



HEKTAR
REIT

ANNUAL REPORT



About **HEKTAR REIT**

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





Table of CONTENTS

3	<i>Corporate Strategy</i>	
4	<i>Portfolio Highlights</i>	Highlights
6	<i>Financial Highlights</i>	
10	<i>Letter to Unitholders</i>	
16	<i>Letter to Unitholders (Bahasa Malaysia)</i>	Business Review
22	<i>Letter to Unitholders (Mandarin)</i>	
26	<i>Portfolio Performance</i>	
46	<i>Sustainability Statement</i>	Sustainability
82	<i>Corporate Organisation</i>	Corporate Overview
83	<i>Corporate Directory</i>	
84	<i>The Board of Directors</i>	
94	<i>The Management Team</i>	
102	<i>Investor Communications</i>	
104	<i>Hektar in the Media</i>	
106	<i>Corporate Governance</i>	
109	<i>Corporate Governance Overview Statement</i>	Corporate Governance and Accountability
118	<i>Audit and Risk Management Committee Report</i>	
120	<i>Statement of Risk Management & Internal Control</i>	
123	<i>Financial Statements</i>	Financials
167	<i>Analysis of Unitholders</i>	Additional Information
170	<i>Glossary</i>	
172	<i>Notice of Annual General Meeting</i>	

Corporate PROFILE



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



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

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

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

Creating The Places People Love, Striving Towards A Sustainable Future

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

Corporate 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 funding

Maintaining a reasonable level of debt service capability

Portfolio HIGHLIGHTS

HEKTAR REIT OWNS **6 NEIGHBOURHOOD** SHOPPING CENTRES THROUGHOUT PENINSULAR MALAYSIA.



SUBANG PARADE
Subang Jaya, Selangor
Acquired in 2006
Valuation: RM417.0 million



MAHKOTA PARADE
Bandar Melaka, Melaka
Acquired in 2006
Valuation: RM338.5 million



WETEX PARADE
Muar, Johor
Acquired in 2008
Valuation: RM156.6 million



KULIM CENTRAL
Kulim, Kedah
Acquired in 2012
Valuation: RM138.0 million



CENTRAL SQUARE
Sungai Petani, Kedah
Acquired in 2012
Valuation: RM91.0 million

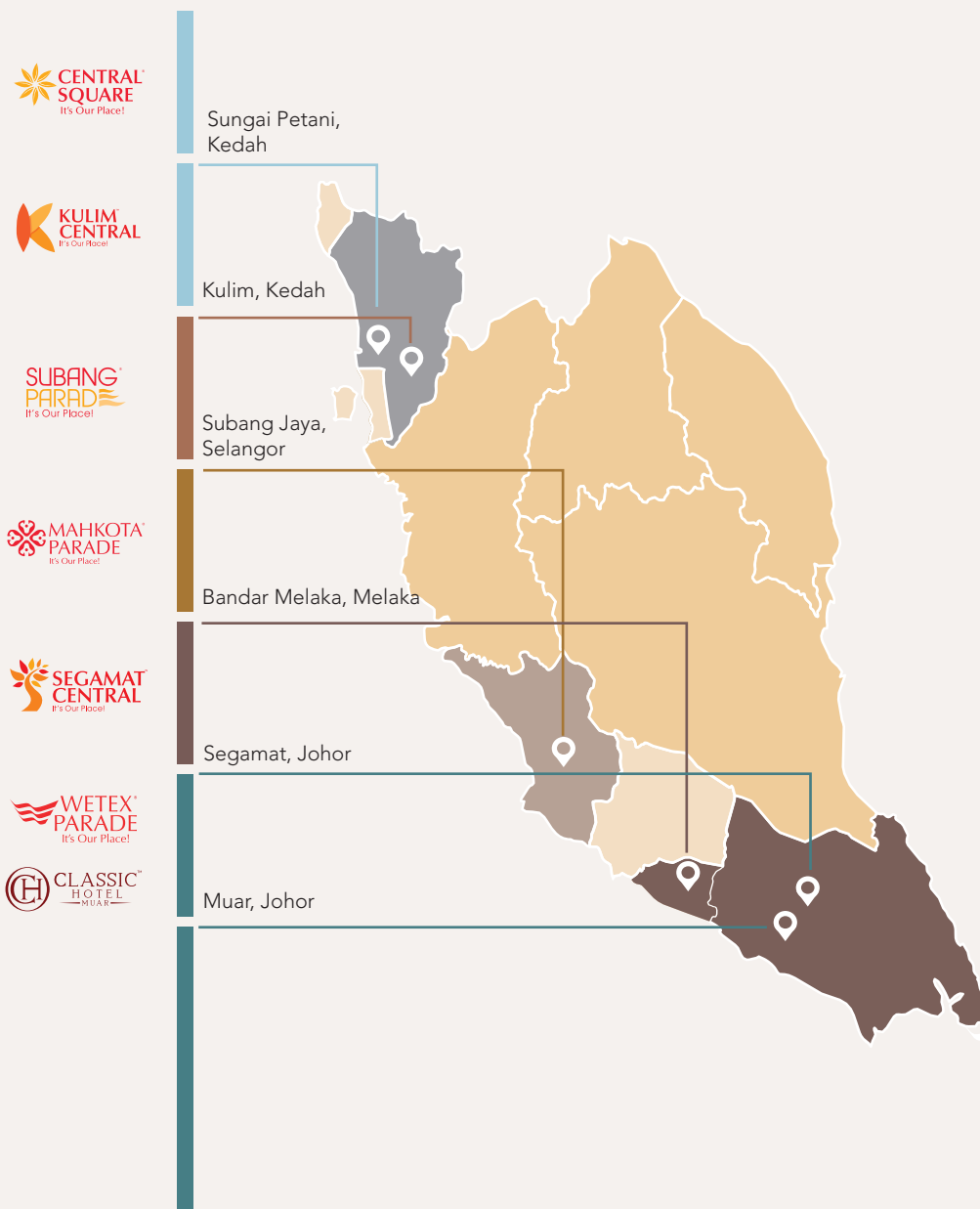


SEGAMAT CENTRAL
Segamat, Johor
Acquired in 2017
Valuation: RM65.0 million

PORTFOLIO HIGHLIGHTS

PENINSULAR MALAYSIA

NORTHERN REGION / CENTRAL REGION / SOUTHERN REGION



NET LETTABLE AREA



2 MILLION

ANNUAL VISITOR TRAFFIC



21 MILLION

NLA TENANTS ONLY



365 TENANTS

TOTAL ASSET VALUE



RM1.2 BILLION

FINANCIAL *Highlights*

Profit & Loss

For Financial Year ended 31 December

	2022	2021	2020	2019	2018
Gross Revenue (RM'000)	117,446	96,599	111,139	137,089	135,107
Direct Cost & Property Expenses (RM'000)	58,759	49,581	58,168	61,654	56,390
Net Property Income (NPI) (RM'000)	58,687	47,018	52,971	75,436	78,716
Net Income (RM'000)	77,995	(31,501)	(24,086)	39,614	33,129
Earnings Per Unit (sen)	16.55	(6.16)	(5.16)	2.48	7.17
Net Income – Realised (RM'000)	36,389	12,712	14,223	35,874	42,269
Net Income Per Unit – Realised (sen)	7.72	2.75	3.08	7.77	9.15
Income Distribution (RM'000)	37,701	11,923	4,158	35,894	41,623
Distribution Per Unit (DPU) (sen)	8.00	2.53	0.90	7.77	9.01
Change in Unit Price (sen)	21.5	(12.5)	(36.5)	(12.0)	(8.0)
Annual Total Return per Unit (sen)	29.5	(10.0)	(35.6)	(4.2)	1.0
Annual Total Return per Unit (%) ¹	60.8	(15.8)	(35.8)	(3.8)	0.8

¹ Calculated based on DPU and unit price change over opening market price for respective financial year

FINANCIAL HIGHLIGHTS

Balance Sheet
As at 31 December

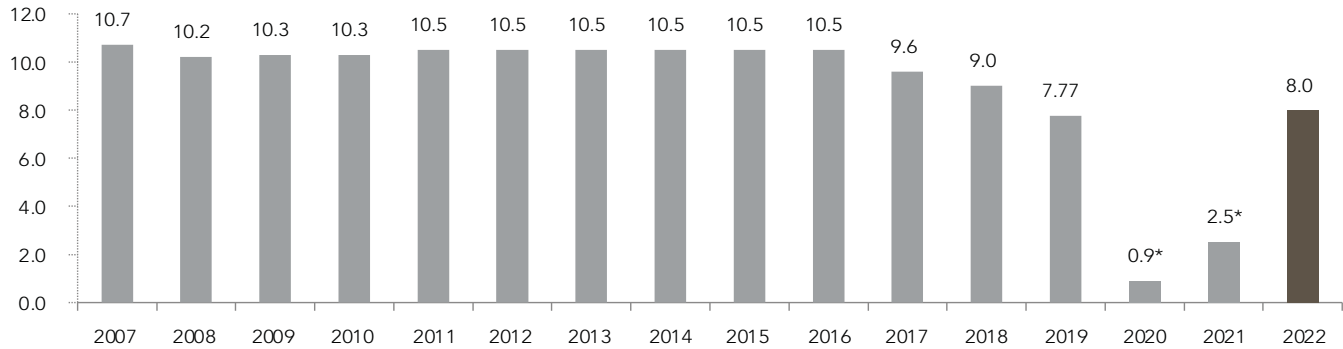
2022 2021 2020 2019 2018

Total Assets (RM'000)	1,235,507	1,230,708	1,258,975	1,276,076	1,268,273
Total Liabilities (RM'000)	637,545	682,745	682,620	666,645	632,957
Total Borrowings (RM'000)	551,444	581,091	581,091	563,091	563,072
Gearing Ratio	44.6%	47.2%	46.2%	44.1%	44.4%
No. of Units in Circulation (Units)	471,260	471,260	461,960	461,960	461,960
Net Asset Value ("NAV") (RM'000)	597,962	547,963	576,355	609,432	635,316
NAV per Unit (RM)	1.27	1.16	1.25	1.32	1.38
NAV – before income distribution (RM'000)	597,962	547,963	576,355	609,418	635,334
NAV – after income distribution (RM'000)	572,985	536,040	572,197	600,179	624,663
NAV per unit before income distribution (RM)	1.27	1.16	1.25	1.32	1.38
NAV per unit after income distribution (RM)	1.22	1.14	1.24	1.30	1.35
Lowest NAV during the period (RM)	1.16	1.16	1.25	1.32	1.38
Highest NAV during the period (RM)	1.27	1.26	1.33	1.38	1.39
Unit Price as at 31 December (RM)	0.70	0.51	0.63	0.99	1.11
Premium / (Discount) to NAV (%)	(44.9)	(56.0)	(49.6)	(25.0)	(19.6)

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

FINANCIAL HIGHLIGHTS

Annual Dividend Per Unit



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

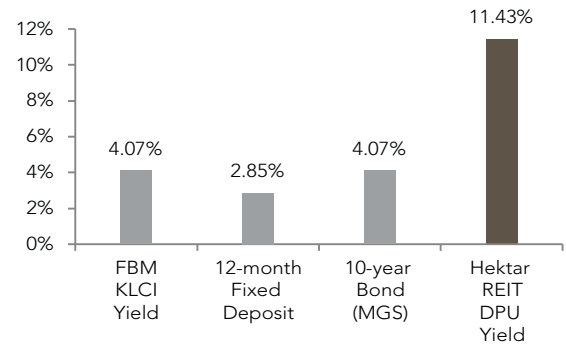
* The performance of Hektar REIT in 2020 & 2021 was significantly affected by the unprecedented COVID-19 pandemic which caused massive disruption to the retail sector during the period.

Income Distributions

FY2022

2 nd Quarter DPU	2.70 sen
4 th Quarter DPU	5.30 sen
Total DPU	8.00 sen
DPU Yield ¹	11.43%

¹ Based on DPU of 8.00 sen and the closing unit price of RM0.70 for FY2022

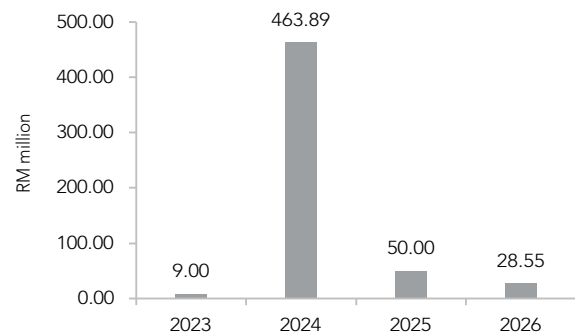


Debt Structure

As at 31 December 2022

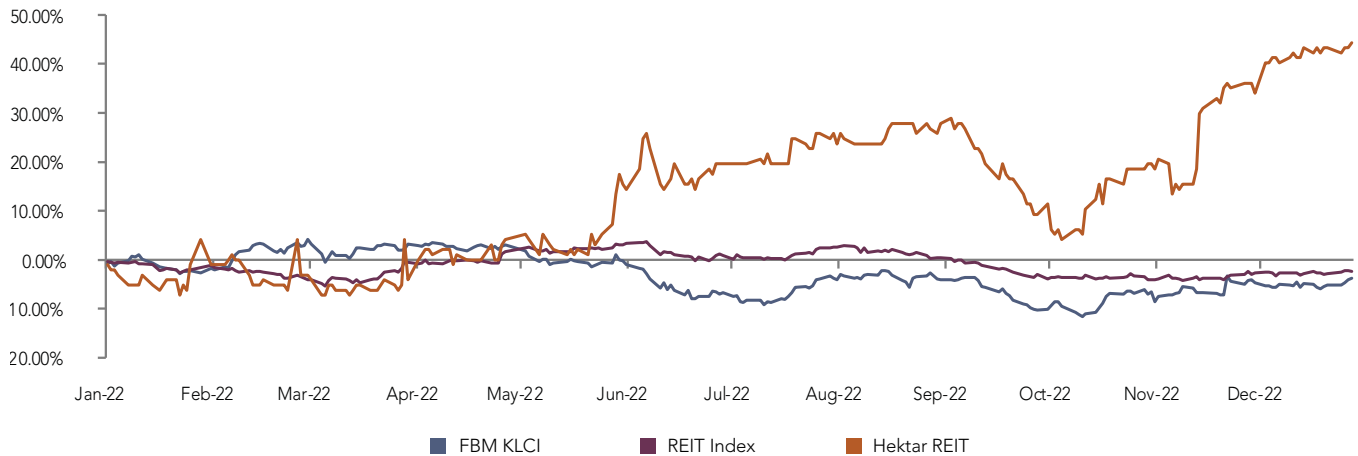
Total Debt	RM551.44 million
Weighted Cost of Debt	3.67%
Gearing Ratio ¹	44.6%
Interest Cover	2.80

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



FINANCIAL HIGHLIGHTS

Comparative One-Year Price Performance Trend



TRADING SUMMARY

For Financial Year ended 31 December

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

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*

1 Year (2022)	60.8%
3 Years (2020-2022)	-18.2%
5 Years (2018-2022)	-17.5%

* Based on the aggregated total return and the opening price of each period

Unit Price Statistics (2022)

High	RM0.70
Low	RM0.44
Opening Price (3 Jan 2022)	RM0.49
Closing Price (31 Dec 2022)	RM0.70
Change In Price	44.3%

Annualised Total Return*

3 Years (2020-2022)	-6.5%
5 Years (2018-2022)	-3.8%
10 Years (2013-2022)	0.2%

* Based on the aggregated total return and the opening price of each period

Unit Price Changes against Market (2022)

FBM KLCI	-3.7%
REIT Index	-2.3%
Hektar REIT	44.3%

CEO's Letter TO UNITHOLDERS



JOHARI SHUKRI BIN JAMIL
Executive Director & Chief Executive Officer

Dear Valued Unitholders,

The year 2022 heralded a new chapter for Malaysia as the country entered the transition to the COVID-19 endemic phase on April 1 after battling the virus outbreak for two years. In line with our strategic plans, we remain focused on delivering sustainable returns to our unitholders, whilst actively pursuing growth opportunities.

MARKET REVIEW

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.

Malaysia's economy started to see green shoots in the first quarter of 2022 (1Q22) when its GDP expanded 5% year-on-year (YoY), attributable to the easing of Covid-19 containment measures which led to improving domestic demands as economic activities normalized.

Like many other countries, though the world has not declared it at the endemic stage yet, Malaysia decided to ease its restriction measures on COVID-19.

With the relaxation of restriction measures on COVID-19, including reopening of the country's border as Malaysia transitioned into the Covid-19 endemic phase in April 2022, alongside the special one-off withdrawal up to RM10,000 from the Employees Provident Fund (EPF), the country's GDP continued to grow strongly by 8.9% YoY in the second quarter of 2022 (2Q22), outperforming several developed and regional countries, including China (0.4%), the US (1.6%), European Union (4%) and Singapore (4.4%).

According to Bank Negara Malaysia (BNM), the 2Q22 performance was supported by the strengthening of domestic demand underpinned by the steady recovery in labour market conditions and the ongoing policy support, despite the low-base effect from the Full Movement Control Order (FMCO) in 2021.

In the third quarter of 2022 (3Q22), Malaysia's GDP sustained a stronger rate of 14.2%, the fastest growth pace among its Asean peers, as it was fueled by continued expansion in domestic demand, robust electrical and electronics (E&E) as well as non-E&E exports, ongoing policy support and firm recovery in the labour market, whereby the unemployment rate shrank to the lowest rate of 3.6% in September 2022 from a peak of 5.3% in May 2020 during the pandemic.

CEO'S LETTER TO UNITHOLDERS

“
Hektar REIT's overall portfolio occupancy remained stable at 82% in 2022 with Kulim Central achieving a commendable occupancy rate of 96%.
”



Kulim Central

BNM increased the Overnight Policy Rate (OPR) by 100 basis points (bps) in total to 2.75% in 2022 from the record low of 1.75% on the back of elevated headline and core inflation amid both demand and cost pressures, as well as any changes to domestic policy measures.

"The extent of upward pressure to inflation will remain partly contained by existing price controls, subsidies and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions," Bank Negara explained.

The Malaysia retail industry meanwhile jumped 96% year-on-year in retail sales in the 3Q22. Retail Group Malaysia (RGM) has revised its annual retail industry growth target for 2022 to 41.6% from 31.7% previously, due to the better-than-expected growth during 3Q22 and growth revision estimates for the fourth quarter.

For the 4Q22, the growth rate estimate has been revised upwards from 1% (estimated in September 2022) to 6%. This is lower than the forecast made by members of retailers' associations (at 13.9%)."

"Malaysia's GDP grew by 7.0% year-on-year (y-o-y) in 4Q22, bringing 2022's full-year GDP growth to 8.7%.

The moderation in GDP from the high growth of 14.2% recorded in the third quarter of 2022 was due to waning low base effect and support from stimulus measures, said BNM."

PORTFOLIO REVIEW

Despite the continued challenging market conditions, Hektar REIT's overall portfolio occupancy remained stable at 82% in 2022 with Kulim Central achieving a commendable occupancy rate of 96%. 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.

However, we recognized that there is no going back to normal for us. Returning to the way things were is no longer enough, we must move towards a sustainable recovery and equip ourselves for the future and the next generation of customers. The REIT's strength comes from its deployment of customized and localised strategy for each asset which includes defensive community mall strategy. Majority of the assets under our portfolio benefit from recurring visits by shoppers from its immediate surrounding precinct.

Overall visitor traffic improved by 60% to about 21.1 million visits in 2022 as we intensified our marketing initiatives through sales and traffic-driven promotional campaigns at all our malls within the portfolio on the back of the lifting of the various restrictive containment measures. Meanwhile, the portfolio overall rental reversion rate was negative 11%, which we believe is a temporary dip as we balance rental reversions and occupancy levels to ensure portfolio stability as we continued our tenancy remixing exercise in Subang Parade and Segamat Central which were affected during the peak of the pandemic outbreak.

CEO'S LETTER TO UNITHOLDERS

SUBANG PARADE

Subang Parade recorded an occupancy rate of about 70% at the end of 2022, contributed by the micro market challenges faced by Klang Valley malls on the back of an oversupply of retail space. The Management decided on an "occupancy first" strategy by executing a rental revision strategy to retain quality tenants as well as to attract new speciality anchors and more F&B retailers to the mall.

They say, "With Crisis, Comes Opportunity". Our initial plans for Subang Parade several years ago included minor asset improvement exercise and tenancy remixing which involved mini anchors. However midway through our initiatives, the unforeseen changes and circumstances in the retail industry recently pushed us to review our strategy. The recovery of Subang Parade took longer than expected, unfortunately, but it had given us time to re-look at our plans with the valuable insights our team have collected in the last two years. While Subang Parade maintains its establishment as a suburban mall, we intend to strengthen its positioning by giving a new meaning to 'the best neighbourhood mall' in the area.

Our new rejuvenation plans include a stronger focus on the customers and the community through the exploration and introduction of experiential concepts, improved tenancy remixing plans, collaboration with community stakeholders and more flexible leasing strategies to attract good retailers and explore suitable niche retail offerings and services to complement their offerings. We are aggressively looking at better asset and facilities improvement initiatives that we were not able to carry out previously.

As mall conditions improved and marketing activities were boosted, visitor footfall saw an increase by 18% to 4.7 million in 2022 from 4.0 million in 2021. Our asset management team, together with the property management team on the ground, met with several key retailers to reassure our business partners that we are in this together and that we are working hard to ensure their concerns are being taken care of. We believe this is key to sustainable relationships and recovery. While the return of the market confidence and consumer sentiment contributed to the encouraging sales performance and improved visitors count, our focus on tenant relations and targeted marketing led to a rapid pick up of successful renewals during the second half of the year, affirming us that we are on the right track.

MAHKOTA PARADE

Mahkota Parade's occupancy remained stable at about 87% in 2022. Despite market uncertainties, the Management continues to enhance the tenancy mix of the mall with the introduction of new & refreshed retailers such as Sushi Go, Oppo, Onezo, Siam Restaurant, Gigi Coffee, Rollney, Felancy, Pierre Cardin, Vivo and Madam Croffle in 2022 and is steadily gaining interest from international brands.

The shopping mall remained the main shopping destination in Melaka, with a traffic count of 6 million visits in 2022, a fantastic 113% increase from 2021. Of the malls in Hektar REIT's portfolio, it is anticipated that the mall would benefit the most from the return of Chinese tourists to Melaka in line with China's reopening of its borders on 8 January 2023.

WETEX PARADE & CLASSIC HOTEL

Wetex Parade, the only mall in Muar, achieved a stable occupancy rate of 88% in 2022 with entries of new retailers such as Mi Store, Premium Store, Osim and Yole Yogurt, as well as refreshed retailers like Big Apple and Lazo Diamond. Visitor traffic was 2.9 million for 2022.

The largest hotel in Muar with the largest ballroom facilities, Classic Hotel Muar, achieved a much improved occupancy rate of 46% from 23% in 2021, with a higher average room rate of RM137 in 2022 from RM131 in 2021. The encouraging results were fuelled by the lifting of travelling restrictions and normalisation of economic and tourism activities around the town.

CENTRAL SQUARE

The leading mall in Sungai Petani recorded visitor traffic of 2.7 million in 2022, while occupancy dipped to 82%. The Management remains focused on upgrading the quality of the tenant mix and positioning of Central Square, as reflected by the entry of Machines, Tealive, Asama Thai Food and I-Serve Technology & Vacations in 2022.

CEO'S LETTER TO UNITHOLDERS

KULIM CENTRAL

Since the acquisition of the mall in 2012, its valuation has been on an upward trajectory and is expected to grow further. The only mall in Kulim achieved a sterling occupancy rate above 96% for 2022. Visitor traffic was about 2.9 million, while tenancy reversion for 2022 was positive at 22%. Kulim Central has managed to achieve a positive annual reversion for five years in a row with a 12% average. The positive effects from the asset enhancement and expansion initiative in 2017 continue till today with new brands such as Switch, Daboba Go, Samsung and Myeong Dong Topokki, thereby enhancing the vibrancy of the tenancy mix in the mall. There has been a steady increase from multiple international brands who are intrigued by the success of Kulim Central's turnaround.

SEGAMAT CENTRAL

Segamat Central's occupancy improved to about 74% from 67% in 2021, while visitor traffic increased by about 147% to about 1.8 million visits from 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 speciality anchors and more F&B retailers to the mall. We welcomed the entry of new retailers such as Dees, In Fashion, Mi Store, Muzaina Collection, Samsung, CHK Trading and Honor in 2022.

FINANCIAL REVIEW

The REIT recorded a much-improved revenue of RM117 million in 2022, up 22% compared to 2021, whilst operating expenses increased by about 18% to RM59 million. Meanwhile, Net Property Income improved to about RM59 million, up by 25% from 2021. The REIT reported a net profit before tax of RM78 million, of which RM36 million was realised operating net income, and the balance of RM42 million was contributed by the gain resulted from the change in the fair value of the portfolio in current year under review.

FINANCING

Hektar REIT's current financing includes debt facilities of up to RM551 million, with 93% of the amount due in 2024-2025, plans were in place to partially pare down and rollover to longer tenure of maturity.

Hektar REIT's gearing ratio improved to 44.6% at end 2022 from 47.2% at end 2021, within the 60% gearing limit set by the Securities Commission.

Despite the Malaysian economy's strong performance, we remain cautious of the outlook for 2023 given the volatile economic landscape driven by hawkish monetary policy in response to inflationary pressure, uncertain consumer sentiments as well as lingering supply-chain and logistics issues stemming from geopolitical concerns. We will continue adopting prudent financial management, cost optimisation and enhancing our asset efficiencies to help cushion the impact. With emphasis on debt strategies and prompt execution, we look forward to a more solid improvement in our performance.

The REIT is actively managing our debt and capital structures more efficiently to mitigate the impact of the rise in interest rates, including ensuring robust liquidity and a diversified funding base.

DISTRIBUTION

We remain committed to maintaining a distribution policy of at least 90% of our distributable income and have announced on 3 January 2023, a final income distribution of 5.3 sen per unit for the fourth quarter ended December 31, 2022, taking our total distribution for the financial year 2022 to 8.0 sen per unit.

Based on the closing price of 70 sen on 31 December 2022, the DPU represents a yield of approximately 11.4%. At the end of 2022, Hektar REIT had over 5,600 unitholders.

