种行动管制令和国际边境关闭而导致客流量下跌，但这座购物广场依然是马六甲主要的购物目的地，在2021年取得了280万人次的客流量。相信待马来西亚在2022年重新向国际旅客开放边境，游客开始重返马六甲这古城后，马六甲皇冠百利购物广场将会是贺达产托的所有购物广场组合中受惠最大的购物广场。

麻坡威德百利广场与经典酒店。麻坡唯一的购物广场—威德百利广场，在2021年底时取得近90%出租率，总客流量达到190万人次。尽管面对艰难的市况，整体租金提升率依然维持在6%的可观水平。在2021年，威德百利广场迎来的新租户包括Eek Mart、Carlo Rino、Original Classic和Boost Juice。

而作为麻坡规模最大、且拥有最大宴会厅设施的酒店，麻坡经典酒店在面临各种行动限制的严重冲击之际，依然在2021年取得了23%的整体入住率，平均房价达131令吉，值得称道。我们谨慎乐观地相信，待旅行限制松绑，加上经济和旅游活动恢复正常，这家酒店的业绩表现必会在2022年进一步改善。

双溪大年中环广场。这座位于双溪大年的主要购物中心，在2021年录得了190万人次的客流量，出租率则小幅下跌至86%。同样地，我们在2022年1月欢迎在2021年收购中环广场MBO电影院分行的GSC，加入成为这座广场的一份子。同时，管理层持续采取措施，提升租户组合的质量和广场的定位，去年迎来了Original Classic和7-Eleven入驻，反映了管理层的策略部署。租金调升率在2021年维持在约4%的理想水平。

居林中环广场。居林中央广场是当地唯一的购物广场，持续维持高于90%的出租率，在2021年取得了94%的出租率。客流量大约为190万人次，而租金调升率维持在6%的良好水平。2017年时开展的资产提升策略计划，至今依然奏效并带来正面的成就，新品牌如运动和休闲零售商Original Classic、国际优质咖啡专业零售商The Coffee Bean & Tea Leaf，还有Mi Store都选择在2021年入驻居林中环广场，让该商场的租户组合更显活力满满。

而我们的主要租户之一，也就是2019年重新推介的Giant Superstore，续签了未来3年的租约。

昔加末中环广场。在2021年，昔加末中环广场的出租率下跌至67%，客流量约处于70万人次。管理层依然坚持采取“出租优先”的策略，通过执行租金调整策略来留住现有租户，同时吸引更多专卖店和餐饮零售商入驻。我们在2021年迎来Original Classic和苹果公司（Apple Inc）授权经销商Switch开业，为购物者提供全新的购物体验，还能买到备受赞誉的苹果产品。最近，我们还在2022年1月引入了让购物者振奋的新食品杂货超市KS Mart Signature，以及新的餐饮租户Siam Restaurant。

财务表现回顾

贺达产托在2021年获得9千700万令吉的营业额，较2020年减少13%，而营运开销也减少15%至5千万令吉。同时，净地产收入减少至4千700万令

首席执行官致信托基金单位持有人的一封信

吉，较2020年下跌约11%，已实现税前净收入则约为1千300万令吉。由于受到投资组合的公允价值下跌影响，税前亏损约3千200万令吉。

融资。贺达产托当前的融资包括了5亿8千100万令吉的债务融资，当中97%将在2024至2026年期间内到期。

截至2021年杪，贺达产托的负债率企于47.2%，远低于于证券监督委员会在2020年8月11日宣布60%新负债率上限。这新的负债率上限比原先的50%高出10%，并持续生效至2022年12月31日为止。

同时，国家银行自2020年7月持续将隔夜政策利率（OPR）维持在1.75%的水平。这宽松的利率环境，加上较高的负债率上限，让产托在面对冠病疫情的挑战时，具有更大的灵活性，以更高的效率来运营我们的债务和资本架构。

派息。冠病疫情严重冲击零售业，而产托也未能幸免。不过，我们依然致力维持至少90%可支配收入的派息政策，在2021年派发的第四季/总每基金单位派息（DPU）为2.53仙，整体派息支出约为1千190万令吉。根据截至2021年12月31日时50.5仙的最终价格计算，DPU的收益率约为5%。截至2021年底，贺达产托拥有近5千500位信托单位持有者。

企业活动献议

我们已于2021年11月15日宣布，贺达产托献议私下配售最多2千309万8千个新单位（“私配献议”），截至2021年11月12日的公告最后实际可行日（LPD）时，贺达产托的已发行单位总数为4亿6千196万178单位，这批私配股占其5%。截至目前，此私配献议的实际已配售单位数量为930万单位。

这项私配献议旨在让贺达产托筹集必要的资金，用于营运资本和进行中的资本工作，不仅能助贺达产托开展日常营运，同时现金流管理方面也能有更大的弹性。

不仅如此，私配献议还有助强化贺达产托的资本底蕴，让贺达产托更能优先着重于其商业战略，以应对冠病疫情在当前经济情势中带来的重重经济和商业挑战。这项私配献议预计会在2022年上半年完成。

可持续性

2021年是充满挑战、动荡和复苏的一年。我们和其他企业和组织一样，在冠病疫情中经历了前所未有的经济波动，更面对日常业务中断的挑战。这次的疫情带给我们一个讯号，尽管非常不幸，但企业们是完全有可能遭遇广泛且严重的业务中断局面。因此，巩固我们的平台以创造价值，为我们的单位持有者带来可持续性、稳定的收入，是我们在后疫情的复苏时期中最为重要的任务。

在我们努力摆脱危机时，2021年的主要关键就是可持续性发展。我们改进了我们的实质性问题、加强我们履行卓越业务的承诺，并妥善管理了对我们单位持有者来说最重要的环境、社会和治理（ESG）层面。同时，我们根据联合国可持续发展目标（SGD）调整我们的实质性方向，以最大限度地发挥我们的影响力。贺达产托是依然是大马交易所富时社会责任指数（FTSE4Good）成分股之一，其ESG执行力更在2021年12月的最新评估中获得富时罗素（FTSE Russell）给予3星ESG评级。

我们格外注意并确保雇员、购物者、宾客、访客和当地社区的健康、安全和福祉。我们还向符合资格的租户提供租金援助，身体力行帮助他们度过难关。

对社会上的弱势群体而言，去年确实是具备挑战的一年。为此，我们携手马来西亚房地产投资信托基金经理人协会（MRMA）和其他会员，以99-Speedmart现金券的形式捐赠了10万令吉，让雪隆区因为冠病疫情和自2020年来各种封锁政策严重冲击而感到痛苦的人们，可以用这些现金券换取必要的食物、杂货、个人卫生用品和其他必须用品。

在应对疫情带来的挑战之际，我们在减少资产和营运的环境足迹方面亦从未松懈。我们成功减少旗下资产的二氧化碳总排放量，从2020年的约2千130万公斤碳排放量（kgCO₂e），降低约11.6%，在2021年减至1千880万公斤。在我们旗下资产的碳排放量强度方面，每平方米碳排放量从2020年的4.5公斤（kgCO₂e/sq.ft.），改善到2021年的4.0公斤。

展望未来，我们会继续设立可衡量的目标、改善和落实我们的ESG优先事项，并时时将其纳入我们的决策过程中。越来越多租户客户、雇员、投资者其他利益相关者，要求我们履行更多实质性的承诺。为此，我们会继续提升我们的ESG执行力，不仅仅是因为法规更加关注这些事项，还因为ESG能带来更好的商业意义，更重要的是，这是在做正确的事。

勇于面对不确定性

迈入2022年，全球经济陷入比预期还疲弱的处境。由于新的Omicron冠病变种病毒散播，各国不得已重施行封锁措施。能源价格飙升和供应中断，导致通胀比预期更高，且影响更加广泛，尤其是在美国和许多新兴市场和发展中经济体。中国房地产领域持续回退，以及私人消费服务脚步慢于预期，都限制了增长前景。

根据国际货币基金组织（IMF）最新的预估，全球经济增长率预计会从2021年的5.9%，放缓至2022年的4.4%。这2022年的最新预估数字，比去年10月的世界经济展望（WEO）预估还要低半个半百分点，主要是因为全球两大经济体美国和中国的预估下调。

而迈入“地方性流行”阶段的马来西亚，增长步伐料会有所改善，归功于经济活动重启、劳动力市场进一步改善、持续的政策支持，以及外围需求扩大。国家银行近期重申，随着全球需求持续扩张，加上劳动市场状况改善，以及持续的政策支撑，推动更高的私人界开支，马来西亚经济可在2022年取得5.5%至6.5%的增速。而私人界和公共领域持续不断的大型投资项目，亦可支撑国家经济增长。

虽然Omicron变种病毒的爆发导致新的确诊病例逐日增长，但我们谨慎乐观地期待马来西亚会逐渐摆脱这最严重的大流行病浪潮，这是因为在截至2022年2月15日，国家冠病免疫计划（NIP）中有约79%的人口已经完全接种疫苗，相比过去数波的疫情浪潮，我们如今更加强且准备充分。再者，NIP目前正扩大至儿童接种，意味着几乎所有人口都受到冠病疫苗的保护，我国正加紧脚步取消先前为冠病设下的种种限制，回归到疫情前的正常生活。

不过，大流行病造成长期的破坏，加上令人忧心的新种病毒（尤其是Omicron变种病毒）爆发带来不明确性，让零售市场依然面对重大挑战。管理层对接下来一年的前景保持谨慎，并会密切关注不断变化的形势，同时持续专注于确保旗下所有物业购物者、租户、雇员和社区的安全和福祉。

我们还愿意探索新的商业模式、建立全通路行销策略，在我们的广商场中融入体验元素、数字化技术，以及重新思考空间设计。同时，我们还会继续实施各种营销策略计划，将客流量带回我们的商场，并通过各种租户组合重组和其他资产优化措施，确保未来发展继续切合我们的目标。

为确保我们有良好的复苏基础，我们亦会积极减少或推迟不必要的营运和资本开销，以控制成本、保留现金在手，并通过审慎和积极的资本管理，来加强资产负债表。

获奖与鸣谢

我们的房地产管理经理—贺达产产业服务，荣获马来西亚企业社会责任组织（CSR Malaysia）颁发2021年年马来西亚可持续性和企业社会责任大奖，认可了我们2021年在提升社会参与方面努力。我们对于这殊荣感到荣幸，会持续谦卑地和我们的社区密切合作。

我还想要祝贺我们的法律团队和主管，近期在亚洲法律杂志（Asian Legal Business, ALB）马来西亚法律大奖中，入围马来西亚年度内部律师和内部团队大奖。这享有盛誉的奖项，旨在表彰马来西亚和区域的私人执业者和组织内部法律团队所展现的卓越表现。亚洲法律杂志是为亚洲区法律专才们提供法律新闻和信息的领先业者，根据个人或团队在工作或成就上的广度、复杂性、创新性、影响力和重要性等方面，经过谨慎考虑和评估，选出最终的入围者。我们衷心祝贺我们的法律团队，能在2022年3月24日举办的ALB虚拟法律大奖颁奖典礼上斩获佳绩。

我谨代表董事会，向分别于2021年7月24日和2022年2月11日辞去董事职务的Tay Hwee Pio女士和Rahanawati binti Ali Dawam女士致上诚挚的谢意和敬意，衷心感谢她们多年来的奉献和贡献。同时，我们欢迎新董事成员Tan Loo Ming女士、Johari Shukri bin Jamil先生和Hasli bin Hashim先生，并期待与他们合作。

我要感谢团队们在这段严峻的时期所展现的奉献精神，以及来自董事会的不吝指导。我还想借此机会感谢所有的利益相关者，在逆境中和我们携手共进，努力克服难关。

我们会持续付诸努力，并期待获得所有利益相关者的持续支持，在2022年共同将贺达产托迈向复苏之路。

Dato' Hisham bin Othman

执行董事兼首席执行官

Portfolio Performance



ASSET PORTFOLIO PERFORMANCE

Property Profiles

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



Portfolio Facts

Financial Year 2021

	Subang Parade	Mahkota Parade	Wetex Parade & Classic Hotel	Central Square	Kulim Central	Segamat Central
State	Selangor	Melaka	Johor	Kedah	Kedah	Johor
Title	Freehold	Leasehold	Freehold	Freehold	Freehold	Leasehold
Lease Expiry	—	2101	—	—	—	2116
Primary Trade Area (population)	1,834,000	382,200	201,600	406,870	287,694	190,000
NLA - Retail (sq ft)	523,487	521,142	175,014	310,564	299,781	211,910
Tenancies (NLA lots only)	89	90	60	45	67	33
Occupancy (%)	82.5	87.1	89.9	85.9	94.0	67.3
Visitor Traffic (million)	4.0	2.8	1.9	1.9	1.9	0.7
Acquisition Price (RM million)	280.0	232.0	117.5	83.0	98.0	104.0
Valuation (RM million)	423.0	323.5	142.0	90.0	129.0	57.0
Gross Revenue (RM million)	30.4	28.1	12.7	8.5	13.3	3.5
Net Property Income (NPI) (RM million)	17.2	11.4	6.7	3.7	8.4	(0.5)

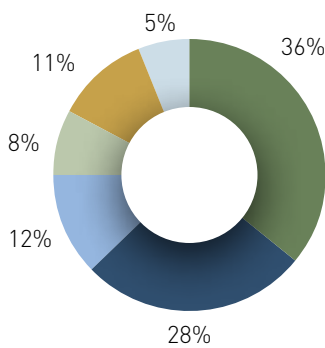




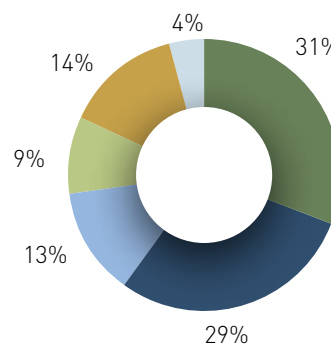
Portfolio Diversification

- Subang Parade
- Mahkota Parade
- Wetex Parade & Classic Hotel
- Central Square
- Kulim Central
- Segamat Central

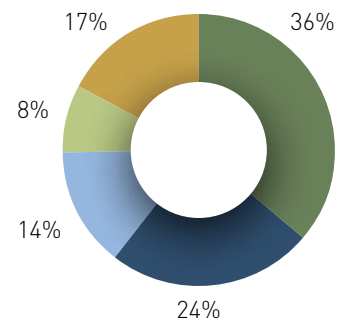
Portfolio by Valuation



Portfolio by Gross Revenue



Portfolio by NPI*

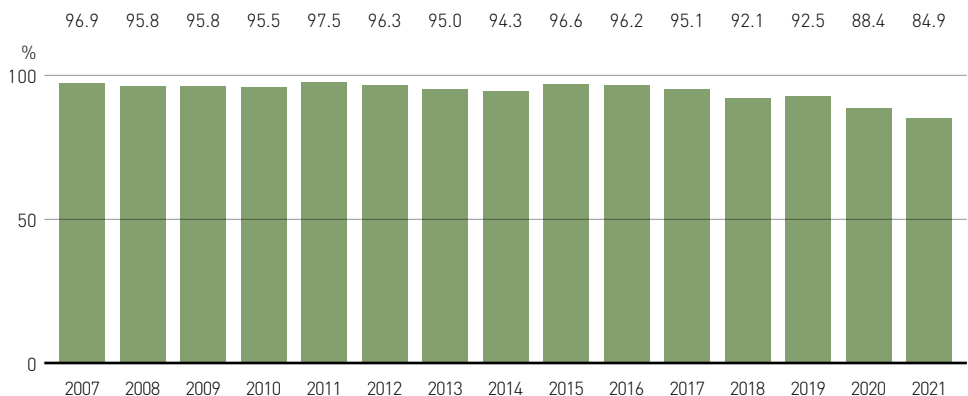


* Numbers may not add up to 100% due to the negative NPI obtained by Segamat Central

Portfolio Occupancy

The portfolio recorded an overall occupancy rate of 84.9% as at 31 December 2021, down from 2020, as the retail industry continued to be impacted by the disruptions from the COVID-19 pandemic. Hektar REIT continues to implement rental reviews and rebate offers to support eligible tenants and implement strategic marketing initiatives to drive traffic back to our malls.

Portfolio Overall Occupancy Trend (2007-2021)



Note: Weighted average portfolio occupancy according to NLA

Property

(As at 31 December)

Occupancy (%)	2021	2020	2019	2018	2017
Subang Parade	82.5	83.7	93.9	88.2	90.9
Mahkota Parade	87.1	92.5	96.4	96.0	96.1
Wetex Parade	89.9	94.5	96.2	98.5	100.0
Central Square	85.9	87.9	89.7	96.9	95.3
Kulim Central	94.0	93.9	95.0	93.5	98.2
Segamat Central	67.3	77.9	77.1	78.6	94.7
Overall*	84.9	88.4	92.5	92.1	95.1

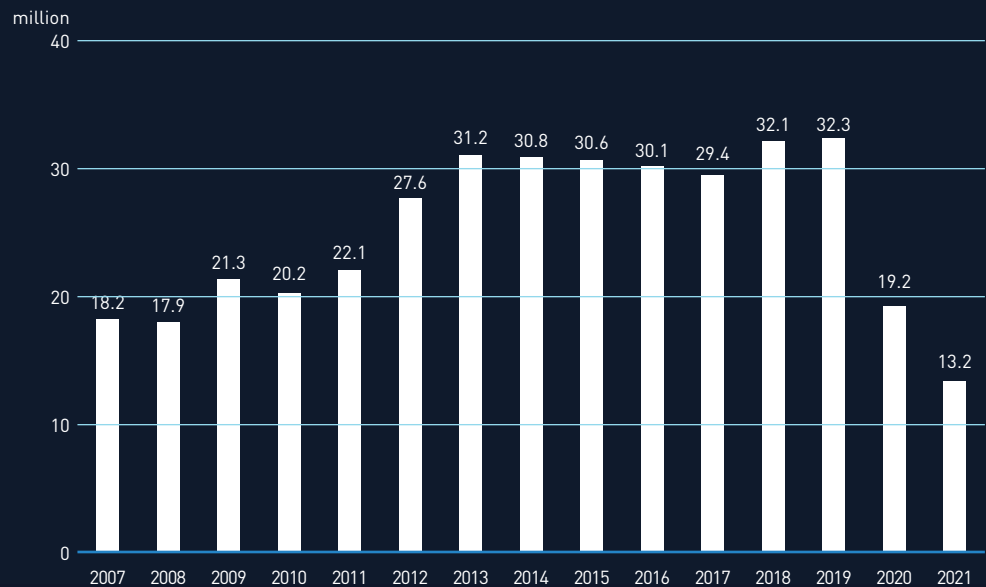
*The weighted average occupancy rate is calculated based on NLA

ASSET PORTFOLIO PERFORMANCE

Visitor Traffic

Overall visitor traffic decreased to 13.2 million visits in 2021, impacted by the continued implementation of mobility restrictions to curb the spread of the COVID-19 pandemic in Malaysia.

Visitor Traffic Trend (2007-2021)



Visitor Traffic (million)	2021	2020	2019	2018	2017
Subang Parade	4.0	4.9	7.6	7.8	9.9
Mahkota Parade	2.8	4.5	8.4	8.3	9.1
Wetex Parade	1.9	2.5	4.2	4.3	4.4
Central Square	1.9	2.8	4.5	4.5	3.8
Kulim Central	1.9	3.0	4.6	4.0	2.2
Segamat Central	0.7	1.5	3.0	3.2	—
Total	13.2	19.2	32.3	32.1	29.4

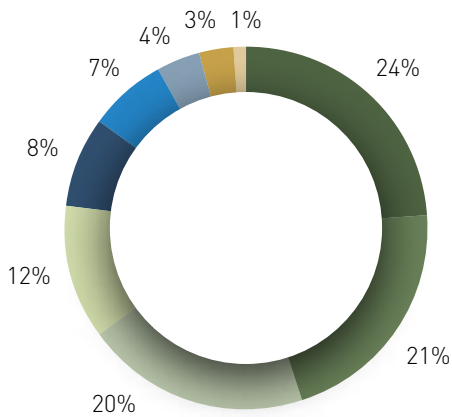
Wetex Parade and Classic Hotel

Portfolio Tenancy Mix

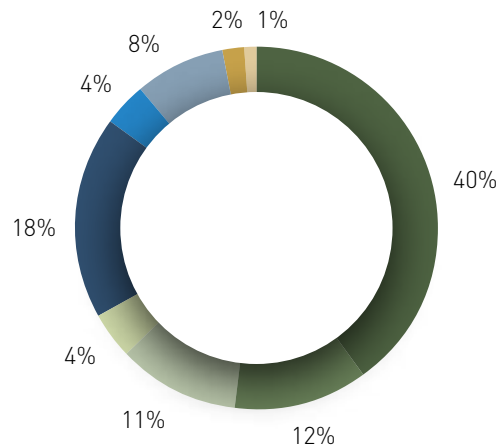
The largest rental contributors to the portfolio are tenants from the departmental store and the food & beverage segments. Both segments contributed 45% of the portfolio's total rental income. In terms of NLA occupancy, department stores and supermarkets continue to dominate the portfolio by taking up 40% of all available NLA..

Overall Portfolio by Rental Income

*Based on monthly rental income for December 2021.



Overall Portfolio by NLA



- Department Store/Supermarket
- Food & Beverage/Food Court
- Fashion & Footwear
- Health & Beauty
- Leisure & Entertainment/Sports & Fitness
- Electronics & IT
- Homewares & Furnishing
- Gifts/Books/Toys/Specialty
- Education/Services

*Numbers may exceed 100% due to rounding up.

Central Square



ASSET PORTFOLIO PERFORMANCE



Portfolio's Top Ten Tenants

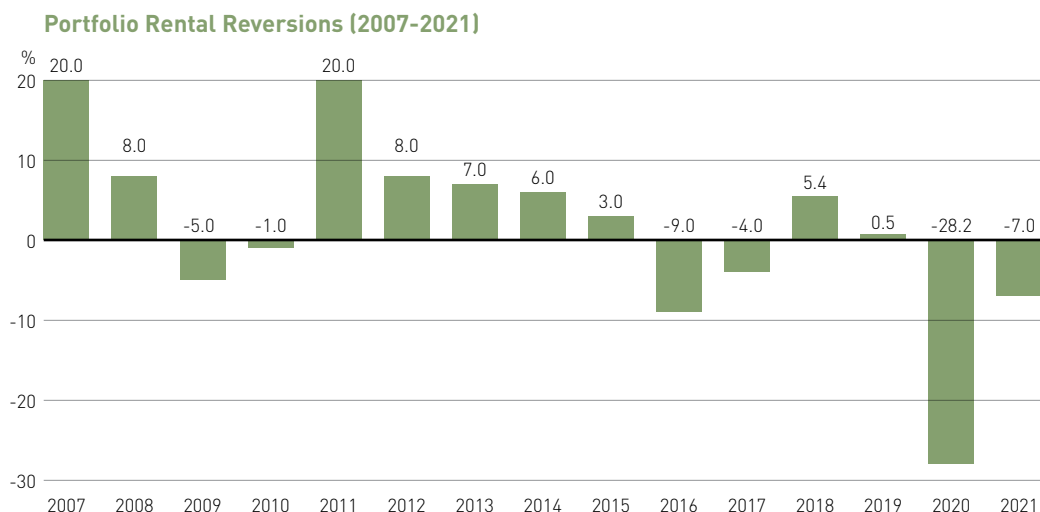
The top ten tenants in the portfolio contributed approximately 37.7% of total monthly rental income, providing a diversified revenue base. Aside from the top tenant, Parkson, which contributed approximately 11.7% of monthly rental income, no other tenant contributed more than 10%.

Tenant	Trade Sector	NLA (Sq Ft)	% of total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	252,515	12.4%	11.7%
The Store	Department Store/Supermarket	273,198	13.4%	8.8%
GSC	Leisure & Entertainment/Sports & Fitness	88,670	4.3%	2.5%
MR. D.I.Y.	Homewares & Furnishing	74,301	3.6%	2.4%
Seleria Food Court	Food & Beverage/Food Court	42,105	2.1%	2.4%
Watson's	Health & Beauty	11,965	0.6%	2.3%
Guardian	Health & Beauty	12,164	0.6%	2.1%
Giant Superstore	Department Store/Supermarket	72,140	3.5%	2.0%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	75,928	3.7%	1.8%
KFC	Food & Beverage/Food Court	15,792	0.8%	1.7%
Top 10 Tenants (by monthly rental income)		918,778	45.0%	37.7%
Other Tenants		1,123,120	55.0%	62.3%
Total		2,041,898	100.0%	100.0%

* Based on monthly rental income for December 2021

Portfolio Rental Reversions

For the year ended 31 December 2021, the portfolio recorded 121 new and renewed tenancies, with an overall weighted average negative rental reversion of 7.0% on the back of rental reviews and rebate offers implemented by the REIT to support eligible tenants in the current challenging retail environment.



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	17	168,116	32.1%	(12.6%)
Mahkota Parade	30	136,514	26.2%	(11.2%)
Wetex Parade	24	125,230	71.6%	6.4%
Central Square	12	148,771	47.9%	3.7%
Kulim Central	11	148,644	49.6%	6.2%
Segamat Central	27	74,024	34.9%	(30.1%)
Total/Average	121	801,299	39.2%	(7.0%)

Figures as at 31 December 2021

Kulim Central



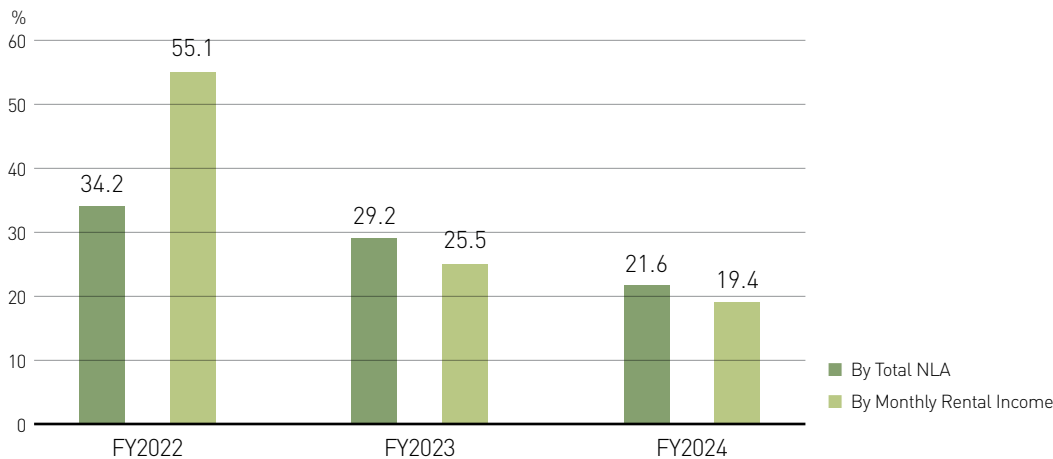
ASSET PORTFOLIO PERFORMANCE

Portfolio Tenancy Expiry Profile

A total of 291 tenancies will expire in 2022 representing approximately 34.2% of NLA and 55.1% of monthly rental income as at 31 December 2021. The management's strategy is to continue tenancy remixing exercises by refreshing the tenant mix as tenant contracts expire. Key tenancies are secured with options to renew and are usually confirmed six months prior to their expiry.

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2022	291	698,353	34.2%	55.1%
FY 2023	50	596,002	29.2%	25.5%
FY 2024	43	440,421	21.6%	19.4%

* Based on monthly rental income for December 2021

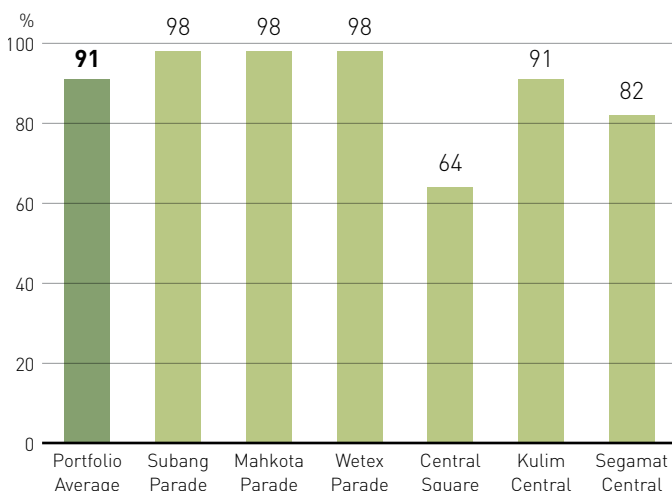


Portfolio Tenancy Provisions

As at 31 December 2021, turnover rent provisions were present in 91% of tenancy contracts within the portfolio. Step-up rent provisions were present in 20% of tenancy contracts within the portfolio. A turnover rent provision allows for rent calculated as a proportion of monthly or yearly turnover of the tenant's business. Turnover rent is paid to the REIT if it exceeds the base rent specified in tenancy agreements on a monthly or yearly basis. A step-up rent provision stipulates pre-determined increases in rent at defined intervals during a tenancy agreement.

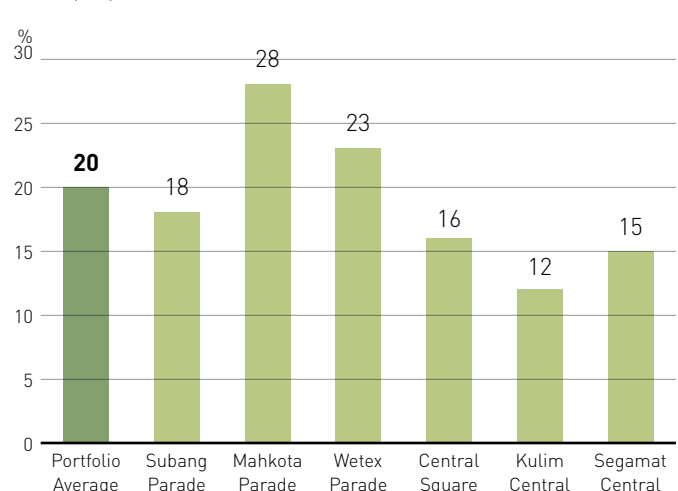
Hektar REIT Tenancy Provisions

Turnover Rent



Hektar REIT Tenancy Provisions

Step-up Rent



**SUBANG
PARADE**
It's Our Place!



**MAHKOTA
PARADE**
It's Our Place!



 **WETEX[®]
PARADE**
It's Our Place!


**CLASSIC[™]
HOTEL
— MUAR —**



 **CENTRAL[®]
SQUARE**
It's Our Place!





ASSET PORTFOLIO PERFORMANCE

Subang Parade was the first 'regional' shopping centre in Selangor when it opened in 1988 and was once known as the "longest shopping centre in southeast Asia". Subang Parade's positioning strategy is currently neighbourhood-focused with an emphasis on its primary trade area which provides the centre with a 'captive' customer base. The



appeal of the shopping centre lies in its ability to provide value and convenience to its shoppers.

We welcomed the opening of Golden Screen Cinemas (GSC) at Subang Parade in early January 2022 subsequent to GSC's successful acquisition of the MBO outlet in Subang Parade in 2021.

Meanwhile, 2021 also saw the entry of new retailers such as Eco Shop, Marina Nail Spa and Original Classic, in line with the tenancy rejuvenation plans for Subang Parade which would refresh its offerings of daily shopping, services, entertainment and F&B.