CORPORATE PROPOSAL

We have announced on 10 November 2022 that the Manager proposes for Hektar REIT to establish an Income Distribution Reinvestment Plan (IDRP) that provides unitholders of Hektar REIT ("Unitholder(s)") with an option to elect to reinvest, in whole or in part, their cash distribution declared by Hektar REIT in new units of Hektar REIT. If a unitholder elects not to participate in the IDRP, then the electable portion will be paid wholly in cash. The IDRP was subsequently approved by the unitholders at the EGM on 15 December 2022.

The IDRP will mainly allow Hektar REIT to preserve 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.

CEO'S LETTER TO UNITHOLDERS

In addition, the IDRPs will also provide Unitholders with an opportunity to reinvest in whole or in part, their income distribution in new units at a discount to the market price in lieu of receiving cash.

The IDRPs will be applied to the final income distribution of 5.3 sen per unit for the fourth quarter ended December 31, 2022, with the gross electable portion has been set at 5.3 sen per unit.

SUSTAINABILITY

Sustainability remained a key priority throughout 2022 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 the June 2022 evaluation, its ESG conduct has been recognised with a 4-star ESG rating by FTSE Russell. We are indeed inspired and encouraged to continue our efforts to improve initiatives in all three core areas of Environmental, Social & Governance and embed these core principles into our business DNA.

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 10.8% to 23.0 million kgCO₂e in 2022 from almost 25.8 million kgCO₂e in 2019. The emissions intensity of our assets expressed as the amount of CO₂e emitted per gross floor area (kgCO₂e/sq.ft.) also improved to 4.95 kgCO₂e/sq.ft. from 5.53 kgCO₂e/sq.ft. in 2019.

Our commitment to ESG principles is long-term, as we recognise that all of us have a responsibility to our stakeholders. Moving forward, we remain committed to further advancing our efforts in managing material sustainability matters in environmental conservation, including climate change mitigation and adaptation, water & waste management, and managing energy consumption, including incorporating renewable energy in our energy mix.

AWARDS

The REIT's community engagement efforts in 2022 were recognised at the Sustainability & CSR Malaysia Awards under the Company Of The Year - Stakeholder & Community Sustainability Engagement Initiatives category. Over the years, Hektar REIT has joined hands through many partnerships and collaborations with local and international organisations, providing support to NGOs' and charity programs to support underprivileged and marginalised communities besides advancing and empowering women to improve their financial independence for the benefit of families.

We are also pleased to announce that Hektar REIT was the proud recipient of two Silver awards at the inaugural The Edge Malaysia ESG Awards 2022 under the Most Improved Performance Over Three Years (for Market Cap below RM300M) and Property & REIT Sector Award categories on 28 November 2022. The awards seek to recognise and honour Malaysian companies for their commitment to developing and enhancing their business operations according to the Environmental, Social and Governance ("ESG") principles.

We are humbled to be conferred with these prestigious awards, a testament and recognition of our efforts in driving Sustainability initiatives since we embarked on the core focus on the three pillars of E, S and G across the organisation in 2017.

WITHSTANDING HEADWINDS

The global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China.

In addition, the aggressive monetary tightening is set to become a contributing factor to a weaker global economic outlook, with the International Monetary Fund (IMF) lowering the global growth forecast to 2.7% from 2.9% for 2023 versus 3.2% in 2022.

Nevertheless, Malaysia's growth trajectory is expected to improve on the back of 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 4%-5% in 2023, underpinned by firm domestic demand amid continued improvements in the labour market as well as the realization of large infrastructure projects and projected higher tourist arrivals.

CEO'S LETTER TO UNITHOLDERS

However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions.

The retail market is also expected to remain challenging given the oversupply of retail space and volatile economic landscape. We will thus continue to work closely with tenants to navigate the challenges and support the wellbeing of our stakeholders. We are deeply heartened by our tenants' loyalty, sincerity, and willingness to partner up amidst adversities. We remain committed to attaining a healthy portfolio occupancy and sustainable rental income, whilst actively pursuing growth opportunities.

We are also actively exploring avenues for growth by ensuring a strong portfolio of retail brands in our malls that can optimise sustainable returns and defensible income through active tenancy remixing and rejuvenation of the centres. We will continue to look for ways to enhance and improve the look and condition of our malls as part of longer-term strategies to improve our portfolio yields. To improve on revenue and debt recovery post-pandemic, our team has been consistently tracking tenants' ongoing performance to carefully structure our new tenancies and renewals, apart from aggressively looking at strategies to manage the rental collection.

Malls are evolving into lifestyle-centric places for people to meet, socialise, interact and learn. We are confident and believe they will remain the preferred destinations for entertainment, social activities and shopping amongst Malaysians as long as the malls stay relevant. Having said that, successful future shopping centres have an intimate understanding of consumer wants and needs, given their evolving lifestyle. We are thus working towards digitalisation and understanding further consumer spending behaviour to offer the best retail experience to our loyal customers and shoppers. We are also actively working towards strengthening our Marketing and Branding initiatives to drive traffic back to our malls. This has helped our tenants significantly and most of them, in terms of their sales performance, have recovered by 90% from their pre-pandemic sales.

We will also continue to strengthen the balance sheet via continued prudent and proactive capital management. On the liquidity front, we will maintain a healthy and adequate balance sheet to meet our financial and operational obligations.

ACKNOWLEDGEMENTS

Dato' Hisham Othman retired as Chief Executive Officer and Executive Director on 10 June 2022. We would like to express our appreciation to him for his leadership for the past 6 years and wish him well in his future undertakings.

On behalf of the Board of Directors, I would also like to express our thanks and appreciation to Puan Zarina Halim who recently resigned from our Board on 15 January 2023. We sincerely appreciate her dedication and contributions over the years.

We are also pleased to announce the recent appointment of Encik Hasli bin Hashim as Chairman of the Board which will strengthen the stewardship of our Board. We also welcome our new members of the Board, Encik Wan Kamaruddin Bin Wan Mohamed Ali and Puan Norliza Binti Suleiman and look forward to working with them and tap on their expertise in financial services and corporate finance and believe their experiences will be invaluable to the Board.

I would like to acknowledge the dedication and perseverance of our team and the guidance from the Board of Directors during this challenging period. I would also like to take this opportunity to thank all our stakeholders for withstanding the headwinds and working together to overcome 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 greater heights in 2023.

JOHARI SHUKRI BIN JAMIL

Executive Director & Chief Executive Officer

Perutusan Ketua Pegawai Eksekutif **KEPADA PEMEGANG UNIT**

Pemegang Unit yang Dihormati,

Tahun 2022 menandakan lembaran baharu bagi Malaysia apabila ia memasuki fasa endemik COVID-19 pada 1 April selepas memerangi wabak virus ini selama dua tahun. Selaras dengan pelan strategik kami, kami kekal fokus dalam memberi pulangan yang mampan kepada pemegang unit kami, sambil mengejar peluang pertumbuhan secara aktif.

ULASAN PASARAN

Aktiviti ekonomi telah meningkat apabila seluruh Malaysia beralih ke Fasa 4 Pelan Pemulihan Negara pada awal Januari 2022 dengan langkah pembendungan yang sudah dilonggarkan dan kebanyakan perdagangan runcit telah dibenarkan beroperasi. Pada masa penulisan, 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 dan, hasilnya, pembeli dan pelanggan mula kembali ke pusat beli-belah secara beransur-ansur.

Ekonomi Malaysia mula menyaksikan pertumbuhan pada suku pertama 2022 apabila KDNK-nya berkembang 5% tahun ke tahun berikutan pelonggaran langkah pembendungan COVID-19 yang memulihkan aktiviti ekonomi dan membawa kepada peningkatan permintaan domestik.

Malaysia, seperti beberapa negara yang lain, telah memutuskan untuk melonggarkan langkah sekatan terhadap COVID-19 walaupun wabak ini belum diisytiharkan telah beralih kepada fasa endemik secara rasmi.

Dengan kelonggaran langkah sekatan COVID-19 termasuk pembukaan semula sempadan Malaysia ketika ia beralih ke fasa endemik pada April 2022, serta pengeluaran khas tidak melebihi RM10,000 secara sekali daripada Kumpulan Wang Simpanan Pekerja, KDNK Malaysia terus berkembang kukuh sebanyak 8.9% tahun ke tahun pada suku kedua, mendahului beberapa negara maju dan negara serantau, termasuk China (0.4%), Amerika Syarikat (1.6%), Kesatuan Eropah (4.0%) dan Singapura (4.4%).

Menurut Bank Negara Malaysia, prestasi suku kedua boleh dikaitkan dengan pengukuhan permintaan domestik yang disokong oleh pemulihan stabil pasaran buruh dan sokongan dasar yang berterusan, meskipun kesan asas yang rendah daripada Perintah Kawalan Pergerakan Penuh pada tahun 2021.

Dalam suku ketiga, KDNK Malaysia kekal berkembang kukuh sebanyak 14.2%, iaitu kadar pertumbuhan terpantas di kalangan negara-negara Asean, kerana ia menerima sokongan daripada pengembangan berterusan dalam permintaan domestik, eksport elektrik dan elektronik serta bukan elektrik dan elektronik yang teguh, sokongan dasar yang berterusan dan pemulihan kukuh pasaran buruh. Pada masa yang sama, kadar pengangguran Malaysia menyusut ke 3.6% (kadar terendah) pada September 2022 daripada 5.3% (kadar tertinggi) pada Mei 2020 semasa pandemik.

Bank Negara Malaysia meningkatkan Kadar Dasar Semalaman sebanyak 100 mata asas secara keseluruhan kepada 2.75% pada tahun 2022 daripada 1.75% (rekod terendah) ekoran inflasi keseluruhan dan teras yang tinggi di tengah-tengah tekanan permintaan dan kos serta perubahan langkah-langkah dasar domestik.

“Tekanan inflasi akan sebahagiannya dikekang oleh kawalan harga sedia ada, subsidi dan lebih kapasiti dalam ekonomi. Imbangan risiko terhadap prospek inflasi pada tahun 2023 membayangkan ia akan terus menaik dan terus tertakluk pada langkah-langkah dasar domestik berkaitan subsidi, serta perkembangan harga komoditi global yang meningkat. Faktor-faktor utama tekanan ini adalah konflik ketenteraan yang berterusan di Ukraine dan gangguan berkaitan bekalan yang berpanjangan,” jelas Bank Negara.

Industri peruncitan Malaysia pula melonjak sebanyak 96% tahun ke tahun dalam jualan runcit pada suku ketiga 2022. Retail Group Malaysia (RGM) telah menyemak semula sasaran pertumbuhan industri peruncitan tahunan untuk tahun 2022 kepada 41.6% daripada 31.7% berikutan pertumbuhan yang lebih baik daripada jangkaan pada suku ketiga dan penyemakan semula anggaran pertumbuhan untuk suku keempat.

Bagi suku keempat 2022, anggaran kadar pertumbuhan telah ditingkatkan daripada 1% (anggaran pada September 2022) kepada 6%. Kadar anggaran ini lebih rendah daripada unjuran yang dibuat oleh ahli persatuan peruncit (pada 13.9%).”

Menurut Bank Negara Malaysia, ekonomi Malaysia dijangka terus berkembang pada kadar yang lebih sederhana pada suku keempat 2022. Jangkaan kadar pertumbuhan yang lebih perlahan mencerminkan persekitaran global yang lebih mencabar serta ketiadaan kesan asas.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

ULASAN PORTFOLIO

Walaupun keadaan pasaran terus mencabar, kadar penghunian portfolio keseluruhan Hektar REIT kekal stabil pada 82% pada tahun 2022, dengan Kulim Central mencapai kadar penghunian yang membanggakan iaitu 96%. Kepelbagaian portfolio kami dari segi geografi, sama ada ia dominan atau satu-satunya pusat beli-belah di bandar tertentu, telah membantu mengurangkan kesan negatif keseluruhan Hektar REIT.

Walaupun bagaimanapun, kami menyedari bahawa kami tidak akan lagi kembali kepada norma lama prapenularan COVID-19. Pada hakikatnya, norma lama prapenularan COVID-19 tidak lagi memadai. Kita harus mengorah langkah ke arah pemulihan yang mampan dan melengkapkan diri untuk menghadapi masa depan dan generasi pelanggan yang baharu. Kekuatan Hektar REIT datang daripada penggunaan strategi tersuai dan setempat untuk setiap aset, termasuk strategi pusat beli-belah komuniti defensif. Sebilangan besar aset di bawah portfolio kami mendapat manfaat daripada kunjungan berulang pembeli dari kawasan sekitar yang terdekat.

Trafik pelawat keseluruhan bertambah baik sebanyak 60% kepada kira-kira 21.1 juta lawatan pada tahun 2022 apabila kami memperhebatkan inisiatif pemasaran kami melalui kempen promosi yang dipacu jualan dan trafik di semua pusat beli-belah dalam portfolio kami berikutan pemansuhan pelbagai langkah pembendungan yang ketat. Sementara itu, kadar pelarasan sewa keseluruhan portfolio adalah negatif 11%, yang kami percaya adalah penurunan sementara, ekoran usaha kami mengimbangi pelarasan sewa dan tahap penghunian. Ini adalah untuk memastikan kestabilan portfolio sewaktu kami melakukan aktiviti pencampuran semula penyewaan kami di Subang Parade dan Segamat Central, yang terjejas semasa tempoh kemuncak pandemik.

SUBANG PARADE

Subang Parade mencatatkan kadar penghunian kira-kira 70% pada penghujung tahun 2022, disumbang oleh cabaran pasaran mikro yang dihadapi oleh pusat beli-belah di Lembah Klang akibat lebihan bekalan ruang peruncitan. Pihak Pengurusan memutuskan untuk menggunakan strategi "penghunian dahulu" dengan melaksanakan strategi semakin penyewaan untuk mengekalkan penyewa berkualiti serta menarik penyewa utama khusus baharu dan lebih banyak peruncit F&B ke pusat beli-belah.

Bak kata pepatah "Dengan Krisis, Datangnya Peluang". Rancangan awal kami untuk Subang Parade beberapa tahun yang lalu termasuk aktiviti penambahbaikan kecil aset dan pencampuran semula penyewaan yang melibatkan penyewa utama mini, namun di tengah-tengah inisiatif kami, perubahan dan keadaan yang di luar jangkaan dalam industri peruncitan baru-baru ini mendorong kami untuk mengkaji semula strategi kami. Namun, pemulihan Subang Parade mengambil masa yang lebih lama daripada jangkaan. Situasi ini telah memberi kami lebih masa untuk mengkaji semula rancangan kami dengan mengambil kira pandangan bernas daripada pasukan kami selama dua tahun yang lepas. Walaupun Subang Parade kekal sebagai pusat beli-belah pinggir bandar, kami berhasrat untuk mengukuhkan kedudukannya dengan memberikannya nafas baharu, iaitu 'pusat beli-belah kejiranan terbaik' di kawasan itu.

Pelan pemulihan dan pembaikan baharu kami merangkumi fokus yang lebih intensif terhadap pelanggan dan komuniti. Ini dicapai melalui penerokaan dan pengenalan konsep pengalaman, rancangan pencampuran semula penyewaan yang lebih baik, kerjasama dengan pihak berkepentingan dalam komuniti dan strategi penyewaan yang lebih fleksibel untuk menarik peruncit yang baik. Kami akan meneroka tawaran dan perkhidmatan runcit khusus yang sesuai untuk melengkapi produk dan servis peruncit lain. Kami sedang meneliti inisiatif penambahbaikan aset dan kemudahan yang lebih baik yang tidak dapat kami laksanakan sebelum ini.

Setelah keadaan pusat beli-belah bertambah baik dan aktiviti pemasaran dipertingkatkan, jumlah pengunjung meningkat sebanyak 18% kepada 4.7 juta pada tahun 2022 daripada 4.0 juta pada tahun 2021. Pasukan pengurusan aset dan pasukan pengurusan hartanah kami telah bertemu dengan beberapa peruncit utama untuk meyakinkan mereka bahawa kami akan mengharungi segala cabaran bersama mereka dan bahawa kami sedang bekerja keras untuk memastikan kebimbangan mereka ditangani. Kami percaya komunikasi sebegini ialah kunci kepada hubungan baik dan pemulihan yang mampan. Sementara pemulihan keyakinan pasaran dan sentimen pengguna telah menyumbang kepada prestasi jualan yang menggalakkan dan bilangan pengunjung yang lebih tinggi, tumpuan kami pada hubungan penyewa dan pemasaran bersasar juga membawa kepada peningkatan pantas dalam kejayaan pembaharuan sewa pada separuh kedua tahun 2022, meyakinkan kami bahawa kami berada di landasan yang betul.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

MAHKOTA PARADE

Kadar penghunian Mahkota Parade kekal stabil pada kadar 87% pada tahun 2022. Di sebalik ketidakpastian pasaran, pihak Pengurusan terus meningkatkan campuran penyewaan pusat beli-belah dengan pengenalan peruncit baharu seperti Sushi Go, Oppo, Onezo, Siam Restaurant, Gigi Coffee, Rollney, Felancy, Pierre Cardin, Vivo dan Madam Croffle pada tahun 2022, membuktikan bahawa Mahkota Parade semakin menjadi tarikan kepada jenama-jenama antarabangsa.

Mahkota Parade kekal sebagai destinasi membeli-belah utama di Melaka, dengan jumlah trafik sebanyak 6 juta lawatan pada tahun 2022, peningkatan yang hebat sebanyak 113% dari tahun 2021. Antara pusat beli-belah dalam portfolio Hektar REIT, Mahkota Parade dijangka akan mendapat manfaat yang paling banyak daripada kehadiran pelancong China ke Melaka berikutan pembukaan semula sempadan China pada 8 Januari 2023.

WETEX PARADE & CLASSIC HOTEL

Wetex Parade, yang merupakan satu-satunya pusat membeli-belah di Muar, telah mencapai kadar penghunian yang stabil sebanyak 88% pada tahun 2022 dengan penyertaan peruncit baharu seperti Mi Store, Premium Store, Osim, Yole Yogurt, Big Apple dan Lazo Diamond. Jumlah pengunjung untuk tahun 2022 adalah 2.9 juta.

Sebagai hotel terbesar di Muar dengan kemudahan dewan acara yang terbesar, Classic Hotel Muar telah mencapai kadar penghunian yang lebih baik sebanyak 46% pada tahun 2022 daripada 23% pada tahun 2021, dengan purata kadar bilik yang lebih tinggi sebanyak RM137 pada tahun 2022 berbanding RM131 pada tahun 2021. Keputusan yang memberangsangkan ini didorong oleh pemansuhan sekatan perjalanan dan normalisasi aktiviti ekonomi dan pelancongan di sekitar bandar Muar.

CENTRAL SQUARE

Central Square, sebuah pusat beli-belah terkemuka di Sungai Petani, telah merekodkan trafik pengunjung sebanyak 2.7 juta pada tahun 2022, sementara kadar penghuniannya susut kepada 82%. Pihak Pengurusan kekal fokus untuk menaik taraf kualiti campuran penyewa dan kedudukan Central Square dengan kemasukan Machines, Tealive, Asama Thai Food dan I-Serve Technology & Vacations pada tahun 2022.

KULIM CENTRAL

Sejak pemerolehan pusat beli-belah ini pada 2012, penilaiannya berada pada trajektori menaik dan dijangka akan terus berkembang. Sebagai satu-satunya pusat beli-belah di Kulim, Kulim Central telah mencapai kadar penghunian yang cemerlang pada tahun 2022, melebihi 96%. Trafik pengunjungnya adalah kira-kira 2.9 juta dan kadar pelarasan penyewaannya untuk tahun 2022 adalah positif pada 22%. Kulim Central telah berjaya mencapai kadar pelarasan penyewaan tahunan yang positif selama lima tahun berturut-turut dengan purata 12%. Kesan-kesan positif daripada inisiatif peningkatan dan pengembangan aset pada 2017 berterusan sehingga hari ini, dengan kemasukan jenama baharu seperti Switch, Daboba Go, Samsung dan Myeong Dong Topokki, sekali gus meningkatkan kerancakan campuran penyewaan di pusat beli-belah. Kulim Central juga mencatatkan peningkatan yang berterusan dalam kemasukan jenama-jenama antarabangsa yang tertarik dengan kejayaan pemulihan Kulim Central.

SEGAMAT CENTRAL

Kadar penghunian Segamat Central meningkat kepada 74% daripada 67% pada tahun 2021 dan jumlah pengunjung meningkat kira-kira 147% kepada kira-kira 1.8 juta kunjungan berbanding 700,000 lawatan pada tahun 2021. Walau bagaimanapun, pihak Pengurusan tetap berpegang teguh pada strategi "penghunian dahulu" dengan melaksanakan strategi semakan penyewaan untuk mengekalkan penyewa sedia ada serta menarik penyewa utama khusus dan lebih banyak peruncit F&B ke pusat beli-belah. Kami telah mengalu-alukan kemasukan peruncit baharu seperti Dees, In Fashion, Mi Store, Muzaina Collection, Samsung, CHK Trading dan Honor pada tahun 2022.

ULASAN KEWANGAN

Hektar REIT mencatatkan pendapatan yang lebih baik sejumlah RM117 juta pada tahun 2022, peningkatan sebanyak 22% berbanding dengan tahun 2021, manakala perbelanjaan operasi meningkat sebanyak 18% kepada RM59 juta. Sementara itu, Pendapatan Hartanah Bersih meningkat kepada RM59 juta, peningkatan sebanyak 25% daripada tahun 2021. Hektar REIT melaporkan keuntungan bersih sebelum cukai sebanyak RM78 juta, yang mana RM36 juta daripadanya merupakan pendapatan bersih operasi yang direalisasikan dan baki RM42 juta adalah disumbangkan oleh keuntungan yang terhasil daripada perubahan dalam nilai saksama portfolio pada tahun dalam dilaporkan ini.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

PEMBIAYAAN

Pembiayaan semasa Hektar REIT termasuk kemudahan hutang sebanyak RM551 juta, dengan 93% daripada jumlah tersebut perlu dibayar pada tahun 2024-2025, dan rancangan telah dibuat untuk mengurangkan sebahagiannya dan pusing ganti kepada tempoh matang yang lebih lama.

Nisbah keumpulan Hektar REIT berada pada 44.6% pada akhir tahun 2022 dan berada dalam had keumpulan 60% yang ditetapkan oleh Suruhanjaya Sekuriti.

Di sebalik prestasi ekonomi Malaysia yang kukuh, kami tetap berhati-hati dengan prospek tahun 2023 memandangkan landskap ekonomi yang tidak menentu yang disebabkan oleh dasar monetari agresif sebagai tindak balas kepada tekanan inflasi, sentimen pengguna yang tidak menentu serta isu-isu rantaian bekalan dan logistik yang berpanjangan akibat kebimbangan geopolitik. Kami akan terus mengguna pakai pengurusan kewangan yang berhemat dan pengoptimuman kos, serta meningkatkan kecekapan aset kami untuk membantu mengurangkan kesan-kesan daripada ekonomi global yang tidak menentu. Dengan penekanan pada strategi cekap dan pelaksanaan segera, kami mengharapkan peningkatan yang lebih kukuh dalam prestasi kami.

Secara aktif, Hektar REIT sedang mengurus struktur hutang dan modal kami dengan lebih cekap untuk mengurangkan kesan kenaikan kadar faedah, termasuk memastikan kecairan yang teguh dan asas pembiayaan yang pelbagai.

PENGAGIHAN

Kami kekal komited untuk mengekalkan dasar pengagihan pada sekurang-kurangnya 90% daripada pendapatan boleh agih kami dan kami telah membuat pengumuman pada 3 Januari 2023 pengagihan pendapatan akhir sebanyak 5.3 sen seunit untuk suku keempat berakhir 31 Disember 2022, menjadikan jumlah pengagihan kami 8.0 sen seunit untuk tahun kewangan 2022.

Berdasarkan harga penutup 70 sen pada 31 Disember 2022, pengagihan seunit kami bersamaan dengan hasil kira-kira 11.4%. Pada akhir tahun 2022, Hektar REIT mempunyai lebih daripada 5,600 pemegang unit.

CADANGAN KORPORAT

Kami telah mengumumkan pada 10 November 2022 bahawa Pengurus mencadangkan Hektar REIT untuk mewujudkan Pelan Pelaburan Semula Agihan Pendapatan (IDRP) yang menawarkan pemegang unit Hektar REIT ("Pemegang Unit") dengan pilihan untuk melabur semula, secara keseluruhan atau sebahagiannya, agihan tunai mereka yang diisytiharkan oleh Hektar REIT dalam unit baharu Hektar REIT. Jika Pemegang Unit memilih untuk tidak menyertai IDRP, maka bahagian yang dipilih akan dibayar secara tunai sepenuhnya.

IDRP akan membenarkan Hektar REIT menyimpan dana untuk modal kerja dan modal untuk kerja yang sedang dijalankan bagi membantu memudahkan operasi harian sedia ada Hektar REIT secara keseluruhan dengan menyediakan lebih fleksibiliti dari segi pengurusan aliran tunai.

Di samping itu, IDRP juga akan memberikan peluang kepada Pemegang Unit untuk melabur semula, secara keseluruhan atau sebahagian, agihan pendapatan mereka dalam unit baharu pada kadar diskaun berbanding harga pasaran sebagai ganti penerimaan wang tunai.

IDRP akan digunakan untuk pengagihan pendapatan akhir sebanyak 5.3 sen seunit bagi suku keempat berakhir 31 Disember 2022, dengan bahagian boleh pilih kasar ditetapkan pada 5.3 sen seunit.

KEMAMPANAN

Kemampuan terus menjadi keutamaan utama sepanjang tahun 2022 sementara kami bangkit daripada krisis. Kami telah memperhalusi isu-isu penting kami, mengukuhkan komitmen kami terhadap kecemerlangan perniagaan dan mengurus aspek alam sekitar, sosial dan tadbir urus (ESG) yang paling diambil berat oleh pihak berkepentingan. Kami juga menyelaraskan faktor penting kami dengan Matlamat Pembangunan Mampan Pertubuhan Bangsa-Bangsa Bersatu (SDG) yang sepadan untuk memaksimumkan impak kami.

Hektar REIT kekal sebagai ahli konstituen Indeks FTSE 4Good Bursa Malaysia dan dalam penilaian Jun 2022, konduk ESG-nya telah diiktiraf dengan penarafan ESG 4 bintang oleh FTSE Russell. Kami sememangnya diinspirasikan dan digalakkan untuk meneruskan usaha kami dalam menambah baik inisiatif-inisiatif mengenai ketiga-tiga bidang teras Alam Sekitar, Sosial dan Tadbir Urus dan membenamkan prinsip-prinsip teras ini ke dalam DNA perniagaan kami.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

Mengurangkan impak terhadap alam sekitar aset dan operasi kami kekal sebagai keutamaan kami. Kami telah berjaya mengurangkan jumlah keseluruhan pelepasan CO₂e aset kami sebanyak kira-kira 10.8% kepada 23.0 juta kgCO₂e pada tahun 2022 daripada 25.8 juta kgCO₂e pada tahun 2019. Intensiti pelepasan daripada aset kami, yang dinyatakan sebagai jumlah CO₂e yang dikeluarkan setiap keluasan lantai kasar (kgCO₂e/kaki persegi), juga bertambah baik, iaitu pada 4.95 kgCO₂e/kaki persegi berbanding dengan 5.53 kgCO₂e/kaki persegi pada tahun 2019.

Komitmen kami terhadap prinsip ESG adalah berjangka panjang, kerana kami menyedari bahawa kami semua bertanggungjawab terhadap pihak berkepentingan kami. Melangkah ke hadapan, kami terus komited untuk memajukan lagi usaha kami dalam mengurus hal-hal kemampanan penting mengenai pemuliharaan alam sekitar yang merangkumi pengurangan dan penyesuaian perubahan iklim, pengurusan air dan sisa dan pengurusan penggunaan tenaga, termasuk menggabungkan tenaga boleh diperbaharui dalam pengurusan campuran tenaga.

ANUGERAH

Usaha penglibatan komuniti Hektar REIT pada tahun 2022 telah diiktiraf di Anugerah Kemampanan & CSR Malaysia di bawah kategori Inisiatif Penglibatan Pihak Berkepentingan & Kemampanan Komuniti - Syarikat Terbaik Tahunan. Saban tahun, Hektar REIT telah berganding bahu dengan banyak organisasi tempatan dan antarabangsa melalui pelbagai perkongsian dan kerjasama, memberikan sokongan kepada NGO dan program amal untuk menyokong masyarakat yang kurang bernasib baik dan terpinggir serta memajukan dan memperkasakan wanita untuk meningkatkan kebebasan kewangan mereka untuk manfaat keluarga.

Kami juga berbesar hati mengumumkan bahawa Hektar REIT telah menerima dua anugerah Perak pada Anugerah ESG The Edge Malaysia 2022 yang dianjurkan buat kali pertama pada 28 November 2022 di bawah kategori Peningkatan Prestasi Terbesar Dalam Tiga Tahun (untuk Permodalan Pasaran di bawah RM300M) dan Anugerah Sektor Hartanah & REIT. Anugerah tersebut bertujuan mengiktiraf dan memberikan penghormatan kepada syarikat-syarikat Malaysia atas komitmen mereka dalam membangun dan meningkatkan operasi perniagaan mereka berdasarkan prinsip-prinsip Alam Sekitar, Sosial dan Tadbir Urus ("ESG").

Kami berasa gembira kerana dianugerahkan anugerah berprestij ini, sebagai bukti dan pengiktirafan terhadap usaha kami dalam memacu inisiatif Kemampanan sejak kami memulakan fokus utama pada ketiga-tiga tonggak E, S dan G di seluruh organisasi pada tahun 2017.

MENGEMUDI CABARAN

Ekonomi global akan terus menghadapi cabaran besar yang disebabkan oleh kesan berpanjangan daripada tiga kuasa utama: pencerobohan Rusia ke atas Ukraine, krisis kos sara hidup akibat tekanan inflasi yang berterusan dan meluas serta ekonomi China yang perlahan.

Di samping itu, pengetatan monetari yang agresif memang akan menjadi faktor penyumbang kepada prospek ekonomi global yang lebih lemah, dengan Tabung Kewangan Antarabangsa (IMF) menurunkan unjuran pertumbuhan global kepada 2.7% daripada 2.9% untuk tahun 2023 berbanding dengan 3.2% pada tahun 2022.

Namun begitu, trajektori pertumbuhan Malaysia dijangka bertambah baik berikutan peningkatan selanjutnya dalam pasaran buruh, sokongan dasar yang berterusan dan pengembangan dalam permintaan luar. Bank Negara Malaysia baru-baru ini telah mengulangi bahawa ekonomi Malaysia akan berkembang antara 4%-5% pada tahun 2023, disokong oleh permintaan domestik yang kukuh di tengah-tengah peningkatan berterusan dalam pasaran buruh serta realisasi projek infrastruktur besar dan unjuran ketibaan pelancong yang lebih tinggi.

Walau bagaimanapun, pertumbuhan Malaysia kekal terdedah kepada pertumbuhan global yang lebih lemah daripada jangkaan, penghindaran risiko yang lebih tinggi dalam pasaran kewangan global, konflik geopolitik yang semakin meningkat dan kemunculan semula gangguan rantaian bekalan.

Pasaran runcit juga dijangka kekal mencabar memandangkan terdapat lebih bekalan ruang peruncitan dan landskap ekonomi yang tidak menentu. Oleh itu, kami akan terus bekerjasama rapat dengan penyewa untuk mengharungi cabaran dan menyokong kesejahteraan pihak berkepentingan kami. Kami amat berbesar hati dengan kesetiaan, keikhlasan dan kesediaan penyewa kami untuk bekerjasama di tengah-tengah kesukaran. Kami kekal komited untuk mencapai portfolio penghunian yang sihat dan pendapatan sewa yang mampan, sambil mengejar peluang pertumbuhan secara aktif.

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

Kami juga sedang meneroka cara untuk mencapai pertumbuhan secara aktif dengan memastikan portfolio jenama runcit yang kukuh di pusat beli-belah kami yang boleh mengoptimumkan pulangan yang mampan dan pendapatan yang boleh dipertahankan melalui pencampuran semula penyewaan yang aktif dan pemulihan dan pembaikan pusat beli-belah. Kami akan terus meninjau kaedah untuk menambah baik rupa dan keadaan pusat beli-belah kami sebagai sebahagian daripada strategi jangka panjang untuk meningkatkan hasil portfolio kami. Demi menambah baik hasil dan pemulihan hutang pasca pandemik, pasukan kami berdaya usaha menjejaki prestasi berterusan penyewa untuk menstrukturkan penyewaan dan pembaharuan sewa kami dengan teliti, di samping meneliti strategi secara agresif untuk mengurus kutipan sewa.

Pusat beli-belah sedang berkembang menjadi tempat berpaksikan gaya hidup untuk orang ramai bertemu, bersosial, berinteraksi dan belajar. Kami yakin dan percaya ia akan kekal sebagai destinasi pilihan untuk hiburan, aktiviti sosial dan membeli-belah di kalangan rakyat Malaysia selagi pusat beli-belah kekal relevan. Bagaimanapun, pusat beli-belah masa depan yang berjaya mesti mempunyai pemahaman yang mendalam tentang kehendak dan keperluan pengguna, memandangkan gaya hidup mereka yang semakin berkembang. Oleh itu, kami sedang berusaha ke arah pendigitalan dan memahami lebih lanjut tingkah laku perbelanjaan pengguna untuk menawarkan pengalaman runcit terbaik kepada pelanggan dan pembeli setia kami. Kami juga sedang giat berusaha ke arah mengukuhkan inisiatif Pemasaran dan Penjenamaan kami untuk memacu trafik kembali ke pusat beli-belah kami. Ini telah membantu penyewa kami dengan ketara dan kebanyakan daripada mereka, dari segi prestasi jualan mereka, telah pulih sebanyak 90% daripada jualan pra-pandemik mereka.

Kami juga akan terus mengukuhkan kunci kira-kira melalui pengurusan berterusan modal yang berhemat dan proaktif. Dari segi kecairan, kami akan mengekalkan kunci kira-kira yang sihat dan mencukupi untuk memenuhi obligasi kewangan dan operasi kami.

PENGHARGAAN

Dato' Hisham Othman telah bersara sebagai Ketua Pegawai Eksekutif dan Pengarah Eksekutif pada 10 Jun 2022. Kami ingin merakamkan setinggi-tinggi penghargaan kepada kepimpinan beliau selama 6 tahun yang lalu dan mendoakan kejayaan dalam segala usaha beliau pada masa hadapan.

Bagi pihak Lembaga Pengarah, saya juga ingin merakamkan ucapan terima kasih dan penghargaan kepada Puan Zarina Halim yang baru-baru ini meletakkan jawatan daripada Lembaga Pengarah kami pada 15 Januari 2023. Kami amat menghargai dedikasi dan sumbangan beliau selama ini.

Kami juga mengalu-alukan ahli Lembaga Pengarah baharu kami, Encik Wan Kamaruddin Bin Wan Mohamed Ali dan Puan Norliza Binti Suleiman, dan berharap dapat bekerjasama dengan mereka serta memanfaatkan kepakaran mereka dalam perkhidmatan kewangan dan kewangan korporat. Saya percaya bahawa pengalaman mereka adalah amat berharga kepada Lembaga Pengarah.

Saya ingin memberikan pengiktirafan kepada dedikasi dan ketabahan pasukan kami serta bimbingan daripada Lembaga Pengarah sepanjang tempoh yang mencabar ini. Saya juga ingin mengambil kesempatan ini untuk mengucapkan ribuan terima kasih kepada semua pihak berkepentingan kami kerana sanggup mengharungi cabaran dan bekerjasama untuk mengatasi cabaran tahun ini.

Kami akan terus bekerja keras dan mengharapkan sokongan berterusan daripada semua pihak berkepentingan kami sementara kami berusaha untuk mengemudi Hektar REIT ke tahap yang lebih tinggi pada tahun 2023.

JOHARI SHUKRI BIN JAMIL

Pengarah Eksekutif & Ketua Pegawai Eksekutif

首席执行官致单位持有人之信函

—尊敬的单位持有人，

2022年是马来西亚开启新篇章的一年。因为在与新冠肺炎抗争了两年后，我国终于在2022年4月1日过渡至地方性流行病阶段。依循着我们的战略计划，在我们积极寻求增长机会的同时，我们将始终专注于为我们的单位持有人提供可持续的回报。

市场回顾

随着全国在2022年1月上旬过渡到国家复苏计划的第4阶段，限制措施逐渐放宽，大多数零售业获准运营，我国的经济活动也因此有所回升。在撰写本文时，马来西亚的成人和青少年疫苗接种率也分别达到了近98%和90%。社区中的高疫苗接种率增加了消费者的信心，使他们逐渐愿意回到购物中心去逛街购物。

因为经济活动回升，国内需求上升，马来西亚的经济在2022年首个季度开始出现增长，国内生产总值同比增长了5%。

当疫情进入地方性流行病阶段时，马来西亚是少数几个率先决定放宽疫情限制措施的国家。

随着限制措施放宽后的国境重开以及允许国人从雇员公积金一次性提取1万令吉的特别款项计划的实施，我国第二季度国内生产总值同比继续强劲增长了8.9%，高于多个发达国家和同区域的其他国家，其中包括中国（0.4%）、美国（1.6%）、欧盟（4.0%）和新加坡（4.4%）。

马来西亚国家银行的数据显示，尽管2021年的全面行动管制令的基数效应较低，但劳动力市场的稳健复苏和持续的政策支持增强了国内需求，从而支撑了第二季度的表现。

在第三季度，马来西亚的国内生产总值仍然达到14.2%的强健增长率，属东盟中增长最快的国家。此增长率主要是由于国内需求的持续上升、强劲的电气和电子产品和非电气和电子产品出口、持续的政策支持以及劳动力市场的稳健复苏。另一边厢，我国失业率从2020年5月疫情期间的5.3%峰值降至2022年9月的3.6%最低水平。

鉴于需求和成本压力导致的总体和核心通胀上升以及国内政策措施的变化，马来西亚国家银行在2022年将隔夜政策利率从1.75%的历史低点提高100个基点至2.75%。

“通胀上行压力的程度仍将部分受到现有价格控制、补贴和经济剩余闲置产能的抑制。2023年通胀前景的风险平衡倾向于上行，并继续受到国内补贴政策措施以及由乌克兰持续的军事冲突和长期供应中断引起的全球大宗商品价格上涨的影响，”国家银行解释道。

与此同时，马来西亚零售业在2022年第三季度的零售额同比增长了96%。由于第三季度的增长好于预期以及第四季度增长预测的修正，大马零售集团（RGM）将其2022年的年度零售业增长目标从之前的31.7%上修至41.6%。

2022年第四季度的增长率预测从1%（2022年9月的预测）上调至6%，低于零售商协会成员预测的13.9%。

马来西亚国家银行的数据显示，马来西亚经济会在2022年第四季度继续以较温和的速度增长。放缓的增长速度反映了更具挑战性的全球环境以及缺乏基数效应。

投资组合回顾

尽管市场环境持续充满挑战，贺达产托的整体投资组合入驻率在2022年仍保持在82%，其中Kulim Central的入驻率更达到了可嘉的96%。由于我们的投资组合处在多个不同的地区，以及我们的购物中心皆属特定城镇的主要购物中心，甚至是唯一的购物中心，市场环境对贺达产托投资组合入驻率的整体影响得到了缓解。

然而，我们知道我们无法回到疫情前的状态了。事实上，我们不能只单单追求回到疫情前的生活，而是必须走向可持续的复苏，为未来和下一代客户做好准备。贺达产托的优势来自其为每项资产部署的定制化和本地化策略，其中包括防御性社区购物中心策略。我们投资组合中的大部分资产都受益于周边地区购物者的反复光顾。

我们的购物中心在2022年的整体访客流量增加了60%，达到约2110万人次。这主要得益于我们在各种限制性措施被取消后，于投资组合内的所有购物中心开展的高强度营销活动，其中包括以销售和流量为导向的促销活动。与此同时，我们投资组合的整体租金调整率为负11%。我们认为这是因为我们为疫情高峰期受到影响的Subang Parade和Segamat Central继续租赁重组工作，以平衡租金调整和入驻率，确保投资组合的稳定性时的暂时下降。

SUBANG PARADE

Subang Parade在2022年底录得约70%的入驻率，这归因于巴生谷购物中心在零售空间供过于求的情况下面临的微观市场挑战。管理层决定实施“入驻率优先”策略，通过租金调整来保留优质租户并吸引新的主力租户和更多餐饮零售商入驻购物中心。

首席执行官致单位持有人之信函

俗话说：“危机往往伴随着机遇”。几年前，我们对Subang Parade的初步计划包括涉及迷你主力租户的小型资产改善工作和租赁重组。但在我们的计划进行到一半时，近期零售业不可预见的变化和情况促使我们重新审视我们的策略。遗憾的是，Subang Parade的恢复时间比预期的要长，但这让我们有时间根据我们团队在过去两年中收集的宝贵见解重新审视我们的计划。虽然Subang Parade仍然属于郊区购物中心，但我们打算通过赋予其“最佳社区购物中心”的新含义来加强其位于所在社区的定位。

我们新的振兴计划包括加强客户和社区的体验。这主要通过探索和引入体验概念、改进租赁重组计划、与社区利益相关者合作、提供更灵活的租赁策略来吸引优质的零售商以及探索合适的利基零售产品和服务以完善商户的产品来达成。我们正在积极寻找更好的资产和研究我们以前无法执行的计划。

随着购物中心环境的改善和营销活动的加强，2022年的客流量从2021年的400万人次增长了18%至470万人次。我们的资产管理团队连同现有的物业管理团队已与几家主要零售商会面，向他们保证我们会与他们同在，并且我们正在努力针对他们所面临的挑战研讨解决方案。我们相信这样的沟通是维持可持续关系和复苏的关键。在客流量和销售业绩因着市场信心和消费者情绪的恢复而提高的同时，我们着重于租户关系和针对性营销的措施也让我们下半年的续约数量迅速增加，这表明我们正处于正确的轨道上。

MAHKOTA PARADE

Mahkota Parade在2022年的入驻率保持在87%左右。尽管市场存在不确定性，但管理层仍在2022年通过引入新的零售商，如Sushi Go、Oppo、Onezo、Siam Restaurant、Gigi Coffee、Rollney、Felancy、Pierre Cardin、Vivo和Madam Croffle，来加强购物中心的商户组合，吸引国际品牌的关注。

Mahkota Parade仍是马六甲的主要购物目的地，其2022年的客流量达到600万人次，同比增长高达113%。随着中国于2023年1月8日重新开放边境，中国游客返回马六甲旅游，预计Mahkota Parade会是贺达产托投资组合中受益最多的购物中心。

WETEX PARADE和CLASSIC HOTEL

Wetex Parade是麻坡唯一的购物中心；随着Mi Store、Premium Store、Osim、Yole Yogurt、Big Apple和Lazo Diamond等新零售商的入驻，其2022年的入驻率保持在88%。Wetex Parade在2022年的客流量上升了52%，达到190万人次。

作为麻坡拥有最大宴会厅设施的最大酒店，Classic Hotel的入驻率从2021年的23%大幅提高至2022年的46%，平均房价亦从2021年的131令吉上涨至2022年的137令吉。此令人鼓舞的结果主要归功于旅行限制的取消以及麻坡周边经济和旅游活动的正常化。

CENTRAL SQUARE

作为双溪大年的主要购物中心，Central Square在2022年录得270万人次的客流量，入驻率则下滑至82%。管理层仍然专注于提升Central Square的商户组合质量和定位，其中措施包括于2022年引入Machines、Tealive、Asama Thai Food和I-Serve Technology & Vacations。

KULIM CENTRAL

自2012年收购Kulim Central以来，其估值一直处于上升趋势，并有望进一步增长。Kulim Central作为居林唯一的购物中心，在2022年达到超过96%的入驻率，客流量约为290万人次，租金上调整率为22%。Kulim Central已连续五年取得以平均12%的年增长率。我们在2017年进行资产升级和扩张，引入了如Switch、Daboba Go、Samsung和Myeong Dong Topokki等新品牌。此措施的正面影响一直持续至今日，大大提升了购物中心商户组合的活力。因为被Kulim Central强劲的销售额所吸引，越来越多国际品牌选择入驻此购物中心。

SEGAMAT CENTRAL

Segamat Central的入驻率从2021年的67%提高至2022年的约74%，客流量则从2021年的约70万人次增加至2022年的约180万人次，等同于约147%的提升。尽管如此，管理层仍然坚守“入驻率优先”的策略，即通过租金调整策略来保留现有租户并吸引新的主要商户和更多餐饮零售商入驻到购物中心。于2022年，我们迎来了Dees、In Fashion、Mi Store、Muzaina Collection、Samsung、CHK Trading、Honor等新零售商的入驻。

财务回顾

贺达产托在2022年的收入大幅增高至1.17亿令吉，同比增长了22%；而运营支出则增加了18%，至5900万令吉。与此同时，净产业收入增加至5900万令吉，同比增长25%。贺达产托录得7800万令吉的税前净利润，其中3600万令吉为已实净现营业收入，其余的4200万令吉则来自于本年度投资组合公允价值变动产生的收益。

首席执行官致单位持有人之信函

融资

贺达产托目前的融资包括高达5亿5100万令吉的债务融资，其中的93%将于2024年至2025年到期；我们正计划将其部分削减和展期至更长的期限。

截至2022年底，贺达产托的资产负债率为44.6%，处于证监会规定的60%的资产负债上限内。

尽管马来西亚经济表现强劲，但鉴于为应对通胀压力而采取的鹰派货币政策、消费者情绪的不确定性以及地缘政治问题引发的长期供应链和物流问题而导致的经济形势动荡，我们对2023年的前景仍持谨慎态度。我们将继续审慎地进行财务管理和成本优化，并提高我们的资产效率，以帮助缓解全球经济形势所带来的影响。通过灵活的策略和迅速的执行，我们期待我们的业绩能稳健上升。

贺达产托正积极地以更有效的方式管理我们的债务和资本结构，包括确保强劲的流动性和多元化的融资体系，以减轻利率上升的影响。

派息

我们仍然致力于维持至少90%的可派息率的政策，并于2023年1月3日宣布，截至2022年12月31日的第四季度的最终收入派息为每单位5.3仙，使我们2022财政年度的总派息达到每单位8.0仙。

根据2022年12月31日70仙的收市价，贺达产托的每单位收益派息为单位持有人带来了约11.4%的收益率。截至2022年底，贺达产托拥有超过5600名单位持有人。

企业提案

我们已于2022年11月10日宣布，管理人建议贺达产托制定派息再投资计划，为贺达产托的单位持有人（“单位持有人”）提供可选择将全部或部分现金派息再投资，以获得贺达产托新单位的选项。若单位持有人选择不参与派息再投资计划，则可选的派息部分将全部以现金支付。

派息再投资计划主要能让贺达产托为营运资本和在建资本保留资金，为现金流管理方面提供更大的灵活性，在总体上帮助促进贺达产托现有的日常运营。

此外，派息再投资计划还将为单位持有人提供机会和选择，让他们除了可选择收取现金外，亦可选择以低于市场价格的价格将其全部或部分的派息再投资于新单位。

派息再投资计划将适用于截至2022年12月31日的第四季度每单位5.3仙的最终派息，总可选择部分设定为每单位5.3仙。

永续性

在我们摆脱危机的同时，永续发展仍然是2022年的重要课题。我们改进了一些重大问题，加强了我们对卓越业务的承诺，并对利益相关者关注的重要环境、社会和治理（ESG）课题进行了管理。我们还根据相应的联合国可持续发展目标对我们的重要元素进行调整，以最大限度地发挥我们的影响力。

贺达产托仍然是大马交易所社会责任指数（FTSE 4Good Bursa Malaysia Index）的成员，并且在2022年6月的评估中，获得了富时罗素（FTSE Russell）的ESG 4星评级。我们也因此而受到启发和鼓励，以继续努力改进环境、社会和治理这三个核心领域的举措，并将这些核心原则融入我们的业务基因。

减少我们的资产和运营对环境的影响仍然是我们的首要任务。我们成功将资产的二氧化碳当量排放总量从2019年的近2580万千克二氧化碳当量减少了约10.8%，至2022年的2300万千克二氧化碳当量。我们资产的排放强度（kgCO₂e/sqft，每建筑面积排放的二氧化碳当量）亦从2019年的5.53kgCO₂e/sqft改善至4.95kgCO₂e/sqft。

我们对ESG原则的承诺是长期的，因为我们意识到我们所有人都对利益相关者负有责任。未来，我们将继续致力于提升我们在环境保护方面的重要永续课题管理的努力，包括减缓和适应气候变化、水和废料管理以及能源消耗管理（如将可再生能源纳入我们的能源结构）。

奖项

贺达产托在2022年的社区参与努力得到了认可，并获得年度公司：利益相关者和社区永续参与倡议类别下的永续发展与企业社会责任马来西亚奖项。多年来，贺达产托与多个本地和国际组织建立了各种伙伴关系和合作关系，为非政府组织和慈善计划提供支持，以支持弱势和边缘化社区，同时推动和赋权女性以提高她们的财务独立性，从而造福于家庭。

我们也很荣幸在此宣布，贺达产托于2022年11月28日在2022年The Edge Malaysia ESG大奖的首届颁奖典礼上荣获两项银奖，分别来自三年内业绩增长最大（市值低于3亿令吉级别）奖和房地产与房地产投资信托行业奖。这两个奖项旨在表彰致力于按照ESG原则发展和加强其业务运营的马来西亚公司。

我们非常荣幸能获得这些享有盛誉的奖项，这是对我们自2017年开始关注整个组织的环境、社会责任和公司治理三大支柱以来，在推动永续发展计划方面所做努力的证明和认可。

首席执行官致单位持有人之信函

逆风飞扬

全球经济将继续面临严峻的挑战，这主要归咎于三大因素：俄罗斯对乌克兰的入侵、持续不断扩大的通胀压力导致的生活成本危机以及中国经济放缓。

此外，激进的货币紧缩势必成为导致全球经济前景疲软的一个因素，这也就是为什么国际货币基金组织将2023年的全球增长预测从2.9%下调至2.7%（2022年为3.2%）。

尽管如此，在劳动力市场进一步改善、持续的政策支持和外部需求扩大的支持下，马来西亚的增长轨迹有望改善。国家银行最近重申，得益于劳动力市场持续改善、大型基础设施项目的实现和预计更高的游客人数所带来的强劲国内需求，马来西亚经济将在2023年增长4%至5%。

然而，马来西亚经济的增长仍然受到多个因素的影响，包括全球增长弱于预期、全球金融市场避险情绪上升、地缘政治冲突进一步升级以及供应链的再次中断。

鉴于零售空间供过于求和经济形势动荡，预计零售市场仍将充满挑战。因此，我们将继续与商户密切合作，以共同应对挑战并确保利益相关者的福利。对于我们的商户在逆境中所展现的忠诚、真诚和合作意愿，我们深感鼓舞。我们将继续致力于实现健全的投资组合入驻率和可持续的租金收入，同时积极寻求增长机会。

在探索增长途径方面，我们将努力确保我们的购物中心拥有强大的零售品牌组合，力争通过积极的商户重组和购物中心的振兴来优化可持续回报和稳固收入。作为提高我们投资组合收益率的长期战略的一部分，我们将继续寻找方法来改善和提升我们购物中心的外观和环境。为了在疫情后改善收入和债务回收，我们积极研究管理租金收取的策略，也一直在得知商户的业绩，并以此作为参考，小心地构建我们的新租约和续约事宜。

如今，购物中心已成为人们生活中与人见面、社交、互动和学习的场所。我们有信心并且相信，只要购物中心能保持其相关性，那它仍将会是马来西亚人娱乐、社交活动和购物的首选场所。话虽如此，鉴于消费者不断变化的生活方式，购物中心若想持续成功，就必须对消费者的需求有着深入的了解。因此，我们正在努力实现数字化并进一步了解消费者的消费行为，以便为我们忠实的客户和购物者提供最佳的零售体验。我们还积极加强我们的营销和品牌推广计划，以提高我们购物中心的客流量。这些措施为我们的商户带来了很大的帮助，其中大多数商户的销售业绩已恢复到疫情前销售额的90%。

此外，我们也将通过持续审慎和积极的资本管理，继续加强我们的资产负债表。在流动性方面，我们将保持健康和充裕的资产负债表，以履行我们的财务和运营义务。

致谢

Dato' Hisham Othman于2022年6月10日退休，卸下其首席执行官兼执行董事的职务。对他过去6年的领导，我们深表感谢，并祝愿他在未来的事业中一帆风顺。

我谨代表董事会，对最近于2023年1月15日辞去董事会职务的Zarina Halim女士表示感谢和赞赏。我们衷心感谢她多年来的贡献。

另外，我们也欢迎我们的董事会新成员Wan Kamaruddin Bin Wan Mohamed Ali先生和Norliza Binti Suleiman女士，期待与他们的合作，他们在金融服务和企业融资方面的专业知识和经验对董事会来说绝对是无价的。