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	523,487 sq ft
Car Park	1,288 bays
Acquisition Price	RM280.0 million
Valuation	RM423.0 million
Tenants*	89
Key Tenants	Parkson, GSC, Best Denki, Celebrity Fitness, Village Grocer
Occupancy	82.5%
Visitor Traffic	4.0 million per annum
Year Opened	1988
Year Acquired	2006
Year Refurbished	2006-2007 / 2019-2020

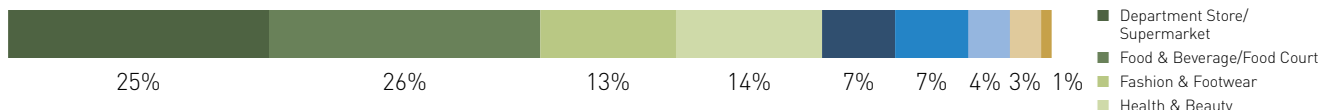
Data as of 31 December 2021

* Only NLA Lots

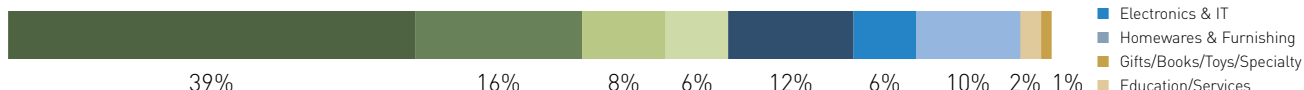


Subang Parade's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

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	26.9%	22.0%
GSC	Leisure & Entertainment/Sports & Fitness	30,258	5.8%	4.0%
Best Denki	Electronics & IT	20,930	4.0%	3.6%
Celebrity Fitness	Leisure & Entertainment/Sports & Fitness	21,646	4.1%	3.1%
Village Grocer	Department Store/Supermarket	26,375	5.0%	3.0%
Nando's Chickenland	Food & Beverage/Food Court	2,610	0.5%	2.2%
Caring Pharmacy	Health & Beauty	2,679	0.5%	2.0%
Yamaha Music School & Showroom	Education/Service	5,733	1.1%	2.0%
Uncle Lim's Café	Food & Beverage/Food Court	2,500	0.5%	1.9%
Optical 88	Fashion & Footwear	1,365	0.3%	1.9%
Top 10 Tenants (by monthly rental income)		254,716	48.7%	45.7%
Other Tenants		268,771	51.3%	54.3%
Total		523,487	100.0%	100.0%

* Based on monthly rental income for December 2021. Note: changes in NLA due to reconfiguration.



Marina Nail Spa, Original Classic and Eco Shop at Subang Parade.

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*
2022	75	170,824	32.6%	60.5%
2023	9	74,139	14.2%	10.7%
2024	5	186,954	35.7%	28.8%

* Based on monthly rental income for December 2021.

ASSET PORTFOLIO PERFORMANCE



Mahkota Parade was the first 'regional' shopping centre located in the heart of historic Melaka. It is positioned as the premier shopping centre in Melaka with the established Parkson Department Store as its anchor. The centre also serves as the main destination for major community events, tourist events, and exhibitions.

In 2021, occupancy dropped to 87.1%. However, despite the market uncertainties, the Management continued to enhance the tenancy mix of the mall with the introduction of new tenants such as Skechers, L'lo L'lo and Gatti Sports.

Mahkota Parade remains as the main shopping destination in Melaka with 2.8 million visits in 2021.

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	521,142 sq ft
Car Park	1,079 bays
Acquisition Price	RM232.0 million
Valuation	RM323.5 million
Tenants*	90
Key Tenants	Parkson, Seleria Food Court, KFC, Ampang Superbowl, MM Cineplexes
Occupancy	87.1%
Visitor Traffic	2.8 million per annum
Year Opened	1994
Year Acquired	2006
Year Refurbished	2010

Data as of 31 December 2021

* Only NLA Lots

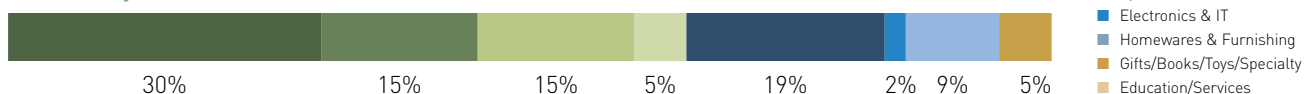


Mahkota Parade's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	111,895	21.5%	16.3%
Seleria Food Court	Food & Beverage/Food Court	31,623	6.1%	4.7%
Ampang Superbowl	Leisure & Entertainment/Sports & Fitness	36,717	7.0%	3.0%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	43,496	8.3%	2.9%
KFC	Food & Beverage/Food Court	5,403	1.0%	2.9%
Guardian	Health & Beauty	3,800	0.7%	2.4%
Family Store	Department Store/Supermarket	25,758	4.9%	2.4%
Kaison	Homewares & Furnishing	9,655	1.9%	2.2%
MR. D.I.Y.	Homewares & Furnishing	16,690	3.2%	2.1%
Gatti	Fashion & Footwear	9,192	1.8%	2.1%
Top 10 Tenants (by monthly rental income)		294,229	56.4%	41.0%
Other Tenants		226,913	43.6%	59.0%
Total		521,142	100.0%	100.0%

* Based on monthly rental income for December 2021. Note: changes in NLA due to reconfiguration.



Skechers, Llaollao and Gatti at Mahkota Parade.



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*
2022	69	235,396	45.2%	59.2%
2023	12	183,673	35.2%	30.5%
2024	9	35,084	6.7%	10.3%

* Based on monthly rental income for December 2021.

ASSET PORTFOLIO PERFORMANCE



Wetex Parade and Classic Hotel is an integrated retail and hotel development located within the commercial heart of Muar, Johor. Opened in 1996, Wetex Parade remains as the only department store anchored shopping centre in town and serves as the premier retail destination for the royal town. Wetex Parade and Classic Hotel was Hektar REIT's maiden acquisition in 2008 since its listing on the Main Market of Bursa Malaysia.

Overall, despite the challenging operating environment, Wetex Parade ended the year 2021 with its occupancy at close to 90%, while tenancy reversion remained positive at 6%. The mall also saw the entry of EEK Mart, Carlo Rino, Original Classic and Boost Juice in 2021. Visitor traffic was about 1.9 million.

Classic Hotel, the largest hotel in Muar and with the largest ballroom facilities recorded occupancy of 23% in 2021 with an average room rate of RM131.

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	175,014 sq ft
Classic Hotel GFA	125,931 sq ft
Car Park	177 bays
Acquisition Price	RM117.5 million
Valuation	RM142.0 million
Tenants*	60
Key Tenants	The Store, Watson's, Guardian, McDonald's, MR. D.I.Y.
Occupancy	89.9%
Visitor Traffic	1.9 million per annum
Year Opened	1996
Year Acquired	2008
Year Refurbished	2010 (Mall) 2018 (Hotel)

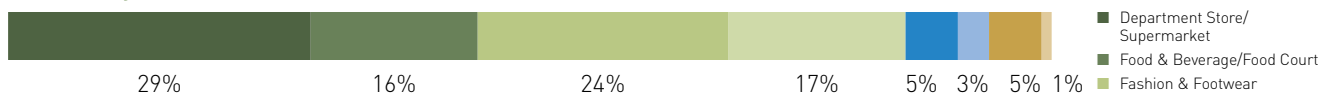
Data as of 31 December 2021

* Only NLA Lots

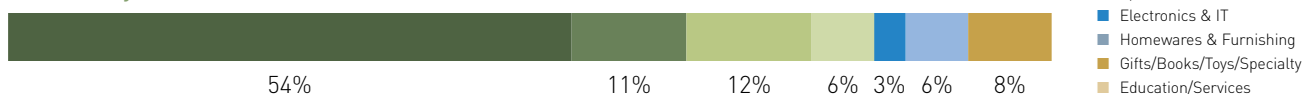


Wetex Parade's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

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	48.8%	28.7%
Watson's	Health & Beauty	2,824	1.6%	7.0%
Guardian	Health & Beauty	2,949	1.7%	3.0%
McDonald's	Food & Beverage/Food Court	2,489	1.4%	2.9%
MR. D.I.Y.	Homewares and Furnishing	9,577	5.5%	2.8%
Popular Bookstore	Gifts/Books/Toys/Specialty	7,190	4.1%	2.4%
Baker House Confectionery	Food & Beverage/Food Court	990	0.6%	2.4%
Tanjongmas Bookcentre	Gifts/Books/Toys/Specialty	4,037	2.3%	2.3%
Pao Sing	Fashion & Footwear	1,023	0.6%	2.0%
Little Muar	Food & Beverage/Food Court	2,750	1.6%	2.0%
Top 10 Tenants (by monthly rental income)		119,242	68.1%	55.5%
Other Tenants		55,772	31.9%	44.5%
Total		175,014	100.0%	100.0%

* Based on monthly rental income for December 2021.



Boost Juice, Original Classic and Carlo Rino at Wetex Parade.

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*
2021	32	31,628	18.1%	39.4%
2022	15	103,664	59.2%	43.2%
2023	13	22,043	12.6%	17.3%

* Based on monthly rental income for December 2021.

ASSET PORTFOLIO PERFORMANCE



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 town. Strategically situated in the commercial centre and being the leading mall in town, Central Square was acquired by Hektar REIT in 2012.

Management remains focused on improving the tenant mix and positioning of Central Square, which saw the entry of Original Classic and 7-Eleven while recording positive rental reversions of 3.7%.

We also welcomed the opening of GSC at Central Square in January 2022 after GSC's successful acquisition of the MBO Cinema outlet in Central Square in 2021. Occupancy rate for 2021 was marginally lower at 85.9%.

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	310,564 sq ft
Car Park	478 bays
Acquisition Price	RM83.0 million
Valuation	RM90.0 million
Tenants*	45
Key Tenants	The Store, GSC, CS One Station Mobile, KFC, MR. D.I.Y.
Occupancy	85.9%
Visitor Traffic	1.9 million per annum
Year Opened	1997
Year Acquired	2012
Year Refurbished	2015

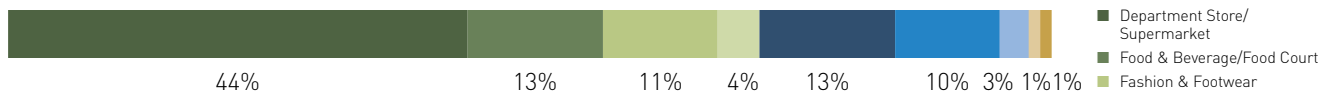
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* Only NLA Lots

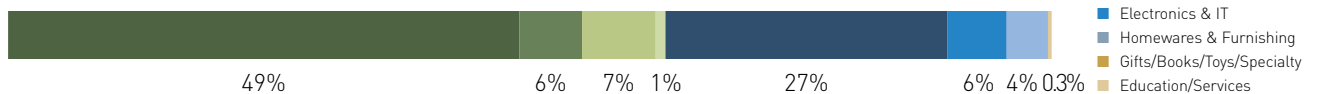


Central Square's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

Central Square's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	130,000	41.9%	44.3%
GSC	Leisure & Entertainment/Sports & Fitness	34,412	11.1%	7.4%
CS One Station Mobile	Electronics & IT	13,229	4.3%	5.0%
KFC	Food & Beverage/Food Court	3,619	1.2%	4.8%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.9%	3.2%
Guardian	Health & Beauty	1,443	0.5%	2.8%
Seleria Food Court	Food & Beverage/Food Court	6,084	2.0%	2.3%
Wow Wonderland Box	Leisure & Entertainment/Sports & Fitness	5,600	1.8%	2.1%
Poly Shoe	Fashion & Footwear	1,521	0.5%	2.1%
Butik Tiesto	Fashion & Footwear	1,339	0.4%	1.6%
Top 10 Tenants (by monthly rental income)		209,215	67.6%	75.6%
Other Tenants		101,349	32.4%	24.4%
Total		310,564	100.0%	100.0%

* Based on monthly rental income for December 2021.



Al-Ikhsan Sports Warehouse, 7-Eleven and Premium Store at Central Square.

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*
2022	35	88,710	28.6%	35.7%
2023	5	131,915	42.5%	47.6%
2024	5	46,271	14.9%	16.8%

* Based on monthly rental income for December 2021.

ASSET PORTFOLIO PERFORMANCE



Kulim Central is the only shopping centre in Kulim, Kedah and it was acquired by Hektar REIT in 2012.

The mall formerly known as Landmark Central was rebranded in 2017, and is now known as Kulim Central following the completion of the refurbishment and AEI exercise. The positive payoff from the asset enhancement initiative continues till today with new brands such as sports and lifestyle retailer Original Classic and international premium coffee specialist retailer, The Coffee Bean & Tea Leaf as well as Mi Store making their entries into Kulim Central in 2021, thereby enhancing the vibrancy of the tenancy mix in the mall.

Occupancy remained steady at 94% in 2021. One of our anchor tenants, Giant Superstore, which was relaunched in 2019, has also renewed its tenancy agreement for the next 3 years.

Location	No. 1 Jalan KLC Satu (1) 09000 Kulim, Kedah
Title	Freehold
Primary Trade Area	287,694 within 20-mins drive time
Gross Floor Area	513,333 sq ft
Net Lettable Area	299,781 sq ft
Car Park	519 bays
Acquisition Price	RM98.0 million
Valuation	RM129.0 million
Tenants*	67
Key Tenants	Giant Superstore, The Store, Seleria Food Court, GSC, Ole Ole Super Bowl
Occupancy	94.0%
Visitor Traffic	1.9 million per annum
Year Opened	2009
Year Acquired	2012
Year Refurbished	2017

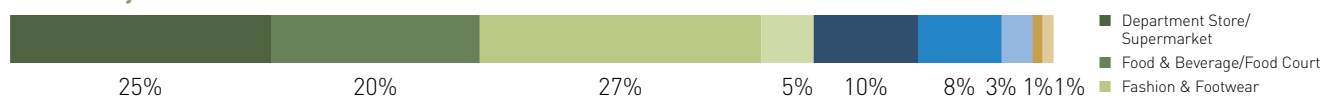
Data as of 31 December 2021

* Only NLA Lots

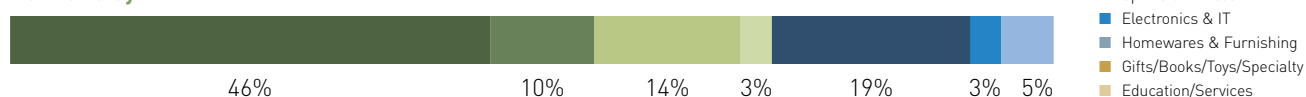


Kulim Central's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

Kulim Central's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Giant Superstore	Department Store/Supermarket	72,140	24.1%	15.2%
The Store	Department Store/Supermarket	57,785	19.3%	9.6%
Seleria Food Court	Food & Beverage/Food Court	4,398	1.5%	5.6%
GSC	Leisure & Entertainment/Sports & Fitness	24,000	8.0%	4.9%
Ole Ole Super Bowl	Leisure & Entertainment/Sports & Fitness	23,670	7.9%	3.0%
MR. D.I.Y.	Homewares & Furnishing	11,711	3.9%	2.7%
Watson's	Health & Beauty	2,238	0.7%	2.6%
Hasani Bookstore	Gifts/Books/Toys/Specialty	5,228	1.7%	2.4%
Hanzo	Fashion & Footwear	5,755	1.9%	2.2%
Pizza Hut	Food & Beverage/Food Court	3,530	1.2%	2.2%
Top 10 Tenants (by monthly rental income)		210,455	70.2%	50.4%
Other Tenants		89,326	29.8%	49.6%
Total		299,781	100.0%	100.0%

* Based on monthly rental income for December 2021.



The Coffee Bean & Tea Leaf, Mi Store and DIY Accessories at Kulim Central.

Kulim 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*
2022	54	111,977	37.4%	59.8%
2023	5	63,796	21.3%	13.7%
2024	8	106,077	35.4%	26.5%

* Based on monthly rental income for December 2021.

ASSET PORTFOLIO PERFORMANCE



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

Following the acquisition of the mall by Hektar REIT, the mall was rebranded from "1Segamat" to Segamat Central, as it is known today. Management remains focused on an "occupancy first" strategy by executing rental revision strategy to retain existing tenants as well as attract specialty anchors and more F&B retailers to the mall.

We welcomed the opening of Original Classic and the authorised Apple reseller, Switch in 2021, offering shoppers with a new shopping experience and access to the much acclaimed Apple products. We also recently introduced an exciting new grocer, KS Mart Signature and a new F&B tenant, Siam Restaurant in January 2022. Due to the tough retail environment, occupancy has dropped to 67.3% in 2021.

Location	Jalan Kolam Air, Kampung Gubah 85000 Segamat, Johor
Title	Leasehold (until 2116)
Primary Trade Area	190,000 within 20-mins drive time
Gross Floor Area	486,789 sq ft
Net Lettable Area	211,910 sq ft
Car Park	389 bays
Acquisition Price	RM104.0 million
Valuation	RM57.0 million
Tenants*	33
Key Tenants	MM Cineplexes, MR. D.I.Y., Guardian, Aeon Wellness, Sportsz / HT Jeans
Occupancy	67.3%
Visitor Traffic	0.7 million per annum
Year Opened	2011
Year Acquired	2017
Year Refurbished	In Planning

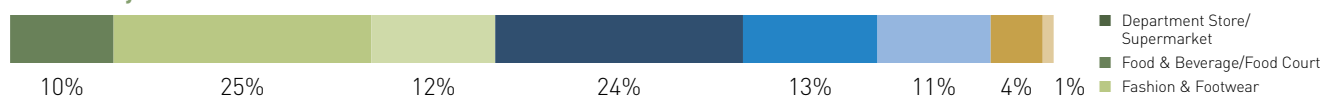
Data as of 31 December 2021

* Only NLA Lots



Segamat Central's Tenancy Mix

Portfolio by Rental Income



Portfolio by NLA



* Based on monthly rental income for December 2021. Numbers may exceed 100% due to rounding up.

Segamat Central's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	32,432	15.3%	23.5%
MR. D.I.Y.	Homewares & Furnishing	13,896	6.6%	11.2%
Guardian	Health & Beauty	1,615	0.8%	5.4%
Aeon Wellness	Health & Beauty	1,551	0.7%	5.2%
Sportsz / HT Jeans	Fashion & Footwear	4,898	2.3%	4.9%
XES Premium	Fashion & Footwear	1,991	0.9%	4.7%
Switch	Electronics & IT	1,184	0.6%	4.5%
AD Jeans	Fashion & Footwear	3,218	1.5%	3.8%
KFC	Food & Beverage / Food Court	3,240	1.5%	3.8%
BS Gold & Jewellery	Fashion & Footwear	904	0.4%	3.3%
Top 10 Tenants (by monthly rental income)		64,929	30.6%	70.3%
Other Tenants		146,981	69.4%	29.7%
Total		211,910	100.0%	100.0%

* Based on monthly rental income for December 2021.



Switch and Original Classic at Segamat Central.



Segamat 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*
2022	26	59,818	28.2%	60.0%
2023	4	38,815	18.3%	33.2%
2024	3	43,992	20.8%	6.8%

* Based on monthly rental income for December 2021.

HEKTAR RETAILER TESTIMONIALS

“Our relationship with Subang Parade dates back to the 80’s when we became the first anchor tenant to open a department store in the then iconic Subang Parade Shopping Centre in 1988. It has since withstood the test of time and Subang Parade today is still very much the preferred shopping destination for its loyal customers and surrounding residents. We have had a long and cordial tenant-landlord partnership with the Hektar Group. Our partnership continues to the south in the 90’s when we open our very first store in Mahkota Parade in 1994. This year marks 33 years of Parkson’s positive development and growth, and we look forward to many more beneficial years ahead with Hektar.”

B.E. Law

*Chief Operating Officer
Parkson Corporation Sdn Bhd*



“Hektar REIT has been one of MR.D.I.Y.’s key business partners for the past 7 years, ever since our first store with them opened its doors at Mahkota Parade in 2014. Today, we operate six stores in Hektar REIT’s malls throughout West Malaysia. As a tenant, we have certainly benefited from Hektar REIT’s efficient tenant support and innovative marketing initiatives and delighted with this dynamic partnership. Overall, we look forward to forging stronger ties with Hektar REIT in the years to come.”

Andy Chin

*Vice President of Marketing
MR. D.I.Y. Group (M) Berhad*

“It has been a pleasure working with the professional and experienced Hektar Team. We are proud that Watsons is currently in all of the well-established property portfolios of Hektar REIT. Despite the weakened economy, Hektar REIT is still taking proactive actions to enhance their portfolios by refurbishing the malls and attracting or retaining quality tenants. We look forward to continuing our good business relationship with Hektar.”

K. Kim

*Property & Business Development Director
WATSON’S Personal Care Stores Sdn Bhd*



Sustainability Statement

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SUSTAINABILITY STATEMENT



About this Report

Hektar REIT is committed to strengthening its relationships with the investment community. Complete and transparent reporting of sustainability and Environmental, Social and Governance (ESG) objectives highlights how the REIT differentiates itself to create long-term value for its business and unitholders. We are developing a roadmap for enhanced stakeholder engagement and communication in a post-pandemic world to accommodate changing investor profiles and needs.

This Sustainability Statement is a testament to our commitment to demonstrating a high standard of ESG consciousness and best-in-class practices. We will continue to reinforce our commitment through ongoing reviews, transparency and performance.

Reporting Period	1 January to 31 December 2021
Reporting Cycle	Annually
Reporting Scope and Boundary	<p>Unless otherwise stated, this Sustainability Statement includes the sustainability performance of all Hektar REIT's properties, which include:</p> <ul style="list-style-type: none"> ■ Subang Parade in Subang Jaya, Selangor; ■ Mahkota Parade in Melaka; ■ Wetex Parade in Muar, Johor; ■ Classic Hotel in Muar, Johor; ■ Central Square in Sungai Petani, Kedah; ■ Kulim Central in Kulim, Kedah; and ■ Segamat Central in Segamat, Johor. <p>Any references to "we" and "our" refer to Hektar REIT as a whole unless otherwise indicated in the text.</p>
Reporting Principles and Guidelines	<p>Principle Guideline: Global Reporting Initiative (GRI) Standards: Core Option</p> <p>Additional Guidelines:</p> <ul style="list-style-type: none"> ■ Bursa Malaysia's Sustainability Reporting Guide ■ FTSE4Good Bursa Malaysia ESG Index ■ United Nations Sustainable Development Goals (UNSDGs) ■ International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility
Reporting Approach	<p>This Sustainability Statement summarises the sustainability performance of Hektar REIT's strategic businesses. The GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness have been applied in defining the statement content.</p> <p>This Sustainability Statement focuses on the key ESG issues material to Hektar REIT based on their potential to affect the business and operational impact.</p>
Reliability of Information Disclosed	The accuracy of the Sustainability Statement's content has been reviewed by the Sustainability Committee and approved by the Board.
Feedback	<p>As Hektar REIT progresses on its sustainability journey, we welcome stakeholder support and any feedback for improvement. Queries and comments can be directed to:</p> <p>The Sustainability Department Hektar Asset Management Sdn. Bhd. ("HAMSB") D1-U3-10, Solaris Dutamas No 1, Jalan Dutamas 1, Sri Hartamas 50480 Kuala Lumpur Tel: +6 03 6205 5570 Fax: +6 03 6205 5571</p>

A Statement From Our Board

2021 was a year of challenges, turbulence and recovery. Like many organisations, we experienced unprecedented economic volatility and disruption in our day-to-day functions due to COVID-19. The pandemic has shown that widespread and significant interruptions are entirely possible, as unfortunate as they may be. Solidifying our platform to create value and deliver sustainable, stable income for our unitholders is vital for our post-COVID-19 recovery.

Sustainability remained a key priority throughout 2021 as we emerged from the crisis. We refined our material issues, strengthened our commitment to business excellence and managed our stakeholders' most material environmental, social and governance (ESG) aspects. We also aligned our material factors with the corresponding United Nations Sustainable Development Goals to maximise our impact.

SUSTAINABLE DEVELOPMENT GOALS

Social issues came to the fore in particular during the year. We took extra care to ensure the health, safety and well-being of employees, shoppers, guests, visitors and local communities. Despite being socially disconnected, we fostered interaction amongst employees and safeguarded their well-being with regular online catch-ups.

Management carried out continuous communication and engagement with tenants in ensuring regulatory compliance amidst the pandemic. We also provided rental assistance to eligible tenants to support them in challenging market conditions and our engagement platforms proved effective in providing continued support to tenants.

Last year was particularly challenging for vulnerable and disadvantaged members of society. We serve these communities in meaningful and enriching ways each year. In 2021, our community investment contributions focused on alleviating the socioeconomic challenges facing our tenants and the local community in light of the pandemic and various Movement Control Orders.

Despite the pandemic, reducing the environmental footprint of our assets and operations remained a priority. We continued to implement Environmental Management Programmes, such as the Building Management System, at several of our assets. Other meaningful initiatives introduced throughout our asset management and property operations included identifying environmental risks and integrating them into the Enterprise Risk Management framework.

As we reflect on 2021, we would like to take this opportunity to thank all stakeholders for withstanding the headwinds and overcoming the year's challenges. Moving forward, we will continue to establish measurable targets, improve and formalise our ESG priorities and include them in our decision-making process. Increasingly, tenant-customers, employees, investors and other stakeholders demand more substantial ESG commitments. We will continue to improve our ESG credentials, not just because regulations are becoming more focused on these matters, but also because it makes good business sense and – most importantly – because it is the right thing to do.



SUSTAINABILITY STATEMENT

Our Approach to Sustainability

Hektar REIT recognises that resilient, ethical and socially-responsible business practices underpin its prosperity and success. Putting market-leading ESG practices at the core of its long-term business allows Hektar REIT to continue to fulfil its core purpose of creating the places people love. Hektar REIT's sustainability strategy, management framework and supporting policies directly result from Hektar REIT's values in action.

Sustainability Framework and Governance



Hektar REIT introduced its sustainability framework to align values with enterprise risks and corporate strategy, delivering resilient business development through strong corporate social governance. The framework continues to evolve and respond to emerging ESG legislation and challenges whilst the framework also addresses all material risks and opportunities.

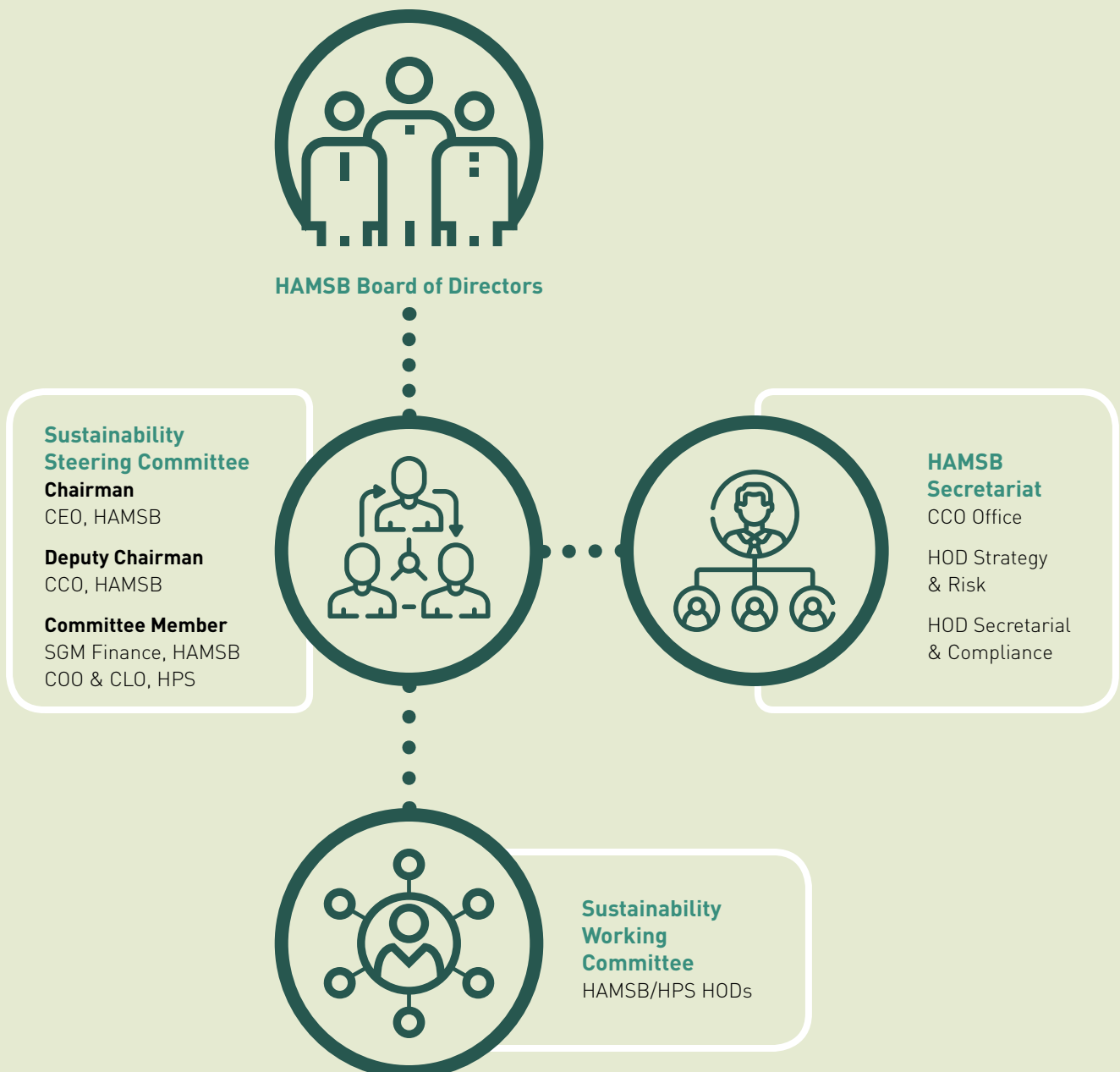
Hektar REIT's sustainability management is under the purview of the Board. The Board provides strategic direction and endorses the material matters relevant to Hektar REIT's business and stakeholders. The Board also provides strategic oversight and reviews Hektar REIT's sustainability performance.

Sustainability Governance

We have established a Sustainability Steering Committee (SSC) to provide greater accountability. The SSC is chaired by the Executive Director and Chief Executive Officer of our asset manager, HAMS B and supported by the Chief Corporate Officer of HAMS B. Other SSC members include the Chief Operating Officer and Chief Leasing Officer of our property manager, Hektar Property Services Sdn Bhd (HPS).

We also formed a Sustainability Working Committee (SWC) comprising dedicated executives and senior managers from departments such as Finance, Human Resources, Maintenance, Marketing, Leasing and Quality.

Together, these committees have been delegated specific responsibilities by the Board to identify, set and deliver the objectives and targets associated with material ESG topics. Evaluating these committees against sustainability KPIs, linked to Hektar REIT's ESG targets, provides additional motivation and commitment. These committees meet quarterly to discuss sustainability matters and update the Board regularly.



SUSTAINABILITY STATEMENT

Stakeholder Engagement

Hektar REIT endeavours to operate its business in a responsive manner that addresses stakeholder concerns. Engagement is key to understanding stakeholders' needs, communicating expectations and addressing their concerns. Regular engagement through various platforms involves stakeholders holistically and builds positive and lasting relationships.

We have identified key stakeholder groups critical to our performance and long-term business strategy. The engagement approach for each key stakeholder group and corresponding actions are summarised in the following table.

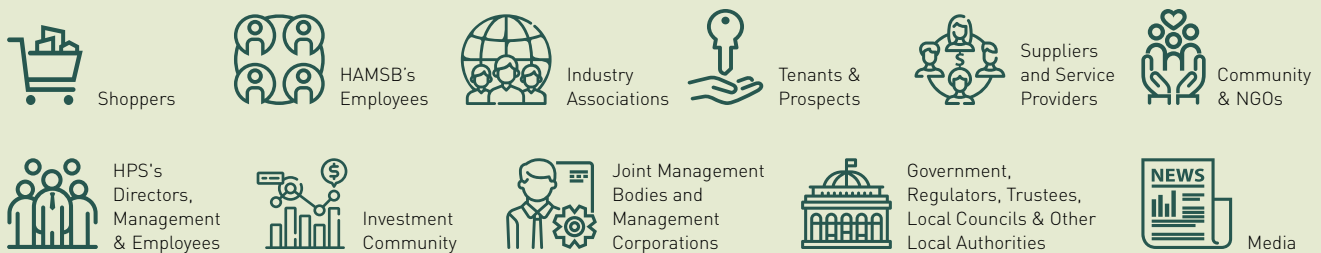
Key Stakeholder Groups	Interests and Areas of Focus	Our Commitment	Key Engagement Mode
Shoppers	<ul style="list-style-type: none"> Quality of service and facilities Safety Accessibility Connectivity Comfortable shopping and stay experience 	To be the neighbourhood and regional shopping centres throughout Malaysia to provide shoppers with conducive retail environments based on international best practices	<ul style="list-style-type: none"> Shoppers' surveys Focus group studies Social media engagement Regular shopper events Feedback forms
Tenants and Prospects	<ul style="list-style-type: none"> Maintaining high shopper traffic Maintenance of assets Improving the sustainability of assets Value for money in terms of rent High occupier satisfaction Safety and well-being Excellent service and property management 	<ul style="list-style-type: none"> Ongoing responsible upkeep of assets Regular communication and engagement Support for key tenants' corporate milestone events Responsiveness to tenants' feedback Competitive rental rates and locations On-site security practices 	<ul style="list-style-type: none"> Joint events Regular tenant feedback meetings Direct meeting and email exchanges Collaboration on marketing and promotional events
Property Manager	<ul style="list-style-type: none"> Key Performance Indicators for property managers and centre management Business and operations performance Business strategy and outlook Sustainability progress 	<ul style="list-style-type: none"> Empowerment and active engagement Competitive remuneration and benefits Job security, stability and pathways for career progression 	<ul style="list-style-type: none"> Regular engagement with Leasing, Projects, Marketing and Quality Departments Emails
Employees	<ul style="list-style-type: none"> Compensation and benefits Career progression and skills upgrading Employee well-being and welfare 	<ul style="list-style-type: none"> Fair and equal employment opportunities Learning, development and career progression Safe and healthy working environment Commitment to diversity and inclusion 	<ul style="list-style-type: none"> Performance appraisals Training programmes Engagement and social activities
Investment Community Including Unitholders, Banks and Investors	<ul style="list-style-type: none"> Stable and growing distributions and net asset value per asset over the long term Long-term, sustainable and recurring distributions Responsible asset and capital management Total investment returns Strategic outlook and growth prospects 	<ul style="list-style-type: none"> Transparent and timely reporting with the issuance of quarterly and annual financial results, with interim updates between the results periods 	<ul style="list-style-type: none"> Quarterly result announcements and analyst briefings Annual reports Annual General Meetings and Extraordinary General Meetings Roadshows, online and offline communications
Industry	<ul style="list-style-type: none"> REIT industry performance, potential and outlook Policies by regulators 	<ul style="list-style-type: none"> Active memberships in industry associations Establish a robust risk management framework 	<ul style="list-style-type: none"> Meetings and dialogue Participation in social events and forums REIT Managers' association meetings
Community	<ul style="list-style-type: none"> Venue sponsors and donations Philanthropic activities Social events 	<ul style="list-style-type: none"> Support in community development and activities Creation of employment opportunities Responsible operations 	<ul style="list-style-type: none"> Charity drives, sponsorships, donations and events Festive celebration and other get-together celebrations Collaborations Community engagement
Joint Management Body and Management Corporation	<ul style="list-style-type: none"> Day-to-day operations on the management and maintenance of common areas and properties within strata buildings 	Fair, transparent and healthy relationships that focus on delivering value to customers	<ul style="list-style-type: none"> JMB and MC periodic meetings (together with property managers) Voting Audited accounts submission

Material Sustainability Matters




























Hektar REIT defines material sustainability matters as areas with significant ESG impact on Hektar REIT and its stakeholders. Hektar REIT conducted a comprehensive stakeholder engagement exercise to gather insight on the relative importance of specific economic, environmental, social and governance issues.

The Methodology

We commissioned an external consultant to conduct a comprehensive study of the most material aspects of our sustainability programme in the last quarter of 2021. An impartial external party was chosen to secure the anonymity of the respondents. We sought feedback from representatives of all major stakeholder groups:



We asked stakeholder representatives to rate the importance they placed on 17 areas of sustainability. We asked respondents to indicate how important each criterion was, from a scale of 'very unimportant' (1) to 'very important' (5). A 5-point Likert Symmetric Scale was chosen so respondents could specify their level of agreement with (3) being neutral.

Sustainability Pillars	Focus Areas	What It Means for Hektar REIT	GRI Topics	Boundaries	Corresponding UNSDGs
Economic	Financial Returns & Stability	Delivering healthy financial returns and growth potential for the benefit of unitholders	<ul style="list-style-type: none"> Economic performance 	Shoppers, Tenants and Prospects, Property Manager, Investment Community, Industry	 
	Regulatory Compliance	Ethical business conduct and complying with all applicable social and environmental regulations including antibribery and corruption	<ul style="list-style-type: none"> Anti-Corruption Anti-competitive behaviour Environmental compliance Socioeconomic compliance 	Tenants and Prospects, Property Manager, Investment Community	
	Sustainable Supply Chain Management	Integrating social and environmental factors into the supply chain	<ul style="list-style-type: none"> Procurement practices Supplier environmental assessment Supplier social assessment 	Tenants and Prospects	  
	Industrial Advancement & Nation Building	Advancing the real estate industry and contributing to economic growth through Hektar REIT's operations	<ul style="list-style-type: none"> Indirect economic impacts 	Property Manager, Investment Community, Industry	     
Environment	Energy & Climate Change	Managing energy and greenhouse gases effectively to reduce them whenever possible	<ul style="list-style-type: none"> Energy Emissions 	Tenants and Prospects, Property Manager, Joint Management Body and Management Corporation	      
	Waste	Minimising all types of waste and recycling whenever possible	<ul style="list-style-type: none"> Waste 	Shoppers, Tenants and Prospects, Property Manager, Joint Management Body and Management Corporation	     
	Water	Using water efficiently	<ul style="list-style-type: none"> Water and effluents 	Shoppers, Tenants and Prospects, Property Manager, Joint Management Body and Management Corporation	 

SUSTAINABILITY STATEMENT

Sustainability Pillars	Focus Areas	What It Means for Hektar REIT	GRI Topics	Boundaries	Corresponding UNSDGs
Social	Diversity, Equal Opportunity and Non-Discrimination	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace	<ul style="list-style-type: none"> Diversity and equal opportunity Non-discrimination 	Employees	
	Community Engagement and Contributions	Having a positive influence on local communities through charitable contributions and Corporate Social Responsibility initiatives while maintaining active engagements with them	<ul style="list-style-type: none"> Local communities 	Tenants and Prospects, Property Manager, Joint Management Body and Management Corporation	
	Human Rights	Protecting all aspects of human rights including protecting staff welfare and ensuring no child or forced labour	<ul style="list-style-type: none"> Human rights assessment Rights of indigenous peoples Security practices Child labour Forced labour 	Employees, Joint Management Body and Management Corporation	
	Training and Development	Providing training and education to employees to expand their knowledge base for career development	<ul style="list-style-type: none"> Employment Training and education 	Employees	
	Occupational Health and Safety	Keeping all workers safe and free from injury and both noncommunicable and infectious diseases	<ul style="list-style-type: none"> Occupational Health and Safety 	Property Manager, Employees, Joint Management Body and Management Corporation	
	Public Safety and Security	Enhancing security measures and monitoring infrastructure	<ul style="list-style-type: none"> Customer Health and Safety 	Shoppers, Tenants and Prospects, Property Manager, Community, Joint Management Body and Management Corporation	
	Tenants' Satisfaction	Ensuring high levels of tenants' satisfaction	<ul style="list-style-type: none"> Non-GRI topic 	Tenants and Prospects	
	Customers' Satisfaction	Ensuring high levels of shoppers' satisfaction	<ul style="list-style-type: none"> Non-GRI topic 	Shoppers	
	Customer Privacy and Cybersecurity	Protecting customers' and tenants' privacy through safe data management	<ul style="list-style-type: none"> Customer privacy 	Shoppers	
Responsible Operations	Being a responsible and considerate asset owner and manager by offering facilities such as disabled access, mothers' rooms and shuttle transportation services	<ul style="list-style-type: none"> Non-GRI topic 	Shoppers, Tenants and Prospects, Property Manager, Investment Community, Community, Industry, Joint Management Body and Management Corporation		

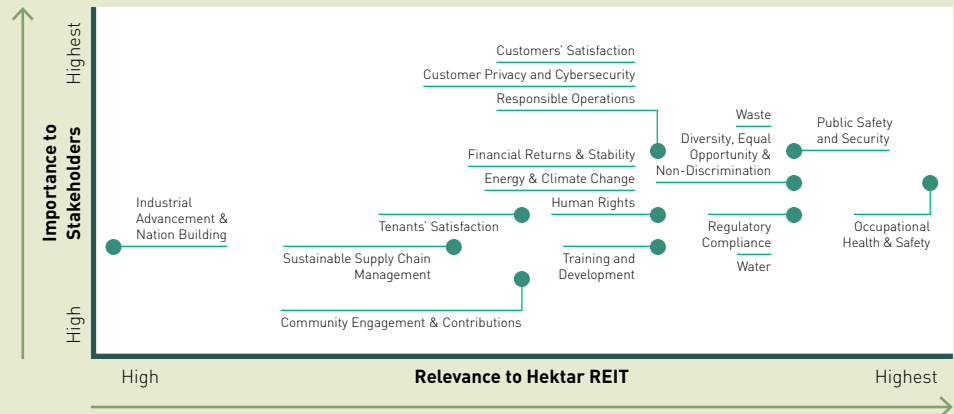
We discovered a natural skew in the results, with each stakeholder group not represented equally. We received the most responses from our shoppers and employees with fewer received from 'government, regulators, trustees, local councils & other local authorities', 'tenants & prospects' and 'community & NGOs'.

We calculated an average score for all areas within each stakeholder group to rectify the sample imbalance before obtaining an average rating from all 11 stakeholder groups.

We also asked members of our Board of Directors to complete the survey. Their views represented Hektar REIT.

The Results

We considered all scores of 3 as medium importance. Stakeholder scores ranged from 4.24 to 4.61; Hektar REIT's was between 3.80 and 5.0. All issues are important to some degree. We adopted a scale from high to highest as even the lowest scores fell into the important category. The materiality assessment results are presented in the following materiality matrix.



Economic

A REIT's success depends on how well it executes its business model. The REITs' portfolios and tenant profiles are key drivers that affect revenue, covering the location, target segment and the quality of the property supply pipeline vis-à-vis the market requirements. The REIT conducts comprehensive market research as part of the due-diligence for the acquisition of properties. These studies consider the availability of public transportation.

Positioning Strategy

Our neighbourhood-focused Malls and Hotel Positioning Strategy prioritises the primary trade area, which provides the centre with a 'captive' customer base. The appeal of our shopping centres is largely down to the level of value and convenience they provide to shoppers.

Investment Management – Quality Assets and Services

Hektar REIT monitors annual tenant occupancy and retention rates. The gathered data is benchmarked against industry peers to identify possible areas of improvement. In 2021, we recorded a portfolio occupancy rate of 84.9%.

Hektar REIT commits to quality assets and services to maximise and deliver long-term economic value to tenants and customers. We seek to improve our properties through proactive asset management and asset enhancement initiatives (AEIs). Our strategy is driven through three strategic objectives.

Regular AEIs complement ongoing maintenance in improving the overall quality of assets and include:

- Refurbishing the Air Conditioning and Mechanical Ventilation System (ACMV) systems
- Implementing other energy efficiency initiatives
- Enhancing existing Net Lettable Areas (NLA)
- Improving external infrastructure such as ingress and egress roads
- Enhancing other physical attributes of the buildings such as roof and facades as well as refurbishment of toilets and other public facilities.

Ethical Business Conduct

We maintain a zero-tolerance policy against all forms of corruption, including fraud and money laundering. All forms of bribery, such as monetary bribery and bribery by or of a public official, are strictly prohibited.

The Board of Directors oversees compliance of the above unethical practices by ensuring anti-corruption and anti-bribery policies are established. All employees are responsible for preventing and reporting instances of corruption, bribery and other suspicious activity, or wrongdoing that may lead to bribery, through our whistleblowing channels.

Integrity is a fundamental business philosophy and deeply rooted in the corporate culture. All board members and employees have:

- Accepted the REIT's integrity and delivery of the anti-corruption policy; and
- Received comprehensive anti-corruption education and training, including matters relating to anti-bribery.

All employees must comply with our Code of Ethics and Conduct. This comprehensive policy communicates our stand on ethical business conduct and includes all elements of corruption and bribery. All HAMSB and HPS directors and employees must familiarise themselves with the Code contents upon commencement of their service or employment. It is also part of the induction programme.

A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance



Three Strategic Objectives

- Active acquisition and development growth
- Achieving organic growth
- Exercising prudent capital management

SUSTAINABILITY STATEMENT

programme. Corruption and bribery risks are important elements of the REIT's risk register. This detailed understanding helps the REIT:

- Design effective mitigation strategies; and
- Strategically deploy resources to combat potential instances of bribery, corruption and fraud, which is particularly important for operations deemed to be of high risk.

Hektar REIT conducts comprehensive corruption risk assessments on intermediaries, including contractors and agents. Our anti-corruption policy is communicated clearly to these intermediaries.

We encourage all key stakeholders such as customers, suppliers, contractors and service providers to refer to this document for guidance on their dealings with the REIT. The Code is also an integral component of the REIT's risk management strategy.

All contractors, subcontractors and third parties are subject to corruption and bribery risk assessments and must declare they are not involved in any misconduct or corrupt, unethical and illegal behaviour. The comprehensive screening of new and existing business partners for corruption and bribery is part of our due diligence in the context of Hektar REIT's compliance requirements.

We hold compliance awareness on anti-corruption and ethics for all employees to reinforce ethical conduct in business dealings. These sessions cover anti-corruption, the Code of Conduct, conflicts of interest, whistleblowing, personal data protection, outsourcing arrangements and other crisis management. MACC also delivered anti-corruption training to employees on Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 relating to Corruption Offences of Commercial Organisations on 29 October 2021.

Whistleblowing

The values of transparency, integrity, impartiality and accountability permeate our business and affairs. Any alleged wrongdoings such as fraud, corruption, financial misappropriation, gross mismanagement and other possible improprieties should be reported in good faith and confidence.

Hektar REIT has developed a comprehensive Whistle-Blowing Policy. Employees and other persons can report any abuse or instances of unethical behaviour, actual or suspected corruption, bribery or fraud occurring within the REIT. The Human Resource Department has disseminated this policy throughout the organisation and briefed employees on its use.

The policy facilitates an open and transparent corporate culture, promoting accountability and allowing us to respond nimbly to changes in the environment. It also encourages and provides employees and other persons with an alternative way of raising concerns outside the normal reporting channels.

Employees wishing to raise a concern may consult their respective heads of department. However, if these concerns

remain unresolved, this policy provides an avenue for the employee to make formal disclosures for escalation through the relevant channels.

Written disclosures, specifying the Designated Recipient, can be made through a Whistleblowing Form and submitted:



- Via email to whistleblowing@hektarreit.com; or
- In hardcopy in a sealed envelope.

Alternatively, the Reporting Person may call 016-9552543 and 016-4085974 and leave a message. These telephone numbers are routed to the Executive Director or Chief Corporate Officer and Chairman of the Audit Committee. Subsequently, the Audit Committee may take corrective action based on the REIT's best interest. Managers are trained to handle reports and instances of bullying or harassment.

The REIT protects the confidentiality and identity of persons making a report in good faith. Information is held in the strictest of confidence by both the REIT and reporting persons to the extent legally permissible and reasonably practicable.

Our Ethical Performance Highlights

Number of staff disciplined or dismissed due to non-compliance with anti-corruption practices	None (0)
Number of corruption, bribery and other cases of unethical conduct reported	None (0)
Cost of fines, penalties or settlements in relation to corruption	RM 0
Total amount of political contributions made during the year	The REIT did not make any contributions to any political parties or for any political reasons during the year (RM0).

Coming Back Stronger

The retail and real estate sectors are among the hardest hit by the COVID-19 pandemic. Shopping malls and commercial centres have been significantly affected by travel bans, movement restrictions and more people working from home.



Impact of COVID-19 on Retail Businesses*

91% reported a decline in sales

55% were forced to downsize their operations

21% closed up to six outlets and branches

* Survey by the Malaysian Retail Chain Association (MRCA) published in July 2021

Keeping tenants and visitors throughout the crisis was key to preserving value and liquidity. We also complied with governmental agency requirements by increasing cleaning measures.

Our asset portfolio as of 31 December 2021 had an occupancy rate of 84.9%, with more than half of the malls having occupancy rates of over 85%.

The REIT sector began recovering as consumer activities increased once movement restrictions were relaxed following the COVID-19 vaccination rollout. Our balanced footfall profile, which is moderately affected by tourism, allows us to capitalise on the recovery in domestic consumption while waiting for Malaysia's borders to open. Our diversified investment portfolio, which includes retail malls and a hotel, is also advantageous.

An encouraging return of footfall within our asset portfolio indicates future sustainable business recovery. Vaccinating retail frontliners under the Retail Industry Vaccination Programme (RIVAC) is critical to the industry's sustainability. RIVAC protects retail staff and public health from daily infections. As of 31 December 2021, 100% of our employees are fully vaccinated, excluding those with health conditions.

Asset managers proactively and tirelessly worked hand-in-hand to establish the rental and marketing assistance programme for affected tenants. The bonds and trusts forged in this tumultuous period allowed us to maintain a strong occupancy rate in our asset portfolio. Our asset portfolio as of 31 December 2021 had an occupancy rate of 84.9%, with more than half of the malls having occupancy rates of over 85%. According to Retail Group Malaysia (RGM), Malaysia's retail industry will continue to record positive growth as the retail and hospitality segments are the prime beneficiaries of this economic recovery. Hektar REIT is in a position of strength to ride on the economic recovery. We will continue to work with our industry peers and organisations, including the Malaysian REIT Managers Association (MRMA), Malaysia Shopping Malls Associations (PPK), Malaysia Retailers Association (MRA), Malaysia Retail Chain Association (MRCA), Bumiputra Retailers Organisation (MRO) and Malaysian Association of Theme Park and Family Attractions (MAFTA).

Sustainability Across the Supply Chain

Our commitment to promoting sustainability extends across our supply chain; we identify and manage risks in our outsourcing and procurement practices. We engage with many active suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions. Local and sustainable sourcing is part of the REIT's ethos, allowing us to contribute to the local economy while minimising the footprint of business operations.

We strive to implement appropriate sustainability measures across the value chain, such as risk management procedures for outsourcing and the procurement of goods and services to support our broader sustainability efforts. Key considerations include reputation, professional expertise, track record, pricing, financial standing and compliance with legal requirements in the supplier selection process. Our Procurement Department obtains a minimum of three quotes whenever applicable and feasible.

The policy for selecting, screening and managing contractors and supply chain partners, including sustainability criteria, is presented in the following diagram.



We will strive to implement policies that facilitate sustainability throughout the supply chain. Key suppliers are encouraged to adopt the best sustainability practices, including implementing energy-efficient features in upcoming asset enhancement initiatives.

Industry Partnerships

Hektar REIT actively contributes to the growth of the real estate industry by participating in several industry associations and supporting employees and individual memberships. Participating regularly in key industry events, the REIT shares insight on the latest industry developments. A non-exhaustive list of memberships and licenses held by the Management of HAMS and HPS is listed below.

List of memberships held by the Group and management team

- Malaysian REIT Managers Association (MRMA)
- Institute of Enterprise Risk Practitioners (IERP)
- Capital Markets Service Representatives' License (CMSRL)
- Institute of Corporate Directors of Malaysia (ICDM)
- Malaysian Institute of Corporate Governance (MICG)
- Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP)
- Institute of Industrial Engineers USA (IIE)
- Institute of Quality Malaysia (IQM)
- Malaysian Hotel Association (MAH)
- Malaysia Shopping Malls Association

SUSTAINABILITY STATEMENT

Environmental

Hektar REIT is committed to minimising the environmental impact of its assets and adopting leading practices in its operations in line with the REIT's strategy. We have introduced various sustainability-related initiatives throughout Hektar REIT's asset management and property operations, including:

- Identifying environmental risks and integrating them into the Enterprise Risk Management framework;
- Enhancing the collection of reliable and accurate performance with robust systems; and
- Adopting meaningful global benchmarks.

These efforts help identify areas for further improvement. Managing the cost and environmental impact efficiently helps provide stable and growing returns for unitholders.

Hektar REIT's sustainability policy reiterates its commitments to a wide range of environmental issues, including pollution prevention, minimising the impact on biodiversity, climate change adaptation, water and waste management, and energy consumption, including increasing renewable energy in the existing energy mix.

Environmental Management Programme

Environmental Management Programmes, such as the Building Management System (BMS), have been introduced at some assets. The MyHijau certified Tracer System Controller acts as the central coordinator for all individual major Air-Conditioning and Mechanical Ventilation (ACMV) equipment.

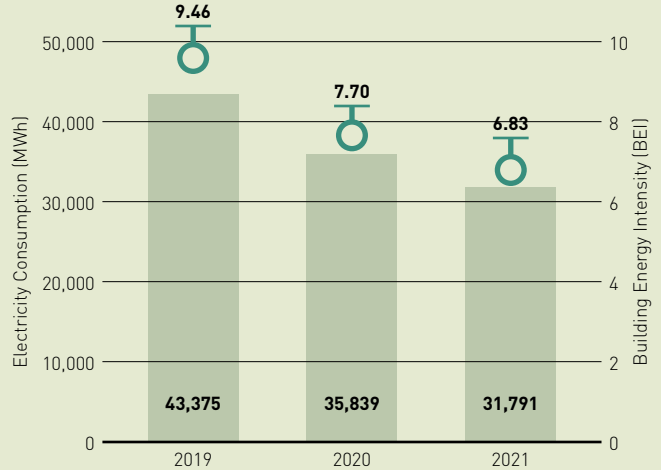
This real-time environmental tracking tool, operating on a web and mobile app interface, allows the close monitoring and tracking of sustainability-related performance. We performed regular inspections and resolved lower-risk issues. We have seen improvements across selected assets with no further major environmental issues detected since adopting this system.

Building certifications reinforce the quality of assets and deliver increased value for unitholders. These building certifications are strongly correlated with positive returns on investment and high tenant satisfaction levels. Hektar REIT plans to achieve green certification for one of its assets by 2025.

Improving Energy Efficiency Across Assets

Hektar REIT strives to use energy in the most efficient, cost-effective and environmentally-responsible manner possible. As a result, the REIT is committed to addressing energy use and improving efficiency. The coverage of energy consumption data reported below covers the entire REIT's asset portfolio (100%).

Indirect Energy Consumption



COVID-19 disrupted the operations of Hektar REIT and its tenant customers. A significant reduction in activities and energy demand resulted from many tenant customers being unable to operate. The respective property managers promptly adjusted settings on heating systems, lifts and lighting based on building occupancy and usage.

A significant decrease in energy consumption was attributed mainly to the closure of some retail outlets during the various phases of movement control orders to combat the COVID-19 pandemic. However, we continuously seek ways to improve energy efficiency, increase renewable energy within the energy mix and increase the coverage of energy consumption reporting.

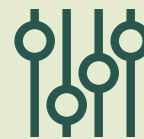
Examples of Existing Energy-Efficient Features and Initiatives Implemented Across the Portfolio



LED lighting



Smart meters at Subang Parade



BMS control at Subang Parade and Central Square



EV Charging Stations at Hektar Malls



Controlling operating times



Regular cleaning, maintenance and upgrading



Installation of soft starters, demand control drives and inverters



Reconfiguration and fine-tuning of ACMV equipment by setpoint



Subscription to Off Peak Tariff Rider (OPTR) Scheme



Staggered phasing out of HCFC refrigerant and changing to ultra low GWP refrigerant



Conversion of Air Handling Units (AHU)

We audited the chiller plants in Subang Parade, Mahkota Parade and Central Square. Immediate remedial works and retrofits optimised the energy efficiency of the chiller plant and other ACMV components based on the findings.

Energy usage and savings are discussed regularly and are on the agenda of management meetings. During these meetings, the management team updates the Sustainability Steering Committee on energy usage and savings trends.

Being recognised by various awards for our energy savings initiatives is a testament to our sustainability commitment. Recent awards include the Annual Global CSR Summit & Award, the National Energy Awards and ASEAN Energy Awards.

Renewable Energy

Solar power is produced by collecting sunlight and converting it into electricity. Renewable energy helps reduce the REIT's electricity consumption and manage our environmental footprint.

We are examining the feasibility of installing solar panels on the rooftops of all our malls. A photovoltaic (PV) system:

- Tracks the performance of the installed solar panels
- Allows real-time key system data to be accessed and analysed
- Measures both the overall consumption of internal power and external energy as power is generated for self-consumption
- Detects minor deviations and resolves them quickly

Green Leases

Green leases are lease contracts with specific clauses that oblige tenants and customers to provide sustainability data such as consumption to the landlord. Currently, we do not have any green leases in place but aim to increase the share of consumption data collected from tenants across our portfolio:

- For more comprehensive reporting; and
- As a basis for joint sustainability initiatives with tenants and customers.

Solar panels, tenant engagement and smart building systems are examples of possible joint sustainability initiatives.

Business Impact of Climate Scenario Analysis Through Active Design

Chiller Plant System

We undertook a major ACMV retrofit and energy efficiency exercise at Subang Parade in 2018. The chiller plant system is fully integrated with a building control and monitoring system (BMS). It also features permanent measuring instrumentation. The chiller operates at 0.591kW/T or less with a minimal deviation of 1.5% to 2% for seasonal weather and building load factors.

Efficiency Comparison Prior and After Retrofit Exercise at Subang Parade

Equipment	Efficiency before retrofit (kW/T)	Efficiency after retrofit (kW/T)
Chillers (covering 90% of building load)	0.95	0.485
Chilled Water Pump	0.24	0.038
Condenser Water Pump		0.038
Cooling Tower		0.03
Air Cooled Packaged Unit (covering 10% of building load)	1.9 (correlated to 0.19 for 10% of building load)	0 Taken offline
Total System Efficiency	1.38	0.591

The newly retrofitted chiller plant system operates autonomously based on a pre-set schedule and configuration, corresponding to real-time feedback from both outdoor and indoor temperature sensors.

A real-time analytics algorithm installed within the controllers ensures the system operates optimally to accommodate the building load requirements and deliver the highest possible efficiency.

A similar retrofit exercise, conducted at Central Square, resulted in an estimated 23.07% in energy savings due to:

- Using certified chillers with new efficient pumps
- Installing cooling towers with variable speed drives and rigorous and detailed setpoints
- Configuring the Building Automated System (BAS)

Air Handling Unit (AHU) and Fan Coil Unit (FCU)

Hektar regularly and diligently services AHUs and FCUs to ensure their performance matches the energy-efficient chiller plant system equipment. The building maintenance team diligently adheres to bi-weekly water cleaning and a quarterly chemical cleaning programme.

Lighting

Our buildings have been retrofitted with energy-efficient fixtures such as LED light fittings and timers to maximise energy savings. Subang Parade was the first to initiate the LED replacement programme in 2017 in line with their total energy-saving initiatives. The programme is currently ongoing and includes all areas, including an underground car park, service tunnel, loading bay, staircase, and indoor and outdoor lighting.

Indoor Air Quality

Hektar REIT monitors the Indoor Air Quality (IAQ) of its buildings to ensure they are within limits set by the Department of Occupational Safety and Health (DOSH). The fresh air exchange rate for Subang Parade is 2.74m³/hour/person. The table below presents the DOSH Industry Code of Practice Indoor Air Quality 2010.

Parameter	Air temperature	Relative humidity	Air movement
Acceptable range	23 – 26°C	40-70%	0.15-0.50 m/s

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Water Management

Water is the most precious resource on planet earth. We have been meticulously finding ways to limit the water consumption of our property portfolio by reducing usage and improving efficiency. This commitment applies to all of our properties. Typically, we source water from municipal water utilities. Any wastewater is also discharged responsibly through municipal water utilities.

Water-Saving Initiatives Across Our Properties



An estimated **24%** total water savings

Installed water-efficient push taps in bathrooms across all properties

Reduced the litres per flush in toilets from fourteen to eight litres

Minimised the flow time of push type taps in all toilets by reducing the open flow from four to two seconds

Our hotel property only provides extra linen upon request; we practise a one-to-one exchange to minimise water waste.

We are committed to exploring the feasibility of installing more water-saving devices and equipment in the future. Our property managers check our water supply systems regularly to prevent water leakage. Recently, we refurbished the Mahkota Parade rooftop water tank for this purpose.

Our short-term agenda involves examining rainwater harvesting and storage systems to reuse stormwater for irrigation and cleaning.

We advocate the responsible use and management of water and improve efficiency across all properties. Working with property managers, we educate tenants and raise awareness of its conservation as they consume most water.

The water consumption intensity of our properties reduced by 6.5% in 2021 compared to the previous year. Primarily, this decrease was attributed to the significant reduction in building usage during the COVID-19 pandemic. We will continue to monitor and review the water performance of our portfolio.

As none of our properties are located in water-stressed sites, this topic is not discussed during engagement with stakeholders.

REIT Water Usage Data*

	Water usage (m ³)	Water use intensity (WUI)
2019	701,190	0.153
2020	556,226	0.120
2021	520,122	0.112

* Covers the entire REIT (100% of operations)

Sustainable Architecture

Cost is always a primary consideration for building planners. Hektar REIT's upfront spending on sustainable strategies delivers significant long-term savings while improving air quality and well-being.

Sustainability architecture consists of design strategies that reduce the negative environmental impact of a built environment. We consider sustainability throughout the design, planning and construction of properties to construct buildings with the lowest environmental impact possible. Continuously redesigned over time, these buildings undergo various enhancement initiatives. Responding to the local climate and site conditions maximises users' comfort, health and resource efficiency.

Key Elements of Passive Design Incorporated in Buildings



All passive design elements work together holistically to achieve comfortable conditions and good indoor air quality.

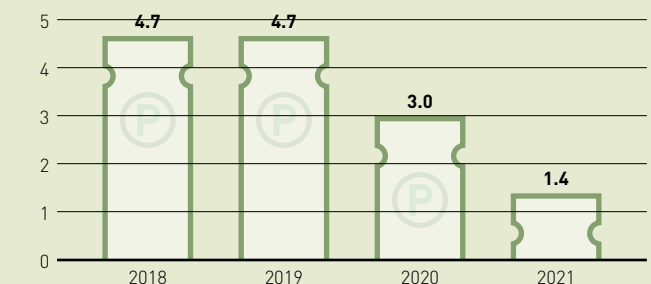
One of our assets, Subang Parade, is a prime example of improvement works and facelifts being carried out steadily since its inception. These improvements consist of structural improvements and interior design works. Our overarching focus on energy efficiency and energy sustainability is one of the boldest among our peers in Malaysia.

Green Procurement

We strive to practise green procurement across all properties as part of Hektar REIT's pollution prevention principles and activities. Environmentally-friendly products and services consider environmental criteria and standards to protect natural resources. All malls are encouraged to use green products in their daily cleaning and maintenance.

Hektar REIT has introduced paperless parking at some malls to reduce paper wastage. The cashless and ticketless parking experience allows visitors to pay their parking fees with Visa PayWave and participating e-wallets such as Touch N' Go. The total paper ticket used/purchased has further declined since enforcing a paperless parking system throughout 2021 in stages across all malls.

Total Paper Ticket Used (million)



Year	2019	2020	2021
Total Paper Ticket Reduction (million)	0.069	1.703	1.562

Waste Management

Improper waste management adversely affects the environment and public health. Hektar REIT aims to manage waste at its properties responsibly.

Tenants, customers, guests, visitors and the general public produce the bulk of waste generated at operational properties. Hektar REIT engages with its stakeholders through various means to reduce and recycle waste. Every Classic Hotel guest is greeted with a welcome note to remind them to be environmentally and socially conscious during their stay.

Encouraging tenants to recycle minimises waste sent to landfills. Recycling bins are available at our properties for shoppers, guests and tenants. Authorised third-party contractors collect and dispose of the waste accordingly. These contractors are engaged several times a week, depending on the volume of waste generated.

Periodically, we run recycling campaigns across our properties to encourage the public to protect the environment. The most recent campaign was the #JomKitaRecycle at Segamat Central.



Textile waste releases methane as it decomposes. This harmful greenhouse gas is a significant contributor to global warming. Dyes and chemicals in fabrics and other

components of clothing and shoes can leach into the soil, rivers, waterways and possibly water destined for personal consumption. Subang Parade partners with Kloth Cares for its fabric recycling movement. We invite shoppers and visitors to recycle unwanted clothes and fabrics by depositing them in the Kloth Bin in the basement carpark. 615 kg of textile waste has been collected to date.



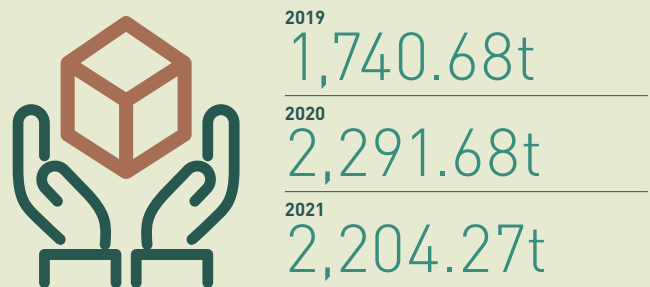
Did You Know?