在这个充满挑战的时期，我见证了我们团队所展现的忠诚和毅力以及董事会的指导。在这里，我要感谢他们每一个人。我也想借此机会感谢我们所有的利益相关者，谢谢你们顶住重重压力，与我们共同努力克服了这一年的挑战。

我们将继续努力，希望我们奋力让贺达产业信托在2023年更上一层楼时，能继续获得所有利益相关者的支持。

JOHARI SHUKRI BIN JAMIL
执行董事兼首席执行官

Asset Portfolio PERFORMANCE



Property Profiles

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



ASSET PORTFOLIO PERFORMANCE



State	Selangor
Title	Freehold
Lease Expiry	-
Primary Trade Area (population)	1,834,000
NLA (sq. ft.)	527,139
Tenancies (NLA lots only)	74
Occupancy (%)	70.3
Visitor Traffic (million)	4.7
Acquisition Price (RM million)	280.0
Valuation (RM million)	417.0
Gross Revenue (RM million)	32.5
Net Property Income (NPI) (RM million)	13.1



State	Melaka
Title	Leasehold
Lease Expiry	2101
Primary Trade Area (population)	382,200
NLA (sq. ft.)	521,142
Tenancies (NLA lots only)	84
Occupancy (%)	86.9
Visitor Traffic (million)	6.0
Acquisition Price (RM million)	232.0
Valuation (RM million)	338.5
Gross Revenue (RM million)	38.0
Net Property Income (NPI) (RM million)	20.8



State	Johor
Title	Freehold
Lease Expiry	-
Primary Trade Area (population)	201,600
NLA (sq. ft.)	174,651
Tenancies (NLA lots only)	54
Occupancy (%)	88.1
Visitor Traffic (million)	2.9
Acquisition Price (RM million)	117.5
Valuation (RM million)	156.6
Gross Revenue (RM million)	16.8
Net Property Income (NPI) (RM million)	8.7



State	Kedah
Title	Freehold
Lease Expiry	-
Primary Trade Area (population)	406,870
NLA (sq. ft.)	310,564
Tenancies (NLA lots only)	45
Occupancy (%)	82.3
Visitor Traffic (million)	2.7
Acquisition Price (RM million)	83.0
Valuation (RM million)	91.0
Gross Revenue (RM million)	9.5
Net Property Income (NPI) (RM million)	4.6



State	Kedah
Title	Freehold
Lease Expiry	-
Primary Trade Area (population)	287,694
NLA (sq. ft.)	299,781
Tenancies (NLA lots only)	73
Occupancy (%)	96.4
Visitor Traffic (million)	2.9
Acquisition Price (RM million)	98.0
Valuation (RM million)	138.0
Gross Revenue (RM million)	15.9
Net Property Income (NPI) (RM million)	11.1

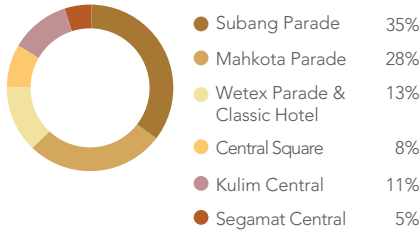


State	Johor
Title	Leasehold
Lease Expiry	2116
Primary Trade Area (population)	190,000
NLA (sq. ft.)	211,919
Tenancies (NLA lots only)	35
Occupancy (%)	73.7
Visitor Traffic (million)	1.8
Acquisition Price (RM million)	104.0
Valuation (RM million)	65.0
Gross Revenue (RM million)	4.8
Net Property Income (NPI) (RM million)	0.4

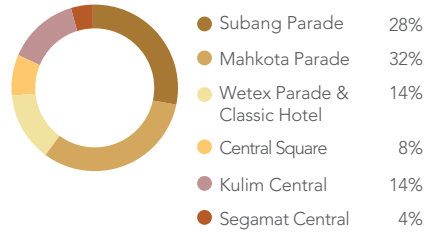
ASSET PORTFOLIO PERFORMANCE

PORTFOLIO DIVERSIFICATION

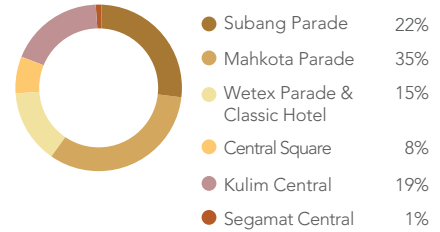
Portfolio by Valuation



Portfolio by Gross Revenue



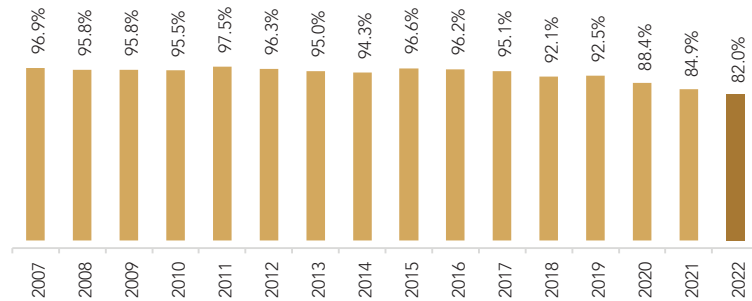
Portfolio by NPI



PORTFOLIO OCCUPANCY

Overall Occupancy Trend (2007-2022)

The portfolio recorded an overall occupancy rate of 82.0% as at 31 December 2022, as Hektar REIT continues its ongoing strategy of tenant remixing and rejuvenation plan at Subang Parade and Segamat Central. Despite the challenging retail environment, the Management remains steadfast on boosting occupancies by focusing on retaining existing tenants and utilizing marketing to attract specialty anchors and more F&B retailers to the mall.



Note: Weighted Average Portfolio Occupancy according to NLA

OCCUPANCY STATUS BY PROPERTY

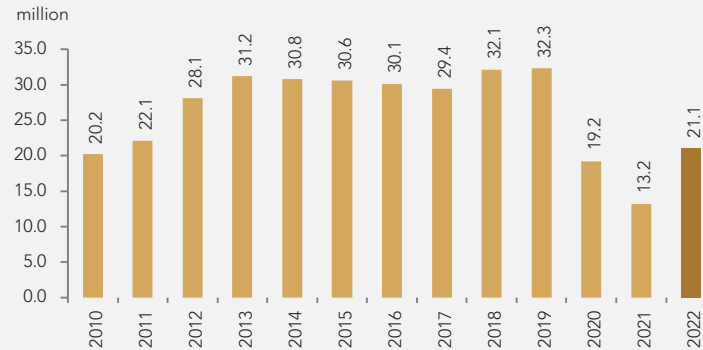
Occupancy (%)	2022	2021	2020	2019	2018
Subang Parade	70.3	82.5	83.7	93.9	88.2
Mahkota Parade	86.9	87.1	92.5	96.4	96.0
Wetex Parade	88.1	89.9	94.5	96.2	98.5
Central Square	82.3	85.9	87.9	89.7	96.9
Kulim Central	96.4	94.0	93.9	95.0	93.5
Segamat Central	73.7	67.3	77.9	77.1	78.6
Overall*	82.0	84.9	88.4	92.5	92.1

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

ASSET PORTFOLIO PERFORMANCE

VISITOR TRAFFIC

Visitor Traffic Trend (2010-2022)



Overall visitor traffic increased to 21.1 million visits in 2022 as we intensified our marketing initiatives including sales-driven promotional campaigns at all our malls within the portfolio on the back of the lifting of the various restrictive containment measures. All malls experienced an uptrend in visitor footfall following Malaysia's transition to endemicity after the COVID-19 pandemic, showing positive signs of return in shopper confidence at Hektar malls.

Visitor Traffic (million)

	2022	2021	2020	2019	2018
Subang Parade	4.7	4.0	4.9	7.6	7.8
Mahkota Parade	6.0	2.8	4.5	8.4	8.3
Wetex Parade	2.9	1.9	2.5	4.2	4.3
Central Square	2.7	1.9	2.8	4.5	4.5
Kulim Central	2.9	1.9	3.0	4.6	4.0
Segamat Central	1.8	0.7	1.5	3.1	3.2
Total	21.1	13.2	19.2	32.3	32.1

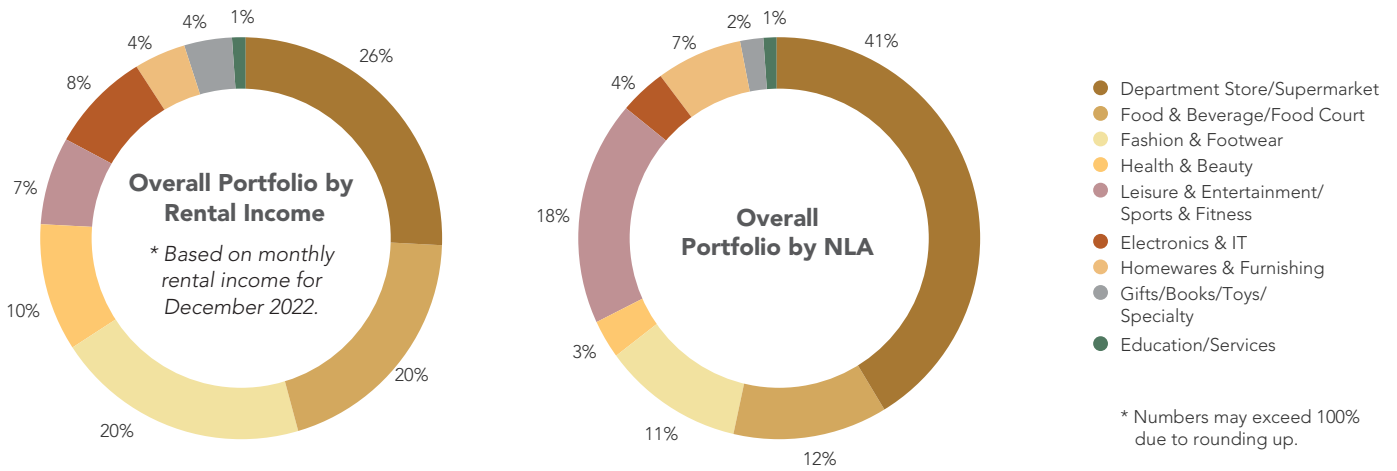
Subang Parade



ASSET PORTFOLIO PERFORMANCE

Portfolio Tenancy Mix

The largest rental contributors to the portfolio are tenants from the departmental store and the food & beverage segments. Both segments contributed 46% of the portfolio's total rental income. In terms of NLA occupancy, department stores and supermarkets continue to dominate the portfolio by taking up 41% of all available NLA.



Mahkota Parade





Parkson @ Subang Parade

Portfolio's Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 39.9% of total monthly rental income, providing a diversified revenue base. Aside from the top tenant, Parkson, which contributed approximately 13% 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	12.3%	13.0%
The Store	Department Store/Supermarket	273,198	13.4%	9.2%
GSC	Leisure & Entertainment/Sports & Fitness	88,670	4.3%	2.6%
Watson's	Health & Beauty	11,965	0.6%	2.5%
MR. D.I.Y.	Homewares & Furnishing	74,301	3.6%	2.3%
Seleria Food Court	Food & Beverage/Food Court	47,760	2.3%	2.2%
Guardian	Health & Beauty	12,164	0.6%	2.1%
Giant Superstore	Department Store/Supermarket	72,140	3.5%	2.1%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	75,928	3.7%	1.9%
KFC	Food & Beverage/Food Court	15,792	0.8%	1.8%
Top 10 Tenants (By Monthly Rental Income)		924,432	45.2%	39.9%
Other Tenants		1,120,764	54.8%	60.1%
Total		2,045,196	100.0%	100.0%

* Based on monthly rental income for December 2022

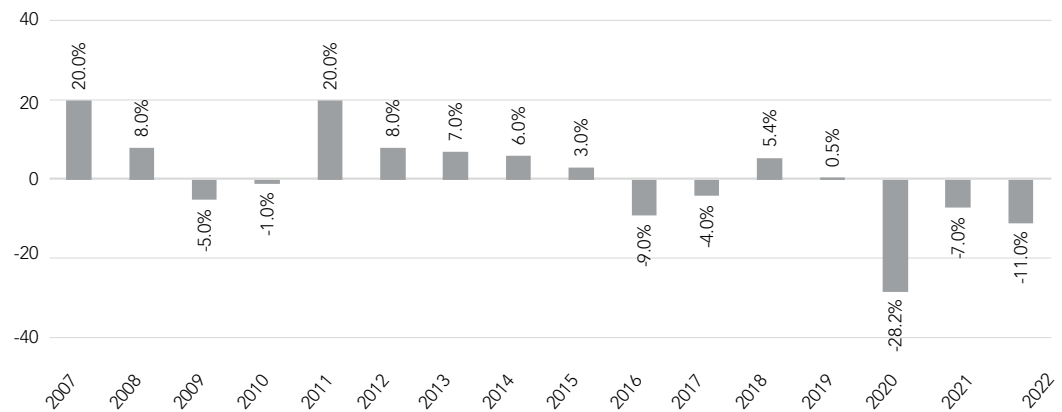
ASSET PORTFOLIO PERFORMANCE



Portfolio Rental Reversions

For the year ended 31 December 2022, the portfolio recorded 178 new and renewed tenancies, with an overall weighted average negative rental reversion of 11.0% reflecting our strategy in balancing rental reversions and occupancy levels to ensure portfolio stability.

Portfolio Rental Reversions (2007-2022)



Full Year (Ended 31 December)	No. of New Tenancies / Renewals	NLA (sq. ft.)	% of Total NLA	% Increase / (Decrease) Over Previous Rent Rates
Subang Parade	33	69,390	13.2%	-4.9%
Mahkota Parade	55	174,979	33.6%	-13.5%
Wetex Parade	26	23,185	13.3%	-7.9%
Central Square	12	44,556	14.3%	-4.2%
Kulim Central	21	35,378	11.8%	22.0%
Segamat Central	31	118,869	56.1%	-35.0%
Total / Average	178	466,357	22.8%	-11.0%

Figures as at 31 December 2022

ASSET PORTFOLIO PERFORMANCE

Portfolio Tenancy Expiry Profile

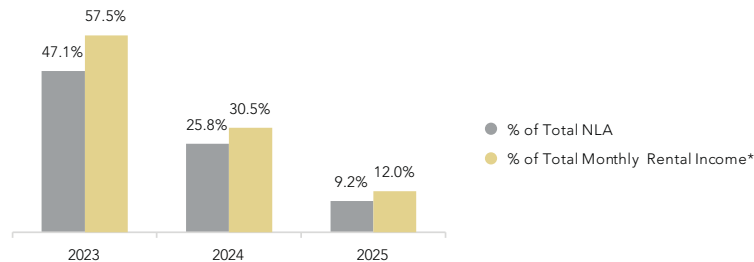
For FY2022, majority of the tenancies expiring in the year have been renewed with only 6.9% left remaining under negotiation which will carry forward to 2023. In all, our tenancy expiry profile represents low risk. The team has been successfully reducing the amount of holdover tenancies that were unresolved during the peak of Covid-19 pandemic.

The portfolio tenancy expiry profile from FY2023 to FY2027 is presented below showing the spread according to Total Net Lettable Area and as well as by Monthly Rental Income. The tenancies generally have a tenure of 3 years, however key or anchor tenancies may have longer tenure. To note that due to the ongoing remixing strategies in some of our malls, the management have decided to offer shorter term tenancies to remain flexible as it may involve relocation and reconfiguration of tenants. As the successful tenancies renewals progresses during the year, the spread will become more even. The percentage of tenancies expiring in FY2023 may appear high due to the expiry of an anchor tenant who represents 13.4% of the NLA. As per the usual with anchor tenants, renewal negotiation will commence at least 12 months before and are usually concluded six months prior to the expiry.

A total of 213 tenancies will expire in 2023 representing approximately 47.1% of NLA and 57.5% of monthly rental income as at 31 December 2022.

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	No. of Tenancies Expiring (sq. ft.)	No. of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	213	962,565	47.1%	57.5%
2024	94	528,121	25.8%	30.5%
2025	58	187,202	9.2%	12.0%

* Based on monthly rental income for December 2022

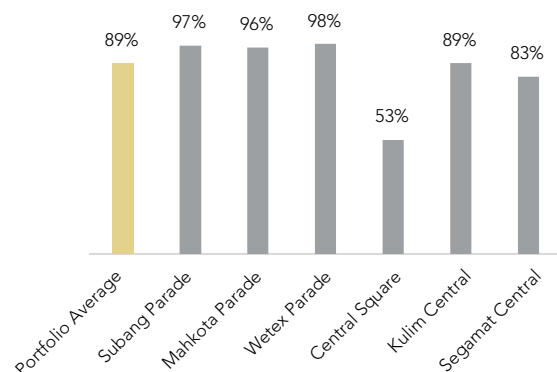


Portfolio Tenancy Provisions

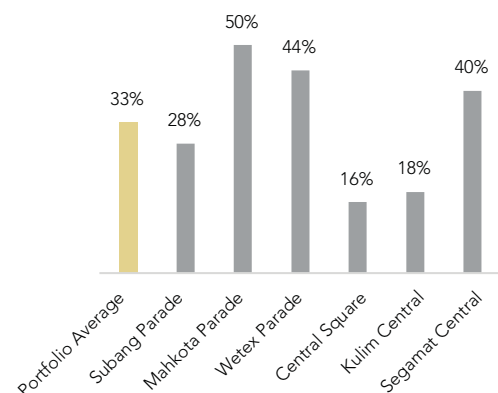
As at 31 December 2022, turnover rent provisions were present in 89% of tenancy contracts within the portfolio. Step-up rent provisions were present in 33% of tenancy contracts within the portfolio.

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



Step-up Rent



ASSET PORTFOLIO PERFORMANCE



Location

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

Primary Trade Area

1,834,000

within 20-minute
drive time

Gross Floor Area

1,169,038

sq. ft.

Net Lettable Area

527,139

sq. ft.

Car Park

1,288

bays

Acquisition Price

RM280.0

million

Valuation

RM417.0

million

Tenants*

74

Occupancy

70.3%

FREEHOLD



Subang Parade was the first regional shopping centre in Selangor when it opened in 1988. It remains as one of Hektar REIT's core assets, a popular shopping centre within its catchment area, in the heart of Subang Jaya's commercial district, a township 25 minutes away from Kuala Lumpur.

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. In 2022, 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.

We welcomed the opening of Asiari at the mall in June 2022 and Ayam Penyet Best in December 2022, in line with the tenancy rejuvenation plans for Subang Parade which would refresh its F&B offerings.

Footfall improved by 19% to 4.7 million in 2022 as we intensified our marketing initiatives by carrying out sales-driven promotional campaigns at the mall.

Key Tenants

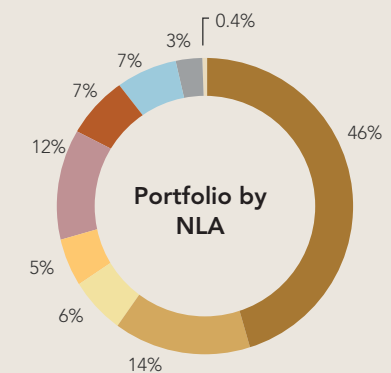
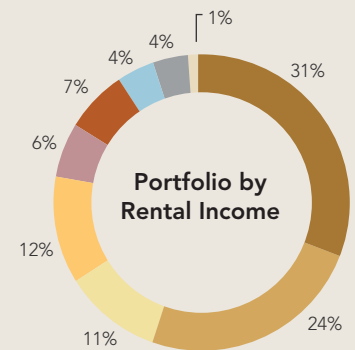
Parkson, GSC, Best Denki, Village Grocer, Nando's

Visitor Traffic	Year Opened	Year Acquired
4.7 million per annum	1988	2006

Year Refurbished

2006-2007 / 2019-2020

Data as of 31 December 2022
* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



KYS Orchestra, Asiri Restaurant & Fun Run at Subang Parade.

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	26.7%	27.7%
GSC	Leisure & Entertainment/Sports & Fitness	30,258	5.7%	4.5%
Best Denki	Electronics & IT	20,930	4.0%	4.1%
Village Grocer	Department Store/Supermarket	26,375	5.0%	3.5%
Nando's Chickenland	Food & Beverage/Food Court	2,610	0.5%	2.6%
Caring	Pharmacy Health & Beauty	2,679	0.5%	2.5%
Yamaha Music	School & Showroom Gifts/Books/Toys/Specialty	5,733	1.1%	2.3%
Uncle Lim's Café	Food & Beverage/Food Court	2,500	0.5%	2.1%
Optical 88	Fashion & Footwear	1,365	0.3%	2.1%
MNB	Fashion & Footwear	4,387	0.8%	2.1%
Top 10 Tenants (By Monthly Rental Income)		237,457	45.0%	53.6%
Other Tenants		289,682	55.0%	46.4%
Total		527,139	100.0%	100.0%

* Based on monthly rental income for December 2022.

SUBANG PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	53	153,317	29.1%	47.9%
2024	16	194,222	36.8%	45.2%
2025	5	22,899	4.3%	6.9%

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

No. 1 Jalan Merdeka
75000 Bandar Melaka,
Melaka

Primary Trade Area

382,200

within 20-minute
drive time

Gross Floor Area

1,392,623

sq. ft.

Net Lettable Area

521,142

sq. ft.

Car Park

1,079

bays

Acquisition Price

RM232.0

million

Valuation

RM338.5

million

Tenants*

84

Occupancy

86.9%

Leasehold

(until 2101)



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.

Despite market uncertainties, the Management continues to enhance the tenancy mix of the mall with the introduction of new & refreshed retailers such as Sushi Go, Oppo, Onezo, Siam Restaurant, Gigi Coffee, Rollney, Felancy, Pierre Cardin, Vivo and Madam Croffle in 2022. We also introduced a new and exciting F&B tenant, 4Fingers Crispy Chicken in January 2023.

Mahkota Parade remains as the main shopping destination in Melaka with a major increase in visits to 6.0 million in 2022 in line with the lifting of movement restrictions.

Key Tenants

Parkson, Seleria Food Court, JD Sports, MM Cineplexes, KFC

Visitor Traffic

6.0 million per annum

Year Opened

1994

Year Acquired

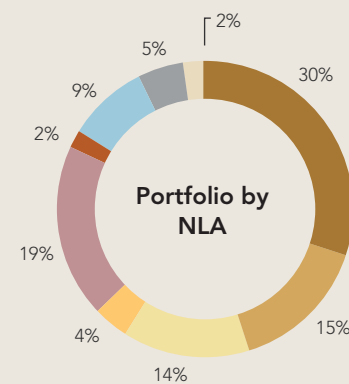
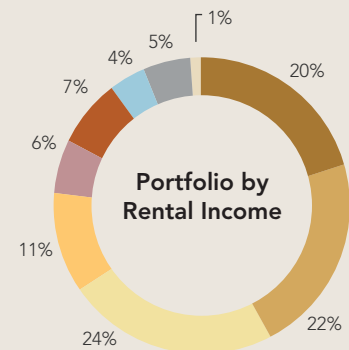
2006

Year Refurbished

2010

Data as of 31 December 2022

* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



Rollney, Felancy and Gigi Coffee at Mahkota Parade

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%	17.1%
Seleria	Food & Beverage/Food Court	6,475	7.0%	4.3%
JD Sports	Fashion & Footwear	5,942	1.1%	3.3%
MM2 Cineplexes	Leisure & Entertainment/Sports & Fitness	43,496	8.3%	3.1%
KFC	Food & Beverage/Food Court	5,403	1.0%	3.0%
Family Store	Department Store/Supermarket	25,758	4.9%	2.8%
Guardian	Health & Beauty	3,800	0.7%	2.6%
Gatti	Fashion & Footwear	9,192	1.8%	2.5%
MR. D.I.Y.	Homewares & Furnishing	16,690	3.2%	2.2%
Ampang Superbowl	Leisure & Entertainment/Sports & Fitness	36,717	7.0%	1.9%
Top 10 Tenants (By Monthly Rental Income)		295,368	56.7%	42.7%
Other Tenants		225,774	43.3%	57.3%
Total		521,142	100.0%	100.0%

* Based on monthly rental income for December 2022. Note: changes in NLA due to reconfiguration.

MAHKOTA PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	42	291,601	56.0%	62.3%
2024	19	61,518	11.8%	19.7%
2025	23	99,886	19.2%	18.0%

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

69 Jalan Ali, Off Jalan Sulaiman 84000 Muar, Johor

Primary Trade Area

201,600

within 20-minute drive time

Gross Floor Area

281,590

sq. ft.

Net Lettable Area

174,651

sq. ft.

Classic Hotel GFA

125,931

sq. ft.

Average Room Occupancy

46%

Car Park

177

bays

Acquisition Price

RM117.5

million

Valuation

RM156.6

million

Tenants*

54

FREEHOLD



Wetex Parade and Classic Hotel is an integrated retail and hotel development located within the commercial heart of Muar, Johor. Opened in 1996, Wetex Parade remains as the only department store anchored shopping centre in town and serves as the premier retail destination for the royal town. Wetex Parade achieved a stable occupancy rate of 88% in 2022 with entries of new retailers such as Mi Store, Premium Store, Osim and Yole Yogurt, as well as refreshed retailers like Big Apple and Lazo Diamond. Overall, visitor traffic has increased by 52% in 2022 to 2.9 million visits.

Classic Hotel, the largest hotel in Muar and with the largest ballroom facilities overlooks the serene Muar River. Occupancy rate of Classic Hotel increased to 46% from 23% in 2021 with an average room rate of RM137 in 2022 on the back of the lifting of travelling restrictions and normalisation of economic and tourism activities. Opened the same year, the hotel underwent full refurbishment in 2018 in an effort to enhance its looks and facilities. The hotel now features 156 newly renovated rooms furnished with classic contemporary interiors to better suit the needs of the modern traveller.