Subang Parade partners with Kloth Cares for its fabric recycling movement. We invite shoppers and visitors to recycle unwanted clothes and fabrics by depositing them in the Kloth Bin in the basement carpark. 615kg of textile waste has been collected to date.

Significant environmental damage is caused by disposing of old electronics in landfills or improperly treating them. Subang Parade introduced an e-waste recycling programme that offers cash for e-waste. The Mall sends all collected e-waste to licensed recovery factories to minimise the negative effect on the environment. We will continue to encourage and educate our tenants, shoppers, guests and visitors on the importance of disposing of e-waste properly.

The majority of waste generated at our malls and hotel is domestic waste from day-to-day activities. Our solid waste disposed of in the past three years is presented below.

Solid Waste Disposed (tonnes)



Climate Change Management

Hektar REIT is committed to mitigating climate change risks. We recognise the devastating effects and associated short- and long-term business risks that climate change presents. Hektar REIT's strong commitment to addressing this issue includes avoiding the impact of climate change by improving the efficiency of operations. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

Climate-related risk management is integrated into the REIT-wide risk scorecard. It is part of the foundation in formulating our business strategy, deciding on future R&D and investments in technology. Specifically, the REIT's climate risk management process includes mitigation efforts to reduce greenhouse emissions, climate engineering and expanding climate system knowledge.

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Inevitably, climate change affects operating costs (OPEX) and capital expenditure (CAPEX). Efficiency, output and performance of assets and equipment can decrease due to changing climate conditions. Additional CAPEX may be required due to asset damage or decreased asset performance. Further, complying with environmental regulations requires additional CAPEX for upgrading facilities or equipment to cope with increased pollution risks.

We are committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new and green technology in developments and implementing fuel efficiency measures. Specifically, we have adopted a tracking system for emissions, energy use, water use and waste in our properties.

Environmental sustainability is a core consideration of MREITs. As one of the MREITs, we collaborate with industry peers to address increasingly diverse challenges around environmental performance, compliance and efficiency in the real estate industry. Our role and involvement in this membership include:

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

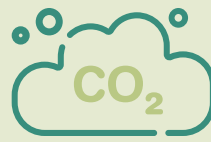
We are consistent between our climate change policy and the position we advocate in the trade associations of which we are members. When opinions contradict, we identify gaps and initiate a process that alerts us to new areas of good business practice.

Our management team, overseen by Dato' Hisham bin Othman, CEO of HAMS B, who also sits on the Board, devises strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and Return on Investment (ROI) calculations, where applicable are presented to the Board.

Climate Change Investment

Climate change is reshaping the investment context at Hektar REIT. Given the urgency and magnitude of climate change implications, the REIT redefined its sustainable investment strategy to include a more targeted and holistic approach to climate change. Strategically managing climate-related risks and opportunities lowers our competitive risk while transitioning to a low-carbon, climate-resilient economy.

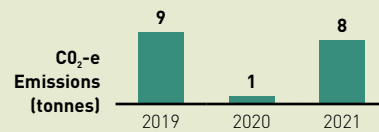
Hektar REIT has invested more than RM5.5 million on various climate change-related initiatives over the past five years. We invested heavily in R&D, advancing the building and facilities, machinery and automation such as installing chillers, repairing the cooling towers, retrofitting air-conditioning and mechanical ventilation, installing cold water systems, refurbishment and audits.



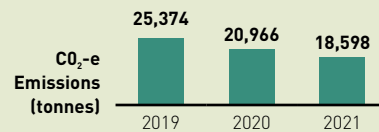
Carbon Footprint Calculations

Consolidation method for calculating carbon footprint	100% of emissions from wholly-controlled properties are calculated.
Organisational boundary in calculating carbon footprint	Accounts for 100% assets GHG emissions from Hektar REIT's portfolio

Scope 1 Coverage: entire REIT (100%) Small amounts of diesel are used to run generators in our properties. CO₂ emissions from the consumption of diesel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

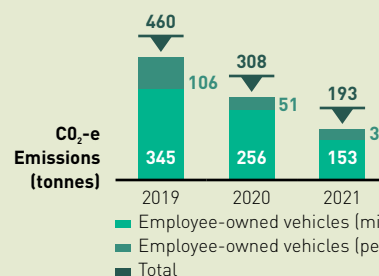


Scope 2 Coverage: entire REIT (100%) CO₂ emissions from electricity use were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.



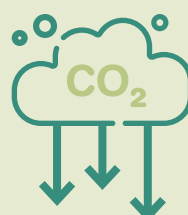
Scope 3 Coverage: Employee-owned vehicles GHG emissions resulting from employee commuting consisted of both fuel and mileage claims for employee-owned vehicles:

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

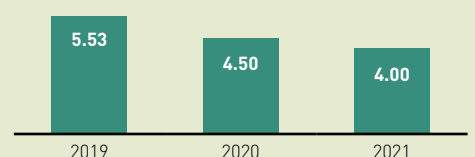


Emissions Intensity

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



CO₂e Emissions Intensity (kgCO₂e/sq.ft.)



Environmental Supply Chain

Hektar REIT is committed to environmental sustainability and value creation and has introduced a management policy to address issues arising from tenant operations, covering general environmental conduct and compliance. We can manage our business more efficiently and create long-term stakeholder value by leveraging technologies and analytics that optimise the use of energy, water and waste management across our properties.

Our Environmental, Safety and Health policy is readily available to all employees, tenants, suppliers and service providers.

Society

Hektar REIT's community investment principles are aligned with the focus areas of building well-being and developing local communities. Closely aligning the business strategy with community investment produces better outcomes for the REIT and local communities.

We help protect the socioeconomic welfare of the community through *zakat* collections. *Zakat* is an Islamic religious "tax" distributed to the poor, needy and other beneficiaries. Eligibility criteria are derived directly from the *Qur'an*. In March 2021, Pusat Pungutan Zakat Wilayah Persekutuan offered Hektar REIT to be a distributor to receive Zakat Wakalah amounting to RM14,994.

We also support the local community through local hiring. Providing local jobs helps develop the local economy and enhances their living standards. Our hiring practices consider employing underprivileged groups such as those from deprived backgrounds and in 2021, considered the hiring of locals who had lost their jobs due to the pandemic. Hektar REIT also offers apprenticeships and graduate placement programmes to address youth unemployment.

The global pandemic has shaken Malaysia and the rest of the world. The Movement Control Order (MCO), enforced by the Government, affected many individuals and suspended businesses. Vulnerable members of the community, such as the B40 Group and daily income earners, were particularly affected. Fellow front-liners were called to duty and had been working around the clock during the pandemic.



In 2021, our community investment contributions focused on alleviating the socioeconomic challenges that our tenants and the local community faced in light of the pandemic and MCO.

A total of RM55,000 was spent on donations and community investments to registered not-for-profit organisations in 2021.



"Let's Share Because We Care"

When the pandemic started, we pulled together to care for our neighbours. Subang Parade established a food bank, which provided essential relief efforts during the pandemic. The Mall collaborated with YB Michelle Ng Mei Sze, the assemblywoman of the Selangor State Legislative Assembly (Ahli Dewan Undangan Negeri) for Subang Jaya, on this initiative. The collected items have been distributed to 1,600 Subang Jaya residents to date.

Meanwhile, Wetex Parade introduced a CSR Dropbox in collaboration with YB Syed Saddiq Syed Abdul Rahman, the Member of Parliament for Muar. The public could donate daily necessities to families affected by the pandemic. Wetex Parade and our hospitality asset, Classic Hotel, executed similar food aid, donation Drop boxes and distribution.

Several of our properties also prepared, packed and distributed food for 150 Food Banks during *Ramadhan* as part of the Food Bank donation drive. The recipients broke fast with the prepacked food and received groceries and donations.

Tautan Mesra

Wetex Parade and Classic Hotel organised a donation drive to collect necessities for the elderly in Pusat Jagaan Sinar Kasih, Muar, Johor, in collaboration with Moet Glory Services Sdn Bhd.



SUSTAINABILITY STATEMENT



Contribution to Frontliners

The COVID-19 pandemic has been challenging and placed significant pressure on the national healthcare system. Our healthcare workers continue to devote their time and energy to contain the pandemic. We are humbled by their immense sacrifice, invaluable dedication, commitment and unwavering effort in managing the pandemic. Often, they risk their own lives for the benefit of the people, community and the nation.

Mahkota Parade worked with Seleria Food Court to donate food and beverages to frontline workers at Balai Bomba Kubu, Hospital Melaka, Balai Polis Melaka Tengah and Balai Polis Pelancong. These donations were made in appreciation

of the frontliners' sacrifices, including being separated from their families during the festive season.



Kempen Kraftangan Malaysia

Mahkota Parade held a 'Kempen Kraftangan Malaysia', or Malaysian Handicraft Campaign, from 6 December 2020 to 2 May 2021. This event allowed 22 local craftsmen to promote their design crafts. The younger generation also learned about Malaysian handicrafts and explored the unique works of handicraft in the country.

Peaceful Blessings 2021

Wetex Parade partnered with Pusat Khidmat Rakyat Parlimen Bakri and Sunshine World Construction in welcoming the year of the Ox. The collaboration helped an impoverished local fisherman who could not repair the roof of his house. We completed the repair work in five days and were happy to spread joy by helping those in need during the festive season.

A Warm and Blessed Aidilfitri

The Management teams of Wetex Parade, Classic Hotel and MOET Glory Services Sdn Bhd visited an old folks' home in Pusat Jagaan Sinar Kasih on 5 May 2021 in conjunction with the 2021 Aidilfitri celebration. The representatives in attendance distributed green packets and donated food, reusable face masks and necessities to the elderly.

Central Square also launched 'Tabung Syukur Ramadhan' to raise funds for purchasing groceries and prepacked food for those in need. The Mall also held a food giveaway distributing 250 packs of 'ketupat' to shoppers for 5 days in Ramadhan.

Kulim Central celebrated the season of gratitude and giving by packing and distributing 400 packs of 'bubur lambuk' to the surrounding community for two days during Ramadhan.

Blood Donation Drive

According to the Red Cross, someone needs blood every two seconds. It is essential for surgeries, cancer treatment, chronic illnesses and traumatic injuries. Whether a patient receives whole blood, platelets or plasma, this lifesaving care starts with one person making a generous donation.

Wetex Parade collaborated with the following organisations on running blood donation drives in 2021:

- The Blood Bank of Hospital Muar
- Persatuan Liu Gui Tang Johor Utara
- Koperasi Perniagaan Guru-Guru Muar Berhad
- The National Blood Bank

Kulim Central and Segamat Central held similar blood donation drives in most months of 2021.

We saw 5,887 donors including our employees participating in the various blood donation drives organised at our properties in 2021. We extend a token of appreciation to those who volunteered and took part.

Back to School

Hektar REIT has a policy and is committed to protecting children's rights. We uphold the Child Act 2001 (Act 611), which is the country's legislation for the protection and care of children.

Every child has a right to education. Going back to school is exciting for all children but can burden some parents. School supplies such as stationery and school uniforms can be expensive.

With that in mind, Central Square took part in the 'Back to School' programme by extending RM100 cash vouchers to 140 underprivileged or deserving pupils to help them purchase stationery and school uniform in preparation for the new school term.



COVID-19 Donation

The Malaysia REIT Managers Association (MRMA) donated RM100,000 in 99-Speedmart cash vouchers to alleviate the suffering of local communities in Selangor and Kuala Lumpur. The recipients could exchange the vouchers for food, groceries, personal hygiene products and other essential goods.

These communities were adversely affected by COVID-19 and the various resulting lockdowns since 2020, including the EMCO in Selangor and some localities in Kuala Lumpur.

The money was raised by 23 MRMA members, including Hektar REIT. We will continue to stand together with our industry peers in supporting the community whose livelihoods and survival have been jeopardised.

Fifty portions of prepacked food were donated to taxi drivers around Kuala Muda at Central Square’s taxi station as part of our ‘Sumbangan Bakul Makanan’ Programme led by YB Robert Ling the assemblyman in the Kedah State Legislative Assembly (Ahli Dewan Undangan Negeri) for Sidam, Kuala Muda Negeri Kedah. Central Square also hosted the distribution programme of 150 portions of ‘oden’ to shoppers via a drive-through facility. This initiative helped the people cope with the lockdown crisis.

Central Square also held a Malaysia Day Charity Programme in collaboration with Jabatan Bomba & Penyelamat Negeri Kedah to distribute donations contributed by shoppers to Sungai Petani residents.



Unity In Diversity

The pandemic has served as a stark reminder that shared prosperity depends on the collective health, safety and well-being of those around us. Employees are our greatest asset; our success is mainly due to their commitment, motivation and talent. We are proud to stand by employees during these difficult times as we navigate this crisis together.

Labour Standards

Hektar REIT’s success is dependent on having a world-class workforce and a culture defined by its corporate values. We continued to develop a great and conducive working environment throughout FY2021 by providing quality leadership, learning and engagement, diversity, equity and inclusion for all employees.

Our stringent yet fair employment standards and practices are stipulated in the Employee’s Code of Ethics and Conduct. Our position is communicated to all employees in English as it is the most commonly used business language. The Code of Ethics and Conduct is also translated and available in Bahasa Malaysia for employees who are more familiar with the national language.

We adhere to local labour laws during recruitment, with preference given to hiring locally to help boost the nation’s economy and address issues on youth unemployment.

There were no (0) cases of noncompliance with labour standards reported during the year.

Employee Engagement and Satisfaction

The last two years have brought unprecedented, fundamental and long-term changes to the workplace and workforce. Remote working has affected workers’ motivation and well-being. Hektar REIT must adapt to these challenges to remain resilient and retain talent. Our long-standing commitment to employee engagement and satisfaction stands strong.

The pandemic forced new ways of working that were daunting to many. Hektar REIT engaged with its employees by providing timely updates on work processes and rotating schedule arrangements. Working-from-home schedules were communicated with employees to offer some peace of mind during this uncertainty. The Human Resources team also ensured that employees stayed connected despite social restrictions. Regular online activities and ‘catch up’ sessions ensured that employees remained as connected and motivated as possible.

Despite the pandemic, the Management continued to hold regular meetings, townhalls and other employee engagement sessions throughout the year.

Turnover Rates



Indicator	FY2019	FY2020	FY2021
Employee Turnover Rates (%)	26.49	13.74	24.84
By gender (%)			
Female	8.44	6.14	13.84
Male	18.05	7.60	11.01
By age Group (%)			
< 30	12.52	4.39	7.55
30-50	11.06	7.60	13.84
> 50	2.91	1.75	3.46

SUSTAINABILITY STATEMENT

The Management also provided financial assistance of between RM1,000 to RM1,500 to each staff member affected by the major floods affecting Selangor in December 2021. Help was also provided in the form of cleaning employees' houses.



Benefits

Hektar REIT's salary policy follows the principles of fairness and reasonableness. The policy centres around the principle of equal pay for equal work, provided the basic terms are the same. Remuneration investigations ensure that all basic salaries exceed the minimum wage required by law.

Hektar REIT offers a competitive remuneration package in line with industry standards, including comprehensive medical coverage, parental leave and all mandatory leave, retirement contributions, allowances, memberships (club and professional memberships) and long-service awards.

Employees Years of Service

Period	FY2019	FY2020	FY2021
Below 2 years	115	76	56
2 to 5 years	121	139	131
6 to 9 years	45	62	48
10 years and above	69	66	67

Employees' wages comply with all applicable Malaysian laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. We compensate workers for overtime with higher rates than the stated regular hourly rates in compliance with Malaysian law. We also try to eliminate excessive working hours by limiting them.

Maintaining Workplace Safety and Health

Hektar REIT recognises the importance of protecting the health and safety of all stakeholders. We take effective and practical steps to minimise the adverse impact on health and safety from business activities. We abide by the Occupational Safety and Health Ordinance and other relevant legislation in all our properties.

Each Occupational Safety and Health Committee is headed by a Chairman and consists of a secretary, employer representatives and employee representatives.

Composition of Our Occupational Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
Corporate (Group)	1	1	5	16
Subang Parade	1	1	3	3
Mahkota Parade	1	1	2	8
Wetex Parade	1	1	5	6
Central Square	1	1	3	5
Kulim Central	1	1	3	3
Segamat Central	1	1	4	5
Classic Hotel	1	1	2	3

We also introduced a Health and Safety Policy, which documents our expectations and formalises our commitment to a safe and healthy workplace. Strict incident-reporting protocols ensure:

- Incidents are escalated to the relevant departments; and
- Timely corrective action is taken to prevent recurrences.

Safety Statistics in 2021 at a Glance

Indicator	Performance
Employees	
Fatalities (cases)	0
High consequence work-related injuries (cases)	0
Recordable work-related injuries (cases)	2
Number of days without accident (cases)	2,005
Non-Employees	
Fatalities (cases)	0
High consequence work-related injuries (cases)	0
Recordable work-related injuries (case)	1
Number of days without accident (days)	2,254

We have an additional responsibility to ensure tenants, customers, shoppers, guests, visitors and contractors enjoy a healthy and productive environment.

We tested the indoor air quality and cleaned the air ventilation ducts in all properties in accordance with local legislation. Mandatory maintenance works continued throughout the MCO as they were essential for the safety of our properties and stakeholders. Contracted companies are expected to comply with the REIT's safety requirements.

We conduct fire drills and evacuation exercises to raise the awareness of tenants and visitors on fire hazards and safety. These exercises covered safety principles, fire hazards, preventive gear and exit routes. As the pandemic disrupted most of the year, we only conducted fire drills at two of our properties: Central Square and Kulim Central.

We also provided new Personal Protective Equipment (PPE) in November 2021 to help all our operations staff perform their duties in a safe manner.

COVID-19 Control and Prevention

The COVID-19 pandemic reinforces the importance of effective board governance and oversight under unprecedented events. Since the beginning of the pandemic, we held meetings with the directors to:

- Assess the impact of COVID-19 on the business; and
- Discuss and review action plans for the overall interest of stakeholders.

We considered various issues when assessing current and future business impacts for different scenarios. This exercise helped us formulate appropriate crisis-response and backup plans and understand their adequacy.

General Engagement During COVID-19



Communicating safe distancing messages



Providing up-to-date information on COVID-19 across our malls and hotel and on social media platforms



Engaging with tenants regularly to understand their concerns and provide relevant support

Hektar REIT established a dedicated COVID-19 Emergency Team communication group which included Top Management personnel such as the Chief Operating Officer, Chief Leasing Officer, Heads of Departments and Centre Managers. Each centre also has a dedicated COVID-19 team, including managers and Occupational Safety and Health Committee members.

We have implemented standard operating procedures (SOPs), in line with government recommendations, to manage the impact of the COVID-19 pandemic. We purchased hand sanitisers, infrared thermometers, face masks and sanitising cleaners for our properties during the year in review.

Examples of Implemented SOPs



Face masks required



Social distancing



Mandatory MySejahtera registration



Temperature scanning



Symptom screening



Travelling history and close contact declaration



Daily sanitisation and cleaning of common areas



Working from home arrangement



Deferring large meetings and encouraging the use of virtual meeting facilities



Providing easy access to handwashing facilities and hand sanitiser



Monitoring the body temperature monitoring of employees twice daily

Talent Development

Hektar REIT is committed to investing in employee training and development to build a competitive and sustainable workforce. A well-structured employment career management system provides a clear progression path for all employees. The Human Resources Department of HAMSMB and HPS supports the REIT with suitable training programmes and updates employees on their individual training needs and relevant courses and seminars.

Our training programmes develop employees' personal skills and capabilities. Training programmes attended by our employees covered various topics such as:

- Effective stress management through exercise
- Mental health crisis and autophobia
- Strata management in the face of MCO
- Healthy workplace webcast
- QMS training: Introduction to the Quality Management System
- QMS training: Guideline for the Quality Management System Audit
- Code of Conduct & Ethics and Whistleblowing Policy
- Awareness briefing on corruption offences of commercial organisations and managing recurrent related third-party transactions
- Understanding the Malaysian Capital Market
- Climate Change and Net Zero Journey
- Sustainable Finance and ESG for Value Creation
- ESG Risk Management and Diligence

Training Figures in 2021 at a Glance



Total training time (hours)

2,106

Average training hours per year per employee

7

Average training days per year per employee

0.88

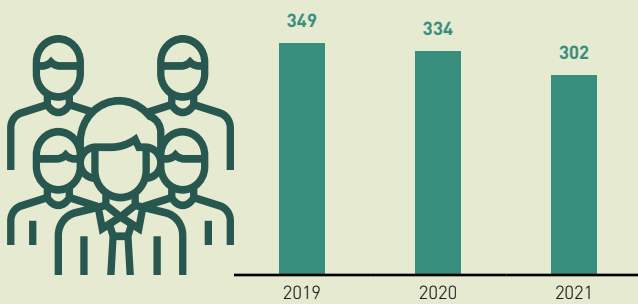
SUSTAINABILITY STATEMENT

Creating and Embracing A Diverse and Inclusive Workforce

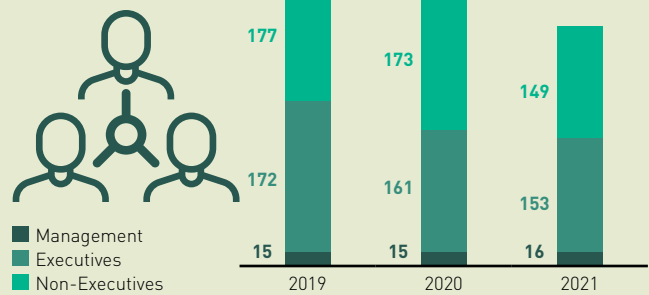
A diverse, inclusive and safe culture creates a sense of well-being, increasing engagement and delivering a solid performance. Hektar REIT maintains a zero-tolerance stance on any form of workplace discrimination.

We do not tolerate any acts of discrimination against any employee based on race, gender, age, sexual orientation, religion, caste, marital status and/or disability. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation and training. Hektar REIT does not discriminate in its hiring process. However, 0% of employees were disabled as of the end of 2021.

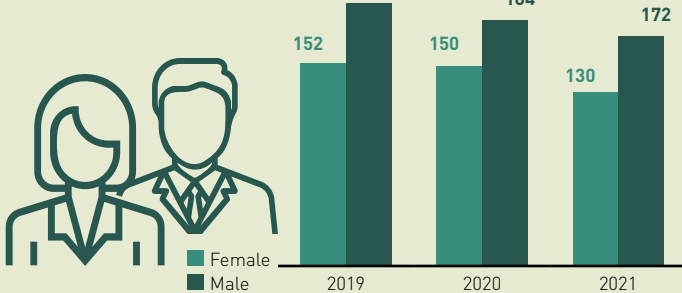
Workforce Strength



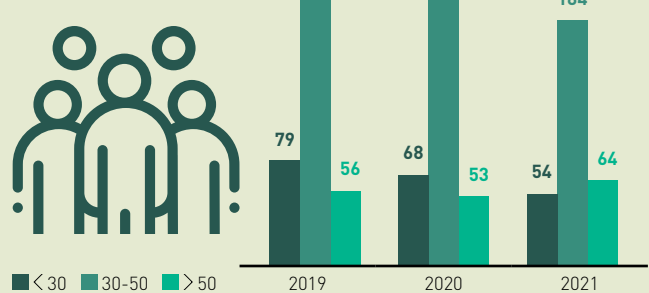
Breakdown of Employees by Category



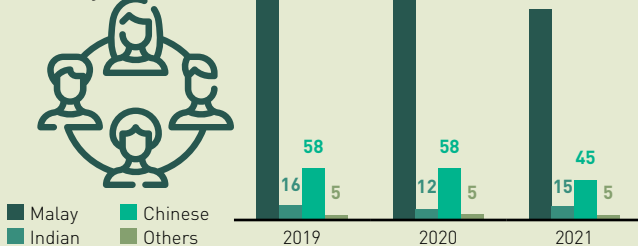
Breakdown of Employees by Gender



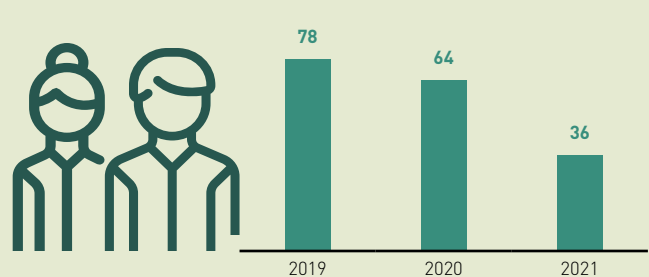
Breakdown of Employees by Age Group



Breakdown of Employees by Ethnicity



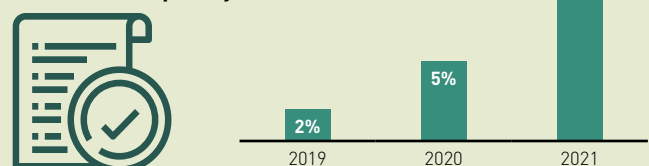
Number of New Hires



Percentage of Females in the Management (%)



Percentage of Employees Who Are Employed on Contract/Temporary (%)



Upholding Human Rights

Hektar REIT conducts business ethically and sustainably at all times. Human rights are respected throughout operations and extended to the value chain.

We abide by international human rights instruments, including the Universal Declaration of Human Rights. We adhere to all applicable employment and human rights laws where operations are based.

Freedom of Association and Collective Bargaining

Hektar REIT complies with local laws on freedom of association and collective bargaining. All business operations comply with:

- The Industrial Relations Act 1967; and
- Relevant local laws that protect workers' rights to bargain collectively in the context of the International Labour Organisation (ILO) standards.

Although we do not have a formal union in place, our employees and workers are free to join any of their choice. We support them by addressing any raised issues. However, none of our employees are members of any trade union organisations (0%).

Operating Responsibly

Our values and expectations are at the heart of everything we do. We are determined to ensure that we act with integrity across all our assets and operations, in line with our commitment to transform the shopping experience by creating places where people love to shop, dine and play.

Going Beyond Buildings

Hektar REIT hopes to bring people together from within and around its properties. Our focus is to be the "neighbourhood shopping centre" of choice.

Beyond buildings, we continue to champion various engagement activities with tenants and customers to improve their shopping experience. We delivered several key programmes despite the COVID-19 pandemic effects severely impacting operations throughout 2021.

Key Events Delivered in 2021



Deepavali henna design online contest



Deepavali kolam competition



Tik Tok Deepavali on-ground contest



Secret Santa Claus giveaway carolling



Welcome Back campaign



Animal shelter fundraising with ninja health



Online Christmas tree decoration

Boosting Tenant Sales

Hektar REIT has reached out to extend a supporting hand to shoppers. Engaging with our shoppers boosts tenant sales through marketing promotions via both physical and digital platforms.

Curbside Delivery

- For the convenience of our shoppers, we are offering curbside pickup by participating stores and restaurants at the mall entrances for shoppers to collect their purchases and orders.
- 46 F&B outlets across our six malls participated in this initiative.



Welcome Back Campaign

With the 'Welcome Back Campaign', shoppers were rewarded by picking from a "lucky pod" based on the specified minimum spend with attractive prizes and shopping vouchers offered.



SUSTAINABILITY STATEMENT

Spend & Win Campaign

Shoppers meeting the minimum spend amount were eligible to enter the Lucky Draw Contest with prizes worth up to RM13,000.



Winning in the Digital Era

Online shopping provides consumers with the ultimate level of convenience. Malls will never compete with the endless product selection, price comparisons and 'always-on' nature of online retailing. Malls must reinvent themselves to excel in the digital age. Hektar REIT is moving away from commoditised shopping experiences and embracing a broadened value proposition for its consumers.

We incorporate value-added elements that recast our malls as the new downtown, including hosting events and festive celebrations that can never be satisfied online. Using temporary, flexible spaces more effectively can help us accommodate different stores over time, such as kiosks and pop-up stores.

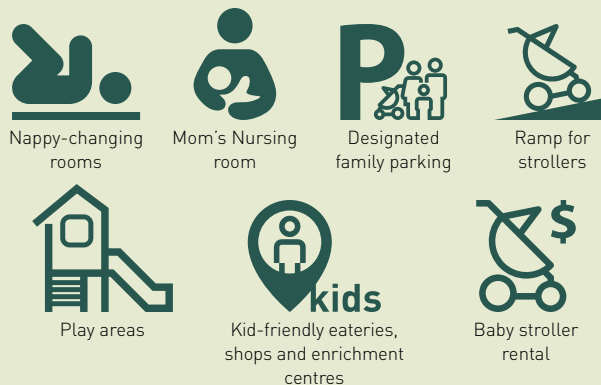
The digital transformation of retail, resulting from the pandemic, is not all bad news for malls. It presents new opportunities for malls to engage with consumers throughout their decision journeys.

Going digital helps us extend our relationships with customers before and after their visits. Our properties actively engage with customers through social media platforms with engagement rates as high as 27% on popular posts.

Creating Places for Everyone

Hektar REIT supports the community by creating places where people can shop, dine and play. We aim to provide them with an inclusive and comfortable shopping experience.

Family-Friendly Facilities at Our Malls



All of our properties are disabled-friendly to some degree as we provide:

- Amenities such as wheelchairs to customers
- Dedicated disabled parking bays
- Toilets with facilities dedicated for the handicapped
- Ramps to help with wheelchair accessibility.

Tenant Satisfaction

Tenants are key stakeholders that are pivotal to Hektar REIT's success. Good working relationships, born out of mutual respect, allow us to anticipate, understand and respond to changing tenant requirements. Periodic site visits, email correspondences, regular tenant engagement events and tenant satisfaction surveys strengthen tenant attraction and retention.

Working closely with tenants and local communities, we welcome them to be part of our sustainability journey. Together, we address social issues facing the industry such as vandalism at malls, unemployment, theft and child safety.

Operating in a Safe Environment

The Government launched the Retail Industry Vaccination Programme (RIVAC). RIVAC is a joint initiative between the public and private sectors, involving the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP); the COVID-19 Immunisation Task Force; the Ministry of Science, Technology and Innovation; retail industry players and the Malaysia Shopping Malls Association. The initiative prioritised frontliners in the economic retail sector to ensure consumers could shop in a safe environment. As of 31 December 2021, 100% of our employees had completed the two-dose vaccination and we will continue to ensure that our employees participate in ongoing booster programmes as mandated by the Ministry of Health.

Hektar REIT supports this programme and views it as critical for the eventual full reopening of the industry. RIVAC is important for the safety of retail staff and safeguarding public health for those who have daily interactions with the public. Hektar REIT will continue to monitor the situation while adhering to all SOPs and has implemented measures to ensure the business sustainability of the REIT and its tenants.

We carry out regular sanitisation and disinfection during daily cleaning operations. We have also introduced effective crowd

control at all of our malls. We limit the number of people entering the premises according to the size of each shop to minimise overcrowding, especially during peak periods. These measures prevent the occupant load from exceeding the number of persons per square metres as per government guidelines.

Each mall performs daily walkabouts and other inspections to identify any safety hazards. The Duty Manager also conducts similar walkabouts on weekends and public holidays.

GRI Content Index

The GRI content index lists all GRI disclosures included in the report, including references to where they can be found in the report. The GRI standards have been used as a main reference in preparing this Sustainability Statement.