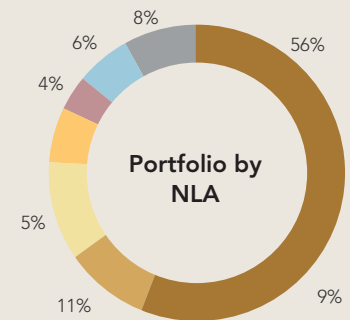
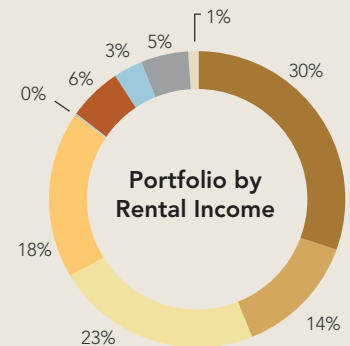
Key Tenants

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

Visitor Traffic	Year Opened	Year Acquired
2.9 million per annum	1996	2008

Year Refurbished	Year Refurbished	Occupancy
2010 (Mall)	2018 (Hotel)	88.1%

Data as of 31 December 2022
* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



Mi Store, Yole Yogurt and Osim at Wetex Parade

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	48.9%	30.4%
Watson's	Health & Beauty	2,824	1.6%	7.4%
Guardian	Health & Beauty	2,949	1.7%	3.2%
McDonald's	Food & Beverage/Food Court	2,489	1.4%	3.1%
MR. D.I.Y.	Homewares & Furnishing	9,577	5.5%	2.9%
Popular Bookstore	Gifts/Books/Toys/Specialty	7,190	4.1%	2.6%
Baker House	Confectionery Food & Beverage/Food Court	990	0.6%	2.6%
Tanjongmas	Bookcentre Gifts/Books/Toys/Specialty	4,037	2.3%	2.2%
Pao Sing	Fashion & Footwear	1,023	0.6%	2.2%
Bata	Fashion & Footwear	1,240	0.7%	2.1%
Top 10 Tenants (By Monthly Rental Income)		117,732	67.4%	58.6%
Other Tenants		56,919	32.6%	41.4%
Total		174,651	100.0%	100.0%

* Based on monthly rental income for December 2022.

WETEX PARADE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	24	114,324	65.5%	59.6%
2024	18	24,442	14.0%	24.2%
2025	12	15,038	8.6%	16.2%

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location
23, Jalan Kampung
Baru 08000
Sungai Petani,
Kedah

Primary Trade Area
406,870

within 20-minute
drive time

Gross Floor Area
743,117
sq. ft.

Net Lettable Area
310,564
sq. ft.

Car Park
478
bays

Acquisition Price
RM83.0
million

Valuation
RM91.0
million

Tenants*
45

Occupancy
82.3%

FREEHOLD



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.

The leading mall in Sungai Petani recorded visitor traffic of 2.7 million in 2022 while occupancy dipped to 82%.

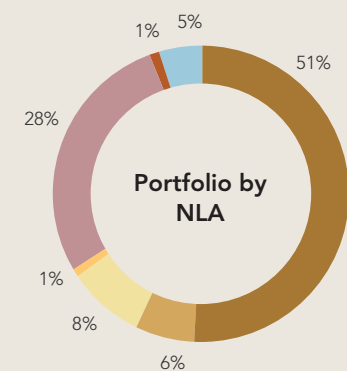
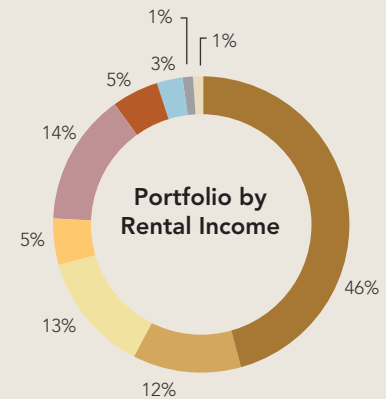
The management remains focused on upgrading the quality of the tenant mix and positioning of Central Square, as reflected by the entry of Machines, Tealive, Asama Thai Food and I-Serve Technology & Vacations.

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

Visitor Traffic	Year Opened	Year Acquired
2.7 million per annum	1997	2012

Year Refurbished
2015

Data as of 31 December 2022
* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



GSC, Tealive and Machines at Central Square

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%	46.3%
GSC L	Leisure & Entertainment/Sports & Fitness	34,412	11.1%	7.8%
KFC	Food & Beverage/Food Court	3,619	1.2%	5.0%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.9%	3.3%
Guardian	Health & Beauty	1,443	0.5%	2.9%
Wow Wonderland Box	Leisure & Entertainment/Sports & Fitness	5,600	1.8%	2.2%
Poly Shoe	Fashion & Footwear	1,521	0.5%	2.2%
Butik Tiesto	Fashion & Footwear	1,339	0.4%	1.7%
Watson's	Health & Beauty	1,131	0.4%	1.7%
A Sama Thaifood	Food & Beverage/Food Court	2,074	0.7%	1.5%
Top 10 Tenants (By Monthly Rental Income)		193,106	62.2%	74.6%
Other Tenants		117,458	37.8%	25.4%
Total		310,564	100.0%	100.0%

* Based on monthly rental income for December 2022.

CENTRAL SQUARE'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	33	197,976	63.7%	75.7%
2024	10	50,509	16.3%	22.8%
2025	2	7,048	2.3%	1.5%

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

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

Primary Trade Area

287,694

within 20-minute
drive time

Gross Floor Area

513,333

sq. ft.

Net Lettable Area

299,781

sq. ft.

Car Park

519

bays

Acquisition Price

RM98.0

million

Valuation

RM138.0

million

Tenants*

73

Occupancy

96.4%

FREEHOLD



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.

Kulim Central's occupancy rate remained sterling at 96%, maintaining occupancy rates of above 90% since 2012, while its reversion rate remains positive at 22%. The positive effects from the asset enhancement initiative in 2017 continues till today with new brands such as Switch, Daboba Go, Samsung and Myeong Dong Topokki, thereby enhancing the vibrancy of the tenancy mix in the mall.

Key Tenants

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

Visitor Traffic

2.9 million per
annum

Year Opened

2009

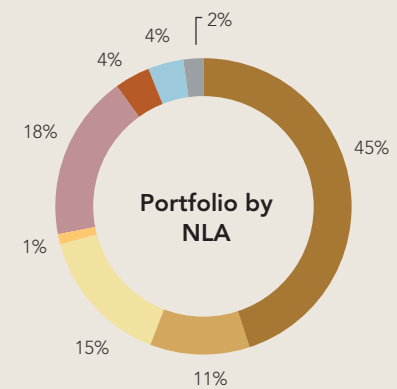
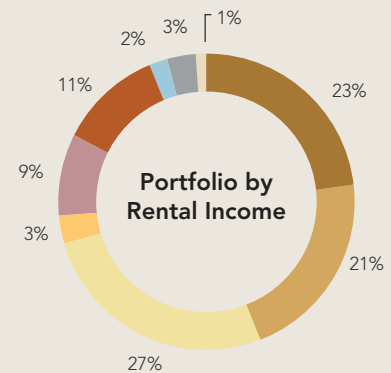
Year Acquired

2012

Year Refurbished

2017

Data as of 31 December 2022
* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



Daboba Go, MyeongDong Topokki and Switch at Kulim Central

KULIM CENTRAL'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Giant Superstore	Department Store/Supermarket	72,140	24.1%	14.0%
The Store	Department Store/Supermarket	51,701	17.2%	8.4%
Seleria Food Court	Food & Beverage/Food Court	4,398	1.5%	5.2%
GSC	Leisure & Entertainment/Sports & Fitness	24,000	8.0%	4.5%
Ole Ole superbowl	Leisure & Entertainment/Sports & Fitness	23,670	7.9%	2.8%
Watson's	Health & Beauty	2,238	0.7%	2.4%
MR. D.I.Y.	Homewares & Furnishing	11,711	3.9%	2.3%
Hasani bookstore	Gifts/Books/Toys/Specialty	5,228	1.7%	2.2%
Pizza Hut	Food & Beverage/Food Court	3,530	1.2%	2.1%
Hanzo	Fashion & Footwear	5,755	1.9%	2.0%
Top 10 Tenants (By Monthly Rental Income)		204,371	68.2%	46.0%
Other Tenants		95,410	31.8%	54.0%
Total		299,781	100.0%	100.0%

* Based on monthly rental income for December 2022.

KULIM CENTRAL'S EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	47	147,508	23.2%	57.0%
2024	16	117,465	39.2%	32.9%
2025	10	23,990	8.0%	10.1%

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

Jalan Kolam Air,
Kampung Gubah,
85000 Segamat, Johor

Primary Trade Area

190,000

within 20-minute
drive time

Gross Floor Area

486,789

sq. ft.

Net Lettable Area

211,919

sq. ft.

Car Park

389

bays

Acquisition Price

RM104.0

million

Valuation

RM65.0

million

Tenants*

35

Occupancy

73.7%

Leasehold

(until 2116)



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. The 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.

In 2022, Segamat Central's occupancy rate improved to about 74% from 67% in 2021 while visitor traffic increased by about 147% to about 1.8 million visits from around 700,000 visits in 2021. We welcomed the entry of new retailers such as Dees, In Fashion, Mi Store, Muzaina Collection, Samsung, CHK Trading and Honor in 2022.

Key Tenants

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

Visitor Traffic

1.8 million per annum

Year Opened

2011

Year Acquired

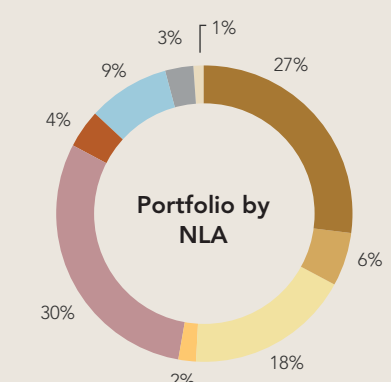
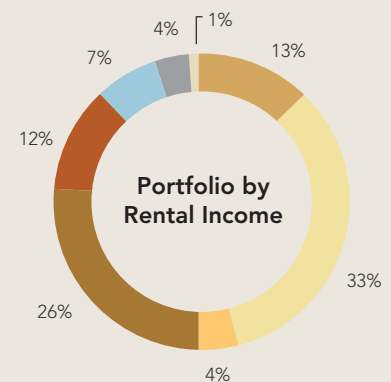
2017

Year Refurbished

In Planning

Data as of 31 December 2022

* Only NLA Lots



- 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

* Based on monthly rental income for December 2022. Numbers may exceed 100% due to rounding up.

ASSET PORTFOLIO PERFORMANCE



KS Mart, Siam Restaurant and Samsung at Segamat Central

SEGAMAT CENTRAL 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%	21.4%
Mi Store	Electronics & IT	5,565	2.6%	7.3%
MR. D.I.Y.	Homewares & Furnishing	13,896	6.6%	7.1%
Sportsz / HT Jeans	Fashion & Footwear	4,898	2.3%	4.5%
XES Premium	Fashion & Footwear	1,991	0.9%	4.2%
Switch	Electronics & IT	1,184	0.6%	4.1%
KFC	Food & Beverage/Food Court	3,240	1.5%	3.8%
Popular Bookstore	Gifts/Books/Toys/Specialty	4,898	2.3%	3.6%
AD Jeans	Fashion & Footwear	3,218	1.5%	3.5%
Siam Restaurant	Food & Beverage/Food Court	3,660	1.7%	3.4%
Top 10 Tenants (By Monthly Rental Income)		74,982	35.4%	63.1%
Other Tenants		136,937	64.6%	36.9%
Total		211,919	100.0%	100.0%

* Based on monthly rental income for December 2022. Note: changes in NLA due to reconfiguration.

SEGAMAT CENTRAL EXPIRY PROFILE

For Year Ending 31 December	No. of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2023	14	57,839	27.3%	45.6%
2024	15	79,965	37.7%	37.9%
2025	6	18,341	8.7%	16.5%

* Based on monthly rental income for December 2022

Sustainability STATEMENT

TABLE OF CONTENT

47	About This Report	63	Environmental	74	Empowering Our People
48	Future-Proofing Sustainable Property	63	Environmental Management Programme	74	People Management
48	ESG Framework And Policies	63	Energy Consumption And Carbon Footprint	74	Diversity, Equity & Inclusion
50	ESG Awards	64	Renewable Energy	74	Occupational Health And Safety
50	Supporting A Multi-Stakeholder Universe	64	Green Leases	75	<i>Coverage Of Our Health, Hygiene And Safety Protocols</i>
52	Materiality Assessment	65	Water Management	75	<i>Mental Health Well-Being</i>
52	The Process	65	Sustainable Architecture	76	Employee Training, Career Development And Reviews
52	The Methodology	66	Green Procurement		
53	The Results	66	Waste Management		
56	Sustainability Performance Data	66	Climate Change Management	77	Upholding Human Rights
60	Economic Resilience	67	<i>Climate Change Investment Calculations</i>	77	Delivering Exceptional Value
60	On Track For Strong Growth	67	<i>Carbon Footprint Calculations</i>	77	Quality Of Assets And Services
60	Ethical Business Conduct	68	<i>Emissions Intensity</i>	78	Creating Places Where People Love To Shop, Dine And Play
61	<i>Whistle-Blowing</i>	68	Task Force On Climate-Related Financial Disclosures (TCFD)	78	Creating Places For Everyone
62	Sustainability Across The Supply Chain	70	Wildlife Conservation And Creating A Sustainable Future For Our Zoo	79	Tenant And Visitor Health, Safety And Security
63	Industry Association Participation	70	Highlights Of Environmental Initiatives Across Our Assets	79	Hektar REIT's Sustainable Path Forward
		71	Enriching Communities	80	GRI Content Index
		72	Advocating Children's Rights		
		72	Being A Community-Focused Real Estate Owner And Investor		
		73	Touching Lives, Making A Difference		

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

The Board of Directors of the Manager (the "Board") is pleased to present Hektar REIT's Sustainability Statement for the financial year ending 31 December 2022 ("FY2022"), which:

- Summarises Hektar REIT's environmental, social and governance ("ESG") performance in FY2022; and
- Demonstrates its commitment to managing its real estate portfolio sustainably.

Focusing on neighbourhood and regional shopping centres throughout Malaysia, Hektar REIT's vision is to own and manage world-class shopping centres for Malaysian consumers based on international best practices.

Hektar REIT embarked on ESG initiatives in 2017 and has since published its ESG journey in its Annual Report. An initial commitment addresses the global carbon footprint by embarking on various energy optimisation initiatives for all malls.

Our assets bring a sense of community and connection to stakeholders every day. This annual sustainability statement highlights our progress and strengthens accountability for goals and aspirations, which evolve with new information, innovation and essential lessons when we fall short. As we progress, we will be transparent in reporting short and long term progress against our goals. Today is a milestone for our business as we share our concerns and commit to our planet's future.

Reporting Period	1 January to 31 December 2022
Reporting Cycle	Annually
Reporting Scope and Boundary	<p>Unless otherwise stated, this Sustainability Statement includes the sustainability performance of all Hektar REIT's properties:</p> <ul style="list-style-type: none">• Subang Parade in Subang Jaya, Selangor• Mahkota Parade in Melaka• Central Square in Sungai Petani, Kedah• Kulim Central in Kulim, Kedah• Wetex Parade in Muar, Johor• Classic Hotel in Muar, Johor• Segamat Central in Segamat, Johor <p>Any references to the "Company", the "Group", "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) Universal Standards</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
Feedback	<p>As Hektar REIT progresses on its sustainability journey, we welcome stakeholder support and any feedback for improvement. Please direct queries and comments to sustainability@hektarasset.com or at our address below:</p> <p>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>

SUSTAINABILITY STATEMENT

FUTURE-PROOFING SUSTAINABLE PROPERTY

Embracing sustainability is no longer an option or an afterthought. Hektar REIT executes sustainability holistically, anchored on a clear sense of responsibility, commitment and sincerity.

Advancing sustainability in all facets, including environmental stewardship, social responsibility and good governance, is a core component of Hektar REIT's approach to driving return on investment for shareholders and ensuring long-term stakeholder value.



Our Purpose:
Creating The Places People Love, Striving Towards A Sustainable Future

ESG FRAMEWORK AND POLICIES

Hektar REIT pursues long-term sustainable development. Providing an overarching guideline facilitates the smooth integration of sustainability into all operations. The following framework, covering economic, governance, environmental and social aspects, illustrates the essential principles:

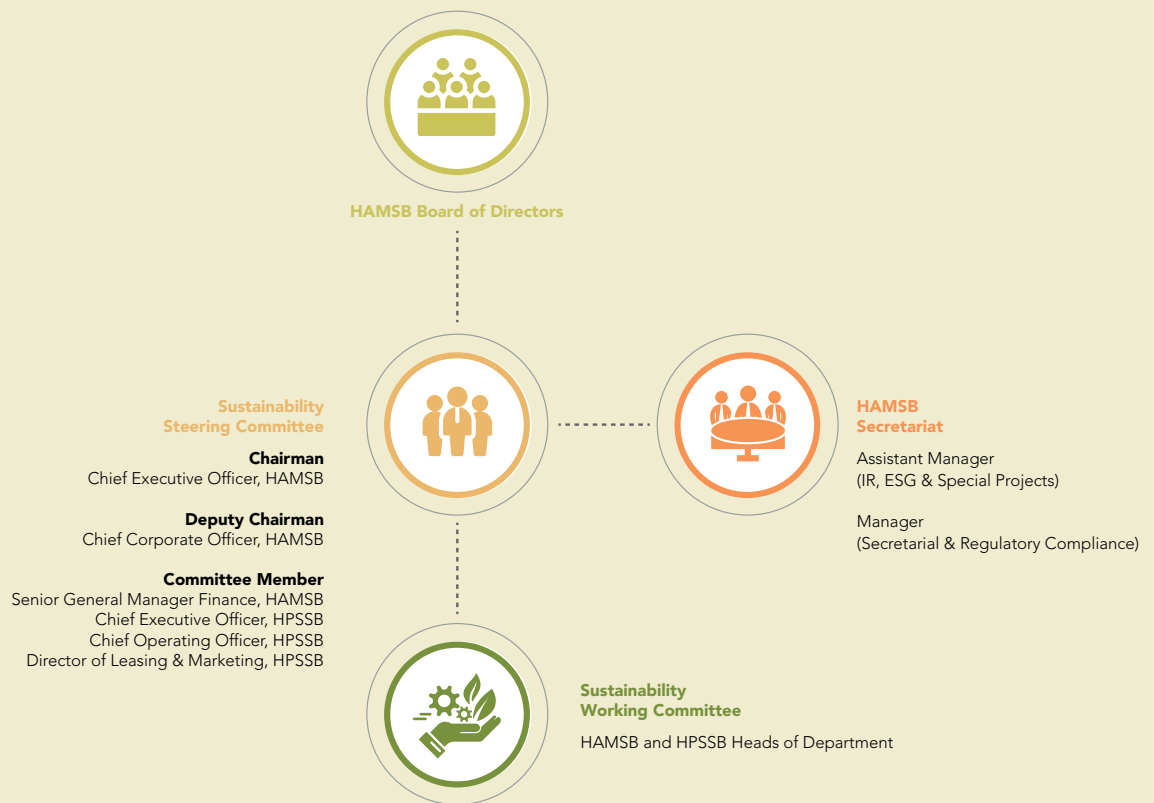


SUSTAINABILITY STATEMENT

Establishing this framework and principles formalises our commitment to maintaining a high standard of corporate governance. We surpass the minimum environmental protection and community contribution regulatory requirements to create value for the environment, community and business. The framework 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 from time to time.

Sustainability Governance Structure



Establishing a Sustainability Steering Committee (SSC) has provided greater accountability. The Chief Executive Officer (CEO) of our asset manager, HAMS, chairs the SSC with the support of our Chief Corporate Officer (CCO). HAMS's Senior General Manager of Finance and other executives from Hektar Property Services Sdn. Bhd (HPSS), including the CEO, COO and Director of Leasing & Marketing, are also members.

We also formed a Sustainability Working Committee (SWC) comprising dedicated executives and senior managers from key departments.

The Board has delegated specific responsibilities to these committees 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.

Hektar REIT has recently introduced the "Fit and Proper Policy" as a guiding document to ensure directors and senior management possess the necessary traits and qualities to perform their duties.

SUSTAINABILITY STATEMENT



ESG AWARDS

Hektar REIT received two Silver awards at The Edge Malaysia ESG Awards 2022:

1. Most Improved Performance Award Over Three Years (for Market Cap below RM300M); and
2. Property & REIT Sector Award.

The awards recognise and honour Malaysian companies' commitment to developing and enhancing their business operations according to the Environmental, Social and Governance (ESG) principles.

SUPPORTING A MULTI-STAKEHOLDER UNIVERSE

Companies exist to serve societal needs, which grants each company its right to operate. Stakeholder engagement is vital for building a successful real estate portfolio and integral to its success. The Manager's stakeholder engagement has helped the company determine its strategy and engages with stakeholders across multiple platforms. The Manager's stakeholder engagement, across multiple platforms, has helped the company determine its strategy for its business.



Hektar REIT was awarded **"Company of the Year for Stakeholder & Community Engagement Initiatives"** at the Sustainability & CSR Malaysia Awards 2022 on 18 August 2022.

Our stakeholder engagement and materiality adhere to internationally recognised frameworks, such as the Global Reporting Initiative (GRI). The disclosure also considers the principles of stakeholder inclusiveness and the AA1000 Principles Standard, AA1000 Materiality Report guidelines and AA1000 Stakeholder Engagement Standard.

SUSTAINABILITY STATEMENT

Hektar REIT engages with its stakeholders on various sustainability issues through multiple channels as set out below :-

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, providing shoppers with conducive retail environments based on international best practices	<ul style="list-style-type: none"> • Shoppers' survey • Focus group studies • Social media engagement • Regular shopper events • Feedback forms
Tenants and Prospects	<ul style="list-style-type: none"> • Maintaining high shopper traffic • Maintaining assets • Improving the sustainability of assets • Offering value for money in 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 critical 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 meetings 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"> • 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 • Sports and Recreational Club
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 • Establishing a robust risk management framework 	<ul style="list-style-type: none"> • Meetings and dialogue • Social events and forums • REIT Managers' association meetings

SUSTAINABILITY STATEMENT

Key Stakeholder Groups	Interests and Areas of Focus	Our Commitment	Key Engagement Mode
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 • Creating employment opportunities • Responsible operations 	<ul style="list-style-type: none"> • Charity drives, sponsorships, donations and events • Festive and other get-together celebrations • Collaborations • Community engagement
Joint Management Body and Management Corporation	<ul style="list-style-type: none"> • Day to day operations, maintenance and management of common areas and facilities in strata buildings within Hektar REIT's asset portfolio. 	<ul style="list-style-type: none"> • Fair, transparent and healthy relationships that deliver value to customers 	<ul style="list-style-type: none"> • JMC and MC • Voting • Audited accounts and AGM minutes submission to Commissioner of Building

MATERIALITY ASSESSMENT

Regular materiality assessments are vital to understanding the environmental, social, economic and governance issues significant to Hektar REIT's business and its stakeholders.

THE PROCESS

In FY2021, Hektar REIT commissioned a detailed materiality assessment covering 17 material issues and grouped stakeholders into eight categories. The evaluation used a weighted-ranking process and defined the future priorities and focus areas for Hektar REIT.

In 2022, we reviewed these materiality results and found they are still relevant, given the similar operations and focus areas.

THE METHODOLOGY

We commissioned an external consultant to comprehensively study the most material aspects of our sustainability programme in the last quarter of 2021. Selecting an impartial, external party helped secure the anonymity of the respondents. We sought feedback from representatives of all major stakeholder groups. Stakeholder Groups Included in the Materiality Study are as follow :-







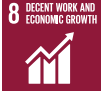







SUSTAINABILITY STATEMENT

THE RESULTS

The following materiality matrix provides a graphical representation of the assessment results. The Manager will continue monitoring and managing all identified sustainability matters and reporting the action taken for each priority issue in this statement.