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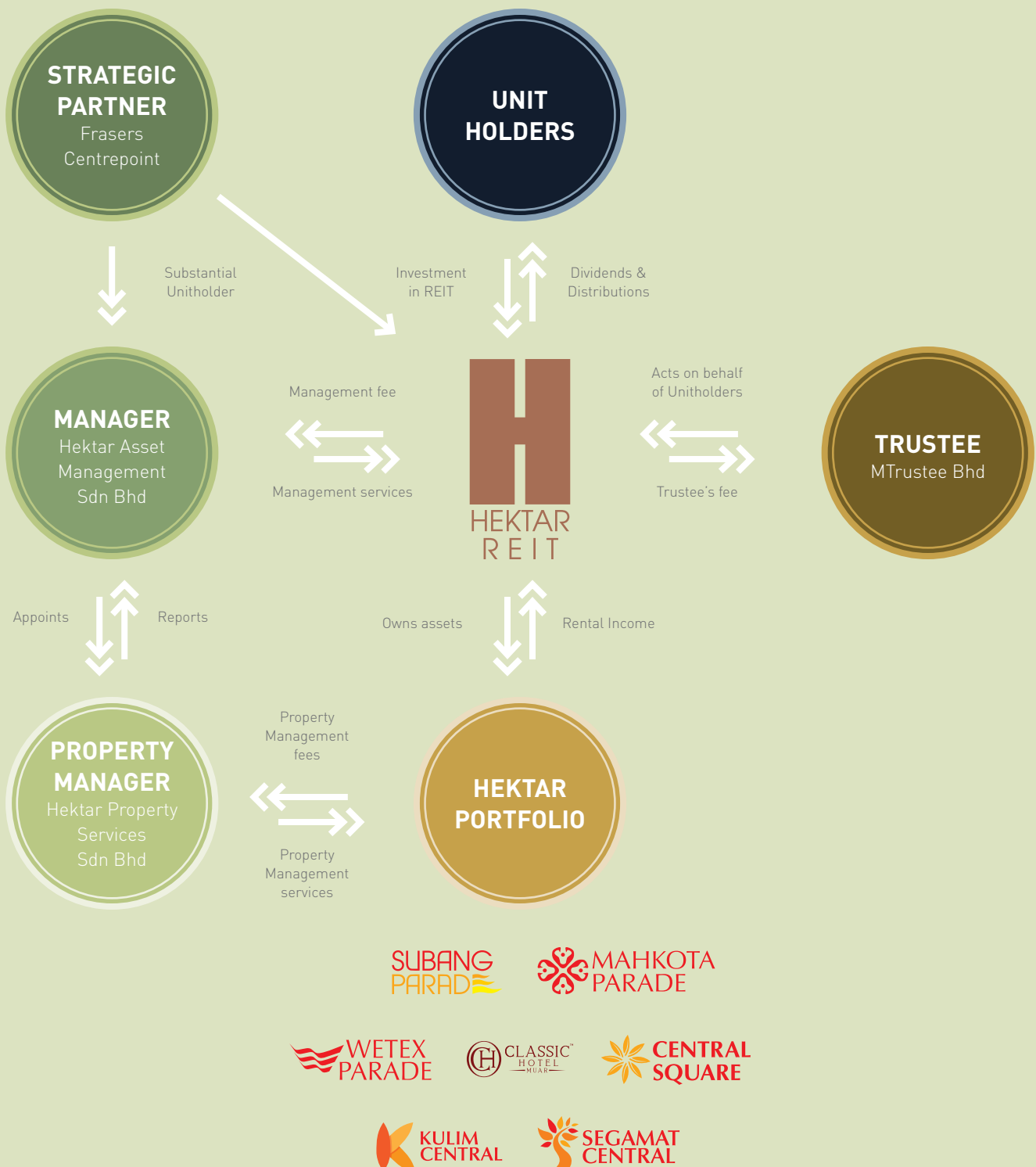
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CORPORATE ORGANISATION

Hektar REIT is a Real Estate Investment Trust managed by Hektar Asset Management. The Trust owns six shopping centres and a hotel, all of which are managed by Hektar Property Services. MTrustee is the legal custodian of the Trust and acts on behalf of the Unitholders. Frasers Centrepoint is the strategic partner of Hektar REIT and is also a shareholder of Hektar Asset Management.



CORPORATE DIRECTORY

Manager

Hektar Asset Management Sdn Bhd
Company Registration No. 200601012511 (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' Hisham bin Othman
Executive Director and Chief Executive Officer

Zarina Halim
Executive Director and Chief Corporate Officer

Richard Ng
Non-Executive Director

Tan Loo Ming
Non-Executive Director
(Appointed w.e.f. 24 July 2021)

Johari Shukri bin Jamil
Non-Executive Director
(Appointed w.e.f. 22 February 2022)

Mahusni bin Hasnan
Independent Non-Executive Director

Philip Eng Heng Nee
Independent Non-Executive Director

Hasli bin Hashim
Independent Non-Executive Director
(Appointed w.e.f. 22 February 2022)

Pauline Lim Poh Noy
Alternate Director to Mr Richard Ng

Rahanawati binti Ali Dawam
Independent Non-Executive Director
(Resigned w.e.f. 11 February 2022)

Tay Hwee Pio
Non-Executive Director
(Resigned w.e.f. 24 July 2021)

Executive Committee

Dato' Hisham bin Othman
Chairman

Zarina Halim

Richard Ng

Audit and Risk Management Committee

Mahusni bin Hasnan
Chairman

Philip Eng Heng Nee

Hasli bin Hashim
(Appointed w.e.f. 22 February 2022)

Rahanawati binti Ali Dawam
(Resigned w.e.f. 11 February 2022)

Nomination and Remuneration Committee

Rahanawati binti Ali Dawam
Chairperson
(Resigned w.e.f. 11 February 2022)

Mahusni bin Hasnan

Philip Eng Heng Nee

Hasli bin Hashim
(Appointed w.e.f. 22 February 2022)

Joint Company Secretaries of the Manager

Dato' Muhammad Hafidz
bin Nuruddin (MAICSA 7005820)

Lim Seck Wah (MAICSA 0799845)

Trustee

MTrustee Berhad
Company's Registration No. 198701004362 (163032-V)

Level 15, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya, Selangor

Tel: +6 03 7954 6862
Fax: +6 03 7954 6595

Property Manager

Hektar Property Services Sdn Bhd
Company's Registration No. 200901025275 (868376-K)

Lot A, Basement, Subang Parade
No. 5, Jalan SS 16/1
47500 Subang Jaya, Selangor

Principal Bankers of the Fund

Malayan Banking Berhad
Company's Registration No. 196001000142 (3813-K)

Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

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

Auditor (External)

BDO PLT
(LLP0018825-LCA & AF 0206)
Level 8 BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Auditor (Internal)

KPMG Management
& Risk Consulting Sdn Bhd
Company's Registration No. 198601000916 (150059-H)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor

Tax Agent

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

Registrar

Mega Corporate Services Sdn Bhd
Company's Registration No. 198901010682 (187984-H)
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +6 03 2692 4271
Fax: +6 03 2732 5388

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Company's Registration No. 200301033577 (635998-W)
Board: Main Market
Sector: Real Estate Investment Trusts
Short Name: HEKTAR
Stock Code: 5121

THE BOARD OF DIRECTORS



Dato' Hisham bin Othman

Executive Director and Chief Executive Officer

Y. Bhg. Dato' Hisham bin Othman, a Malaysian, male, aged 59, was appointed an Executive Director and Chief Executive Officer of the Company on 1 May 2016. Dato' Hisham is also the Chairman of the Executive Committee of the Company.

Dato' Hisham holds a Bachelor of Civil Engineering from University of Western Australia and a Master of Business Administration (MBA) from Universiti Putra Malaysia. He also holds a Senior Management Certificate from INSEAD of France. In addition, he holds a Certificate in "Circular Economy and Sustainable Strategies" from University of Cambridge, Judge Business School. He has also completed the "Leading Sustainable Corporations" programme by University of Oxford, Said Business School.

Dato' Hisham started his career in 1985 as an engineer in the Public Works Department (JKR). After 5 years, he left to join PLUS Bhd. In August 1997, he was made the Chief Operating Officer ("COO") of Renong Overseas Corporation. In 1998, he became the COO of Touch n Go. In June 1999, he was made the COO of ELITE Expressway. Shortly after that, in May 2002, he was promoted within the Group to become the Managing Director of Linkedua Bhd. Dato' Hisham joined the DRB-Hicom Group in February 2010, where he was seconded to Puspakom Sdn Bhd, the national vehicle inspection company, as its Chief Executive Officer ("CEO"). After a successful 2-year stint there, he was made the CEO of EON Bhd. In September 2012, at which time DRB-Hicom had acquired Proton, he was made the CEO of Proton Edar Sdn Bhd. In August 2013, he was promoted to become the COO of Proton Holdings Bhd. In August 2014, he was made DRB-Hicom's Head of Automotive.

Dato' Hisham possesses a Capital Markets Services Representatives' License (CMSRL) for REITs as a Licensed Director for the asset management company to carry on regulated activities specified under the Capital Markets and Services Act (CMSA). Dato' Hisham is a Registered Property Manager, governed by the BOVEAP Board, Malaysia. Dato' Hisham is a Qualified Risk Director and a Member of Institute of Enterprise Risk Practitioners (IERP) based in the United Kingdom. He is also a member of Malaysian Institute of Corporate Governance (MICG) and Institute of Corporate Directors Malaysia (ICDM).

Dato' Hisham is the current Chairman of the Malaysian REIT Managers Association (MRMA), an organisation aimed at representing the collective interests of the Malaysian real estate investment trusts sector and acts as a platform for the Malaysian REIT managers to engage with the regulatory bodies in proposing changes to the industry to promote its growth.

Dato' Hisham is currently an Independent Non-Executive Director of Berjaya Corporation Berhad, a public company listed on Bursa Malaysia.

Dato' Hisham attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Zarina Halim

Executive Director and Chief Corporate Officer

Puan Zarina Halim, a Malaysian, female, aged 50, was appointed an Executive Director and Chief Corporate Officer of the Company on 1 February 2018. She is also a member of the Executive Committee of the Company.

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

Puan Zarina has more than 19 years of experience with the Hektar group, having been part of the founding team in 2002 and part of the management team responsible for the listing of Hektar REIT on Bursa Malaysia in December 2006. In her role as Chief Corporate Officer, she is responsible for the overall corporate and commercial affairs of the company of which Legal, Secretarial and Human Resource make up the main areas and provides support in the areas of Finance. She possesses a Capital Markets Services Representatives' License (CMSRL) for REITs as a Licensed Director for the asset management company to carry on regulated activities specified under the Capital Markets and Services Act (CMSA). Prior to Hektar, she was formerly with the United Engineers Malaysia Berhad ("UEM") Group of Companies for 9 years where she was 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 ICT-related investments.

Puan Zarina attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Richard Ng

Non-Independent Non-Executive Director

Mr Richard Ng, a Singaporean, male, aged 53, was appointed to the Board on 1 July 2019. He is also a member of the Executive Committee of the Company.

Mr Ng holds a Bachelor of Science (Honours) degree in Estate Management and a Master of Science degree in Real Estate, both from the National University of Singapore.

Mr Ng is presently the Chief Executive Officer of Frasers Centrepoint Asset Management Ltd, the Manager of Frasers Centrepoint Trust ("FCT"). Mr Ng is responsible for the overall business direction, investment strategies and the operations of FCT. He leads the FCAM management team to ensure that FCT's finance, investment, asset management, investor relations and other plans and initiatives are executed successfully. Mr Ng has 29 years of experience in the Singapore and regional property markets, spanning the areas of marketing, investment, asset and REIT management. Prior to joining Frasers Property, he was Executive Director, Asset Management, at PGIM (Singapore) Pte. Ltd., where he oversaw the asset management of portfolio comprising retail and commercial properties in Singapore and Malaysia. Mr Ng has held senior management appointments during his 14 years at the CapitaLand Group, including 10 years at CapitaLand Mall Trust (CMT) where he was part of the team that oversaw the initial public offering of CMT in 2002. At CMT, Mr Ng was the Head of Asset Management, responsible for overall performance of CMT's assets.

Mr Ng attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Tan Loo Ming

Non-Independent Non-Executive Director

Ms Tan Loo Ming, a Singaporean, female, aged 47, was appointed to the Board on 24 July 2021.

Ms Tan holds a Bachelor of Business with distinction in Accountancy from RMIT, Australia and is a member of CPA Australia.

Ms Tan is Chief Financial Officer of Frasers Centrepoint Asset Management Ltd, the manager of Frasers Centrepoint Trust ("FCT"). She is responsible for the financial, taxation, treasury and compliance functions of FCT. She has over 20 years of financial experience in locally-listed and multinational companies.

Prior to joining FCT, she was Head of Finance (Frasers Property Retail) at Frasers Property Limited. Prior to joining Frasers Property Limited, she held various positions at CapitaLand Limited (or its subsidiaries) for more than 10 years.

Ms Tan attended all 2 Board Meetings of the Company held during the financial year ended 31 December 2021 subsequent to her appointment.



Johari Shukri bin Jamil

Non-Independent Non-Executive Director

Encik Johari Shukri bin Jamil, a Malaysian, male, aged 50, was appointed to the Board on 22 February 2022.

Encik Johari graduated with a Bachelor of Science in Chemical Engineering (Polymer) from University Technology Malaysia. He also holds a Certificate in Advanced Leadership Programme from University of Cambridge, Judge Business School.

Encik Johari began his career as a Process/Chemical Engineer in Titan Polyethylene (M) Sdn Bhd in 1995 and was promoted as a Project Engineer in 1997 which he stayed on until 2000. In the same year, he left the firm and joined Foster Wheeler (M) Sdn Bhd until 2002 as a Project Engineer. He then served as a Business Development Manager for several companies from 2002 to 2005. He then joined Inai Kiara Sdn Bhd in 2005 as a Senior General Manager. From 2006 to 2011, he was with Difense Konsult Sdn Bhd, serving as their Chief Executive Officer and Director. In the same year, he joined Johor Corporation (JCorp), a Johor state-owned company (GLC) as a General Manager, Business Development and was later promoted to Chief Executive Officer of Tanjung Langsat Port Sdn Bhd and also served as a member of the board of the subsidiary companies. He later assumed the role as Group Vice President, Business Relationship & Marketing, Industrial Development Division of the JCorp, Executive Director of TPM Technopark Sdn Bhd and Executive Director of Tanjung Langsat Port Sdn Bhd prior to his special assignment to a public listed subsidiary company, EA Technique (M) Berhad where he was the Group Chief Operating Officer. He then joined Iskandar Investment Berhad, a subsidiary of Khazanah Nasional

THE BOARD OF DIRECTORS

Berhad in January 2010 and where he has stepped into a newly created role, Transformation Office, to bring the company towards innovation and new business frontiers. He later assumed the post as the Executive Vice President, Business Development. He was also seconded to a subsidiary company, Medini Iskandar Malaysia Sdn Bhd to facilitate the transformation journey and strategic marketing and business development initiatives. He is currently the Chief Executive Officer of Integrated Marine Works Sdn Bhd. He is also a board member of a public listed company, BSL Corporation Berhad.



Mahusni bin Hasnan

Independent Non-Executive Director

Encik Mahusni bin Hasnan, a Malaysian, male, aged 57, was appointed to the Board on 23 January 2017. He is also the Chairman of the Audit and Risk Management Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

Encik Mahusni graduated with a Bachelor of Arts (Honours) degree in Accounting & Finance from Thames Valley University, London, England now known as University of West London, England. He further obtained a Masters in Business Administration (Finance) from University of Hull, England.

Encik Mahusni has more than 30 years of experience in wide ranging fields notably in corporate finance including mergers and acquisitions (M&A) and Initial Public Offerings (IPOs), cross border investment issues and risk assessment analysis, corporate tax advisory and planning, business operations and management in several different industries. He was the First Vice President of Affin Merchant Bank Berhad from 2002 to 2003. In 2005, he was appointed by the High Court as the co-Chairman for a Court Convened Meeting pursuant to a restructuring exercise of a PN17 Main Board company. Between 2011 and 2014, he was the CEO of Seaport Worldwide Sdn Bhd and CEO of JP Logistics Sdn Bhd, both wholly-owned subsidiaries of Johor Port Berhad which in turn is a wholly-owned subsidiary of MMC Corporation Berhad.

Encik Mahusni attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Philip Eng Heng Nee

Independent Non-Executive Director

Mr Philip Eng Heng Nee, a Singaporean, male, aged 75, was appointed to the Board on 17 April 2008. He is also a member of the Audit and Risk Management Committee, and the Nomination Committee and Remuneration Committee of the Company.

Mr Eng holds a Bachelor of Commerce degree in Accountancy from the University of New South Wales and is a Chartered Accountant (Singapore).

Mr Eng is a board member of Frasers Property Limited and PT Adira Dinamika Multi Finance Tbk. He also sits on the board of directors of several non-listed entities which include ALPS Pte. Ltd., Frasers Hospitality International Pte. Ltd., Frasers Property Australia Pty Limited and Transmex Systems International Pte. Ltd. Mr Eng is a member of the Corporate Governance Advisory Committee and he is Singapore's Non-Resident High Commissioner to Canada.

Mr Eng attended 4 of the 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Rahanawati binti Ali Dawam

Independent Non-Executive Director

Rahanawati Ali Dawam, a Malaysian, female, aged 69, was appointed to the Board on 16 February 2017. She is also the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit and Risk Management Committee of the Company.

She holds a Bachelor of Laws (Hons) from University of Buckingham, United Kingdom, Certificate of Legal Practice and Master of Laws from University of Malaya.

She is a senior partner of Messrs Rahana Zurina & Partners, a legal firm which specialises in corporate and securities law, investments and cross border transactions. Prior to this, she was a senior partner of Messrs Abu Talib Shahrom. Prior to joining practice, she served a public listed company (a conglomerate that owned inter alia, a property development and public transportation companies) as Group Legal Advisor and a member of the senior management team.

She presently sits on the board of Rhone Ma Holdings Berhad, a company listed on the Main Market of Bursa Securities Malaysia Berhad, as an independent non-executive director and also the Chairman of the Nominating Committee and a member of the Audit and Risk Management Committee.

She attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2021.



Hasli bin Hashim

Independent Non-Executive Director

Encik Hasli bin Hashim, a Malaysian, male, aged 61, was appointed to the Board on 22 February 2022. He is also a member of the Audit and Risk Management Committee, and the Nomination Committee and Remuneration Committee of the Company.

Encik Hasli graduated with a Bachelor degree in Science (Finance/Economics) from Indiana State University, USA. He also holds a Diploma in Accountancy from Universiti Teknologi Mara.

Encik Hasli has over thirty years of banking experience. He was a Branch Manager at United Malayan Banking Corp Bhd (UMBC) and Pacific Bank Bhd before moving to OCBC Bank (M) Bhd to take the position of Head, Public & Institutional Banking in 2000. He then joined Malayan Banking Bhd ("Maybank") in 2007 as the Head of Corporate Investment Banking. At Maybank as well as Maybank Investment Bank Bhd ("MIB"), he was involved in Corporate Investment Banking, Client Coverage and Corporate Banking. Encik Hasli was part of various advisory teams in mergers/acquisitions, Initial Public Offerings ("IPOs"), fund raising (loans, bonds) both Islamic and Conventional. He was also a member of Group Credit Committee and Group Management Committee. Encik Hasli retired from Maybank in 2020. Encik Hasli currently sits on the Board of Affin Hwang Investment Bank Berhad as an Independent Non-Executive Director. He is also the Chairman of the Board Risk Management Committee as well as a member of the Board Audit Committee and Board Credit Review Committee.



Pauline Lim Poh Noy

Alternate Director to Mr Richard Ng

Ms Pauline Lim Poh Noy, a Singaporean, female, aged 49, was appointed to the Board on 12 January 2021.

Ms Lim holds an MBA degree from the University of Western Australia and a Bachelor's degree in Business Administration from the National University of Singapore.

Ms Lim is presently the Head of Investment and Asset Management of Frasers Centrepoint Asset Management Ltd ("FCAM"), the Manager of Frasers Centrepoint Trust ("FCT"), where she is responsible for the management of FCT's portfolio of retail assets in Singapore. She has over 20 years of real estate experience.

Prior to joining FCAM, she was the Executive Director at PGIM Real Estate ("PGIM") and was responsible for the portfolio management of PGIM Real Estate AsiaRetail Fund. Before PGIM, Ms Lim was Vice-President, Investment Management of GIC Real Estate ("GIC RE"), where she was responsible for investment and asset management in the office, retail and residential sectors in various Asia Pacific markets and supported GIC RE senior management in global portfolio reporting, asset strategy and planning. Prior to GIC RE, she held various roles at DBS and Jones Lang LaSalle in Singapore and Hong Kong.

Ms Lim attended 4 of the 5 Board Meetings of the Company held during the financial year ended 31 December 2021.

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

THE MANAGEMENT TEAM

REIT Manager Team

Dato' Hisham bin Othman

Executive Director and
Chief Executive Officer

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

Zarina Halim

Executive Director and
Chief Corporate Officer

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

Khairul Azizan bin Ahmad

Senior General Manager,
Finance

Khairul is responsible for the finances of Hektar REIT and provides support in areas of accounting, taxation, corporate finance and treasury. Prior to joining Hektar, he served MISC Berhad in various capacities from 2008. His last position was as Senior Manager, Finance Services where he took on the role of financial controller of its chemical tankers and tank terminals businesses leading the finance, planning, projects and joint venture (JV) management functions and activities supporting and advising these businesses. He was also part of the finance committee of its tank terminal JV that successfully constructed and commissioned an oil storage terminal in Johor which received its first cargo in 2012, refinanced its D500 million loan in 2013 and listed an international terminal company on the New York Stock Exchange as a master limited partnership in 2014. Subsequent to that, Khairul was with the Renong (now UEM) Group from 1996 primarily in the areas of finance and corporate services at its head office as well as at its group companies in varying industries. He was the Financial Controller of Dagang Net Technologies Sdn Bhd, an e-commerce service provider, until 2008. Khairul holds a Bachelor of Arts with Honours degree in Accounting and Financial Management from the University of Essex, United Kingdom. He is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (ACCA). He is also a Capital Market Service Representative License (CMSRL) holder under the Capital Markets & Services Act 2007.

He is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (ACCA). He is also a Capital Market Service Representative License (CMSRL) holder under the Capital Markets & Services Act 2007.

Martin Chen

General Manager, Legal

Martin provides support in the areas of legal and secretarial compliance in relation to the portfolio of Hektar REIT. He has more than 14 years of experience with the group. Prior to this, Martin was in legal practice as an Advocate and Solicitor with the law firms Jeyaratnam & Chong and subsequently Zul Rafique & Partners, one of the largest award winning commercial law firms in Malaysia. At Zul Rafique & Partners, he was with the Property Practice Group and has advised local, multinational and international corporations in land and property matters, and joint land development agreements. In terms of banking matters, he has acted for both lenders as well as borrowers in respect of corporate and retail loans. Martin also has considerable knowledge and experience in strata management matters and has advised clients in the incorporation of joint management bodies and management corporations. He has previously served as a committee member in joint management bodies for commercial and residential strata buildings in Selangor, Kuala Lumpur and Melaka and has appeared before Strata Management Tribunals in relation to legal disputes concerning strata buildings. Martin graduated from the University of Sheffield, United Kingdom with a Bachelor of Laws (LLB) degree and holds a Certificate in Legal Practice (CLP) from the Legal Qualifying Board, Malaysia. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 2002. Martin is also a Registered Property Manager, a profession governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia and a holder of the Capital Markets Services Representative's License (CMSRL) issued by the Securities Commission of Malaysia under the Capital Markets and Services Act 2007. He was recently selected as a finalist for the In-House Lawyer of the Year Award for the Asian Legal Business (ALB) Malaysia Law Awards 2022 while the In-House Legal team led by Martin was also selected as a finalist for the Malaysia In-House Team of the Year Category at the same Awards.

Syairul Irwan bin Rased

Assistant
General Manager,
Strategy &
Risk Management

Syairul oversees the strategic planning and risk management functions for Hektar REIT. He is responsible for formulating and implementing asset management strategies as well as undertaking business development initiatives, evaluation of potential acquisitions and market research. Syairul is also responsible for the review and assessment of existing risk management framework as well as business continuity management policies and SOPs.

Syairul has more than 20 years' experience in the area of operations management and strategic planning. He graduated from the University of Manchester, United Kingdom with a Bachelor of Arts (Honours) degree in Finance.

Property Manager Team

Khairul Ariffin bin Ibrahim

Chief Operating Officer

Khairul is currently the Chief Operating Officer of Hektar Property Services Sdn Bhd. He has two decades of working experience in various aspects of change and quality management practices. He is passionate about continuous improvement and has had great success in deploying change and quality improvement programs at Airasia Bhd when he was the Regional Head of Performance Improvement. Prior to joining Hektar, he was with SapuraKencana Petroleum Bhd, holding several roles and positions in Quality and Risk Management with his last posting being the Senior Manager of the Transformation Program Office. He graduated from Massey University, Palmerston North, New Zealand, with a Bachelor of Business Studies in Accounting.

Jacky Tan

Chief Leasing Officer

Jacky is responsible for the Leasing activities for the Hektar portfolio of malls. He has been in the industry for the past 20 years and was involved in various retail projects from planning to leasing and tenant management starting with The Curve @ Mutiara Damansara in 2002 and Heritage Village @ The Mines. In 2005, he spearheaded group leasing for Hektar Group (Mahkota Parade, Subang Parade and Wetex Parade) from 2009 to 2012. He also revamped and repositioned Avenue K in 2012, planned and leased One City @ USJ 25 in 2015 and KSL City Mall in Klang in 2016. He holds a Bachelor Degree in Business Administration (Major in Marketing) from the University of Coventry, United Kingdom.

Amos Chew

Senior General Manager,
Subang Parade

Amos is the Senior General Manager of Subang Parade since 2017. Prior to joining Hektar, he has had extensive experience in the shopping mall business having worked with teams that successfully opened and operated various shopping malls including Cheras Sentral Mall, Freeport A'Famosa Outlet and Amerin Mall, among others. His expertise includes mall management, leasing, marketing, tenant mix strategy, devising operational procedures, facility management, cost optimization and energy management. He started his career at Mitsui & Co., Ltd., where he spent two decades in the sourcing, manufacturing and retailing of garments for luxury brands like Burberry, Krizia and Max Mara. Amos holds a Certificate in Fashion & Garment Manufacture from Hong Kong Polytechnic University and Advanced Diploma in Sales & Marketing from Universiti Malaya. He is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers [BOVEAP], Malaysia. Amos also holds a Certified Mall Marketing & Leasing Manager certification from Malaysia Shopping Mall Association (PPK).

Mohd Zahiruddin Ahmad

General Manager,
Mahkota Parade

Zahiruddin is the General Manager of Mahkota Parade Shopping Centre. He initially started in 2015 in leasing and marketing. Over the last 6 years, he was responsible in managing the overall function of the shopping centre. Prior to Hektar, Zahiruddin was with the Pavilion group for about 7 years, working in a variety of positions in marketing throughout the organisation. He was the Assistant Marketing Manager at Pavilion KL and was part of the founding team involved in setting up the marketing direction. Zahiruddin holds a degree in Advertising & Media Management from LimKokWing University of Creative Technology & RMIT Melbourne. He is currently a member of the EXCO of the Melaka Tourism Association.

Genevieve Gan

Centre Manager,
Wetex Parade

Genevieve is the Centre Manager for Wetex Parade since 2015 and before that she was the Finance & Administration Manager from 2008 to 2014. She has more than 12 years of experience in the retail industry and is familiar with the market of northern Johor and Melaka. Prior to joining Hektar, she was an accountant for Takaso Rubber Products Sdn Bhd, a company manufacturing rubber products and responsible for the company's finance operation. She started her career in tax and audit in the accounting practice of KPMG Tax Services Pte Ltd and Stephen McLaren Consultants Pte Ltd in Singapore from 2001 to 2003, and thereafter worked in the audit division of Intel Technology Asia Pte Ltd in 2004. She graduated from Curtin University of Technology, Western Australia with a Bachelor of Commerce majoring in Accounting. She is a member of CPA Australia and completed her CPA Program in 2003. She is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers [BOVEAP], Malaysia.

THE MANAGEMENT TEAM

Property Manager Team

Loong Jee Yung

Centre Manager,
Northern Region

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

Hafiza Ab Hamid

Centre Manager,
Segamat Central

Hafiza is the Centre Manager of Segamat Central since 2021. Hafiza has more than 17 years' experience in the retail industry with expertise in leasing and marketing. Prior to joining Hektar, Hafiza was a Manager at Selayang Unggul Sdn Bhd, where she oversaw the overall management of a sizable retail centre covering leasing, marketing, tenant management and human resource functions.

Simon Juanito Buenaventura

General Manager,
Classic Hotel

Simon Juanito Buenaventura is the General Manager of Classic Hotel, Muar, Johor since December 2019. Simon has more than 33 years experience in the hospitality industry, working in various positions, which has taken him to 11 properties at 6 locations/cities, namely Selangor, Kuala Lumpur, Singapore, etc. Simon was a General Manager for a few hotels in the last 17 years that included "Paya Beach Spa and Island Resort", Tioman Island, Pahang, plus 'Fort Canning Lodge', located in the Orchard belt of Singapore, and "The Pines", Historic Malacca, just to name a few. Simon has a Diploma in F&B Management from SHATEC, Singapore Hotel Association Training and Education Centre (TBC). He is also currently a member of the Malaysian Association of Hotels, Johor Chapter and Tourism Muar.

Abdul Aziz Shaazi

Head,
Group Human Resource

Abdul Aziz Shaazi is currently the Head for Group Human Resource. He has more than 29 years of experience focused on human resource in the capacity of operational, strategic and consultancy roles. He previously worked with several GLC related companies within the PNB, Khazanah and MOF group holding senior roles. Amongst those companies were Malaysian Airlines, CCM, DRBHicom, IHH Berhad and Malaysian Biotech to name a few. He holds a Bachelor Degree in Business Administration majoring in Human Resource Management and a Diploma in Public Administration, both from UiTM.

Mira Rahman

Head,
Group Marketing

Mira is currently the Senior Manager, and head of Group Marketing of Hektar Property Services Sdn Bhd. She has more than 12 years' experience in marketing and advertising. Mira is focused on building the brand and developing marketing relationships for the company. Before Hektar, she handled marketing for Suria KLCC. Prior to that, Mira worked with Mayland Properties working in marketing and casual leasing. Mira started her corporate career in an integrated agency, conducting public relations, advertising and events, on behalf of tourism, banking, property and consumer brands in Malaysia. Mira studied in Multimedia University Malaysia in Information Technology and Business Information Studies before pursuing her passion in marketing. Mira also holds a Certified Mall Marketing & Leasing Manager certification from Persatuan Pengurusan Kompleks Malaysia.

INVESTOR COMMUNICATIONS

Hektar Asset Management continues to cultivate a long-term approach to maintain investor relationships through transparent and timely disclosures. The management primarily focuses on regulatory disclosure, engagement with research houses, and analysts providing information to individual and institutional investors. Coverage extends to regular updates to the website, public relations coverage and direct engagement with stakeholders from time to time. The Manager also engages with the media throughout the financial year with timely updates via press releases.

Communication with analysts and investors is conducted every quarter following the release of quarterly results and ad hoc for material transactions and developments relating to Hektar REIT. Disclosures present financial and operational results and meetings are conducted to discuss the strategy and business model of Hektar REIT. Management aims to engage with potential investors for informational purposes and receive constructive feedback to gauge and monitor the overall perception of the REIT.

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

Unitholders are encouraged to attend and vote at the Company's Annual General Meeting ("AGM"). This allows the Board to comprehend unitholders issues and respond to their questions, especially during the AGM. The Company's 9th AGM was held on 9 April 2021, and it was conducted virtually in line with Securities Commission guidelines and in view of the Covid-19 pandemic. The 10th AGM is scheduled to be held virtually on 25 April 2022 at 10:00 am.

In line with Hektar's sustainability efforts, the management has opted to send an abridged version of the annual report for 2021 to all unitholders. The full version is available for download on the website. Limited physical copies are available on written request.

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

The Manager

Investor Communications
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Financial Year Calendar

Full Year Results Announcement	25 February 2021
Fourth Quarter 2020 Distribution	26 February 2021
Annual Report	10 March 2021
9 th Annual General Meeting	9 April 2021
First Quarter Results Announcement	24 May 2021
Second Quarter Results Announcement	26 August 2021
Proposed Private Placement Announcement	15 November 2021
Third Quarter Results Announcement	26 November 2021
Fourth Quarter Results Announcement	25 February 2022
Fourth Quarter 2021 Distribution	28 February 2022
10 th Annual General Meeting	25 April 2022

HEKTAR IN THE MEDIA

The Edge – 15 November 2021 @ www.theedgemarkets.com

dagangnews – 26 August 2021 @ dagangnews.com



Hektar REIT posts RM25.7 Million revenue in 2Q2021



KUALA LUMPUR 26 August – Hektar Asset Management Sdn. Bhd., the Manager of Hektar Real Estate Investment Trust (Hektar REIT), today announced the second quarter results ended 30 June 2021 (2Q 2021).