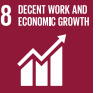






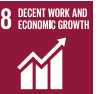
















Sustainability Areas Covered in the Materiality Assessment



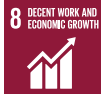



Sustainability Pillars	Focus Areas	What does it mean to Hektar REIT	Boundaries	Corresponding UNSDGs
Economic	Financial Returns & Stability	Delivering healthy financial returns and growth potential for the benefit of unitholders	Shoppers, Tenants and prospects, Property manager, Investment community, Industry	 
	Regulatory Compliance	Ethical business conduct and complying with all applicable social and environmental regulations including anti-bribery and corruption	Tenants and prospects, Property manager, Investment community	
	Sustainable Supply Chain Management	Integrating social and environmental factors into the supply chain	Tenants and prospects	  
	Industrial Advancement & Nation Building	Advancing the real estate industry and contributing to economic growth through Hektar REIT's operations	Property manager, investment community and industry	     

SUSTAINABILITY STATEMENT

Sustainability Areas Covered in the Materiality Assessment

Sustainability Pillars	Focus Areas	What does it mean to Hektar REIT	Boundaries	Corresponding UNSDGs
Environment	Energy & Climate Change	Managing energy and greenhouse gases effectively to reduce them whenever possible	Tenants and prospects, Property manager, Joint Management Body and Management Corporation	      
	Waste	Minimising all types of waste and recycling whenever possible	Shoppers, Tenants and prospects, Property manager, Joint Management Body and Management Corporation	     
	Water	Using water efficiently	Shoppers, Tenants and prospects, Property manager, Joint Management Body and Management Corporation	 
Social	Diversity, Equal Opportunity & Non-Discrimination	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace	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	Tenants and prospects, Property Manager, Community, 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	Employees, Joint Management Body and Management Corporation	   

SUSTAINABILITY STATEMENT

Sustainability Pillars	Focus Areas	What does it mean to Hektar REIT	Boundaries	Corresponding UNSDGs
Social	Training and Development	Providing training and education to employees to expand their knowledge base for career development	Employees	     
	Occupational Health & Safety	Keeping all workers safe and free from injury and both non-communicable and infectious diseases	Property manager, Employees, Joint Management Body and Management Corporation	  
	Public Safety and Security	Enhancing security measures and monitoring infrastructure	Shoppers, Tenants and prospects, Property Manager, Community, Joint Management Body and Management Corporation	
	Tenants' Satisfaction	Ensuring high levels of tenants' satisfaction	Tenants and prospects	
	Customers' Satisfaction	Ensuring high levels of shoppers' satisfaction	Shoppers	
	Customer Privacy and Cybersecurity	Protecting customers' and tenants' privacy through safe data management	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	Shoppers, Tenants and prospects, Property manager, Investment community, Community, Industry, Joint Management Body and Management Corporation	

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

Economic	2020	2021	2022
Supply Chain			
Approximate number of local suppliers	340	385	421
Percentage of spending on local suppliers (%)	99%	99%	99%
Environment			
Energy *			
Direct Energy: Diesel (litres)	280	300	1788
Direct Energy: Diesel (MJ)	10,808	11,580	69,017
Indirect Energy: Electricity (MWh)	35,839	31,791	38,986
Indirect Energy: Electricity (TJ)	129	114	140
Building Energy Intensity (kWh per m ²)	7.70	6.83	8.38
Emissions (tonnes) *			
Scope 1 (gensets)	1	1 ***	5
Scope 2 (electricity)	20,966	18,598	22,807
Scope 3 (business travel from employee-owned vehicles)	307	185	248
Scope 3 (business travel from air travel)	-	-	2
Operational intensity (kgCO ₂ e per m ²)	4.50	4.00	4.90
Waste **			
Total solid waste disposal (tonnes)	2,291.68	2,204.27	2,277.97
Total waste diverted from disposal (tonnes)	0	0	0
Water *			
Water withdrawal and discharge (m ³)	556,226	520,122	639,815
Water use intensity (m ³ /ft ²)	0.120	0.112	0.137
Materials *			
Total Paper Ticket Used (million)	3.0	1.4	NA
Total Paper Ticket Reduction (million)	1.703	1.562	NA

* All operations (100% coverage)

** Excludes Classic Hotel (99% coverage by Gross Floor Area)

*** Restated due to improved data monitoring processes

SUSTAINABILITY STATEMENT

Social *	2020	2021	2022
Workforce strength			
Total Number of Employees	334	302	290
<i>By Gender</i>			
Female	151 (45.21%)	130 (43.05%)	125 (43.10%)
Male	183 (54.79%)	172 (56.95%)	165 (56.90%)
By age group			
<30	68 (20.36%)	54 (17.88%)	42 (14.48%)
30-50	213 (63.77%)	184 (60.93%)	187 (64.48%)
>50	53 (15.87%)	64 (21.19%)	61 (21.03%)
By Ethnicity			
Malay	257 (76.95%)	237 (78.48%)	236 (81.38%)
Indian	12 (3.59%)	15 (4.97%)	11 (3.79%)
Chinese	58 (17.37%)	45 (14.90%)	37 (12.76%)
Others	7 (2.10%)	5 (1.66%)	6 (2.07%)
By Nationality (number/%)			
Malaysian	333 (99.71%)	301 (99.70%)	289 (97.67%)
Non-Malaysian	1 (0.29%)	1 (0.30%)	1 (0.33%)
Directors by Age			
<30	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	2 (25.00%)	4 (40.00%)	2 (20.00%)
>50	6 (75.00%)	6 (60%)	2 (80.00%)
Directors by Gender			
Female	4 (50.00%)	4 (40.00%)	4 (40.50%)
Male	4 (50.00%)	6 (60.00%)	6 (60%)
By Employee Category			
Management	15 (4.49%)	16 (5.30%)	17 (5.86%)
Executives	145 (43.41%)	136 (45.03%)	131 (45.17%)
Non-Executives	174 (52.10%)	150 (49.67%)	142 (48.97%)

SUSTAINABILITY STATEMENT

Social	2020	2021	2022
Employee Category By Gender			
Female (executive)	92 (57.50%)	86 (56.58%)	86 (58.11%)
Male (executive)	68 (42.50%)	66 (43.42%)	62 (41.89%)
Female (non-executive)	59 (33.91%)	44 (29.33%)	39 (27.46%)
Male (non-executive)	115 (66.09%)	106 (70.67%)	103 (72.54%)
Employee Category By Age Group			
<30 (non-executive)	42 (24.14%)	35 (23.33%)	26 (18.31%)
30-50 (non-executive)	97 (55.75%)	73 (48.67%)	80 (56.34%)
>50 (non-executive)	35 (20.11%)	42 (28.00%)	36 (25.35%)
<30 (executive)	26 (16.25%)	19 (12.50%)	16 (10.81%)
30-50 (executive)	116 (72.50%)	111 (73.03%)	107 (72.30%)
>50 (executive)	18 (11.25%)	22 (14.47%)	25 (16.89%)
By Contract			
Permanent	317 (94.91%)	260 (86.09%)	234 (80.69%)
Contractors/Temporary Staff	17 (5.09%)	42 (13.91%)	56 (19.31%)
By Union Membership			
Non-Union Members	0 (0%)	0 (0%)	0 (0%)
Disability (number/%)			
Disabled staff	0 (0%)	0 (0%)	0 (0%)
Employee Turnover (number/%)			
Total Turnover	47 (13.76%)	79 (24.84%)	84 (28.38%)
By Gender			
Female	21 (6.15%)	44 (13.84%)	37 (12.50%)
Male	26 (7.61%)	35 (11.01%)	47 (15.88%)
By Age Group			
<30 Years Old	15 (4.39%)	24 (7.55%)	27 (9.12%)
30-50 Years Old	26 (7.61%)	44 (13.84%)	43 (14.53%)
>50 Years Old	6 (1.76%)	11 (3.46%)	14 (4.73%)

SUSTAINABILITY STATEMENT

Social	2020	2021	2022
Management Composition (number/%)			
Females in Management	4 (26.67%)	5 (31.25%)	6 (35.29%)
Males in Management	11 (73.33%)	11 (68.75%)	11 (64.71%)
Females in Top Management	6.67%	6.25%	11.76%
Training			
Total training time (hours)	361	2,106	2,884
Average training hours per year per employee	1	7	10
Average training days per year per employee	0.14	0.87	1.24
Long-Service Awards (number/%)			
Below 2 years	78 (23.35%)	56 (18.54%)	79 (27.24%)
2 to 5 years	132 (39.52%)	131 (43.38%)	108 (37.24%)
6 to 9 years	54 (16.17%)	48 (15.89%)	40 (13.79%)
10 years and above	72 (21.56%)	67 (22.19%)	63 (21.72%)
Safety and Health			
Safety Statistics (Employees)			
Fatalities (cases)	0	0	0
High-consequence work-related injuries (cases)	3	1	0
Recordable work-related injuries (cases)	1	2	0
Number of days without accident (days)	2,551	2,552	2,338
Safety Statistics (Contractors)			
Fatalities (cases)	0	0	0
High-consequence work-related injuries (cases)	0	1	0
Recordable work-related injuries (cases)	0	1	0
Number of days without accident (days)	2,555	2,553	2,338
Human Rights			
Number of substantiated complaints concerning human rights violations	0	0	0
CSR			
Total Contributions to Non-Profit Organisations (RM)	70,614.80	170,177.91	292,949.00
Data Privacy and Security			
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
* All operations (100% coverage)			

ECONOMIC RESILIENCE

Hektar REIT generates stable and sustainable distributions and economic value to unitholders and other stakeholders. In doing so, the REIT drives excellence in its asset and portfolio management efforts while maintaining an optimal capital structure. Hektar REIT draws on its capital structure via drawing on its available pool of funds to invest in properties, capital structure via drawing on its available pool of funds to asset enhancements and redevelop properties to optimise unitholder value.

Incorporating ESG considerations into the corporate strategy and operations helps ensure sustainable business performance and accountability to Hektar REIT's investors, clients, workforce and communities. As the industry continues to evolve, ESG performance will play a more significant role in driving returns on investment. Increasingly, Hektar REIT will proactively integrate ESG practices to build resilience, manage risks and strengthen financial performance, including understanding the financial impacts of climate-related risks and opportunities on its assets and business.

ON TRACK FOR STRONG GROWTH

The retail landscape has been undergoing normalisation and early recovery phases after the Covid-19 pandemic. Hektar REIT's portfolio of malls experienced a 58% increase in visitor footfall and a 50% higher vehicle count annually, significantly improving tenant sales performance.

Despite this improved performance, the Manager has adopted a cautious outlook for the coming year due to inflationary pressure and an uncertain global outlook that may affect domestic economic activities. Business sustainability measures to ensure that our malls have stable occupancy include:

- Monitoring and reviewing our rental strategy
- Adopting prudent financial management
- Introducing cost optimisation initiatives
- Enhancing our asset efficiencies to help cushion the impact of increasing interest rates and inflation.

We will also increase our stakeholder engagement, including tenants, to offer them competitive rental rates to help their business recovery. The Manager is also enhancing existing facilities at its malls to deliver a better retail experience to shoppers and loyal patrons.



Hektar REIT has positioned its retail malls as preferred shopping destinations catering for essential and non-luxury goods. Neighbourhood-Focused Malls and a Hotel Positioning Strategy prioritise the primary trade area, providing the centre with a captive customer base. The appeal of our retail malls is primarily due to the value and convenience they provide shoppers.

We actively explore avenues for growth by ensuring a solid portfolio of retail brands in our malls that can optimise sustainable returns and defensible income through active tenancy remixing and rejuvenation of the centres. Our longer-term strategies to increase dividend yields include enhancing and improving our malls' visual appeal and condition and 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 our compliance with anti-corruption policies and compliance, including anti-bribery. All employees are responsible for preventing and reporting corruption, bribery and other suspicious activity or wrongdoing that may lead to bribery through our whistle-blowing channels.

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

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

All employees must comply with our Code of Ethics and Conduct ("Code"), a comprehensive policy that communicates our stand on ethical business conduct and includes all elements of corruption and bribery. As part of the induction programme, all group directors and employees must familiarise themselves with the Code contents upon commencement of their service or employment with the Company. It is also part of the induction programme.

SUSTAINABILITY STATEMENT

A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance programme. Corruption and bribery risks are essential elements of the Group's risk register. This detailed understanding helps the Group:

- 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, contractors and agents. Our anti-corruption policy is communicated clearly, concisely and timely 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 Group. The Code is also integral to the Group'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 or 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 Ethics and Conduct, conflict of interest, whistle-blowing, personal data protection, outsourcing arrangements and other crisis management. Previously, we invited officers from MACC to deliver anti-corruption training on Section 17A of the Corruption Offence of Commercial Organisation. All Leasing Application and Vendor/Supplier Registration forms now include clauses on anti-bribery and anti corruption. Employees, suppliers, contractors and business partners also receive regular awareness on the Malaysian Anti-Corruption Act 2009.

WHISTLE-BLOWING

Stakeholders can report alleged wrongdoings such as fraud, corruption, financial misappropriation and gross mismanagement in good faith and confidence.

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

Written disclosures specifying the Designated Recipient can be made through a Whistle-blowing 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 reach the two Board appointed whistleblower representatives. Subsequently, the Audit Committee may take corrective action based on the Group's best interest. Hektar REIT has trained its managers to handle reports and instances of bullying or harassment.

The Group protects the confidentiality and identity of persons making a report in good faith. Information is held in the strictest of confidence by both the Group 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 concerning corruption	RM 0
Total political contributions made during the year	The Group made no contributions to any political parties or for any political reasons during the year (RM0).

SUSTAINABILITY STATEMENT

SUSTAINABILITY ACROSS THE SUPPLY CHAIN

Our commitment to promoting sustainability spans the supply chain. We identify and manage risks in our outsourcing and procurement practices, engaging with many active suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions. Local and sustainable sourcing is part of the Company's ethos, allowing us to contribute to the local economy while minimising the footprint of business operations. Almost 100% of our suppliers and tenants are local. The Company engages one foreign supplier for its finance & leasing software solution as this offering contains proprietary features unavailable in the local market.

We 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.

Hektar REIT Principles of Sustainable Supply Chain



We implement policies that facilitate sustainability throughout the supply chain, encouraging key suppliers to adopt the best sustainability practices, including implementing energy-efficient features in upcoming asset enhancement initiatives. We conduct random site visits and audits on our existing suppliers and contractors, especially during the registration or evaluation stage, to ensure their continued compliance with our terms of reference.

SUSTAINABILITY STATEMENT

INDUSTRY ASSOCIATION PARTICIPATION

As a collective approach can bring additional achievements to our actions to defend legitimate business interests, we collaborate directly with other companies and institutions and through different industry initiatives and associations.

This participation allows us to work with fellow industry partners to navigate change, find opportunities, and ultimately develop Malaysia's retail-focused REIT.

A non-exhaustive list of memberships held by the Management of HAMS and 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 (BOVEAP)
- Institute of Industrial Engineers USA (IIE)
- Institute of Certified Sustainability Practitioners
- Global Reporting Initiative (GRI)
- Institute of Quality Malaysia (IQM)
- Malaysian Hotel Association (MAH)
- Malaysia Shopping Malls Association (PPK)
- Malaysia Retailers Association (MRA)
- Malaysia Retail Chain Association (MRCA)
- Bumiputera Retailers Organisation (MRO)
- Malaysian Association of Theme Park and Family Attractions (MAFTA)
- Malaysia Institute of Internal Auditor
- Malaysia Institute of Accountant

ENVIRONMENTAL

Hektar REIT is cognisant of its operations' environmental impact, given that commercial properties account for 11% of global emissions, according to the World Green Building Council. The Manager adopts a holistic approach to identifying and addressing climate change risk through mitigation and adaptation, focusing on improving energy performance and efficiency measures across its portfolio of properties.

For our energy data, please refer to the Sustainability Performance Data table on page 56-59.

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 into the existing energy mix.



Driving down energy consumption in our operations



Minimising water use throughout our assets



Influencing suppliers and contractors to commit to environmental conservation



Minimising quantities of waste generated at our assets

ENVIRONMENTAL MANAGEMENT PROGRAMME

Some assets have introduced Environmental Management Programmes, such as the Building Management System (BMS). The MyHijau-certified Tracer System Controller is the central coordinator for all 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 at least one of its assets by 2025.

ENERGY CONSUMPTION AND CARBON FOOTPRINT

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

SUSTAINABILITY STATEMENT

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 Air-Conditioning and Mechanical Ventilation (ACMV) equipment by setpoint adjustments, capacity capping and load balancing
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 (AHUs)	Energy management device to control and optimise AHUs

We have audited the chiller plants in Subang Parade, Mahkota Parade and Central Square, whereby 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 Sustainability Steering Committee updates the management team on energy usage and savings trends.

RENEWABLE ENERGY

Hektar REIT is planning to install a solar initiative. If viable, appointed vendor(s) will be responsible for procuring, installing and maintaining solar panels on the rooftop at selected malls. The photovoltaic (PV) system tracks the performance of the installed solar panels, and it allows real-time system data to be accessed and analysed, measuring the overall consumption of internal power and external energy.

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. We currently 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.

ENERGY MINIMISATION EFFORTS

Chiller Plant System

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

Cooling Tower

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

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

- Servicing AHUs regularly to ensure their performance matches the energy-efficient chiller plant system equipment
- Adheres to bi-weekly water cleaning and a quarterly chemical cleaning programme

Lighting

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

Indoor Air Quality

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

Envelope Design

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

SUSTAINABILITY STATEMENT

WATER MANAGEMENT

Due to global and national water resource trends, water consumption will be an increasingly material aspect in the property sector. We are committed to optimising water consumption for our properties and addressing water use. Reducing water use and improving efficiency ensures that Hektar REIT remains competitive as water becomes increasingly scarce.

Typically, we source water and discharge it using municipal water utilities. We track water consumption and analyse usage patterns to identify opportunities to improve water efficiency. Hektar REIT does not have any properties or operations at water-stressed sites.



Hektar REIT installed water-efficient push taps in bathrooms across all properties to reduce water use. Reducing the litres per flush in toilets from 14 to eight litres resulted in an estimated 24% total water savings. In 2022, the Group invested RM24,000 in repairing and upgrading Wetex Parade, such as replacing toilet facilities in Wetex Parade.

As part of our water conservation strategy, we continue to measure and evaluate the long-term sustainability of our water performance data and identify new water-efficiency opportunities within our portfolio and recent developments. We will continue to assess our property portfolio for potential improvement works that will increase water savings and reduce consumption. Our property managers check our water supply systems regularly to prevent water leakage. Our short-term agenda involves installing rainwater harvesting, a storage system for irrigation and cleaning, and toilet and tap sensors.

Meanwhile, our hotel property only provides extra linen upon request; we practise a one-to-one exchange to minimise water waste, as laundry machines are one of the largest sources of water consumption in hotels.

Working with property managers, we educate tenants and raise awareness of its conservation as they consume most water.

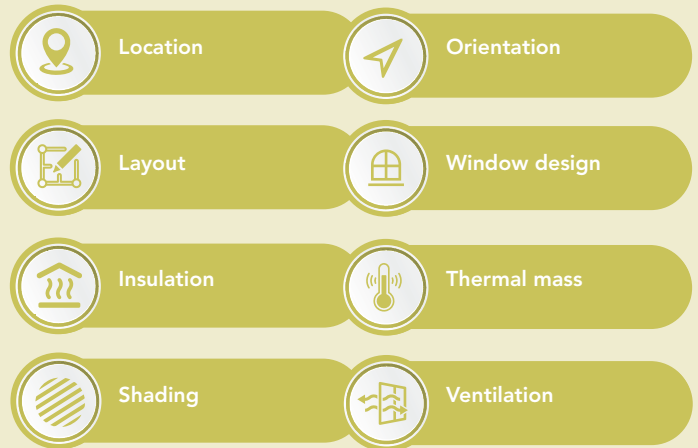
As none of our properties operates in water-stressed sites, Hektar REIT does not engage with stakeholders on this topic.

SUSTAINABLE ARCHITECTURE

Cost is 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 minimise 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.

Since its inception, Subang Parade has had improvement works and facelifts, comprising 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.

For our water data, please refer to the Sustainability Performance Data table on page 56-59.

SUSTAINABILITY STATEMENT

GREEN PROCUREMENT

We 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 for 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 reduced since enforcing a paperless parking system in stages across all malls.

WASTE MANAGEMENT

Hektar REIT's business operations inevitably produce significant waste. Tenants, customers, guests, visitors and the general public generate the majority of waste at operational properties. Most waste generated at our malls and hotel is domestic waste from day-to-day activities.

As our portfolio grows, waste management is vital for mitigating operations' environmental and ecosystem impact. We identify opportunities to improve environmental management efforts and enhance resource conservation and efficiency.

Some waste minimisation efforts done at our assets include:

- Raising awareness of waste recycling through campaigns throughout our properties, such as #JomKitaRecycle
- Reminding hotel guests to be environmentally and socially conscious during their stay in welcome notes
- Encouraging tenants to minimise waste sent to landfills
- Placing recycling bins at our properties
- Planning the most sustainable waste management with third-party contractors

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

The Manager also runs an e-waste recycling programme at its malls, exchanging old electronics with cash. This programme is currently running at Subang Parade. All collected e-waste is sent to licensed recovery factories to minimise the adverse environmental impact.

INTRODUCING THE ALL-NEW REVERSE VENDING MACHINE AT SUBANG PARADE

In collaboration with Janz Technologies Sdn Bhd, the Manager placed its first reverse vending machine on the Lower Ground Floor of Subang Parade. The KLEAN app and KLEAN operating system operate KLEAN AI-Powered Smart Reverse Vending Machine technology. The machine issues reward points in exchange for plastic water bottles and aluminium cans that are redeemable for goods and services.



CLIMATE CHANGE MANAGEMENT

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

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

For our paper ticket data, please refer to the Sustainability Performance Data table on page 56-59.

For our waste data, please refer to the Sustainability Performance Data table on page 56-59.

SUSTAINABILITY STATEMENT

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. The Manager may require additional CAPEX due to asset damage or decreased asset performance. Complying with environmental regulations also 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 development 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 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 Sustainability Steering Working Committee, overseen by Encik Johari Shukri Jamil (Executive Director & Chief Executive Officer) with the support of our Chief Corporate Officer 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 are presented.

CLIMATE CHANGE INVESTMENT

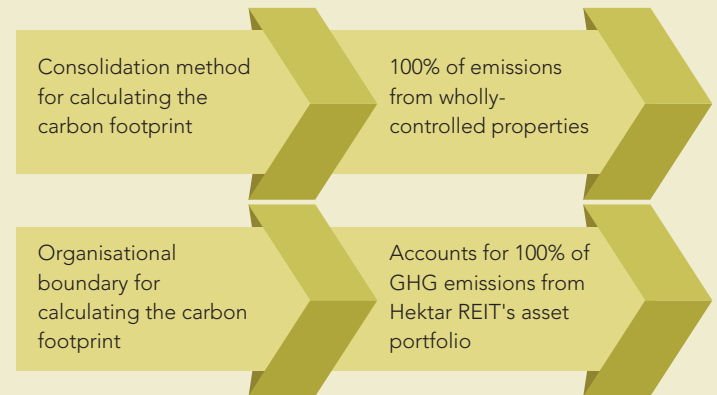
Climate change is reshaping the investment context at Hektar REIT. Given the urgency and magnitude of climate change implications, the Manager redefined its sustainable investment strategy to include a more targeted and holistic approach to climate change. Strategically managing climate-related risks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

Hektar REIT has invested more than RM10 million in 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 and replacing existing lighting with energy-saving LEDs. We also embarked on renewable energy initiatives, pursued energy-efficiency ambitions, especially on AHU energy saving and consumption, repaired the cooling towers, retrofitted air-conditioning and mechanical ventilation, installed cold water systems and performed refurbishment and audits.



IN 2022, SEGAMAT CENTRAL REALISED A TOTAL SAVINGS OF RM12,000 BY REPLACING TRADITIONAL BULBS WITH ENERGY-SAVING LEDS.

CARBON FOOTPRINT CALCULATIONS



SCOPE 1 **COVERAGE: ENTIRE GROUP (100%)**

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

SUSTAINABILITY STATEMENT

SCOPE 2

COVERAGE: ENTIRE GROUP (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: ENTIRE GROUP (100%)

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

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

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

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.).

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate change is more than an environmental issue; it significantly influences social and industrial structures and greatly impacts business activities. We must evaluate the risks and opportunities that climate change presents and reflect them in our operational policies and asset management to maintain long-term sustainable and stable earnings and overcome the wave of oncoming changes stemming from climate change.

This year, Hektar REIT began aligning its climate-related disclosures with the TCFD recommendations in four key areas: governance, strategy, risk management and metric and targets.

For our carbon emissions data, please refer to the Sustainability Performance Data table on page 56-59.

SUSTAINABILITY STATEMENT

Our Approach

Hektar REIT has started taking steps to integrate the recommendations of the TCFD and will continue enhancing its implementation of TCFD recommendations and reporting.

Key Area	Hektar REIT's Approach
Governing Climate-related Risks and Strategy	<ul style="list-style-type: none"> • The Board considers sustainability issues as part of its strategic formulation, determines the material ESG factors and oversees their management and monitoring. • The Board sets Hektar REIT's risk appetite, which determines the nature and extent of material risks the Manager is willing to take to achieve its strategic and business objectives. • The Board has highlighted climate change as a material risk issue and regularly reviews related risks as part of the Manager's Enterprise Risk Management (ERM) Framework. • The Board is updated on relevant performance metrics, including carbon emissions performance, progress on the reduction targets, renewable energy usage, green building certification, stakeholders' expectations and regulatory requirements on climate change during the annual Board strategy, business plan meetings and other scheduled Board meetings. • Hektar REIT's Sustainability Committee is tasked with developing, overseeing and implementing sustainability objectives and strategies.
Strategy	<ul style="list-style-type: none"> • Climate change risk has been identified as a key risk as part of the ERM Framework and includes physical and transitional risks. • Our strategy in addressing these climate-related risks and opportunities spans all areas of the real estate life cycle, from the earliest stage of the investment process to design, procurement, construction, operations and redevelopment or divestment. • All new investments in operational assets and development projects undergo the EHS Impact Assessment during due diligence to identify any environmental (including climate change) risks and opportunities related to the asset or project site and its surroundings. • Hektar REIT develops guidelines for buildings to be more energy efficient, such as setting targets and specifying minimum equipment efficiency • As part of an annual review of its portfolio, Hektar REIT strives to identify assets suitable for redevelopment or AEI to deliver end-to-end premium quality real estate solutions for its tenants and a unique shopping experience for its shoppers.
Risk Management	<ul style="list-style-type: none"> • The Manager conducts an annual risk assessment exercise to identify, assess and document material risks, including relevant ESG risks, key controls and mitigating measures. • The management reviews the consolidated material risks and associated controls before presenting them to the Audit & Risk Management Committee and Board. • The Manager is considering conducting a scenario assessment study based on the likelihood and potential impact of the issues affecting business continuity and development.
Metrics and Targets	<ul style="list-style-type: none"> • Hektar REIT has tracked and reduced the carbon emissions of its managed and owned operational properties via its Environmental Tracking System. Hektar REIT has been disclosing scope 1, 2 and 3 GHG emissions of its global portfolio and is currently looking at carbon reduction targets. For more information, please refer to page 56-59 of this Annual Report. • The Manager continues exploring new metrics to measure climate-related risks and opportunities, which it will access and adopt where possible.

SUSTAINABILITY STATEMENT

WILDLIFE CONSERVATION AND CREATING A SUSTAINABLE FUTURE FOR OUR ZOO

Opened in 1963 and managed by the Malaysian Zoological Society, Zoo Negara needs RM1 million a month to operate and care for over 4,000 animals.

As part of the Company's support of flora and fauna conservation and rehabilitation, HAMS B is proud to be one of the corporate sponsors for Zoo Negara's Corporate Social Responsibility (CSR) programme. The objective of the programme was to:

- Increase awareness and understanding on how we play a role in our ecological system
- Increase appreciation and encouraging responsibility towards community
- Increase awareness on animal conservation
- Team building and bonding session

A total of RM 3,750 was spent for the Green Project, which covered the clean-up of exhibition area, animal care and food preparation as well as behavioral enrichment activities of which 30 of our employees participated in. Through this CSR programme, our employees were able to experience a day in the zookeepers' lives which led to a sense of appreciation and deepened interest in animal conservation.



On top of that, Hektar also donated several marble terazzo benches worth RM 1,440 for the comfort of the zoo patrons. In return, Zoo Negara presented the company with a certificate of appreciation.

HIGHLIGHTS OF ENVIRONMENTAL INITIATIVES ACROSS OUR ASSETS

- Recycling station at Segamat Central, Wetex Parade, Mahkota Parade, Central Square and Kulim Central to separate items such as paper, plastic bottles and cans



Recycling water bottles and toiletries bottles at Classic Hotel



Cashless Parking System at all the malls



Charging Station at Subang Parade, Mahkota Parade, Wetex Parade and Kulim Central

SUSTAINABILITY STATEMENT



Gotong-royong and other environmental programmes championed by our employees



Malaysia Day CSR Programme 'Walk & Clean' by Central Square employees at Gunung Jerai



ENRICHING COMMUNITIES

Hektar REIT contributes positively to society through various community initiatives and philanthropy. Hektar REIT aligned its community investment principles with the focus areas of building well-being and developing local communities. Closely aligning the business strategy with community investment produces better company and local communities outcomes.

We also support the local community through local hiring. Providing local jobs develops the local economy and enhances their living standards. Our hiring practices consider employing underprivileged groups, such as those from deprived backgrounds. Hektar REIT also offers apprenticeships and graduate placement programmes to address youth unemployment.

The Sustainability & CSR Malaysia 2022 Awards recognised Hektar REIT's Sustainability and CSR initiatives by awarding Company of the Year for Stakeholder & Community Engagement. The Sustainability & CSR Malaysia Awards 2022 were organised by CSR Malaysia and officiated by the Minister of Rural Development, by the then Minister YB Dato' Seri Mahdzir bin Khalid.