NST – 25 April 2021 page 13



new Sunday Times
SUNDAY VIBES
Heart of a small town

NST Business – 9 April 2021



Retail sector to recover this year: Hektar REIT



KUALA LUMPUR Hektar Real Estate Investment Trust (Hektar REIT) expects the retail sector to regain this year thanks to improved consumer confidence, fuelled by stronger economic growth and the rollout of the Covid-19 vaccine.


Hektar REIT will continue to support its tenants and provide measures to ensure the safety and health of its employees, visitors, tenants and visitors.

China Press – 7 April 2021 page 16




二線城市商場 逆势成赢家

NST – 26 November 2021 @ www.nst.com.my



Hektar REIT to raise RM1.8 mil from private placement

November 16, 2021 11:33 pm +08



KUALA LUMPUR (Nov 16) Hektar Real Estate Investment Trust (Hektar REIT) plans to undertake a private placement to raise up to RM1.79 million for the group's working capital and capital work in progress.

The exercise involves the issuance of up to 29.1 million new units, representing up to 6% of the group's total units of 481.94 million, so independent investors to be identified at a later date, the REIT said in a bourse filing.

dagangnews – 9 April 2021 @ dagangnews.com



Hektar REIT kekal berhati-hati menempuh 2021



KUALA LUMPUR 9 April Hektar Asset Management Sdn. Bhd., pengurusan Hektar Real Estate Investment Trust (Hektar REIT) Hektar Real Estate Investment Trust (Hektar REIT) akan kekal berhati-hati menempuh 2021.

Corporate Governance and Accountability

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CORPORATE GOVERNANCE

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

Hektar REIT

Hektar REIT is Malaysia’s first retail-focused REIT listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006. The REIT’s strategic partner is Frasers Centrepoint Trust (“FCT”), a leading developer-sponsored retail real estate investment trust and one of the largest suburban retail mall owners in Singapore. FCT’s property portfolio comprises nine retail malls and an office building located in the suburban regions of Singapore, near homes and within minutes to transportation amenities. The retail portfolio has approximately 2.2 million square feet of net lettable area with over 1,400 leases with a strong focus on providing necessity spending, food & beverage and essential services.

FCT is among the top-ten largest Singapore REITs (SREITs) by market capitalisation. It is also an index constituent of several benchmark indices including the FTSE EPRA/NAREIT Global Real Estate Index Series (Global Developed Index), FTSE ST Real Estate Investment Trust Index, MSCI Singapore Small Cap Index and the SGX iEdge S-REIT Leaders Index. FCT is also a substantial unitholder in Hektar REIT.

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

Being a Trust structure, Hektar REIT does not engage any officers and employees directly but is externally administered by the REIT Manager who appoints professionally qualified and experienced personnel to manage its day-to-day operations. In return, the REIT Manager is remunerated by way of base fees and performance fees.

The Manager of Hektar REIT

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

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

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

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

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

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

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

The Trustee

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

Board Charter & Code of Ethics and Conduct

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

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

Financial reporting

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

Statement on Director' Responsibility

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

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

CORPORATE GOVERNANCE

External Audit

The Board maintains a transparent relationship throughout their association with the external auditors. The appointment of external auditors who is nominated by the Manager has been approved by the Trustee. The Trustee has re-appointed BDO Malaysia as the external auditors to conduct the statutory audit for the financial year ended 31 December 2021.

The Audit and Risk Management Committee ("ARMC") has also evaluated the reappointment of the External Auditors of Hektar REIT during the financial year ended 2021 to determine their suitability for re-appointment and independence. The appointment satisfies the requirements of Paragraph 15.21 under the Listing Requirements.

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

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

The remuneration of the external auditors is approved by the Trustee based on the Manager's recommendation. The remuneration for the external audit function in respect of the financial year ended 31 December 2021 amounted to RM109,000.

Dealings with Related Parties

For the financial year ended 31 December 2021, the ARMC is satisfied and hereby confirms that there were no material related party transactions and conflict of interest in respect of commercial transactions of the Manager. All commercial transactions executed by the Manager have complied with the SC's REIT Guidelines, the Deed and the Listing Requirements. The Manager has demonstrated to the ARMC that all business transactions were carried out in the best interest of Hektar REIT and were not detrimental to the interests of Unitholders.

Additional Compliance Information

- i. Sanctions and/or penalties

There are no public sanctions and/or penalties imposed on Hektar REIT, its Directors or the management of the Manager, by relevant regulatory bodies during the financial year ended 31 December 2021.

- ii. Non-audit fees

The non-audit fees payable to the external auditors of Hektar REIT for the financial year ended 31 December 2021 amounts to RM34,650.

- iii. Soft commission

For the year ended 31 December 2021, the Manager did not receive any soft commission.

- iv. Variation in results

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2021 and the unaudited results previously announced during the quarterly announcement. Hektar REIT did not release any profit estimate, forecast or projection for the financial year.

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

There were no material contracts entered into by Hektar REIT involving the interests of the Directors and major Unitholders during the financial year ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Principle A – Board Leadership and Effectiveness;

Principle B – Effective Audit and Risk Management; and

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

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

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

- i. Practice 5.2: At least half of the board comprises independent directors.
- ii. Practice 5.3: The tenure of an independent director does not exceed a cumulative term limit of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director.
- iii. Practice 8.1: Disclosure on a named basis, the remuneration of individual directors.
- iv. Practice 8.2: Disclosure on a named basis the top 5 senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Manager of Hektar REIT and the Board

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Senior Management in Sustainability

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

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

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

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

Chairman of the Board and Chief Executive Officer

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

Since the resignation and subsequent demise of Hektar REIT's Chairman, the late Mr Michael Lim Hee Kiang on 13 April 2018, the position of Chairman has not been formally replaced. Instead, for Board meetings, a member other than the chairman of the Audit & Risk Management Committee will be selected as chairman of the day to chair the meeting.

The Board is led by Dato Hisham Bin Othman, the Executive Director/CEO and supported by Puan Zarina Halim, the Executive Director/Chief Corporate Officer. The CEO is responsible for ensuring the effective implementation of the Manager's and Hektar REIT's strategic plan and policies established by the Board, as well as to manage the daily conduct of the business.

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

Company Secretaries

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

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

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

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

Board Committees and their Roles

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

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

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

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

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

EXCO

The EXCO comprises 3 members, consisting of 2 Executive Directors and 1 Non-Executive Director. The EXCO is chaired by Dato’ Hisham bin Othman and the members are Puan Zarina Halim and Mr Richard Ng.

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

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

The EXCO met 5 times during the financial year with full attendance by all members.

NRC

The NRC comprises 3 members, all of whom are Independent Non-Executive Directors. The NRC is chaired by Cik Rahanawati Ali Dawam and the members are En. Mahusni bin Hasnan and Mr. Philip Eng Heng Nee.

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

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

The NRC met once during the financial year and all members attended the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

For the financial year ended 31 December 2021, the NRC had assessed, reviewed and recommended those Directors retiring to be nominated for re-election/re-appointment, having regard to the individual's experience, contributions and performance and to review and recommend the appointment of a new Director, where required.

In 2021, Mr Philip Eng Heng Nee would have rendered his services as an Independent Non-Executive Director of the Company for a cumulative tenure of 13 years with the Manager. After a thorough evaluation of his past contributions, the NRC has recommended Mr Philip Eng Heng Nee to continue as an Independent Non-Executive Director with the following justifications:

- i. He still fulfils the criteria under the definition of Independent Director as defined under the Listing Requirements;
- ii. He is still able to proactively participate in the Board's deliberations and provide unbiased independent views in decision-making;
- iii. His vast knowledge in the property sector and financial literacy makes him highly indispensable to the Board and in the ARMC; and
- iv. He has demonstrated due care and diligence during his tenure, carried out his duties in the best interest of the Company and unitholders and is anticipated to be able to uphold these qualities and attributes.

In accordance with the Company's Board Charter, shareholders' approval has been obtained for retention of this Independent Director based on the certainty that his independence is not compromised even with such tenure.

ARMC

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

II. BOARD COMPOSITION

Composition and Diversity

Currently, the Board has 7 members (and an alternate director), 5 of whom are non-executive. Represented on the Board are 3 independent non-executive Directors, whose presence are essential to protect the interests of unitholders of Hektar REIT and these Directors make significant contributions to the Company's decision-making by bringing in the qualities of objectivity and impartiality.

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

The Board acknowledges that although the current Board composition complies with the Listing Requirements, Hektar REIT has not applied the recommendation of the MCCG whereby at least half of the board comprises independent directors. The Board will endeavour to fulfil the recommendation of the MCCG with a search of a new independent director following the demise of the Independent Chairman in May 2018.

With the composition of 43% of the Board held by Independent Directors, the Manager is of the view that the Board can uphold objectivity in reaching meaningful decisions in the best interest of all stakeholders.

The MCGG also recommends the Board to have at least 30% of women directors. The Board recognises that gender diversity makes good business sense, in line with the country's aspirational target of 30% representation of women Directors. The Board currently has 3 women Directors, representing more than 30% of the Board composition.

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

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

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

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

Directors' Training and Continuing Education Programme

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

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

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

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

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

The Executive Directors are also members of the Institute of Corporate Directors Malaysia and are regularly advised by the Institute regarding training programmes which are tailor-made for Company Directors in attendance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Director	Date	Events
Dato' Hisham bin Othman	3 March 2021	Malaysian Capital Market - Industry 4.0 and Its Impact Of Malaysian Capital Market
	4 March 2021	The Impact of Current Global Financial Crisis and Covid -19 on Capital Markets
	30 June 2021	APAC Launch - Primer on Climate Change - Director's Duties and Disclosure Obligations
	1 July 2021 (6-Week Course)	Circular Economy and Sustainable Strategies - Cambridge University
	7 July 2021	MCCG Revision 2021 - Changing the Game in Corporate Governance
	8 July 2021	Launch of the 2020 Malaysian Board Practices Review Report
	21 July 2021	Macro and Market Outlook: Nearing an Inflection Point
	22 July 2021	Directors Duties and Climate Change
	1 August 2021 (6-Week Course)	Oxford Leading Sustainable Corporations Programme - Oxford University
	1 September 2021 (4-Week Course)	From Climate Science to Action - World Bank Group
	7 September 2021	ESG Risk Management and Due Diligence
	8 September 2021	Climate Change, Reporting and Sustainability Trends :- The Inter-Link Towards Addressing Sustainable Development Goals and Climate Change
	9 September 2021	The Net Zero Journey :- What Board Members Need to Know (Decision-Making in Strategy and Operations)
26 October 2021	Conduct of Directors and Common Breaches of Listing Requirements - MIA Webinar Series	

Pn. Zarina Halim	14 June 2021	Implementing Amendments in The Malaysian Code on Corporate Governance (Talk)
	25 June 2021	COVID 19 Vaccination - Employer's and Employee's Obligations from a Legal & Tax Perspective (Webinar)
	8 July 2021	Downsizing: Boon or Bane for Employers? (Talk)
	14 July 2021	The Future of E-Commerce (Webinar)
	4 August 2021	Business Transformation Post Covid (Webinar)
	23 September 2021	Securities Commission Guidelines on Conduct of Director and Implications to Both Directors and Management
	15 & 16 November 2021	Strata Titles Act, Management of High Rise and Building and Gated Community (Level 2)
Mr. Richard Ng	21 May 2021	Driving Engagement and Ecosystem Development through marketplaces and Data Governance and Cybersecurity
	29 June 2021	Allen & Gledhill Webinar - Blockchain & NFTs in 30 minutes: A Primer for A Non-technical Audience
	26 July 2021	Allen & Gledhill Webinar - The Digital Workplace: Trends, Patterns and Relationships
	28 July 2021	Personal Data Protection Training
	16 August 2021	Sustainability – Why It Matters?
	1 September 2021	ODE Consulting Event: High Performing Teams Behavioural Dimensions and Future Learning World
	8 September 2021	SID Directors' Conference: "Asia's Renaissance - The New Era Of Recovery & Reopening (Day 1)
	9 September 2021	SID Directors' Conference: "Asia's Renaissance - The New Era Of Recovery & Reopening (Day 2)
	24 September 2021	Allen & Gledhill - Listing Manual and Code of Corporate Governance
	3 November 2021	Urban Land Institute: Good Things Come in Threes at #ULIREImagine! -
Ms. Tan Loo Ming	16 July 2021	Fireside Chat: Real Estate as a Service
	28 July 2021	Personal Data Protection Training
	16 August 2021	Sustainability – Why It Matters?
	11 October to 13 October 2021	Mandatory Accreditation Programme (MAP)
	9 November 2021	REITAS Conference 2021: "Where are REITs on their Sustainability journey?"

CORPORATE GOVERNANCE OVERVIEW STATEMENT

En. Mahusni bin Hasnan	22 March 2021	Collaboration In and Outside the Boardroom: Behaviour and Relationships
	24 March 2021	Shariah Investing Dialogue 2021
	26 & 27 April 2021	Corruption Risk Management Training
	6 December 2021	AOB Conversation with Audit Committees
Mr. Philip Eng Heng Nee	27 July 2021	APPI Indonesia Seminar: Cross-Industry Collaboration for Multifinance
Cik Rahanawati Binti Ali Dawam	16 & 17 June 2021	Paving The Way For Profitability Through Sustainability
	24 August 2021	SSM National Conference 2021
	3 September 2021	Session 2 - Taxable Income: What are The Sources of Income Subject to Income?
	6 September 2021	Documentation For Sale & Purchase Of Vessels And Financing
	1 & 2 December 2021	Bank Negara Malaysia's Compliance Conference 2021, Data & Compliance Report 2021 and FATF's White Paper - Compliance Conference 2021 Shifting the Tide towards Endemic: ML/TF Risks and Challenges
Ms Pauline Lim Poh Noy	2 April 2021	Mandatory Accreditation Program (MAP)
	29 June 2021	Allen & Gledhill Webinar - Blockchain & NFTs in 30 minutes: A Primer for A Non-Technical Audience
	16 August 2021	Sustainability – Why It Matters?
	27 September 2021	Leading with Strategy by Goutam Challagalla (IMD)

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

III. REMUNERATION

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

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

The Board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the Company as well as the skills and experience required. The Board practices transparent remuneration policies and procedures and the remuneration of Executive Directors are based on individual performance. All Directors receive Directors' fees and all Non-Executive Directors receive meeting allowances for their attendances at Board meetings and any other Board Committee meetings that require their presence. The Board confirms that the Directors do not participate in decisions regarding their remuneration. The policies and procedures are periodically reviewed and made available on Hektar REIT's website.

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

An overview of the Director’s remuneration for the financial year ended 31 December 2021 are as follows:

	RM
Salaries and Other Remuneration	1,433,625
Directors’ Fees	589,615
Meeting Attendance Allowances	23,500
Total	2,046,740

The total top 5 senior management staff of HAMS B was remunerated with total salaries and other remuneration amounting to RM1,070,049 for the financial year ended 31 December 2021.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

Currently, all 3 members of the ARMC are Independent Non-Executive Directors and are in line with the requirement of MCCG, which states that the ARMC should solely comprise Independent Directors. The Chairman of the ARMC is not the Chairman of the Board.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

I. COMMUNICATION WITH STAKEHOLDERS

Unitholders and Relationship

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

The Board recognises the need to establish regular communication with its stakeholders to disseminate information on Hektar's activities, performance and other relevant events. Unitholders and investors can obtain an overview of performance and operations via the timely release of various announcements by the Company on Bursa Malaysia.

Disclosure and Corporate Transparency

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

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

II. CONDUCT OF GENERAL MEETINGS

In efforts to strengthen the relationship between the Company and its shareholders and unitholders, the Annual General Meeting and/or Extraordinary General Meeting serves as crucial mechanisms in communication.

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

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

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

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

Due to the Covid-19 pandemic and observation of mobility restrictions, the next 10th Annual General Meeting of Hektar REIT will take place virtually on 25 April 2022. The Notice of Meeting and Proxy Form can be found at the end of this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

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

Members

En Mahusni Bin Hasnan
(Chairman, Independent Non-Executive Director)

Mr Philip Eng Heng Nee
(Independent Non-Executive Director)

Cik Rahanawati Binti Ali Dawam
(Independent Non-Executive Director)

Membership

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

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

Meetings

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

TERMS OF REFERENCE

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

ACTIVITIES FOR THE FINANCIAL YEAR

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

Name of Members	Attendance
En Mahusni Bin Hasnan	4/4
Mr Philip Eng Heng Nee	4/4
Cik Rahanawati Binti Ali Dawam	4/4

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

Financial results

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Audit

- i. Reviewed and approved the internal audit plan which covers 6 audit cycles and agreed with the methodologies (risk-driven approach) employed by internal auditors.
- ii. Reviewed the internal audit reports and ensured that action plans recommended are agreed upon and implemented by Management on a timely basis.
- iii. Evaluated the internal auditors and recommended to the Board for their re-engagement to carry out the internal audit function.
- iv. Reviewed the internal audit fees applicable to the audit cycles under engagement before recommending the same to the Board for approval.

External Audit

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

Risk Management

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

Related Party Transactions

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

INTERNAL AUDIT FUNCTION

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

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

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

The cost incurred for the internal audit function for the financial year ended 31 December 2021 amounted to RM65,000.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors (“Board”) of Hektar Asset Management Sdn Bhd (“the Manager”), as the manager of Hektar Real Estate Investment Trust (“Hektar REIT”), is committed to maintain a sound and effective risk management and internal control system to safeguard the interest of unitholders of Hektar REIT.

Board’s Responsibility

In discharging the Board’s principal responsibilities, the Board assumes the responsibility for the system of risk management and internal control as set up by the Manager for Hektar REIT. The Board is responsible for the adequacy and integrity of the system of risk management and internal control. It is an essential part of the Board’s responsibilities to identify principal risks and ensuring that there are appropriate systems and policies in place to manage these risks; and reviewing the adequacy and integrity of these internal control system and policies. However, the Board acknowledged that this system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives. A sound system of risk management and internal control therefore provides a reasonable but not absolute assurance that Hektar REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

Risk Management

The Board uses the Enterprise-wide Risk Management Framework (“ERM”) which encompasses the identification of risks, measurement of risk impact and likelihood, evaluation of existing control and development of appropriate management actions and controls of the business. Our ERM is maintained by the management team and is monitored by the Audit and Risk Management Committee (“ARMC”) on behalf of the Board. The ARMC oversees the effectiveness of the risk management activities and its internal control systems. It also advises the Board on the principal risks faced by Hektar REIT including those that would threaten its solvency or liquidity. Risks are identified by applying a two-way approach: “bottom up” at the operational level having established responsible risk owners throughout the business and a “top down” or corporate overlay as determined by the Board. The management has performed a risk assessment, reviewed and assessed key risk areas which may affect the achievements of Hektar REIT’s strategic priorities. As reviewed by the ARMC, a summary of these risks are as follows:

No	Risk Categories	Description
1	Market Risk	External factors such as globalisation, economic conditions, competition, political changes, reputation and public image.
2	Strategic Risk	Corporate framework for managing the strategic direction and performance of the organisation which includes strategic management and portfolio reviews. Investment risk and acquisition risk management means ensuring that the acquired assets are yield accretive or at least provides for a good growth potential. Hektar REIT is cautious in conducting its due diligence on potential acquisitions. Before recommending to the Board for approval, Hektar REIT carries out reviews and assessments on the viability of properties based on their physical, financial, market, technical and legal characteristics.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3	Operational Risk	<p>Risk of loss resulting from the failure of internal processes, operational procedures or external events. Operational risks are mitigated by having Standard Operating Policies and Procedures (“SOP”) that are adopted and are continuously reviewed for all properties in the REIT’s portfolio, comprising operational guidelines, control and monitoring procedures including reports on:</p> <ul style="list-style-type: none"> • Sourcing, negotiating with potential or existing tenants, rental reversions, renewal and expiry reports. • Procurement, tender and purchasing procedures. • Approval processes for tenancies, leases and licenses. • Billing, payment, collections and refunds as well as arrears reporting. <p>Risk of business interruption due to COVID-19 pandemic.</p>
4	Corporate Governance/ Compliance Risk	<p>All risks related to the policy setting of the Board and in relation to the rules and regulations set by bodies governing the REIT industry.</p>
5	Financial and Credit Risk	<p>Risks relating to financial considerations like profitability, cash flow and cost management, asset and liability management.</p> <ul style="list-style-type: none"> • Due to the current market conditions, Hektar REIT is exposed to higher non-payment by non-performing tenants and measures have been taken to reduce risk by carrying out credit checks and assessments before offering Letters of Offer to tenants. Monthly monitoring of tenant’s turnover and occupancy cost is also carried out to evaluate a tenant’s business performance and health. • Risks relating to money laundering activities and/or the source of tenants’ income under the the Anti-Money Laundering and Counter Terrorism Act (AMLA) are also mitigated by conducting proper background checks on tenants.
6	Legal Risk	<p>Risks involved in legal arrangements, contracts, agreements and obligations. The Manager has a dedicated Compliance Officer, reporting directly to the CEO and the Board, who is responsible to guide to ensure that all regulatory and compliance matters are adhered to. The Manager also actively monitors litigation cases involving Hektar REIT, which consist of mainly rental recovery cases against defaulting tenants, and lease and license disputes.</p>
7	Fraud, Bribery & Corruption Risk	<p>Risk that could impact the organization’s ethics, business integrity and practices. A comprehensive SOP can provide a check-and-balance to reduce the scenarios for fraud, bribery and corruption. A Code of Ethics and Conduct is also issued to all employees.</p>

8	Security Risk	<p>Risk involving the safety and security of each operation units.</p> <ul style="list-style-type: none"> Shoppers' security is our utmost priority. Security workforce from reputable security companies or employed in-house is deployed to ensure that the properties are secured, providing shoppers with ease of mind during their visits. The hired security officers are entasked to conduct routine patrolling within the property and secluded areas within and/or surrounding the property. Advanced internal security surveillance and alarm systems have been installed throughout all properties, equipped with security cameras in strategic locations of the building to facilitate monitoring throughout the day.
9	Information Technology Risk	<p>Risk that may arise from faults and failures in the information technology system. Procedures for data backup and disaster recovery processes and steps to prevent cyber security attacks are being reviewed. Manual operating processes are also available for selected business functions.</p>
10	Human Resource Risk	<p>Risk due to possible turnover or loss of tenant and manpower. Our human resources department focuses on strengthening our manpower as well as looking into employee welfare and retention via succession planning, employee engagement, annual review of compensation and training that is in line with industry practice.</p>

Identified risks are then assessed by rating each risk and its mitigating controls. The ARMC reviews the risk management plans with the design, implementation and monitoring being the responsibility of the management team on a day-to-day basis. Risks are considered in terms of their impact and likelihood from both a financial and reputational perspective.

With the ERM framework, the management aims to:

- Establish systematic and periodic processes to identify, assess and monitor risks with the organisation. The risk assessment is intended to provide the Board and the management with a view of events that could impact the achievements of its business objectives.
- Safeguard shareholders' interests and the company's assets.
- Maximise opportunities across Hektar REIT to achieve its corporate mission and vision.
- Achieve an enterprise-wide consistent and cohesive framework for risk management by establishing a risk register for each department and business unit within Hektar REIT and its appointed property manager, through the use of corporate risk scorecard.

The day-to-day management of risk is embedded in our operational processes at all levels:

- The Board and senior management to encourage a culture of openness and transparency throughout the organisation.
- The Directors to be closely involved in the business by helping to identify new risks or system weaknesses quickly.
- The ARMC has appointed KPMG Management & Risk Consulting Sdn Bhd to act as internal auditors and undertake further testing of the risk management framework and controls.
- The management team holds weekly meetings and bi-weekly departmental update meetings with the property manager to discuss progress in each area of the business, and
- Hektar REIT's key risks and controls are continually identified, reviewed and monitored. Quantitative and qualitative analysis are performed to identify and quantify the most important risks. The system outputs include risk registers, risk monitoring plan and risk metrics from which the business is measured.

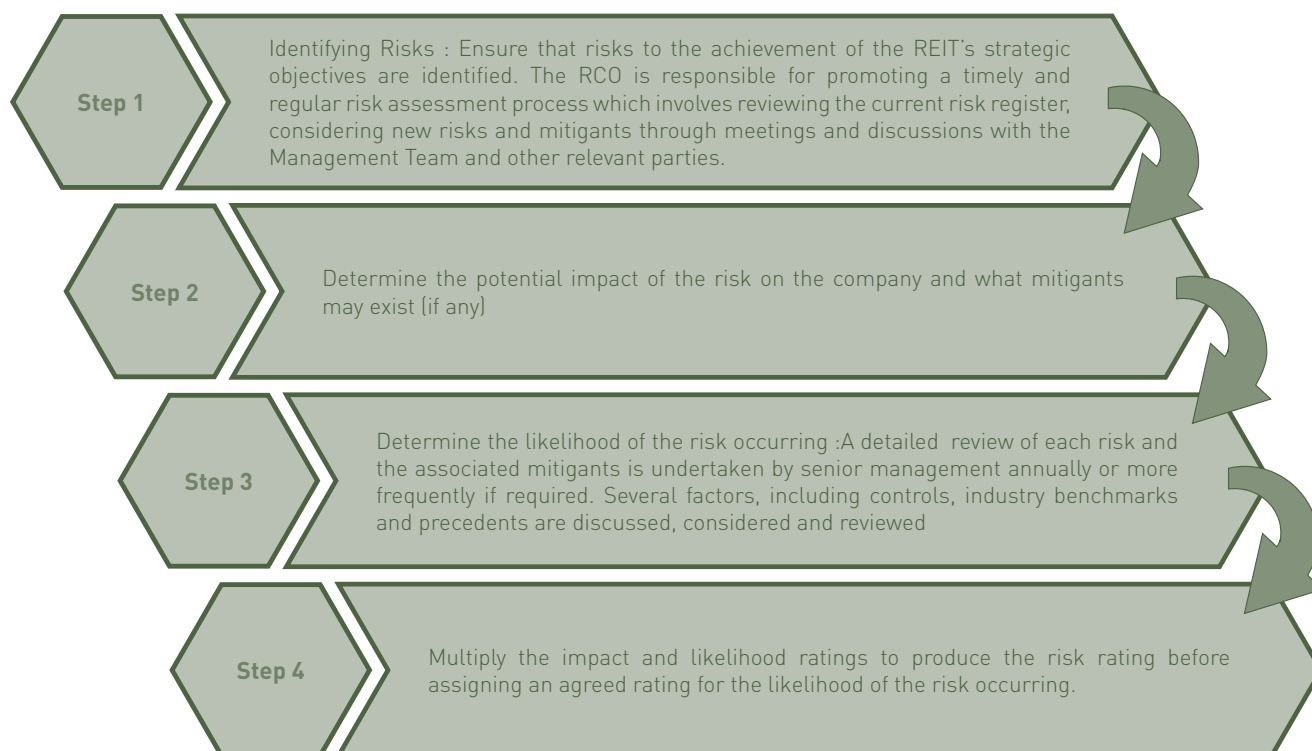
STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

A Risk Management Unit has been set up and its main responsibilities are:

- Compliance of the ERM process and methodology.
- Flow through of ERM concept to the respective departments and business units.
- Continuous risk assessment by each department using the methodology and monitoring management actions which have been taken.
- Timely identification, mitigation and management of key risks that may have a material impact on Hektar REIT's financial performance and corporate objectives.
- Communication and understanding of risk tolerance statements adopted by the relevant departments.
- Periodic discussions on key risks and issues at the management and departmental levels.
- Ensuring that the ERM process is carried out by each department and business unit and is endorsed by the Chief Executive Officer ("CEO") and Chief Corporate Officer ("CCO"), and
- Assurance to the CEO, CCO and management team regarding the effectiveness of the ERM.

Key Internal Control Processes

The Manager has put in place systems of internal control and a set of policy and procedures to safeguard the assets of Hektar REIT and the interest of Unitholders. The Manager performs a risk assessment exercise every 6 months where key risks are reported to the ARMC. The main objective of this exercise is to provide the Board and the management with a view of events that could impact the achievements of its business objectives. This involves a four-step process, led by the Risk Officer with other members of the management team providing inputs.



The Board has put in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with the publication of an Employee Handbook. There are also established procedures for planning, capital expenditure and for monitoring Hektar REIT's performance. These procedures provide continuous assurance given at higher levels of management and the Board.

Internal and external auditors will report any material non-compliance or weaknesses in the internal controls or recommendations to further improve the internal controls to the ARMC. The ARMC will also follow up on the actions taken by the management on these recommendations. The risk management and internal control procedures are continuously being developed by the management and reported to the ARMC and the Board for their approval.

Based on the reports submitted by the internal and external auditors to the ARMC and the Board, nothing material has come to the attention of the ARMC and the Board which may cause the ARMC and the Board to believe that the internal controls and risk management processes are not adequate nor satisfactory.

The CEO reports to the Board on significant changes in the business and external environment. The management provides the Board with quarterly financial information which includes key financial indicators. This includes, amongst others, the monitoring of financial results against budgets with variances being followed up and management action taken, where necessary.

Our CEO and Compliance Officer have also provided their assurance to the Board that to the best of their knowledge, the system of risk management and internal controls established and maintained by the Manager is adequate. Such view on adequacy of the system is based on outcomes of continuous reviews on risk management and internal controls by the Management and the Board and the work performed by the internal and external auditors.

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MANAGER'S REPORT

Hektar Asset Management Sdn Bhd, the Manager for Hektar Real Estate Investment Trust ("Hektar REIT" or the "Trust"), has the pleasure in presenting its report together with the audited financial statements of the Trust for the financial year ended 31 December 2021.

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

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

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

DIRECTORS

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

Dato' Hisham bin Othman
Zarina Halim
Richard Ng
Tay Hwee Pio (Resigned w.e.f. 24 July 2021)
Mahusni bin Hasnan
Philip Eng Heng Nee
Pauline Lim Poh Noy (Alternate Director to Mr Richard)
Rahanawati binti Ali Dawam (Resigned w.e.f. 11 February 2022)
Tan Loo Ming (Appointed w.e.f. 24 July 2021)
Johari Shukri bin Jamil (Appointed w.e.f. 22 February 2022)
Hasli bin Hashim (Appointed w.e.f. 22 February 2022)

DIRECTORS' BENEFITS

For the financial year ended 31 December 2021, 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 25 as disclosed in the notes to the financial statements.

There were no arrangements during the financial year ended 2021, which had the objective of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of Hektar REIT or any other corporate body.

DIRECTORS' INTERESTS

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

SOFT COMMISSION

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

OTHER INFORMATION

- (a) Before the financial statements of the Trust were made out, the Manager took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.
- (b) At the date of this report, the Manager is not aware of any circumstances which would:
 - (i) render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Trust inadequate to any substantial extent; and
 - (ii) render the values attributed to the current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Trust misleading.
- (e) As at the date of this report, there does not exist
 - (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability of the Trust which has arisen since the end of the financial year.
- (f) In the opinion of the Manager:
 - (i) the results of the operations of the Trust during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the impact arising from the COVID-19 pandemic as disclosed in Note 31 to the financial statements;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made; and
 - (iii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months (12) after the end of the financial year which would or may affect the ability of the Trust to meet their obligations when they fall due.

MANAGER'S REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 31 to the financial statements.

MATERIAL LITIGATIONS

Material litigations are disclosed in Note 28 to the financial statements.

AUDITORS

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

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

Dato' Hisham bin Othman
Executive Director
and Chief Executive Officer

Zarina Halim
Executive Director
and Chief Corporate Officer

Kuala Lumpur
25 February 2022

STATEMENT BY DIRECTORS OF THE MANAGER

In the opinion of the Directors of Hektar Asset Management Sdn. Bhd. (“the Manager”), the financial statements set out on pages 111 to 143 have been drawn up in accordance with the provisions of the Trust Deed dated 5 October 2006 and as amended by two Supplemental Trust Deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021) between Hektar Asset Management Sdn. Bhd. and MTrustee Berhad (“the Deed”), the Securities Commission’s Guidelines on Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and 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” or “the Trust”) as at 31 December 2021 and of the financial performance and cash flows of the Trust for the financial year then ended.

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

Dato’ Hisham bin Othman
Executive Director and Chief Executive Officer

Zarina Halim
Executive Director and Chief Corporate Officer

Kuala Lumpur
25 February 2022

STATUTORY DECLARATION

I, Dato’ Hisham bin Othman, being the Director of the Manager, Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 111 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this)
25 February 2022)

Dato’ Hisham bin Othman

Before me:-

TRUSTEE'S REPORT

We, MTrustee Berhad, have acted as Trustee of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust") for the financial year ended 31 December 2021.

In our opinion and to the best of our knowledge, Hektar Asset Management Sdn. Bhd. ("the Manager") has managed Hektar REIT during the period covered by these financial statements, set out on pages 111 to 143, in accordance with the limitations imposed on the investment powers of the Manager, the provisions of the Trust Deed dated 5 October 2006 and as amended by two Supplemental Trust Deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021), the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and the applicable securities laws.

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

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2021 are in line with and are reflective of the objective of Hektar REIT.

For and on behalf of the Trustee,
MTrustee Berhad

Nurizan binti Jalil
Chief Executive Officer

Selangor, Malaysia
25 February 2022

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST (Established in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust"), which comprise the statement of financial position as at 31 December 2021 of the Trust, and statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of the Trust for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 111 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Valuation of investment properties

With reference to Note 5 to the financial statements, the Trust's investment properties were recorded as RM1,164,500,000 as at 31 December 2021.

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

Audit responses

Our audit procedures included the following:

- (i) Assessed and discussed with management of their process for reviewing the work of the independent valuers.
- (ii) Assessed the competency, independence and integrity of the independent valuers.
- (iii) Tested the integrity of the data provided to the independent valuers to underlying lease agreements.
- (iv) Benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the allowance for void, term yield rates, reversionary yield rates and discount rates.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST (Established in Malaysia)

Key Audit Matters (continued)

Impairment of trade receivables

With reference to Note 7 to the financial statements, the Trust's trade receivables were recorded as RM2,682,412 as at 31 December 2021.

There were significant judgements and estimates used in relation to the impairment assessment of the Trust's trade receivables including the probability of default by trade receivables, appropriate forward looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenario.

Audit responses

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward looking information adjustments, considering the impact of the COVID-19 pandemic, applied by the Trust.
- (ii) Recomputed the correlation coefficient between the macroeconomic indicator used by the Trust and historical losses to determine the appropriateness of the forward-looking information used by the Trust.
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses.
- (iv) Assessed actual loss events subsequent to the end of reporting period for its relationship with the indicator of significant increase in credit risk applied by management.
- (v) Challenged management on the basis for determining cash flows recoverable in worst-case scenario.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Directors of the Manager and Trustee for the Financial Statements

The Directors of the Manager are responsible for the preparation of financial statements of the Trust that give a true and fair view in accordance with MFRSs, IFRSs and the Securities Commission's Guidelines on Real Estate Investment Trust. The Directors of the Manager are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Trust that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Directors of the Manager maintain proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Trust, the Directors of the Manager are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Trust.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Trust, including the disclosures, and whether the financial statements of the Trust represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Hektar REIT to express an opinion on the financial statements of the Hektar REIT. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST (Established in Malaysia)

Auditors' Responsibility for the Audit of the Financial Statements (continued)

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
25 February 2022

Ng Soe Kei

02982/08/2023 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	68,059	90,579
Investment properties	5	1,164,562,724	1,208,379,757
Fixed deposits with a licensed bank	6	1,583,933	1,551,765
		1,166,214,716	1,210,022,101
Current assets			
Trade receivables	7	2,682,412	4,251,192
Other receivables, deposits and prepayments	8	2,725,691	17,356,146
Cash and bank balances	9	59,084,688	27,345,909
		64,492,791	48,953,247
TOTAL ASSETS		1,230,707,507	1,258,975,348
LIABILITIES			
Non-current liabilities			
Other payables and accruals	11	9,185,005	9,080,548
Bank borrowings	12	566,090,863	536,090,863
Deferred tax liabilities	13	24,887,634	27,922,384
		600,163,502	573,093,795
Current liabilities			
Trade payables	10	16,623,843	16,352,877
Other payables and accruals	11	50,957,341	48,173,733
Bank borrowings	12	15,000,000	45,000,000
		82,581,184	109,526,610
TOTAL LIABILITIES		682,744,686	682,620,405
NET ASSET VALUE ("NAV")		547,962,821	576,354,943

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	14	496,731,949	492,500,449
Undistributed income - realised		55,225,682	46,671,543
Undistributed income - unrealised		(3,994,810)	37,182,951
TOTAL UNITHOLDERS' FUNDS		547,962,821	576,354,943
NUMBER OF UNITS IN CIRCULATION	14	471,260,178	461,960,178
NAV PER UNIT (RM)			
Before income distribution ¹		1.1628	1.2476
After income distribution ²		1.1375	1.2386

¹ Before the proposed final income distribution of 2.53 sen per unit (2020: 0.90 sen per unit)

² After the proposed final income distribution of 2.53 sen per unit (2020: 0.90 sen per unit)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
Gross revenue	15	96,598,638	111,138,638
Property operating expenses	16	(49,580,569)	(58,167,771)
Net property income		47,018,069	52,970,867
Interest income		736,999	524,767
Sundry income		24,006	114,345
Total income		47,779,074	53,609,979
Manager's fees	17	(6,859,924)	(7,261,004)
Trustee's fees	18	(469,238)	(497,270)
Auditors' remuneration:			
- statutory audit		(109,000)	(109,000)
- others		(230,433)	(216,060)
Valuation fees		(150,000)	(165,360)
Professional fee		(1,060,536)	(1,987,457)
Impairment loss on trade receivables	7(e)	(6,116,075)	(7,777,708)
Administration expenses		(1,403,608)	(476,472)
Interest expense	19	(18,668,479)	(20,896,403)
Change in fair value of investment properties	5(e)	(44,212,511)	(38,309,497)
Total expenses		(79,279,804)	(77,696,231)
Loss before tax		(31,500,730)	(24,086,252)
Taxation	20	3,034,750	248,748
Loss for the financial year		(28,465,980)	(23,837,504)
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive loss for the financial year		(28,465,980)	(23,837,504)

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 2021

	Note	2021 RM	2020 RM
Loss for the financial year comprises the following:			
Realised		12,711,781	14,223,245
Unrealised - change in fair value of investment properties		(44,212,511)	(38,309,497)
Unrealised - provision for deferred tax on change in fair value of investment properties		3,034,750	248,748
		(28,465,980)	(23,837,504)
Earnings per unit (Total)			
Before Manager's fees (sen)	21(a)	(4.68) ^a	(3.59)
After Manager's fees (sen)	21(b)	(6.16) ^a	(5.16)
Earnings per unit (Realised)			
Before Manager's fees (sen)	21(c)	4.24 ^a	4.65
After Manager's fees (sen)	21(d)	2.75 ^a	3.08
Net income distributions			
Proposed final income distribution of 2.53 sen (2020: 0.90 sen) per unit		11,922,883	4,157,642
Final income distribution per unit			
Gross (sen)	22	2.53	0.90
Net (sen)	22	2.53	0.90

a Earnings per unit and income distribution for the financial year ended 31 December 2021 was calculated based on a weighted average of 462,122,918 units.

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

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Unitholders' capital RM	--- Undistributed income ---		Unitholders' fund RM
		Realised RM	Unrealised RM	
At 1 January 2021	492,500,449	46,671,543	37,182,951	576,354,943
Total comprehensive income				
Loss for the financial year	-	12,711,781	(41,177,761)	(28,465,980)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss, representing the decrease in net assets resulting from operations	-	12,711,781	(41,177,761)	(28,465,980)
Unitholders' transactions				
Unitholders' capital	4,231,500	-	-	4,231,500
Distributions to unitholders	-	(4,157,642)	-	(4,157,642)
Increase in net assets resulting from unitholders' transactions	4,231,500	(4,157,642)	-	73,858
At 31 December 2021	496,731,949	55,225,682	(3,994,810)	547,962,821
At 1 January 2020	492,500,449	41,687,502	75,243,700	609,431,651
Total comprehensive income				
Loss for the financial year	-	14,223,245	(38,060,749)	(23,837,504)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss, representing the decrease in net assets resulting from operations	-	14,223,245	(38,060,749)	(23,837,504)
Unitholders' transaction				
Distributions to unitholders	-	(9,239,204)	-	(9,239,204)
Decrease in net assets resulting from unitholders' transaction	-	(9,239,204)	-	(9,239,204)
At 31 December 2020	492,500,449	46,671,543	37,182,951	576,354,943

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(31,500,730)	(24,086,252)
Adjustments for:			
Change in fair value of investment properties	5	44,212,511	38,309,497
Depreciation of property, plant and equipment	3	22,520	22,520
Impairment loss on trade receivables	7(e)	6,116,075	7,777,708
Interest expense	19	18,668,479	20,896,403
Interest income		(736,999)	(524,767)
Operating profit before changes in working capital		36,781,856	42,395,109
Trade and other receivables		10,083,160	(3,073,532)
Trade and other payables		3,159,031	(1,775,439)
Net cash from operating activities		50,024,047	37,546,138
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of capital work in progress of investment properties	5	(395,478)	(9,031,325)
Interest received		736,999	524,767
Placement of fixed deposits		(32,168)	(24,731)
Net cash generated/(used in) investing activities		309,353	(8,531,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	19	(18,668,479)	(20,896,403)
Drawdown of borrowings	12(l)	30,000,000	18,000,000
Repayment of borrowings	12(l)	(30,000,000)	-
Distributions paid to unitholders		(4,157,642)	(9,239,204)
Proceeds from private placement		4,231,500	-
Net cash used in financing activities		(18,594,621)	(12,135,607)
Net increase in cash and cash equivalents		31,738,779	16,879,242
Cash and cash equivalents at beginning of financial year		27,345,909	10,466,667
Cash and cash equivalents at end of financial year	9	59,084,688	27,345,909

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. GENERAL INFORMATION

Hektar Real Estate Investment Trust (“Hektar REIT” or “the Trust”) was constituted on 5 October 2006 pursuant to the Deed dated 5 October 2006 and the supplementary deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021) between MTrustee Berhad as the Trustee and Hektar Asset Management Sdn. Bhd. as the Manager.

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

The Manager’s registered office is located at Unit 419, Block A, Kelana Business Centre, No. 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor.

The principal place of business of the Manager is located at D1-U3-10, Block D1, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The principal activity of Hektar REIT is to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with stable distribution of income and potential capital growth. There has been no significant change in the nature of the principal activity during the financial year.

The principal activities of the Manager consist of managing and administering the Fund for Hektar REIT and other management services. The Manager, incorporated in Malaysia is a subsidiary of Hektar Klasik Sdn. Bhd..

The financial statements comprise the Trust and its subsidiaries.

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 25 February 2022.

2. BASIS OF PREPARATION

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

The financial statements of the Trust have been prepared under the historical cost convention, except as otherwise stated in the financial statements and on a going concern basis.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Trust.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. BASIS OF PREPARATION (continued)

The Trust has net current liabilities of RM18,088,393 as at 31 December 2021. The Directors of the Manager are of the view that the going concern basis remains appropriate in the preparation of the financial statements of the Trust due to the following:

- RM26.3 million relates to other payables and accruals of which will be funded by the current operating cash flow and available reserves of the Trust;
- RM22.8 million relates to the deposits received from tenants of which RM19.7 million of tenancy agreements are expected to be renewed in the next 12 months after 31 December 2021;
- RM15.0 million relates to short term revolving credit in which are secured by the investment properties as mentioned in Note 5 to the financial statements and borrowings as at 31 December 2021. The short term revolving credit was renewed on 12 March 2021; and
- the Trust generating net operating cash inflows of RM50,024,047 for the financial year ended 31 December 2021. The Directors of the Manager projects continued profitability and operating cash inflows for the Trust in the next twelve months.

3. PROPERTY, PLANT AND EQUIPMENT

2021	Balance as at 1.1.2021 RM	Depreciation charge for the year RM	Balance as at 31.12.2021 RM
Carrying amount			
Computer equipment	59,186	(16,963)	42,223
Office equipment	29,393	(5,077)	24,316
Plant and machinery	2,000	(480)	1,520
	90,579	(22,520)	68,059
		[----- At 31.12.2021 -----]	
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Carrying amount			
Computer equipment	113,088	(70,865)	42,223
Office equipment	43,388	(19,072)	24,316
Plant and machinery	3,200	(1,680)	1,520
	159,676	(91,617)	68,059

3. PROPERTY, PLANT AND EQUIPMENT (continued)

2020	Balance as at 1.1.2020 RM	Depreciation charge for the year RM	Balance as at 31.12.2020 RM
Carrying amount			
Computer equipment	76,149	(16,963)	59,186
Office equipment	34,470	(5,077)	29,393
Plant and machinery	2,480	(480)	2,000
	113,099	(22,520)	90,579

	[----- At 31.12.2020 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Carrying amount			
Computer equipment	113,088	(53,902)	59,186
Office equipment	43,388	(13,995)	29,393
Plant and machinery	3,200	(1,200)	2,000
	159,676	(69,097)	90,579

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Computer equipment	15%
Office equipment	10% - 15%
Plant and machinery	15%

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4. INVESTMENTS IN SUBSIDIARIES

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any.
- (b) The details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2021	2020	
Pure Quantum Sdn. Bhd.	100%	100%	Property investment
Plenitude Sunlight Sdn. Bhd.	100%	100%	Property investment

Subsidiaries are entities, including structured entities, controlled by Hektar REIT. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Hektar REIT controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

- (c) The subsidiaries are intended for better management of the strata malls within Hektar REIT's assets portfolio. As the subsidiaries' financial results are not significant to the Trust, hence these are not separately disclosed.

5. INVESTMENT PROPERTIES

	2021 RM	2020 RM
A. At fair value		
Freehold land and buildings	784,000,000	809,000,000
Leasehold land	102,621,525	102,621,525
Leasehold buildings	277,878,475	295,378,475
	1,164,500,000	1,207,000,000
At beginning of financial year	1,207,000,000	1,236,500,000
Transferred from capital work in progress	1,712,511	8,809,497
Change in fair value	(44,212,511)	(38,309,497)
At end of financial year	1,164,500,000	1,207,000,000
B. Capital work in progress		
At beginning of financial year	1,379,757	1,157,929
Additions	395,478	9,031,325
Transferred to investment properties	(1,712,511)	(8,809,497)
At end of financial year	62,724	1,379,757
Total end of financial year (A + B)	1,164,562,724	1,208,379,757

5. INVESTMENT PROPERTIES (continued)

- (a) Capital work in progress related to the renovation cost capitalised, which shall be transferred to investment properties to be measured at fair value when it is available for use.
- (b) Investment properties with an aggregate carrying amount of RM1,107,500,000 (2020: RM1,138,000,000) are charged to a financial institution for banking facilities granted to the Trust as disclosed in Note 12 to the financial statements.

Details of the investment properties are as follows:

2021 Description of property	Tenure of land	Location	Existing use	Cost of investment as at	Fair value as at	Percentage of fair value over net asset value as at
				31 December 2021 RM	31 December 2021 RM	31 December 2021 %
Subang Parade*	Freehold	Subang	Commercial	286,980,000	423,000,000 ^a	77
Mahkota Parade*	Leasehold [^]	Melaka	Commercial	257,538,630	323,500,000 ^b	59
Wetex Parade*	Freehold	Muar	Commercial	117,500,000	142,000,000 ^a	26
Kulim Central*	Freehold	Kedah	Commercial	98,000,000	129,000,000 ^c	24
Central Square*	Freehold	Kedah	Commercial	83,330,000	90,000,000 ^c	16
Segamat Central	Leasehold [^]	Segamat	Commercial	106,068,739	57,000,000 ^b	10
					1,164,500,000	

a Based on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2021

b Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2021

c Based on valuation carried out by Savills (Malaysia) Sdn. Bhd. on 31 December 2021

* The properties are charged to financial institutions for banking facilities granted to the Trust.

[^] The leasehold land for Mahkota Parade and Segamat Central expires in year 2101 and 2116 respectively.

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5. INVESTMENT PROPERTIES (continued)

(b) Details of the investment properties are as follows (continued):

2020				Cost of investment as at 31 December 2020 RM	Fair value as at 31 December 2020 RM	Percentage of fair value over net asset value as at 31 December 2020 %
Description of property	Tenure of land	Location	Existing use			
Subang Parade*	Freehold	Subang	Commercial	286,980,000	441,000,000 ^a	77
Mahkota Parade*	Leasehold [^]	Melaka	Commercial	257,538,630	329,000,000 ^b	57
Wetex Parade*	Freehold	Muar	Commercial	117,500,000	146,000,000 ^a	26
Kulim Central*	Freehold	Kedah	Commercial	98,000,000	130,000,000 ^c	23
Central Square*	Freehold	Kedah	Commercial	83,330,000	92,000,000 ^c	16
Segamat Central	Leasehold [^]	Segamat	Commercial	106,068,739	69,000,000 ^b	12
					1,207,000,000	

a Based on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2020

b Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2020

c Based on valuation carried out by Savills (Malaysia) Sdn. Bhd. on 31 December 2020

* The properties are charged to financial institutions for banking facilities granted to the Trust.

[^] The leasehold land for Mahkota Parade and Segamat Central expires in year 2101 and 2116 respectively.

(c) Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at reporting date. Fair value is arrived at and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year which they arise.

(d) Fair value is determined in accordance with the Deed, the REIT Guidelines and the Guidelines on Asset Valuation issued by the Securities Commission which require the investment properties to be valued by independent qualified valuers. In determining the fair value, the valuers used valuation techniques which involve certain estimates. In relying on the valuation reports, the Directors of the Manager has exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.

The fair values of investment properties of the Trust are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the investment properties. There is no transfer between levels in fair value hierarchy during the financial year.

5. INVESTMENT PROPERTIES (continued)

- (d) The following table shows the valuation technique and significant unobservable inputs used in the determining the fair value measurement of investment property within Level 3, as well as the inter-relationship between key unobservable inputs and fair value used in the valuation model:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Investment method	<ul style="list-style-type: none"> - Allowance for void of 5.00% - 15.00% (2020: 5.00% - 15.00%) - Term yield rate of 6.25% - 7.00% (2020: 6.25% - 6.75%) - Reversionary yield rate of 6.50% - 7.25% (2020: 6.50% - 7.25%) - Discount rate of 6.50% - 7.25% (2020: 6.50% - 7.25%) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> - Allowance for void was lower/(higher) - Term yield rate was lower/(higher) - Reversionary yield rate was lower/(higher) - Discount rate was lower/(higher)

The investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived discount rate.

- (e) The following table shows a reconciliation of Level 3 fair value:

	2021 RM	2020 RM
At beginning of financial year	1,207,000,000	1,236,500,000
Additions	1,712,511	8,809,497
Change in fair value	(44,212,511)	(38,309,497)
At end of financial year	1,164,500,000	1,207,000,000

- (f) Classification between investment properties and plant and equipment

The Trust has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Trust would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

- (g) The direct operating expenses are disclosed in Note 16 to the financial statements.

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6. FIXED DEPOSITS WITH A LICENSED BANK

- (a) The weighted average interest rate of fixed deposits with a licensed bank of the Trust is 1.47% (2020: 2.95%) per annum.
- (b) The fixed deposits have been pledged to a licensed bank for bank guarantee facility granted to the Trust.
- (c) The fixed deposits are denominated in RM.
- (d) In respect of interest-earning financial asset, the following table sets out the carrying amount, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the Trust's financial instruments that are exposed to interest rate risk:

	Within one year RM	One to five years RM	Total RM
2021			
Floating rates			
Deposits with a licensed bank	1,583,933	–	1,583,933
2020			
Floating rates			
Deposits with a licensed bank	1,551,765	–	1,551,765

7. TRADE RECEIVABLES

	2021 RM	2020 RM
Third parties	22,087,713	17,540,418
Less: Impairment losses	(19,405,301)	(13,289,226)
	2,682,412	4,251,192

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) The normal credit terms granted by the Trust to the trade receivables are 7 days (2020: 7 days). Interest ranging from 12% to 18% (2020: 12% to 18%) per annum will be imposed on overdue amount.

7. TRADE RECEIVABLES (continued)

(c) The ageing analysis of the Trust's gross receivables (before deducting allowance for impairment loss) is as follows:

31 December 2021

	Total RM	Not past due RM	Past due 0 to 30 days RM	Past due 31 to 60 days RM	More than 60 days RM
Trade receivables	22,087,713	3,199,314	524,372	1,696,112	16,667,915

31 December 2020

	Total RM	Not past due RM	Past due 0 to 30 days RM	Past due 31 to 60 days RM	More than 60 days RM
Trade receivables	17,540,418	3,208,022	1,428,449	1,660,617	11,243,330

(d) As at the end reporting period, the credit risks exposures and concentration relating to trade receivables of the Trust are summarised in the table below:

	2021 RM	2020 RM
Maximum exposure, net of impairment	2,682,412	4,251,192
Collateral obtained	31,662,646	28,049,126
Net exposure to credit risk	-	-

The above collateral is rental deposits received from tenants.

(e) Credit risk

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust. The Trust's trade receivables credit term is 7 days.

The Trust has no significant concentration of credit risk that may arise from exposure to a single clearing participant or counterparty.

NOTES TO THE FINANCIAL STATEMENTS

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7. TRADE RECEIVABLES (continued)

(e) Credit risk (continued)

(ii) Receivables that are impaired

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables which is adjusted by the consumer price index (forward looking information) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the Trust expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. Estimated cash flows recoverable in worst-case scenario are based on the fair value of the collateral.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information, significant increase in credit risk, and estimated cash flows recoverable in worst-case scenario.

Included in the impairment for trade receivables of the Trust is an amount of RM1,926,546 (2020: RM4,135,480) as disclosed in Note 11 to the financial statements being amount due from tenants whom has long business relationship with the Trust.

The movement of allowance for impairment loss on trade receivables is as follows:

	2021 RM	2020 RM
At beginning of financial year	13,289,226	5,025,580
Charge for the year	6,116,075	7,777,708
Reclassification from other receivables	-	485,938
At the end of financial year	19,405,301	13,289,226

(f) During the financial year, the Trust did not renegotiate the terms of any trade receivables.

(g) Trade receivables are denominated in RM.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM	2020 RM
Other receivables	1,849,679	16,353,770
Deposits	395,561	383,369
Prepayments	2,245,240	16,737,139
	480,451	619,007
Total other receivables	2,725,691	17,356,146

(a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

(b) Included in other receivables are as follows:

	2021 RM	2020 RM
Amount owing from Property Manager	179,818	93,369
Amount owing from stakeholders' sum account	-	11,709,260

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

(ii) In the previous financial year, amount owing from stakeholders' sum account was unsecured, interest free and repayable on demand.

(c) No expected credit loss is recognised arising from other receivables as it is negligible.

(d) Other receivables, deposits and prepayments are denominated in RM.

9. CASH AND BANK BALANCES

	2021 RM	2020 RM
Cash and bank balances	59,084,688	27,345,909

(a) No expected credit loss is recognised arising from the deposits with a financial institution because the probability of default by this financial institution is negligible.

(b) Cash and bank balances are denominated in RM.

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10. TRADE PAYABLES

	2021 RM	2020 RM
Third parties	16,623,843	16,352,877

(a) Trade payables are classified as financial liabilities measured at amortised cost.

(b) Included in trade payables are as follows:

	2021 RM	2020 RM
Amount owing to Manager	5,019,830	4,199,745

Amount owing to Manager are unsecured, interest-free and payable monthly in arrears.

(c) Trade payables are non-interest bearing and the normal credit term granted by trade payables to the Trust are generally from 30 to 60 days (2020: 30 to 60 days).

(d) The maturity profile of the Trust's trade payables at the end of reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

(e) Trade payables are denominated in RM.

11. OTHER PAYABLES AND ACCRUALS

	2021 RM	2020 RM
Non-current liabilities		
Deposits received from tenants	9,185,005	9,080,548
Current liabilities		
Other payables	12,063,623	3,238,720
Accruals	13,141,921	16,221,478
Advance received	1,050,761	2,075,857
Deferred income (Note 7(e))	1,926,546	4,135,480
Deposits received from tenants	22,774,490	22,502,198
	50,957,341	48,173,733
	60,142,346	57,254,281

(a) Other payables and accruals are classified as financial liabilities and measured at amortised cost.

11. OTHER PAYABLES AND ACCRUALS (continued)

(b) Included in other payables and accruals are as follows:

	2021 RM	2020 RM
Amount owing to Property Manager	10,560,546	765,655

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

- (c) Deposits received from tenants are in respect of refundable deposits received from tenants for tenancy or marketing agreements. Tenancy agreements tenure are for period of between one to three years. The deposits received from tenants are unsecured and non-interest bearing.
- (d) Other payables and accruals are denominated in RM.
- (e) The table below summarises the maturity profile of the Trust's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Financial liabilities				
Other payables and accruals (excluding deferred income)	26,256,305	-	-	26,256,305
Deposits received from tenants	22,774,490	9,185,005	-	31,959,495
2020				
Financial liabilities				
Other payables and accruals (excluding deferred income)	21,536,055	-	-	21,536,055
Deposits received from tenants	22,502,198	9,080,548	-	31,582,746

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12. BANK BORROWINGS

	2021 RM	2020 RM
Secured		
Current liabilities		
- Short term revolving credit	15,000,000	15,000,000
- Term loan	-	30,000,000
	15,000,000	45,000,000
Secured		
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	64,990,863	64,990,863
- MOD 6	30,000,000	-
- Term financing-i	50,000,000	50,000,000
	566,090,863	536,090,863
	581,090,863	581,090,863

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Trust for similar financial instruments.
- (c) The Murabahah Overdraft (MOD), MOD 1, MOD 2, MOD 3, MOD 4, MOD 5 and MOD 6 are secured by way of fixed charge over Subang Parade, Mahkota Parade, Wetex Parade and Kulim Central respectively.

The MODs have a tenure of 5 years of which an extension period of another 5 years was granted for MOD 1, MOD 2, MOD 3, MOD 4, MOD 5 and they are now due for repayment in year 2024. The principal amount of MOD 6 is repayable via a bullet repayment at the end of 5 years tenure in 2026.

MOD 1, MOD 2, MOD 3, MOD 4 and MOD 5 bear interest rate at cost of fund plus 100 basis points (2020: cost of fund plus 100 basis points). MOD 6 bear interest rate at cost of fund plus 125 basis points for the first six months and thereafter to be increased to cost of fund plus 150 basis points. The effective interest rates on MODs are ranging from 2.98% to 3.69% (2020: 3.63% to 3.83%) per annum.

- (d) In the previous financial year, the term loan was secured by way of fixed charge over Mahkota Parade and the principal amount was repayable via a bullet repayment at the end of the 7 years tenure in 2021. The term loan bore interest rate at cost of funds plus 100 basis points. The term loan has been fully settled in March 2021 and converted to MOD 6.
- (e) Short term revolving credit is secured by way of fixed charge over Mahkota Parade and bears interest rate at cost of fund plus 100 basis points (2020: cost of fund plus 100 basis points). The effective interest rate on short term revolving credit is 3.13% (2020: 3.78%) per annum. There would be no roll over risk for the short term revolving credit since the Trust is not in breach of any covenants that would trigger an event of defaults which would affect the bank's assessment to renew the facility. There was no history of non-renewal of the short term revolving credit and the latest Deed agreement with the bank and MTrustee Berhad was renewed on 12 March 2021.

12. BANK BORROWINGS (continued)

- (f) The term financing-i is secured by way of fixed charge over Central Square and has a tenure of 5 years until year of 2025. The term financing-i bears interest rate at cost of funds plus 100 basis points (2020: cost of fund plus 100 basis points). The effective interest rates on the term financing-i is 3.86% (2020: 3.75%) per annum.
- (g) Borrowings are categorised as Level 2 in the fair value hierarchy.
- (h) All borrowings are denominated in RM.
- (i) The table below summarises the maturity profile of the Trust's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Financial liabilities				
Short term revolving credit	15,600,000	-	-	15,600,000
MODs	20,793,635	557,678,133	-	578,471,768
Term financing-i	2,000,000	58,000,000	-	60,000,000
<hr/>				
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2020				
Financial liabilities				
Short term revolving credit	15,600,000	-	-	15,600,000
MODs	19,443,635	524,978,133	-	544,421,768
Term loan	31,200,000	-	-	31,200,000
Term financing-i	2,000,000	58,000,000	-	60,000,000

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12. BANK BORROWINGS (continued)

- (j) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the Trust's borrowings that are exposed to interest rate risk:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Floating rates				
Short term revolving credit	15,000,000	-	-	15,000,000
MODs	-	516,090,863	-	516,090,863
Term financing-i	-	50,000,000	-	50,000,000
	15,000,000	566,090,863	-	581,090,863
2020				
Floating rates				
Short term revolving credit	15,000,000	-	-	15,000,000
MODs	-	486,090,863	-	486,090,863
Term loan	30,000,000	-	-	30,000,000
Term financing-i	-	50,000,000	-	50,000,000
	45,000,000	536,090,863	-	581,090,863

- (k) The following table demonstrates the sensitivity analysis of the Trust if interest rates at the end of each reporting period changed by 100 basis points with all other variables held constant:

	2021 RM	2020 RM
Loss after taxation		
- increase by 1% (2020: 1%)	(4,530,291)	(4,416,291)
- decrease by 1% (2020: 1%)	4,530,291	4,416,291

The sensitivity for the Trust is higher in 2021 than in 2020 because of the higher loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

- (l) Reconciliation of liabilities from financing activities:

	2021 RM	2020 RM
As at 1 January	581,090,863	563,090,863
Cash flows from financing activities	-	18,000,000
As at 31 December	581,090,863	581,090,863

13. DEFERRED TAX LIABILITIES

	2021 RM	2020 RM
At beginning of financial year	27,922,384	28,171,132
Recognised in profit or loss (Note 20)	(3,034,750)	(248,748)
At the end of financial year	24,887,634	27,922,384

The deferred tax liability relates to fair value gain of the investment properties which is expected to be recovered through sale.

Where investment properties are carried at fair value as disclosed in Note 5 to the financial statements, the amount of deferred tax recognised is measured using the tax rate that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Under the Finance Act 2019, the Real Property Gains Tax ("RPGT") rate for disposal of real property which have been held in the sixth (6th) year and subsequent years for Trust is 10%.

14. UNITHOLDERS' CAPITAL

	2021		2020	
	Number of units	RM	Number of units	RM
Issued and fully paid				
Balance as at 1 January	461,960,178	492,500,449	461,960,178	492,500,449
Addition	9,300,000	4,231,500	-	-
Balance as at 31 December	471,260,178	496,731,949	461,960,178	492,500,449

As at 31 December 2021, the Manager hold 1,089,172 (2020: 1,089,172) units in Hektar REIT. However, the Directors of the Manager and their related parties held units in Hektar REIT as follows:

	2021		2020	
	Number of units	%	Number of units	%
Substantial unitholders' direct unitholdings in Hektar REIT:				
HSBC Nominees (Asing) Sdn. Bhd. for Frasers Centrepoint Trust (As Trustee)	143,898,398	30.53	143,898,398	31.15
Hektar Black Sdn. Bhd. - Pledged securities account for Hektar Black Sdn. Bhd.	141,774,666	30.08	144,274,666	31.23
The Manager's related parties' direct unitholdings in Hektar REIT:				
Hektar Black Sdn. Bhd.	141,774,666	30.08	144,274,666	31.23

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15. GROSS REVENUE

	2021 RM	2020 RM
Rental income	68,482,262	78,353,716
Service and promotional charges	17,929,905	19,721,311
Carpark income	6,873,618	9,038,679
Hotel income	1,967,301	2,193,940
Other operating income	1,345,552	1,830,992
	96,598,638	111,138,638

(a) Rental income

Rental income is derived from renting of retail properties to tenants and includes base rent and turnover rent charges from tenants. Base rent is recognised in profit or loss on a straight-line basis over the term of lease. Contingent rent such as turnover rent is recognised as income in the profit or loss on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

The aggregate future minimum lease receivables for leasehold land and buildings as at the end of each reporting period are as follows:

	2021 RM	2020 RM
Not later than one (1) year	17,452,607	23,324,359
Later than one (1) year and not later than five (5) years	38,881,548	47,349,916
More than five (5) years	-	1,070,609
	70,854,136	71,744,884

(b) Service and promotional charges

Service and promotional charges is recognised upon services being rendered.

(c) Carpark income

Carpark income is recognised upon services being rendered.