In 2022, Hektar REIT spent RM292,949 on donations and community investments to registered not-for-profit organisations. These contributions included support for various causes, including education, sports, health, culture, the disabled and societies affected by the pandemic. Hektar REIT also sponsored festivals, events and sports, donated to the underprivileged community, and extended other philanthropy and in-kind contributions to the poor community.

For our community data, please refer to the Sustainability Performance Data table on page 56-59.



Hektar REIT invites its employees to be part of its community programmes. As employee volunteerism recognised and encouraged, we are examining formalising the integration of our employees' volunteerism and performance evaluation.

SUSTAINABILITY STATEMENT

ADVOCATING CHILDREN'S RIGHTS

Children have the same rights as adults in society. Children have the right to live, be safe and have a say in the formation of their lives. All children have the right to education and innovation, which offers insight into the world and allows them to explore their full potential. Hektar REIT supports children's rights to education through sponsorship, in-kind donation and collaboration with schools. We channelled a significant portion of our community contributions to learning institutions and supporting various educational causes.

BEING A COMMUNITY-FOCUSED REAL ESTATE OWNER AND INVESTOR

Hektar REIT's portfolio comprises six well-established community-focused shopping centres in various parts of Peninsular Malaysia. As a REIT, we continue to partner with various community organisations by providing free space to host their events.

In 2022, we allowed organisations to host their events at our assets for free. These benefits-in-kind reflect Hektar REIT's support of these good causes.



Mahkota Parade

- Kempen 1 Jam Setiap Sabtu Cari dan Musnah Tempat Pembiakan Aedes by Pejabat Pengarah Kesihatan Negeri Melaka
- National Blood Donation Drive by Universiti Malaya
- Hari Raya CSR by MBMB
- JCI MCE Little Boss Carnival by Junior Chamber International Malacca City Entrepreneur
- MTA-PDRM Crime Awareness Campaign & Panic Button Launch by Melaka Tourism Association & Polis Diraja Malaysia
- Kempen Anti-Scammer Bersama Dato' Awie
- HS Shazlicious Trading & Jabatan Siasatan Jenayah Komersil PDRM
- Majlis Pelancaran Minggu Promosi Kesihatan Pergigian Tahun 2022 by Dental Health Division, Melaka State Department
- Blood donation by the Lion Club of Malacca & Lion Club Tanjung Bidara
- World Sight Day CSR Programme by Hospital Besar Melaka Eye-Clinic and Lions Club Melaka
- Free health check-ups for shoppers by Klinik Kesihatan Jln Gereja Melaka



Wetex Parade

- A Roaring Lunar Year, Breast and Colon Cancer Awareness Talk 2022 by Muar Cancer Support Association and Pusat Rawatan Onkologi Yayasan Tunku Laksamana, Hospital Sultanah Fatimah Muar and Wetex Parade also donated one RM3,800 oxygen concentrator machine to Muar
- Blood donation by Blood Bank of Hospital Pakar Sultanah Fatimah Muar



Central Square

- Blood donation campaign by Hospital Sultan Abd Halim
- CNY Movie Treat for disabled children in collaboration with GSC Cinema.



Kulim Central

- Blood donation by Kulim General Hospital



Segamat Central

Blood donation by various organisations, including Lions Club Bukit Siput, St John Ambulance, Pertubuhan Bistari Kesejahteraan Sosial, Rakan Muda Segamat, JCI Bandar Segamat, Akademi Memandu Wadah Mutiara and Hospital Segamat



Subang Parade

- Down syndrome awareness campaign by Persatuan Kebajikan Anak-Anak Istimewa Selangor
- Professional blind foot massage by Persatuan Orang-Orang Cacat Penglihatan Islam Malaysia
- Fundraising campaign by the Lost Animal Soul Shelter

SUSTAINABILITY STATEMENT

TOUCHING LIVES, MAKING A DIFFERENCE

Hektar REIT complements being a venue sponsor to various community and charity events by participating in various corporate responsibility events, including but not limited to the following :-



- Mahkota Parade collaborated with Pusat Penjagaan Kanak Terencat Akal Bukit Baru Melaka & Pusat Jagaan Kanak-kanak Ceria Bukit Baru Melaka in hosting a Chinese New Year celebration. The mall sponsored groceries and *angpow* for all children of the home.
- Central Square sponsored the purchase of groceries such as rice, biscuits, cooking oil and toiletries in conjunction with the Program Sumbangan Makanan together with Persatuan Pendidikan Kanak-kanak Khas (PEKAKA).
- Segamat Central collaborated with University Kuala Lumpur - Malaysian Spanish Institute for the Books & Toys Recycling initiative. The mall also invited its shoppers to participate in the 1Food 1Love programme to help those in need. During the year, Segamat Central also shared the joy of Ramadhan with the underprivileged communities during:
 - Program Ziarah Ramadhan with disabled children in collaboration with Pejabat Pendidikan Segamat & BOMBA; and
 - Jamuan Raya Bersama Anak-anak Yatim in collaboration with The Chicken Rice Shop.
- Classic Hotel hosted food aid distribution to Rumah Sinar Kasih during the Ramadhan period.

EMPOWERING OUR PEOPLE

Hektar REIT is committed to empowering and developing its people to be their best. Accordingly, our human resource policies promote a fair, inclusive and safe working environment. The corporate mission - to develop excellent employees - reflects our people-centric business philosophy.



PEOPLE MANAGEMENT

Hektar REIT strives to shape a conducive and healthy workplace culture. We are committed to providing equal opportunities and do not condone discriminatory practices. Our Human Resources function manages human resources and capitalises on employees' talent. We communicate the expectations of our employees' work ethics and labour standards through the Code of Conduct and the Company's policies and procedures. We share these documents globally with all employees in English and translate them into Bahasa Malaysia.

We maintain a positive market presence and enhance human capital by supporting the local workforce. The Manager is currently finalising an agreement with Universiti Tun Hussein Onn Malaysia (UTHM) on potential collaboration by offering internship opportunities to its students and engagement in ESG-related programmes.

We adhere to local labour laws during recruitment, with preference given to hiring locally to help boost the nation's economy and address youth unemployment. Practically all Group employees are Malaysians, with only one being a foreigner.

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 and the properties are managed by the Property Manager, Hektar Property Services Sdn Bhd. 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. Executive level employees

are entitled to monthly club subscription reimbursement. Hektar REIT's policy supports the right to a minimum or living wage, with benefits and compensation packages exceeding Malaysian employment law standards. The Group practices the equal pay for equal work principle according to local regulations on fair remuneration.

There were no reported cases of non-compliance with labour standards during the year.

DIVERSITY, EQUITY AND INCLUSION

Our human resource policies promote diversity, equity and inclusion in the workplace. With a diverse portfolio of properties across Malaysia, we consider cultural diversity a strength. As of 31 December 2022, the Manager has 24 employees, all of whom are in Malaysia.

Hektar REIT maintains a zero-tolerance stance on any form of workplace discrimination. We do not tolerate discrimination and will continue to take action to improve workforce diversity and equal opportunities or reduce discrimination based on race, gender, age, sexual orientation, religion, caste, marital status, nationality 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. None of our employees are categorised as disabled as at the end of 2022.



OCCUPATIONAL HEALTH AND SAFETY

Hektar REIT protects its stakeholders' individual and collective safety and well-being by implementing all necessary measures on health, hygiene, safety and security in its workplace and properties. Our safety policy guides this health and safety approach. It details a rigorous process of identifying and reviewing health and safety hazards, ensuring accountability, developing action plans and engaging with various stakeholders.



As Malaysia's first retail-focused REIT, we ensure tenants, customers, shoppers, guests, visitors and contractors enjoy a healthy and productive environment.

For detailed human resources data, please refer to the Sustainability Performance Data table on page 56-59.

SUSTAINABILITY STATEMENT

COVERAGE OF OUR HEALTH, HYGIENE AND SAFETY PROTOCOLS

- Emergency preparedness
- Public health management (common areas)
- Safety training and awareness campaign
- Safety risk assessment
- Incident reporting and investigation
- Safety performance monitoring
- First aid and personal protective equipment

Every asset has a dedicated Occupational Safety and Health Committee responsible for reviewing and developing safety and health standards and procedures at the property.

Composition of Our Occupational Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
Corporate (Group)	1	1	7	7
Subang Parade	1	1	5	5
Mahkota Parade	1	1	4	5
Wetex Parade	1	1	5	5
Central Square	1	1	3	3
Kulim Central	1	1	2	3
Segamat Central	1	1	3	6
Classic Hotel	1	1	3	3

Examples of Regular Safety, Health and Hygiene Programmes Held

- Indoor air quality monitoring
- Air ventilation duct cleaning
- Fire drills and evacuation exercises
- Safety and health workplace inspection
- Cleaning and sanitation
- Pest control

Examples of Regular Safety and Health Training Held

- Hazard Identification, Risk Assessment and Risk Control Training
- First Aid Training
- Environment, Safety and Governance Training
- Safety and Health Induction Training

MENTAL HEALTH WELL-BEING

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

For detailed safety data, please refer to the Sustainability Performance Data table on page 56-59.

AN ENGAGED WORKFORCE

Getting all employees personally engaged in the company's activities is key to creating a vibrant and sustainable company. Hektar REIT has a formal structure to facilitate employee engagement. Organising various engagement events and get-togethers strengthened employees' mental well-being and emotional connection with their work, their teams and the Company.



Majlis Berbuka Puasa



Management Team dinner



EMPLOYEES' VOICE AND FEEDBACK

Being attentive to employees' concerns is paramount in retaining talent and instilling a sense of belonging. We leverage various communication channels, such as the employee satisfaction survey and well-being assessment, to understand their needs and expectations. It was noted that 88% of the employees responded to the Employee Satisfaction Survey conducted in 2022 and 59% responded positively which is above the Global Average of 54%. The data collected are vital for shaping and refining our focus on building a rewarding work environment.

EMPLOYEE TRAINING, CAREER DEVELOPMENT AND REVIEWS

The Manager has an internal talent management process to:

- Assess and develop its employees' strengths and potential; and
- Allocate resources for regular training, career development and performance reviews.

For training data, please refer to the Sustainability Performance Data table on page 56-59.

We provide all employees with mobility and career development opportunities to assist in their personal development and career advancement. Examples of training programmes organised for our employees during this reporting period include:

- A strata management seminar
- Sustainability strategies in a competitive environment
- Improvisations, renovations and effective space management of common property
- Land development procedures, land dealings and land transactions
- Sukuk: principle, application and challenges in the capital markets
- Anti-Money Laundering Law (AMLA)
- Strategy and budgeting masterclass

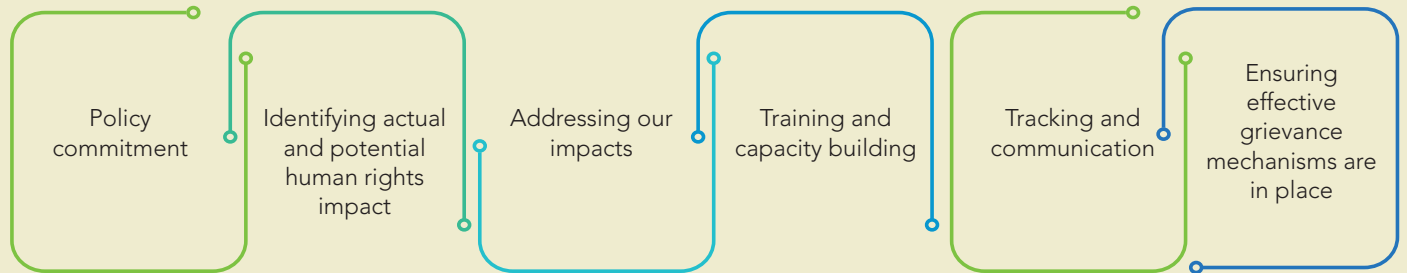
The Manager also encourages its employees to develop their skills by learning from peers and experts by sponsoring subscriptions to professional associations relevant to their job function.

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

SUSTAINABILITY STATEMENT

UPHOLDING HUMAN RIGHTS

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



- ✓ All business operations comply with the Industrial Act 1967 and all relevant laws in the context of the International Labour Organisation (ILO) standards
- ✓ All employees are free to join unions of their choice; however, none are currently members of any trade union organisations (0%)
- ✓ Zero cases report on child, forced and compulsory labour at our properties and value chain
- ✓ Zero discrimination and harassment cases reported during the year

DELIVERING EXCEPTIONAL VALUE

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.

QUALITY OF ASSETS AND SERVICES

High-quality assets attract good tenants and high footfall into the properties, delivering greater returns to unitholders. We considered sustainable design and planning during the decision-making process for asset enhancement of the properties, where feasible. We also conducted rigorous environmental and technical assessments on structural safety, mechanical and electrical, and energy efficiencies, striving to maintain or improve our properties' environmental and energy efficiency ratings.

The Manager works closely with property managers to optimise the sustainability performance of all properties. Technology helps monitor system performance and fine-tune operations to improve the efficiencies of facilities. Additionally, strict management during renovation and upgrading works ensures high fit-out standards, which increase the assets' overall performance. Maintaining the highest standard of assets is the key impetus behind the commitment to quality and business excellence to increase tenant satisfaction and retention. Regular engagement with tenants and shoppers ensures their ongoing needs are met.

In recent years, Hektar REIT engaged external consultants to study areas such as cleanliness, convenience, indoor air quality, thermal comfort and availability of natural light. These engagements helped Hektar REIT tailor its efforts to meet the needs of tenants and shoppers.

SUSTAINABILITY STATEMENT


We also seek to improve our properties through proactive asset management and asset enhancement initiatives (AEIs). Regular AEIs complement ongoing maintenance in improving the overall quality of assets and include:

- Refurbishing the Air Conditioning and Mechanical Ventilation System (ACMV);
- Implementing energy efficiency initiatives
- Enhancing existing Net Lettable Areas (NLA)
- Refurbishing toilets and other public facilities
- Improving ingress and egress roads
- Enhancing the facades.

CREATING PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY

Hektar REIT's strategy is creating lifestyle places where people love shopping, dining and playing. Active leasing, aligning the tenancy mix to the needs of the target shoppers, helps achieve this.

Many new stores opened at our malls throughout 2022. These new retail offerings spanned home furnishing, fashion, leisure and entertainment, beauty and wellness, department stores, kid's fashion, IT, gadget, and services.

 **Examples of New Stores Opening in 2022**

- | | |
|----------------------|-------------------|
| 1. Switch | 11. McDonalds |
| 2. Kenny Rogers | 12. Samsung |
| 3. GSC | 13. Zone Mobility |
| 4. KS Mart Signature | 14. Lazo Diamond |
| 5. Mi Store | 15. Big Apple |
| 6. CHK | 16. Wonderlab |
| 7. Siam Restaurant | 17. Felancy |
| 8. Honor | 18. Vivo |
| 9. V2 Opticare | 19. Pierre Cardin |
| 10. Tealive | |

 **Examples of Exciting Events Held During the Year**

- | | |
|--|---|
| 1. Malaysia Day at Kulim Central | 5. Art Exhibition by Pei Hwa High School at Wetex Parade |
| 2. Merdeka Fashion Show at Subang Parade | 6. Kejohanan Karate-Do at Central Square |
| 3. Ethnic Dance Competition at Segamat Central | 7. Activities for family including football fever, orchestra and marathon |
| 4. Abang Long Fadil 3 Meet & Greet at Mahkota Parade | |

Consumers want more than a place to eat and shop – they want experiences. Hektar REIT continues to dedicate spaces and hold events that entertain.

Engaging with customers ahead of the festive season sparks the spirit of vitality prevalent among the masses. Festivals' vibrant and novel nature is an ideal time to connect with the local sentiment and reiterate the mall experience through nostalgia. *Hari Raya* is one of the most important festivals celebrated in Malaysia. Activities held in our malls included giving away Raya cookies at Central Square and *bubur lambuk* at Kulim Central and Segamat Central.

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.

We also considered easy access to public transport during all our properties' design and development stages, ensuring our malls are within easy reach from all main highways or roads.

In addition, our malls are family friendly, from playgrounds and cinemas to kids-friendly eateries, school holiday activities and other family-friendly things our patrons can do on their fun day-out.

SUSTAINABILITY STATEMENT



Family-Friendly Facilities at Our Malls

1. Diaper changing facilities
2. Mother's nursing room
3. Designated family parking
4. Ramp for strollers
5. Play areas
6. Kid-friendly eateries, shops and enrichment centres
7. Baby strollers rental

Our properties also provide disabled-friendly amenities as we welcome people with impairments or movement restrictions to visit our malls. Some examples of these amenities include:

- Wheelchairs for customers
- Dedicated disabled parking bays
- OKU toilets
- Ramps to improve wheelchair accessibility

TENANT AND VISITOR HEALTH, SAFETY AND SECURITY

Hektar REIT recognises its responsibilities for ensuring its stakeholders' health, safety and security, developing a "safety first mindset" throughout operations.

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

- ✓ Panic buttons at car parks
- ✓ Designated ladies-only parking spaces
- ✓ CCTVs throughout the malls, which are monitored 24-hours
- ✓ Emergency safety buttons inside lifts and on escalators

The property managers equip tenants and visitors with the necessary knowledge and suggested actions to take in an emergency by conducting frequent fire drills and evacuation exercises. Our property managers also perform all fitting-out works safely and socially responsibly based on approved drawings that comply with regulations and guidelines. Regular on-site meetings and inspections with the tenants also improved safety and compliance.

The Manager met its perpetual target of zero validated cases of non-compliance with relevant regulations and voluntary codes concerning health and safety across all properties in FY2022.

HEKTAR REIT'S SUSTAINABLE PATH FORWARD

Sustainability is not a trend but a responsibility for the entire value chain. Consequently, Hektar REIT takes responsibility for integrating environmental, social and governance (ESG) factors into investment decisions and operational processes. Continued commitment to high ESG standards is the best way for shareholders and unitholders to achieve their investment goals while benefiting the environment and communities. However, collective efforts are essential for accomplishing this. We invite our business partners, tenants and customers to join us on this journey.

With increased ESG awareness, we witness more and more tenants implementing sustainability in their strategy. Some examples include:

- Zero Waste Refill Station and Say No to Single-Use Plastic Bags by Village Grocer
- Bring Your Own Bag by Watsons
- Refill Scheme to save plastic by Body Shop
- #SaveOurOceans by Coffee Bean & Tea Leaf
- Go Green with Eco-friendly Bags by Guardian
- 10% sales donation to underprivileged children by Popular Bookstore
- Bring your own Starbucks Tumbler by Starbucks Malaysia
- No Chuckin' Our Chicken by Nandos
- Eco Strawless Cup by Tealive
- Recycling empty merchandise bottles by L'Occitane
- The Lost Food Project and No Plastic Day on Weekend by GIANT

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

SUSTAINABILITY STATEMENT

GRI CONTENT INDEX

Statement of use Hektar REIT has reported the information cited in this GRI content index for the period of FY2023 with reference to the GRI Standards. The GRI content index lists all GRI disclosures in the report, including references to their placement. The GRI standards have been used as a main reference in preparing this Sustainability Statement.

GRI Framework Used GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	4,5
	2-2 Entities included in the organization's sustainability reporting	82
	2-3 Reporting period, frequency and contact point	47
	2-4 Restatements of information	56
	2-5 External assurance	Nil
	2-6 Activities, value chain and other business relationships	28-30
	2-7 Employees	57-59
	2-8 Workers who are not employees	58
	2-9 Governance structure and composition	83, 111
	2-10 Nomination and selection of the highest governance body	83
	2-11 Chair of the highest governance body	83, 111
	2-12 Role of the highest governance body in overseeing the management of impacts	111
	2-13 Delegation of responsibility for managing impacts	49
	2-14 Role of the highest governance body in sustainability reporting	49
	2-15 Conflicts of interest	108
	2-16 Communication of critical concerns	50-54
	2-17 Collective knowledge of the highest governance body	84-93
	2-18 Evaluation of the performance of the highest governance body	115-116
	2-19 Remuneration policies	115-116
	2-20 Process to determine remuneration	115-116
	2-21 Annual total compensation ratio	115-116
	2-22 Statement on sustainable development strategy	48-49
	2-23 Policy commitments	48-49
	2-24 Embedding policy commitments	48-49
	2-25 Processes to remediate negative impacts	52-55
	2-26 Mechanisms for seeking advice and raising concerns	51-52
	2-27 Compliance with laws and regulations	62
	2-28 Membership associations	63
	2-29 Approach to stakeholder engagement	51-52
	2-30 Collective bargaining agreements	48, 58

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	52-55
	3-2 List of material topics	52-55
	3-3 Management of material topics	52-55
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	134
	201-2 Financial implications and other risks and opportunities due to climate change	68-69
	201-3 Defined benefit plan obligations and other retirement plans	74
	201-4 Financial assistance received from government	Nil
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	1:1
GRI 203: Indirect Economic Impacts 2016 supported	203-1 Infrastructure investments and services	59
	203-2 Significant indirect economic impacts	71-73
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	56
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	60-61
	205-2 Communication and training about anti-corruption policies and procedures	60-61
	205-3 Confirmed incidents of corruption and actions taken	60-61
GRI 302: Energy 2016	302-1 Energy consumption within the organization	56
	302-3 Energy intensity	56
	302-4 Reduction of energy consumption	56, 63-64
	303-2 Management of water discharge-related impacts	65
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	56, 65
	303-4 Water discharge	56, 65
	303-5 Water consumption	56, 65
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	56
	305-2 Energy indirect (Scope 2) GHG emissions	56
	305-3 Other indirect (Scope 3) GHG emissions	56
	305-4 GHG emissions intensity	56
	305-5 Reduction of GHG emissions	56

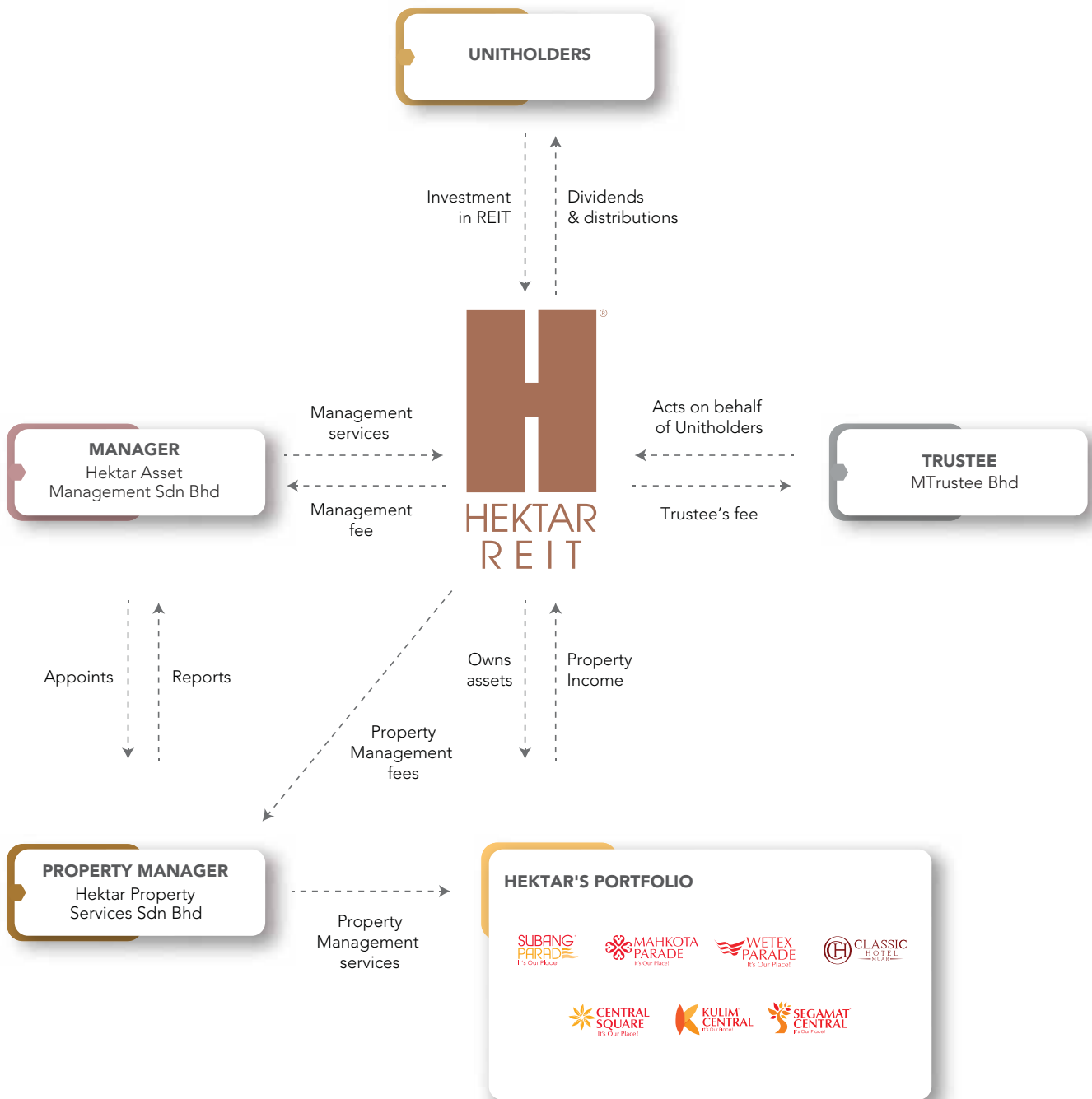
SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	66
	306-3 Waste generated	56, 66
	306-4 Waste diverted from disposal	56
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	62
	308-2 Negative environmental impacts in the supply chain and actions taken	62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	58
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	74
	401-3 Parental leave	74
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	74-75
	403-2 Hazard identification, risk assessment, and incident investigation	75
	403-3 Occupational health services	75
	403-4 Worker participation, consultation, and communication on occupational health and safety	75, 76
	403-5 Worker training on occupational health and safety	75
	403-6 Promotion of worker health	75-76
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	75-76
	403-8 Workers covered by an occupational health and safety management system	75-76
	403-9 Work-related injuries	59
	403-10 Work-related ill health	59
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	59
	404-2 Programs for upgrading employee skills and transition assistance programs	76
	404-3 Percentage of employees receiving regular performance and career development reviews	76
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57-58
	405-2 Ratio of basic salary and remuneration of women to men	1:1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	74
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	77

GRI STANDARD	DISCLOSURE	LOCATION
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	77
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	71-73
	413-2 Operations with significant actual and potential negative impacts on local communities	71-73
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	62
	414-2 Negative social impacts in the supply chain and actions taken	62
GRI 415: Public Policy 2016	415-1 Political contributions	61
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	77-78
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	77-78
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	78
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	59

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.