(d) Hotel income

Hotel income is recognised upon services being rendered.

(e) Other operating income

Other operating income mainly comprises rental from common area of the retail properties for promotional events and is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

16. PROPERTY OPERATING EXPENSES

	2021 RM	2020 RM
Assessment and quit rent	4,307,475	4,456,629
Marketing and promotions	1,604,336	2,614,934
Property management fee	1,638,122	1,990,921
Property maintenance	36,229,910	42,387,008
Utilities	5,197,300	5,932,835
Insurance	603,426	785,444
	49,580,569	58,167,771

Property management fee of RM1,638,122 (2020: RM1,990,921) incurred is payable to Hektar Property Services Sdn. Bhd. in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

17. MANAGER'S FEES

	2021 RM	2020 RM
Base fee	4,402,342	4,501,242
Performance fee	2,457,582	2,759,762
	6,859,924	7,261,004

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 2021, the base fee shall be 0.35% (2020: 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 2021, the performance fee shall be 5.0% (2020: 5.0%) per annum of the NPI, before deducting the property management fee.

18. TRUSTEE'S FEES

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

For the financial year ended 31 December 2021, the Trustee's fee shall be 0.08% (2020: 0.08%) per annum of the Net Asset Value of the Trust including the Manager's fees.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. INTEREST EXPENSE

	2021 RM	2020 RM
Interest paid/payable:		
- short term revolving credit	468,933	566,801
- MODs	15,986,563	17,746,595
- term loan	283,476	1,141,917
- term financing-i	1,929,507	1,441,090
	18,668,479	20,896,403

20. TAXATION

	2021 RM	2020 RM
Recognised in profit or loss		
Current tax expenses		
- Current year	-	-
Deferred tax expenses		
- Relating to origination of temporary differences (Note 13)	(3,034,750)	(248,748)
Total taxation	(3,034,750)	(248,748)

Reconciliation of the taxation is as follows:

	2021 RM	2020 RM
Loss before tax	(31,500,730)	(24,086,252)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(7,560,175)	(5,780,700)
Tax effects in respect of:		
Non-allowable expenses	17,442,838	14,915,280
Effect of income distribution exempted from tax	(9,882,663)	(9,134,580)
Deferred real property gains tax on investment properties	(3,034,750)	(248,748)
Income taxation	(3,034,750)	(248,748)

20. TAXATION (continued)

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

The tax transparency system under Section 61A of the Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income for that year of assessment within two (2) months after the close of the financial year.

Hektar REIT will not incur any tax exposure during the financial year as it distributed more than 90% of its realised income available for distribution for the financial year ended 31 December 2021 within two (2) months after the close of the financial year, which translates to more than 90% of its total taxable income.

Real property gains tax

For investment property carried at fair value, there is a presumption that its carrying amount will be recovered through sale. Hence, the measurement of deferred tax asset or liability pertaining to the investment property will be based on the Real Property Gains Tax ("RPGT") rate.

Taxation of Unitholders

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

Unitholders	Tax rate
Individuals and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	24%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 24%.

21. EARNINGS PER UNIT

	2021 No. of unit	2020 No. of unit
At 31 December	462,122,918 ^a	461,960,178

a Earnings per unit and income distribution for the financial year ended 31 December 2021 was calculated based on a weighted average of 462,122,918 units.

(a) The calculation of earnings per unit (total) before Manager's fee is based on Trust's net loss of RM21,606,056 (2020: RM16,576,500) for the financial year after adding back Manager's fee and number of units in circulation for 2021 and 2020 respectively of 462,122,918 (2020: 461,960,178).

(b) The calculation of earnings per unit (total) after Manager's fee is based on Trust's net loss of RM28,465,980 (2020: RM23,837,504) for the financial year to the number of units in circulation for 2021 and 2020 respectively of 462,122,918 (2020: 461,960,178).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. EARNINGS PER UNIT (continued)

- (c) The calculation of earnings per unit (realised) before Manager's fee is based on Trust's realised net income for the financial year of RM19,571,705 (2020: RM21,484,249) after adding back Manager's fee and number of units in circulation for 2021 and 2020 respectively of 462,122,918 (2020: 461,960,178).
- (d) The calculation of earnings per unit (realised) after Manager's fee is based on Trust's realised net income for the financial year of RM12,711,781 (2020: RM14,223,245) to the number of units in circulation for 2021 and 2020 respectively of 462,122,918 (2020: 461,960,178).

22. INCOME DISTRIBUTION

- (a) Distribution to unitholders are from the following sources:

	2021 RM	2020 RM
Net rental income	47,018,069	52,970,867
Interest income	736,999	524,767
Other income	24,006	114,345
	47,779,074	53,609,979
Less: Expenses	(35,067,293)	(39,386,734)
As per realised undistributed income	12,711,781	14,223,245
Add: Loss/(Profit) not subject to distribution (Note 22 (b))	(7,949)	2,618
Balance undistributed income	12,703,832	14,225,863
Gross provision for distribution per unit (sen):		
- Final	2.53	0.90
Net provision for distribution per unit (sen)*:		
- Final	2.53	0.90

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

	2021 RM	2020 RM
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Non-resident companies	24%	24%

- ** Distribution of 2.53 sen (gross) per unit for the fourth quarter ended 31 December 2021 has been declared to unitholders registered as at 15 February 2022 and payable on 28 February 2022.

22. INCOME DISTRIBUTION (continued)

(b) The statement of profit or loss of the subsidiaries which is income not subject to distribution are as follows:

	2021 RM	2020 RM
Revenue	64,232	84,065
Other income	194	103
Expenses	(56,477)	(86,786)
Profit/(Loss) for the financial year	7,949	(2,618)

23. PORTFOLIO TURNOVER RATIO

	2021	2020
Portfolio Turnover Ratio ("PTR") (times)	-	-

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in Hektar REIT to the average net asset value for the financial year calculated on a quarterly basis.

Since the basis of calculating PTR can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Trust's PTR against other real estate investment trusts.

24. MANAGEMENT EXPENSE RATIO

	2021	2020
Management expense ratio ("MER") (%)	1.80	1.78

The calculation of MER is based on the total fees and expenses incurred by the Trust in the year, including Manager's fees, Trustee's fees, auditors' remuneration, tax agent's fee, valuation fees and other trust expenses to the net asset value (after proposed final income distribution) at end of financial year.

Since the basis of calculating MER can vary among real estate investment trusts, comparison of the Trust's MER with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

25. TRANSACTION WITH PARTY RELATED TO THE MANAGER

In addition to the transactions and balances detailed elsewhere in the financial statements, the Trust had the following transactions with party related to the Manager during the financial year:

	2021 RM	2020 RM
Commission and service charges received from - Hektar Black Sdn. Bhd.	79,134	105,017

26. CAPITAL COMMITMENT

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

	2021 RM	2020 RM
Approved and contracted for: - Refurbishment of investment properties	-	512,165

27. CAPITAL MANAGEMENT

Hektar REIT's capital is represented by its unitholder's fund in the statement of financial position.

The Trust's objectives when managing capital is to maintain a strong capital base and safeguard the Trust's ability to continue as a going concern, so as to maintain stakeholders and market confidence and to sustain future development of the Trust.

The Manager monitors capital using a gearing ratio pursuant to the SC Guideline. As per the SC Guideline, the total borrowings of a trust should not exceed 60% (2020: 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.

	2021 RM	2020 RM
Non-current assets	1,166,214,716	1,210,022,101
Current assets	64,492,791	48,953,247
Total assets value	1,230,707,507	1,258,975,348
Total borrowings	581,090,863	581,090,863
Gearing ratio	47.22%	46.16%

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

28. MATERIAL LITIGATIONS

Strata Management Tribunal Claim Against Mahkota Parade JMB

(Court of Appeal Civil Suit No.: MA-01(A)-309-06-2021)

(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 3rd to 10th Respondents (the individual JMB committee members) have filed an appeal to the Court of Appeal against the Order of the High Court dated 17 November 2021.

Meanwhile, on 7 December 2021, during case management, the counsel for the JMB informed the Court that the JMB will be filing its Notice of Discontinuance of the appeal on the same day and will hold a watching brief over the appeal to ensure the interest of the JMB is protected.

The Court then fixed a final case management date on 11 May 2022 and the hearing date for the appeal on 23 May 2022.

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, on 20 December 2021, the Melaka High Court allowed Hektar REIT's appeal and awarded damages in the sum of RM500,000.00 to be payable by the respondents on a joint and several basis.

Following the Melaka High Court's decision, the Respondents had filed an appeal to the Court of Appeal on 14 January 2022 and the appeal is fixed for case management on 9 March 2022.

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, on 14 December 2021, the High Court vacated the earlier decision date scheduled on 16 December 2021 and rescheduled the delivery of the decision to 10 February 2022 as the High Court required more time to deliberate the matter before delivering its decision on the appeals. On 10 February 2022, the High Court adjourned the appeals and fix the appeals for clarification on 30 May 2022.

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, on 13 January 2022 during case management, the High Court has fixed the matter for further case management on 7 March 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

28. MATERIAL LITIGATIONS (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 action had proceeded on 23 November 2021 and 17 January 2022, and will continue for an expected 3 more days, on 10 March 2022, 7 April 2022 and 13 April 2022 respectively.

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

29. OPERATING SEGMENT

The principal activity of Hektar REIT is to invest in properties in Malaysia with the primary objective to derive rental income and medium to long terms capital growth. Hence, no operating segments are presented.

The Directors of the Manager assess the financial performance of the operating segment based on, including but not limited to, net property income ("NPI"). The NPI enables financial performance benchmarking which eliminates the effect of financing and investment decisions not adjusted at operating level.

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

30.1 New MFRSs adopted during the financial year

The Trust adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopt)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Trust.

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Trust:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9-Comparative Information</i> (Amendments to MFRS 10 and MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Trust does not expect the adoption of the above Standards to have a significant impact on the financial statements.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2020 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO.

Since then, the Trust has experienced certain disruption to its operations in the following respects:

- Temporary deferment of payment of lease income from its tenants;
- Rent assistance provided to its tenants subject to case-to-case basis upon evaluation of conditions and fulfilment of the criteria set; and
- Uncertainty concerning when government lockdown will be lifted, social distancing requirements will be eased and the long term effect of the pandemic on the demand of retail space and the Trust's services.

As a result, the impairment on trade receivables have increased by 46% as at 31 December 2021 and gross revenue for the financial year ended 31 December 2021 has been decreased by 13% as compared with prior financial year.

Based on the assessment and information available at the date of authorisation of the financial statements, the Trust has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the reporting date. The Trust has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

ANALYSIS OF UNITHOLDERS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2021 (AS PER RECORD OF DEPOSITORS)

No.	Name of Unitholders	No. of Units	%
1	HSBC NOMINEES (ASING) SDN BHD <i>HSBC-FS FOR FRASERS CENTREPOINT TRUST</i>	143,898,398	30.53
2	TMF TRUSTEES MALAYSIA BERHAD <i>HEKTAR BLACK SDN BHD</i>	83,140,600	17.64
3	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD (001)</i>	45,134,066	9.58
4	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD</i>	13,500,000	2.86
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR AVENTURA SDN BHD</i>	4,445,300	0.94
6	MIRSHAM BIN MEER SADIK	3,825,600	0.81
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	3,383,400	0.72
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	3,241,000	0.69
9	TEW PENG HWEE @ TEOH PENG HWEE	3,231,373	0.69
10	MOHD AIMRAN LONG BIN ABD HALIM	2,300,000	0.49
11	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEKTAR GREEN SDN BHD</i>	1,900,000	0.40
12	LIEW YOON YEE	1,500,086	0.32
13	MOK TECK LIANG	1,411,000	0.30
14	KIM GAP YONG	1,410,000	0.30
15	DING SIEW CHOO	1,309,000	0.28
16	CHIN THEN HEE	1,214,300	0.26
17	YEOH LAY ENG	1,200,013	0.25
18	CHOW HON KEONG	1,158,800	0.25
19	TIONG TAI CHEN	1,131,900	0.24
20	HEKTAR ASSET MANAGEMENT SDN BHD	1,089,172	0.23

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2021 (AS PER RECORD OF DEPOSITORS) (continued)

No.	Name of Unitholders	No. of Units	%
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIN CHEE KHEONG</i>	1,065,000	0.23
22	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED</i>	1,055,500	0.22
23	HO CHIN WEONG	1,032,000	0.22
24	CHONG TECK SENG	1,016,600	0.22
25	LING THIK PING	1,000,000	0.21
26	GLOBAL SUCCESS NETWORK SDN BHD	1,000,000	0.21
27	TAN TZE LIM	998,000	0.21
28	LIM SAN LEE	938,152	0.20
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SARAVANAN A/L RAMAN (E-SRB)</i>	893,200	0.19
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD FAHMI BIN SULAIMAN</i>	856,000	0.18
Total		329,278,460	69.87

UNITHOLDERS AS AT 31 DECEMBER 2021

	No. of Unitholders	% of Unitholders	No. of Units Held	% of Total Units
Less than 100	179	3.26%	4,810	0.00%
100 to 1,000	756	13.80%	460,158	0.10%
1,001 to 10,000	2,420	44.18%	12,517,007	2.66%
10,001 to 100,000	1,789	32.66%	58,484,005	12.41%
100,001 and above	334	6.10%	399,794,198	84.84%
Directors Shareholding	0	0.00%	0	0%
Total	5,478	100.00%	471,260,178	100.00%

ANALYSIS OF UNITHOLDERS

CLASSIFICATION OF UNITHOLDERS AS AT 31 DECEMBER 2021

Category of Unitholders	No. of Holders			No. of Units			% of Units		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1 Individual	103	3,810	74	7,822,245	115,305,585	4,096,362	1.66	24.47	0.87
2 Body Corporate									
a. Bank/Finance Companies	2	-	-	38,400	-	-	0.01	-	-
b. Investments trusts/foundations/charities	1	4	-	10,000	143,013	-	0.00	0.03	-
c. Other types of Companies	13	26	3	2,256,740	3,583,258	83,310,000	0.48	0.76	17.68
3 Government agencies/Institutions	-	-	-	-	-	-	-	-	-
4 Nominees	1,009	383	50	88,598,080	15,427,114	150,669,381	18.80	3.27	31.97
5 Others	-	-	-	-	-	-	-	-	-
Sub Total	1,128	4,223	127	98,725,465	134,458,970	238,075,743	20.95	28.53	50.52
Malaysian Total		5,351			233,184,435			49.48	
Grand Total (Malaysian + Foreign)		5,478			471,260,178			100.00	

GLOSSARY

The Trust / the Fund	: Hektar Real Estate Investment Trust
AEI	: Asset Enhancement Initiative
AGM	: Annual General Meeting
ARMC	: Audit and Risk Management Committee
AUM	: Assets Under Management
Board	: Board of Directors of the Manager
bps	: Basis Points
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (Registration No. 200301033577(635998-W))
CAGR	: Compounded Annual Growth Rate
CAPEX	: Capital Expenditure
CEO	: Chief Executive Officer
CPI	: Consumer Price Index
CSR	: Corporate Social Responsibility
CDS	: Central Depository System
Deed	: The Trust Deed dated 5 October 2006 constituting Hektar REIT and the supplementary deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021) between the Manager and the Trustee
DPU	: Dividend Per Unit / Distribution per Unit
EPU	: Earnings per Unit
ERM	: Enterprise-wide Risk Management
EXCO	: Executive Committee
F&B	: Food & Beverage
FP	: Financial Period
FY / FYE	: Financial Year / Financial Year End
GAV	: Gross Asset Value
GDP	: Gross Domestic Product
Gearing	: Debt Financing to Total Assets
GFA	: Gross Floor Area
GLA	: Gross Lettable Area
Gross Revenue	: Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
HAMSB / HAMS	: Hektar Asset Management Sdn. Bhd., Manager of Hektar REIT
HPSSB / HPS	: Hektar Property Services Sdn. Bhd., the Property Manager of Hektar REIT
IPO	: Initial Public Offering. Hektar REIT's IPO was completed on 4 December 2006
KLCI	: FTSE Bursa Malaysia Kuala Lumpur Composite Index
Listing Requirements	: Bursa Malaysia Securities Berhad Main Market Listing Requirements
Manager	: Hektar Asset Management Sdn Bhd (Registration No. 200601012511 (732261-T)), being the management company of Hektar REIT
M-REIT	: Malaysian Real Estate Investment Trust
MER	: Management Expense Ratio
MTN	: Medium Term Note
N/A or NA	: Not Applicable

GLOSSARY

NAV	: Net Asset Value
NBV	: Net Book Value
NLA	: Net Lettable Area. Area available for leasing. Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building.
NPI	: Net Property Income
NRC	: Nomination and Remuneration Committee
NTA	: Net Tangible Assets
OMV	: Open Market Value
OPTR	: Off-Peak Tariff Rider. Energy efficiency scheme offered by Tenaga Nasional
Property Manager	: Hektar Property Services Sdn Bhd (Registration No. 200901025275 (868376-K))
Psf	: Per square foot
Psfpm	: Per square foot per month
PTR	: Portfolio Turnover Ratio
REIT(s)	: Real Estate Investment Trust(s)
ROI	: Return on Investment
RM and sen	: Ringgit Malaysia and sen, respectively
ROFR	: Right of First Refusal
SC	: Securities Commission
SC Guidelines	: Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission on 15 March 2018 and updated on 18 June 2019.
SCA	: Securities Commission Act 1993
Share Registrar	: Mega Corporate Sdn Bhd (Registration No. 198901010682 (187984-H))
Sq. ft. / sf	: Square feet
Sq. m. / sq m	: Square metre
Step-Up Rent	: Provision specified in tenancy agreement for pre-determined increase in rent at defined intervals during a tenancy agreement, usually each year
TAV	: Total asset value
Trustee	: MTrustee Berhad (Registration No. 198701004362 (163032-V)) being the Trustee of Hektar REIT
Turnover Rent	: Provision for rent calculated as a proportion of annual turnover of the tenant's business
Unit(s)	: Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units
VWAMP	: Volume Weighted Average Market Price
WALE	: Weighted Average Lease Expiry
YOY	: Year-On-Year

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting (“AGM”) of Hektar Real Estate Investment Trust (“Hektar REIT”) will be conducted on a fully virtual basis at the Broadcast venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1- U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur on Monday, 25 April 2022 at 10.00 a.m. for the following purpose:

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements of Hektar REIT for the financial year ended 31 December 2021 together with the Trustee’s Report to the Unitholders issued by MTrustee Berhad, as Trustee of Hektar REIT and the Statement by the Manager issued by Hektar Asset Management Sdn Bhd, as the Manager of Hektar REIT and the Independent Auditors’ Report thereon.

(Please refer to Explanatory Note A)

AS SPECIAL BUSINESS

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

2. **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED AUTHORITY)** Resolution 1

“**That** pursuant to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and the approval of any relevant regulatory authorities, where such approval is required, the Manager be and is hereby authorised to allot and issue new units in Hektar REIT (Units) from time to time to such persons and for such purposes as the Manager may in its absolute discretion deem fit and in the best interest of Hektar REIT, provided that the number of new Units to be allotted and issued pursuant to this resolution does not exceed 94,252,036 representing 20% of the existing issued units of Hektar REIT;

AND THAT the Proposed Authority shall be effective and continue to be in force from the date of receipt of all relevant authorities’ approval or the date the Unitholders pass this resolution, whichever may be the later, until:

- (a) the conclusion of the next AGM of the Unitholders, at which time it shall lapse, unless the authority is renewed by Unitholders by a resolution passed at the meeting; or
- (b) the expiration of the period within which the next AGM of the Unitholders is required by law to be held; or
- (c) the Proposed Authority is revoked or varied by the Unitholders in a Unitholders’ Meeting;

whichever occurs first (Validity Period);

AND THAT the new Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the new Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared before the date of allotment and issuance of such new Units;

AND FURTHER THAT the Manager and the Trustee (acting for and on behalf of Hektar REIT) be and are hereby authorised to give effect to the aforesaid Proposed Authority with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required by any relevant authorities or as the Manager and the Trustee may deem to be in the best interest of Hektar REIT and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise, complete and give full effect to the Proposed Authority.”

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Hektar Asset Management Sdn Bhd (Registration No. 200601012511 (732261-T))
(as the Manager of Hektar Real Estate Investment Trust)

Dato' Muhammad Hafidz bin Nuruddin (MAICSA 7005820)
SSM PC NO. 202008001132

Lim Seck Wah (MAICSA 0799845)
SSM PC NO. 202008000054
Joint Company Secretaries

Kuala Lumpur
28 February 2022

Notes :

- 1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.*
- 2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.*
- 3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.*
- 4. Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*
- 6. The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*
- 7. Only unitholders registered in the Record of Depositors as at 15 April 2022 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his behalf.*
- 8. In light of the COVID-19 pandemic, please refer to the Administrative Guide for the 10th AGM for registration and participation at the Meeting.*

Explanatory Note A

This Agenda is meant for discussion only as in accordance with the provision under the Guidelines on Listed Real Estate Investment Trusts, the audited financial statements do not require formal approval of the unitholders. Hence, this matter will not be put forward for voting.

Explanatory Notes on Special Business

Ordinary Resolution 1 – Proposed authority to allot and issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Proposed Authority).

The purpose of seeking the general mandate is to enable the Manager to, at its absolute discretion, issue and allot new units in Hektar REIT at any time, to such persons deemed fit by the Manager without having to convene a general meeting as it would be both time and cost-consuming to organize a general meeting. This authority unless revoked or varied by the unitholders in a 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 purposes of funding future investment project(s), working capital and/or acquisitions.

ADMINISTRATIVE GUIDE



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual unitholders and body corporate unitholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “**e-Services**”).

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Hektar Real Estate Investment Trust and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

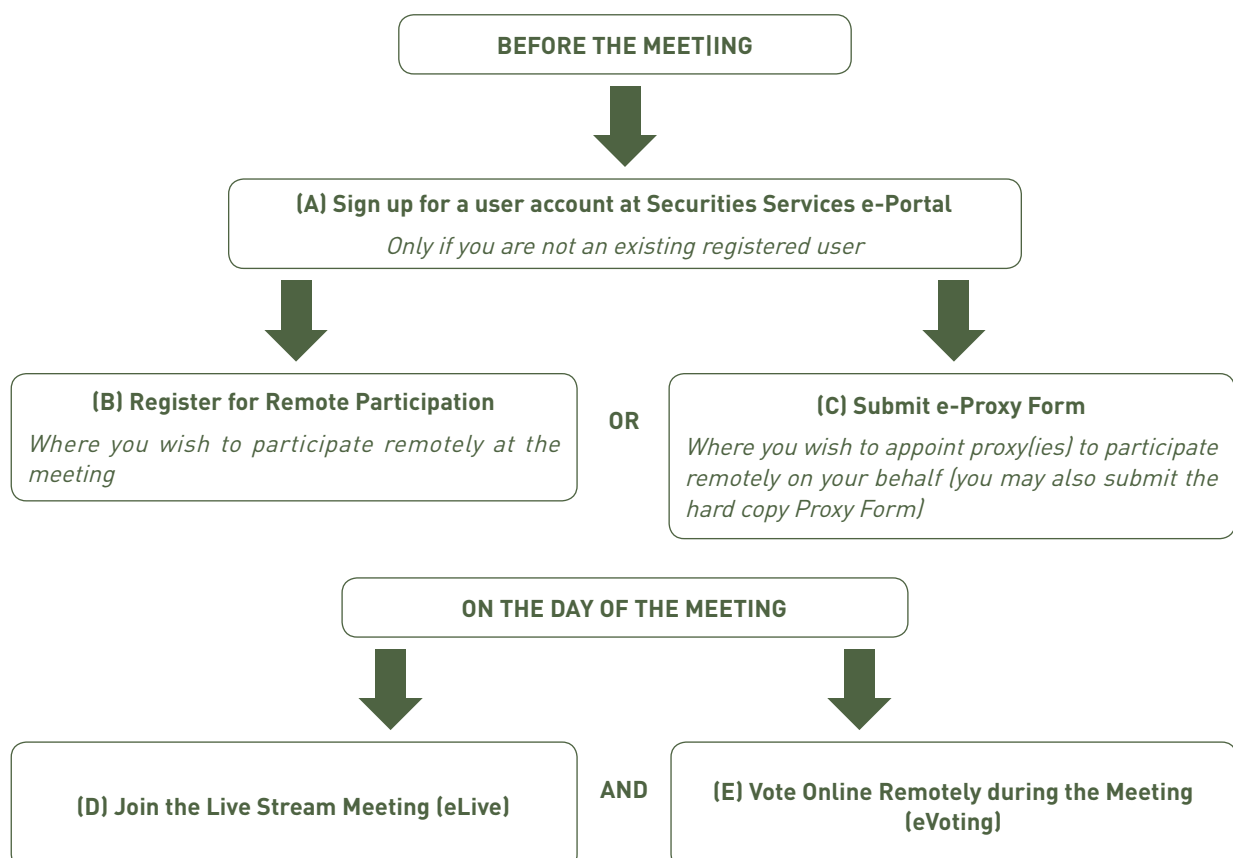
Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Evangeline Yeoh Ee Lynn (DID: +603 2084 9007) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshhsb.com.my.

SUBMISSION OF QUESTIONS

Unitholders, proxies or corporate representatives may also submit questions before the 10th AGM to the Chairman or Board of Directors electronically by email to eservices@sshhsb.com.my no later than Friday, 22 April 2022 at 10.00 a.m. or via real time submission of typed texts through a text box within SS e-Portal at <https://sshhsb.net.my/> before the start or during the live streaming of the 10th AGM.



BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal	
<p>Step 1 Visit https://sshsb.net.my/</p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p>	<ul style="list-style-type: none"> • We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below. • Your registered email address is your User ID.
<p>To register for the meeting under (B) or to submit e-Proxy Form under (C) below, please sign up for a user account by <u>21 APRIL 2022</u>, failing which you may only be able to submit the hard copy proxy form.</p> <p>This is a ONE-TIME registration only. If you already have a user account, please proceed to either (B) or (C) below.</p>	
(B) Register for Remote Participation at the Meeting	
<p>➤ Log in to https://sshsb.net.my/ with your registered email and password</p> <p>➤ Look for Hektar Real Estate Investment Trust under Company Name and 10th AGM on 25 April 2022 at 10:00 a.m. – Registration for Remote Participation under Corporate Exercise / Event and click “>” to register for remote participation at the meeting.</p>	
<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> • Individual unitholder • Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damantela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	<ul style="list-style-type: none"> • All unitholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible unitholders in accordance with the General Meeting Record of Depositors as at 15 April 2022. • A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). • Your registration will apply to all the CDS account(s) of each individual unitholder / body corporate unitholder that you represent. If you are both an individual unitholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate. • As the meeting will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all unitholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.
(C) Submit e-Proxy Form	
Meeting Date and Time	Proxy Form Submission Closing Date and Time
Monday, 25 April 2022 at 10:00 a.m.	Saturday, 23 April 2022 at 10:00 a.m.
<p>➤ Log in to https://sshsb.net.my/ with your registered email and password</p> <p>➤ Look for Hektar Real Estate Investment Trust under Company Name and 10th AGM on 25 April 2022 at 10:00 a.m. – Submission of Proxy Form under Corporate Exercise / Event and click “>” to submit your proxy forms online for the meeting by the submission closing date and time above.</p>	

ADMINISTRATIVE GUIDE

- Step 1 Check if you are submitting the proxy form as –
- Individual unitholder
 - Corporate or authorised representative of a body corporate
- For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.*
- Step 2 Enter your CDS account number or the body corporate’s CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).
You are strongly encouraged to appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.
- Step 3 Proceed to indicate how your votes are to be casted against each resolution.
- Step 4 Review and confirm your proxy form details before submission.
- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
 - You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 21 APRIL 2022. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the unitholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Monday, 25 April 2022 at 10:00 a.m.	Monday, 25 April 2022 at 9:30 a.m.
<p>➤ Look for Hektar Real Estate Investment Trust under Company Name and 10th AGM on 25 April 2022 at 10:00 a.m. – Live Stream Meeting under Corporate Exercise / Event and click “>” to join the meeting.</p> <ul style="list-style-type: none"> • The access to the live stream meeting will open on the abovementioned date and time. • If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user. 	

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Monday, 25 April 2022 at 10:00 a.m.	Monday, 25 April 2022 at 10:00 a.m.
<p>➤ If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR</p> <p>➤ If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for Hektar Real Estate Investment Trust under Company Name and 10th AGM on 25 April 2022 at 10:00 a.m. – Remote Voting under Corporate Exercise / Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the meeting.</p>	

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual unitholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the unitholder who appointed you has indicated how the votes are to be casted, we will take the unitholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

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HEKTAR REAL ESTATE INVESTMENT TRUST
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

CDS Account No.	
No. of units held	

I/We _____ (Full name in block letters)

I.C No./Co.No.: _____ of _____

_____ (full address) being a unitholder(s) of

HEKTAR REIT hereby appoint the following person(s):-

	Name of proxy, NRIC No., Address & Contact No.	No. of units to be represented by proxy
1.	_____	_____
2.	_____	_____

as my/our proxy to attend on my/our behalf at the unitholders' 10th Annual General Meeting ("AGM") of the Company to be held on a fully virtual basis at the Broadcast venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1- U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur on Monday, 25 April 2022 at 10.00 a.m or at any adjournment thereof. My/our proxy is to vote as indicated below:-

Dated this day of 2022

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

No	RESOLUTION	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1	Authority to allot and issue new units pursuant to Paragraph 6.59 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad				

Representation at Meeting:

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
6. The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.
7. Only unitholders registered in the Record of Depositors as at 15 April 2022 shall be entitled to attend participate and speak at the AGM or appoint proxy(ies) to attend on his behalf.
8. In light of the Covid-19 pandemic, please refer to the Administrative Guide for the 10th AGM for registration and participation at the Meeting.



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AFFIX
STAMP

The Poll Administrator
SS E Solutions Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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SALIENT FEATURES

Fund Name	Hektar Real Estate Investment Trust (HEKTAR)
Fund Category	Real Estate Investment Trust
Fund Type	Income and Growth
Fund Duration	On the occurrence of any of events listed in Clause 16.2 of the Amended and Restated Trust Deed dated 8 February 2021
Investment Objectives	To invest in income-producing real estate in Malaysia which is primarily used for retail purposes and to provide the Unitholders with a secure income distribution and to enhance the long-term value of the Fund
Investment Strategies	<p>We aim to achieve the objective of the Fund with the following:</p> <ul style="list-style-type: none"> ■ Invest and manage real estate assets predominantly involved in retail and/or shopping centres; ■ Acquire and manage future assets which are income-producing properties or possess significant potential for income growth; ■ Focus on investing under a long-term investment horizon; ■ Manage and continue to extract synergies and efficiencies from the existing portfolio; and ■ Finance operations and investments under a conservative conducive capital structure
Authorised Investments	At least 75% of the total assets of Hektar REIT shall be invested in real estate assets, real estate-related assets, single purpose companies or liquid asset
Approved Fund Size	471,260,178 Units
Financial Period	Financial year ended / ending 31 December
Distribution Policy	Quarterly or at such other intervals as determined by us at our discretion in arrears, at least 90% of the distributable income of Hektar REIT
Borrowing Limitations	Up to 50.0% of total asset value of the Fund at the time the borrowings are incurred
Revaluation Policy	The real estates shall be revalued at least once a financial year based on an independent professional valuation pursuant to the SC REIT Guidelines
Management Fee	<ul style="list-style-type: none"> ■ Base Fee: up to 1.0% per annum of the GAV (FY 2021 actual: 0.35%) ■ Performance Fee: up to 5.0% per annum of the NPI (FY 2021 actual: 5.0%), before management fee ■ Acquisition Fee: up to 1.0% of the acquisition value of any asset being real estate, purchased by the Trustee for the Fund ■ Divestment Fee: up to 0.5% of the disposal value of any Hektar REIT's assets being real estate or unlisted company whose principal assets are real estate, sold or diversified by the Trustee
Trustee Fee	Up to 0.1% per annum of the NAV of the Fund payable annually in arrears (FY 2021 actual: 0.08%)
Financial Period	Financial year ended / ending 31 December
Minimum Investment	100 units per board lot
Stock Code	HEKTAR 5121
Date of Listing	4 December 2006



www.HektarREIT.com



This annual report is printed on recycled paper and is recyclable. The online version is available in the 'Investor Relations' section of our website.