Corporate DIRECTORY

MANAGER

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

Manager's Principal Place of Business
D1-U3-10, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel : +6 03 6205 5570
Fax : +6 03 6205 5571
Web : www.HektarREIT.com

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

BOARD OF DIRECTORS OF THE MANAGER

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

Johari Shukri bin Jamil
Executive Director &
Chief Executive Officer

Zarina Halim
Executive Director &
Chief Corporate Officer
(resigned as Director w.e.f.
15 January 2023) and

Richard Ng
Non-Executive Director

Tan Loo Ming
Non- Executive Director

Mahusni bin Hasnan
Independent Non-Executive Director

Philip Eng Heng Nee
Independent Non-Executive Director

Pauline Lim Poh Noy
Alternate Director to Mr Richard Ng

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

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

Dato' Hisham bin Othman
Executive Director and
Chief Executive Officer
(Retired w.e.f. 10 June 2022)

EXECUTIVE COMMITTEE

Johari Shukri bin Jamil (Chairman)
Zarina Halim
Richard Ng

AUDIT AND RISK MANAGEMENT COMMITTEE

Mahusni bin Hasnan (Chairman)
Phillip Eng Heng Nee
Wan Kamaruddin bin Wan Mohamed Ali
(Appointed w.e.f. 10 February 2023)
Norliza binti Suleiman
(Appointed w.e.f. 10 February 2023)
Hasli bin Hashim
(Resigned w.e.f. 10 February 2023)

NOMINATION AND REMUNERATION COMMITTEE

Wan Kamaruddin bin Wan Mohamed Ali
(Chairman)
(Appointed w.e.f. 10 February 2023)
Mahusni bin Hasnan
Phillip Eng Heng Nee
Norliza binti Suleiman
(Appointed w.e.f. 10 February 2023)
Hasli bin Hashim
(Resigned w.e.f. 10 February 2023)

JOINT COMPANY SECRETARIES OF THE MANAGER

Dato' Muhammad Hafidz Bin Nuruddin
(MAICSA 7005820)
Lim Seck Wah
(MAICSA 0799845)

TRUSTEE

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

PROPERTY MANAGER

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

PRINCIPAL 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
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

HASLI BIN HASHIM

Independent Non-Executive
Chairman



Encik Hasli bin Hashim, a Malaysian, male, aged 62, was appointed to the Board on 22 February 2022. He was subsequently appointed as the Chairman on 10 February 2023.

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 ("Affin Hwang") as an Independent Non-Executive Director. He is also the Chairman of the Board Risk Management Committee of Affin Hwang's as well as a member of the Board Audit Committee and Board Credit Review Committee.

He attended 3 of the 4 Board Meetings of the Company held during the financial year ended 31 December 2022 subsequent to his appointment.

THE BOARD OF DIRECTORS

JOHARI SHUKRI BIN JAMIL

**Executive Director &
Chief Executive Officer**

Encik Johari Shukri bin Jamil, a Malaysian, male, aged 51, was appointed to the Board as a Non-Independent Non-Executive Director on 22 February 2022. He was subsequently appointed as the Executive Director & Chief Executive Officer on 11 June 2022.

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

Encik Johari began his career as a Process/Chemical Engineer in Titan Polyethylene (M) Sdn Bhd in 1995 and was promoted as a Project Engineer in 1997 which he stayed on until 2000. In the same year, he left the firm and joined Foster Wheeler (M) Sdn Bhd until 2002 as a Project Engineer. He then served as a Business Development Manager for several companies from 2002 to 2005. He then joined Inai Kiara Sdn Bhd in 2005



as a Senior General Manager. From 2006 to 2011, he was with Difense Konsult Sdn Bhd, serving as their Chief Executive Officer and Director. In the same year, he joined Johor Corporation (JCorp), a Johor state-owned company (GLC) as a General Manager, Business Development and was later promoted to Chief Executive Officer of Tanjung Langsat Port Sdn Bhd and also served as a member of the board of the subsidiary companies. He later assumed the role as Group Vice President, Business Relationship & Marketing, Industrial Development Division of the JCorp, Executive Director of TPM Technopark Sdn Bhd and Executive Director of Tanjung Langsat Port Sdn Bhd prior to his special assignment to a public listed subsidiary company, EA Technique (M) Berhad where he was the Group Chief Operating Officer. He then joined Iskandar Investment Berhad, a subsidiary of Khazanah Nasional Berhad in January 2019 and where he has stepped into a newly created role, Transformation Office, to bring the company towards innovation

and new business frontiers. He later assumed the post as the Executive Vice President, Business Development. He was also seconded to a subsidiary company, Medini Iskandar Malaysia Sdn Bhd to facilitate the transformation journey and strategic marketing and business development initiatives. He is currently a board member of a public listed company, BSL Corporation Berhad.

En Johari attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2022 subsequent to his appointment.

THE BOARD OF DIRECTORS

ZARINA HALIM

Executive Director
(Resigned w.e.f. 15 January 2023)
& Chief Corporate Officer

Puan Zarina Halim, a Malaysian, female, aged 51, 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. She is also a Registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), Malaysia and possesses a Capital Markets Services Representatives' License (CMSRL) for REITs for the asset management company to carry on regulated activities specified under the Capital Markets and Services Act (CMSA).



She is a member of the Institute of Corporate Directors Malaysia (ICDM), Malaysian Institute of Corporate Governance (MICG), Global Reporting Initiative (GRI), Institute of Certified Sustainability Practitioners (ICSP) and the International Society of Sustainability Professionals (ISSP). In the area of Sustainability of which she is passionate about, Puan Zarina is a GRI Certified Sustainability Specialist and a Certified Sustainability Reporting Specialist under the Institute of Certified Sustainability Practitioners.

Puan Zarina has more than 20 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 current role as Chief Corporate Officer, she is responsible for the overall corporate affairs of the company of which Legal, Secretarial & Compliance, Sustainability & Risk Management and Investor Relations make up key areas.

She also provides support in the areas of Finance & Strategy with involvement in asset acquisitions including putting in place financing involving rights issuances & private placements for Hektar REIT's AUM valued at RM 1.2 billion to date.

Prior to Hektar, she was formerly with the UEM Group of Companies for 9 years where she was involved in the conversion of a series of Faber Group's hotels from the "Merlin" brand name to "Sheraton". She then became Head of Corporate Affairs and Business Development in Prolink Development, the UEM Group's subsidiary responsible for the development of Nusajaya. She then moved on to head the Business Development unit at OptixLab Sdn Bhd, a venture capital firm.

Puan Zarina attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

THE BOARD OF DIRECTORS

RICHARD NG

**Non-Independent
Non-Executive Director**



Mr Richard Ng, a Singaporean, male, aged 54, 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 over 30 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 portfolio asset management 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 2022.

THE BOARD OF DIRECTORS

TAN LOO MING

**Non-Independent
Non-Executive Director**



Ms Tan Loo Ming, a Singaporean, female, aged 48, was appointed to the Board on 24 July 2021.

Ms Tan holds a Bachelor's degree of Business (Accountancy) from RMIT and is a Certified Practising Accountant with 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 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

THE BOARD OF DIRECTORS

MAHUSNI BIN HASNAN

Independent
Non-Executive Director



Encik Mahusni bin Hasnan, a Malaysian, male, aged 58, 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 2022.

THE BOARD OF DIRECTORS

PHILIP ENG HENG NEE

Independent
Non-Executive Director



Mr Philip Eng Heng Nee, a Singaporean, male, aged 76, 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 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., TSI Tech Pte. Ltd and Must Be Company Limited.

Mr Eng attended all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

THE BOARD OF DIRECTORS

WAN
KAMARUDDIN
BIN WAN
MOHAMED
ALI

Independent
Non-Executive Director



Encik Wan Kamaruddin bin Wan Mohamed Ali, a Malaysian, male, aged 67, was appointed to the Board on 10 February 2023.

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

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

The Asian financial crisis of 1999 saw the entry of Babcock & Brown Asia Pacific (BnB) opening its office in Kuala Lumpur and the whole team at Fieldstone was

absorb into BnB. Again, whilst with BnB he led a team advising Penerbangan Malaysia Bhd / Malaysia Airlines in their lease finance of various aircrafts (777s, 747s freighters and ATRs) in 2002, 2004, 2006 and 2009. He was also involved in advising clients in bidding for various power plant projects.

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

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

THE BOARD OF DIRECTORS

NORLIZA BINTI SULEIMAN

**Independent
Non-Executive Director**

Puan Norliza binti Suleiman, a Malaysian, female, aged 58, was appointed to the Board on 10 February 2023.

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

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



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

During her tenure with KPRJ, she was twice entrusted to hold 2 portfolios concurrently. For 3 years from 2012, whilst assuming the post of General Manager, Corporate Division of KPRJ, she was also acting as the Group Financial Controller of Iskandar Waterfront City Berhad, a Public Company listed on Bursa Malaysia, under secondment from KPRJ. She was instrumental in turning over the loss making company back to profit during those period. Then, in 2017, she was again

tasked to assist the State Government in the restructuring of Koperasi Iskandar Malaysia Berhad (“KIMB”), a chain of grocery shops initiated by the government to help manage the people’s cost of living. She was appointed as the CEO for KIMB, a post she held until 2018 and at the same time performed her duties as the Deputy CEO of KPRJ.

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

THE BOARD OF DIRECTORS

PAULINE LIM POH NOY

Alternate Director to
Mr Richard Ng



Ms Pauline Lim Poh Noy, a Singaporean, female, aged 50, 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 all 5 Board Meetings of the Company held during the financial year ended 31 December 2022.

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

ASSET MANAGEMENT TEAM



From left to right:

Syairul Irwan bin Rased, Johari Shukri bin Jamil, Zarina Halim, Lim Kek Siang, Sabrina Halim, Alvin Lim Cheen Wei & Martin Chen

THE MANAGEMENT TEAM

JOHARI SHUKRI BIN JAMIL

Executive Director & Chief Executive Officer

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

ZARINA HALIM

Executive Director & Chief Corporate Officer

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

LIM KEK SIANG

Senior General Manager, Finance

Lim was appointed as the Senior General Manager of Finance on 1 March 2022. He holds membership with the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a Certificate of Investor Relations from the United Kingdom.

Lim has more than 26 years of extensive experience in Accounting, Corporate Taxation, Financial Reporting and Corporate Finance. He began his career in Deloitte Kassim Chan, an international public auditing firm, where he undertook various audit assignments for Multinational Companies, Banks, Insurance and Small & Medium Enterprises.

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

SABRINA HALIM

General Manager, Business Development & Strategy

Sabrina is responsible for developing the business and profile of the REIT. She is tasked with developing new business opportunities, including the due diligence and analysis of potential investments for the REIT. Sabrina monitors market trends, conducts market research and carries out portfolio analysis in support of the strategy department. She is responsible for the development and team oversight of the business's corporate strategies pertaining to the strategic planning process, strategic performance management and strategic communications in order to support the REIT's growth objectives while strengthening the business core to develop and maintain its competitive advantage. Her scope of work also includes the conduct and direction of investor relations and public relations.

Sabrina joined Hektar in 2010 and has headed various departments in the property manager. She played a key role in leasing and marketing strategies previously. She also contributed to the concept and planning for several retail projects, including revamping and expansion exercises.

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

THE MANAGEMENT TEAM

MARTIN CHEN

General Manager, Legal

Martin provides support in the areas of legal and secretarial compliance in relation to the portfolio of Hektar REIT. He has more than 15 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 and in the conduct of their requisite general meetings. 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 oversee 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 also oversee Hektar REIT's sustainability matters including formulation of sustainability framework, establishment of material sustainability matters, collection of related sustainability data as well as preparation of the annual sustainability statement.

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

ALVIN LIM CHEEN WEI

Manager, Secretarial & Regulatory Compliance / Compliance Officer

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

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

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

THE MANAGEMENT TEAM

PROPERTY MANAGER TEAM



**KHAIRUL ARIFFIN
BIN IBRAHIM**
Chief Operating Officer

**ALDELA PUSPA BT
NORDIN**
Chief Executive Officer

TAN KIM WHATT
Director, Group Leasing & Marketing

THE MANAGEMENT TEAM

ALDELA PUSPA BT NORDIN

Chief Executive Officer

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

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

Aldela began her career as a Quantity Surveyor in 1992 with Percon Corporation, a subsidiary of PNB. Thereafter, she joined Yeoh Tiong Lay (YTL) Corporation as Senior Contracts Executive, where she was involved in the Papua New Guinea Defense Force housing project worth USD50 Million. Subsequently, from 1996-2006, she joined Basar & Harun Sdn (BHS) as a Senior Consultant. In 2006, she joined Ahmad Zaki Resources Berhad (AZRB). Her last position was General Manager, Contracts before she moved to 1 Malaysia Development Berhad (1MDB) in 2011 as Vice President, Procurement for the Bandar Malaysia project. In 2012, she was the Chief Operating Officer with Global Globe (M) Sdn Bhd, where she headed the construction of the Industrial Building System (IBS). In 2013 she joined Sapura Resources Berhad (SRB) as the Head of Cost, Contracts & Procurement. She managed the facilities of office buildings, aircraft hangars, and ground handling of private jets. She was part of the Management Team of a joint venture with KLCC Holdings to construct Permata Sapura, a 55-storey office tower with an exhibition hall and a retail mall. She then left to join Malaysian Resources Corporation Berhad (MRCB) in 2015 as General Manager, Contracts. In 2018, she joined Sapura Subsea Services Sdn Bhd (SSS), a subsidiary of Sapura Energy Berhad, as Head of Project Control and Services for diving works.

KHAIRUL ARIFFIN BIN IBRAHIM

Chief Operating Officer

Khairul Ariffin is currently the Chief Operating Officer of Hektar Property Services Sdn Bhd and manages the day-to-day running of all the Hektar properties. He has more than 20 years of well-rounded and diverse experience with a solid background in organisational process improvement and change management practices. He is passionate about quality and continuous improvement and spearheaded HPSSB's drive to improve operational efficiency by implementing the Quality Management System which is recently ISO 9001:2015 certified. He was previously the Regional Head of Performance Improvement at AirAsia Bhd and has successfully deployed various change and quality programs for the airlines. Before joining Hektar, he was with SapuraKencana Petroleum Bhd, holding several roles and positions in Quality and Risk Management. His last posting was the Senior Manager of the Transformation Program Office. He is a member of the Malaysia Shopping Malls Association and currently heading its Research Committee. He graduated from Massey University, Palmerston North, New Zealand, with a Bachelor of Business Studies in Accounting.

THE MANAGEMENT TEAM

TAN KIM WHATT

Director, Group Leasing & Marketing

Tan Kim Whatt (Herbie) holds a Diploma in Marketing from the Royal Chartered Institute of Marketing, United Kingdom and has more than 30 years of experience in retail and mall management, especially in leasing strategy, market trends, budget forecasting, tenancy mix and mall development.

Prior to his appointment, he served with Gamuda Land for 13 years and set up the Retail, Leisure & Entertainment businesses for Gamuda Land - holding several senior positions, including Director for Leasing, Retail & Malls. He was instrumental in planning and executing a successful tenancy mix for Gamuda-owned retail businesses such as Quayside Mall & Gamuda Walk in Kota Kemuning. He was also responsible for initialising Gamuda Gardens Waterfront Village and Discovery Park- the leisure & entertainment component in Gamuda Cove. He was also involved with other assignments, such as The Robertson & High Park Kelana Jaya, to name a few. He was also involved in a few overseas projects for Gamuda, where he planned and delivered several retail developments in Gamuda City, Hanoi and Celadon City, Ho Chih Minh.

Herbie was also the Senior Leasing Manager involved in the leasing and opening of the Setia City Mall. This appointment marks Herbie's second stint with Hektar Property Services, where he was previously hired as Leasing Manager for Subang Parade and subsequently promoted to Senior Leasing Manager and then General Manager, Leasing before leaving to join Gamuda Land.

NUBLY ZAINUHAM BIN AMBOTANG

Centre Manager, Subang Parade

Nubly Zainuham is the Centre Manager for Subang Parade. He holds a Master in Professional Accounting from University of Queensland, Australia and a Bachelor of Science in Accounting from the University of Hull, UK. He is registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP).

Nubly has more than 20 years of solid mall and facility management experience. He was previously with Encorp Strand Mall Sdn Bhd as Head of Mall & Facility Management Division, where he oversaw the entire operations of Encorp Strand Mall and Encorp Berhad's facility management operations.

His other previous employments were with UEM Group's International Business Division and Cement Industries of Malaysia Berhad (CIMA), where he was involved in Corporate Finance, Mergers & Acquisition and Business Development activities.

THE MANAGEMENT TEAM

MOHAMAD SAHIR BIN JOHARI

Acting Centre Manager, Mahkota Parade

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

Sahir has more than 17 years of experience in projects and facilities management and has been involved in the refurbishment of old building structures & services at TM College, upgrading M&E infrastructure for Ibusawat Telekom, landscape refurbishment projects for Jabatan Lanskap Negara & Pusat Sains Negara and has implemented architectural design systems such as Industrialised Building System (IBS) for a few housing development projects for Seri Pajam Development Sdn. Bhd. At Mahkota Parade, he was instrumental in initiating the mall chiller replacements, and mall LED lights retrofit projects. His past employment has been mostly in the construction industry which consists of procurement & supply chain management, site & cashflow planning and project management for various government and private sector projects.

He has attended PPK's certification course in Shopping Mall Management (Operations & Maintenance) parts 1 & 2, Fire Warden Training, and Safety & Health Assessment Training and has been appointed as Mahkota Parade's joint management body (JMB) Secretary to comply with Strata Management Act 2013.

GENEVIEVE GAN

Centre Manager, Wetex Parade

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

LOONG JEE YUNG

Centre Manager, Central Square

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

THE MANAGEMENT TEAM

MOHAMED BIN MOHD HANAFIAH

Centre Manager, Kulim Central

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

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

Prior to that, he was with several other malls such as Plaza Alam Sentral as Senior Manager, KPI Bangi and Giant Sunway Ipoh as Complex Manager. Apart from the retail industry, he was also the Senior Manager, Business Development an agriculture related company.

ROZAIDI BIN MD RAMLI

General Manager, Classic Hotel

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

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

He was previously with Grand Sentosa Hotel JB as General Manager responsible for the overall performance of the hotel. Before that, he was the General Manager for Putra Brasmana Hotel and Sri Petaling Hotel.

HAFIZA AB HAMID

Acting Centre Manager, Segamat Cental

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

Investor COMMUNICATIONS

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

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

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

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

Throughout the year, the IR team proactively engaged with analysts, resulting in official coverage from AmlInvestment Bank. The coverage began in August 2022 with a Buy recommendation and as a result of the consistent engagement, a second coverage was achieved within three months with a higher target price. The Manager and the IR team will continue to work with various securities firms and banks to expand our outreach to institutional investors, private banking clients, high-net-worth individuals and retail investors.

The Manager is also an active member of the Malaysian REIT Managers Association (MRMA) and has been participating in the quarterly meets and forums held by MRMA. Apart from participating in discussions and also initiatives organized by MRMA, the Manager has also participated as a guest speaker at the 3rd Annual Malaysian REIT Forum 2022, which was attended by investors, analysts, Trustees, financial institutions and industry leaders.

Investors are being kept informed through Notices and explanatory notes for annual general meetings ("AGMs") and extraordinary general meetings ("EGMs"). Unitholders are encouraged to attend and vote at the Company's AGMs ("AGM") and participate during the Q&A session. This allows the Board to comprehend Unitholders' concerns and respond to their questions, especially during the AGM. The Company's 10th AGM was held on 25 April 2022, and it was conducted virtually in line with the Securities Commission's guidelines and in the best interest and safety of all unitholders, stakeholders and management personnel involved, in view of the ongoing Covid-19 pandemic in Malaysia.

The Company also held an Extraordinary General Meeting ("EGM") virtually on 15 December 2022 in relation to the proposed establishment of an Income Distribution Reinvestment Plan ("IDRP") that provides unitholders with an option to elect to reinvest their income distribution in new units of Hektar REIT. A total of 217 shareholders and proxies attended the virtual EGM and voted.

INVESTOR COMMUNICATIONS

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

The Manager

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INVESTOR RELATIONS EVENT CALENDAR

Full Year Results Announcement FY 2021	25 February 2022
Annual Report 2021	28 February 2022
Final Distribution for FY 2021	28 February 2022
Annual General Meeting for FY 2021	25 April 2022
First Quarter Results Announcement 2022	23 May 2022
Second Quarter Results Announcement 2022	26 August 2022
Analysts and Investor Briefing (Hybrid)	28 August 2022
One on one Retail briefing with AmlInvest	29 September 2022
Second Quarter Distribution	26 September 2022
One on One Retail briefing with Malacca Securities	13 October 2022
Third Quarter Results Announcement 2022	15 November 2022
One on One Analyst Briefing with Hong Leong IB	15 December 2022
Year End Stakeholder Engagement Dinner: Attended by Maybank, PublicInvest, AmlInvest, Affin Hwang, UOB Kay Hian, Malacca Securities, Rakuten Trade	15 December 2022
Fourth Quarter/Full Year Results Announcement 2022	23 February 2023
Fourth Quarter Distribution/Final Distribution for FY 2022	24 February 2023

Hektar IN THE MEDIA

18 August 2022 - Berita Harian

24 August 2022 - The Malaysian Reserve

27 August 2022 - The Star-Hektar REIT's ESG commitment gets a 4-Star rating

23 August 2022 - The Borneo Post (Sabah)

27 August 2022 - New Strait Times

HEKTAR IN THE MEDIA

Hektar REIT to streamline operations under new CEO

16 September 2022 - The Edge Malaysia

11 October 2022 - NST

16 November 2022 - The Star

16 November 2022 - The Edge

29 November 2022 - Berita Harian

Corporate GOVERNANCE

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

Hektar REIT

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

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

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

The Manager of Hektar REIT

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

The Trustee

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

Board Charter & Code of Ethics and Conduct

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

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

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.

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 2022.

The Audit and Risk Management Committee ("ARMC") has also evaluated the reappointment of the External Auditors of Hektar REIT during the financial year ended 2022 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 2022 amounted to RM121,000 .

CORPORATE GOVERNANCE

Dealings with Related Parties

For the financial year ended 31 December 2022, 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 2022.

ii. Non-audit fees

The non-audit fees payable to the external auditors of Hektar REIT for the financial year ended 31 December 2022 amounts to RM57,750.

iii. Soft commission

For the year ended 31 December 2022, 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 2022 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 2022.

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 2022. 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, succession plans and sustainability initiatives.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Senior Management in Sustainability

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

The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets 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 Encik Johari Shukri bin Jamil, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Encik Johari Shukri bin Jamil and the members are Puan Zarina Halim and Mr Richard Ng.

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

- i. 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 members are Encik Mahusni bin Hasnan, Mr Philip Eng Heng Nee and Encik Hasli bin Hashim.

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 Senior Management of the Manager.

The NRC met twice 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 2022, 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 2022, Mr Philip Eng Heng Nee would have rendered his services as an Independent Non-Executive Director of the Company for a cumulative tenure of 14 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2 women Directors, representing about 30% of the Board composition.

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

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
En Johari Shukri bin Jamil	23 - 25 May 2022	Mandatory Accreditation Programme [MAP]
	25 August 2022	ESG Oversight: Role of the Board
	20 October 2022	Sukuk: Principle, Application and Challengers in the Capital Markets
	9 - 10 November 2022	Financial Essentials for Non-Finance Directors
Pn Zarina Halim	8 - 9 June 2022	eTail Asia 2022
	15 July 2022	Success, Survival and Sustainability Strategies in Competitive Environment
	17 - 18 August 2022	Impact, ESG and Socially Responsible Investing
	17 September 2022	Improvisations, Renovations, and Effective Space Management of Common Property
	26 – 27 September 2022	Land Development Procedures & Land Dealings and Land Transactions
	18 October 2022	Malaysia REIT Forum 2022
	20 - 22 October 2022	The Cooler Earth Sustainability Summit 2022
	25 November 2022	Embracing Sustainability via Diversity & Inclusivity
	29 November 2022	Solar Advancements Webinar
	1 December 2022	Bursa Immersive Session: The Board "Agender"
Mr Richard Ng	20 April 2022	Art of Effective Leadership Communications - Hong Bao Media
	7 June 2022	Sustainability Learning Series - GRESB and the Taskforce on Climate-related Financial Disclosures (TCFD)
	31 August 2022	How to be Antifragile – Growing Beyond Resilience to Embrace Uncertainties
	5 September 2022	Anti-Money Laundering and Countering the Financing of Terrorism
	7 September 2022	Emerging Risks – Strategic, Operational and Digital

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Date	Events
Mr Richard Ng (<i>cont'd</i>)	28 September 2022	Allen & Gledhill: Updates to Listing Manual and Greenwashing
	29 September 2022	REITAS: Online Rules & Ethics Course
Ms Tan Loo Ming	7 October 2022	REITAS Annual Conference
	31 March 2022	REITAS: How Boards can drive the Sustainability Agenda
	28 September 2022	Allen & Gledhill: Updates to Listing Manual and Greenwashing
En Mahusni bin Hasnan	17 October 2022	Masterclass – Mergers & Acquisitions for Board
	12 December 2022	How to be an Effective NED in a Disruptive World
Mr Philip Eng Heng Nee	7 September 2022	Singapore Institute of Directors: Environmental, Social and Governance Essentials
	27 September 2022	APPI Indonesia Seminar: Online Seminar Economic Outlook 2023
En Hasli bin Hashim	4-6 July 2022	Mandatory Accreditation Programme [MAP]
Ms Pauline Lim Poh Noy	31 August 2022	How to be Antifragile – Growing Beyond Resilience to Embrace Uncertainties
	29 September 2022	REITAS: Online Rules & Ethics Course
	7 October 2022	REITAS Annual Conference

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 HAMSBS, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 industry where it operates.

An overview of the Director's remuneration for the financial year ended 31 December 2022 are as follows:

	RM
Salaries and Other Remuneration	2,041,577
Directors' Fees	610,583
Meeting Attendance Allowances	24,000
Total	2,676,160

The total top 5 senior management staff of HAMS B was remunerated with total salaries and other remuneration amounting to RM1,265,186 (excluding the Directors) for the financial year ended 31 December 2022.

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. Unitholders are also able to access the Investor Relations Department via Hektar REIT's website to seek clarification or post any queries that they may have.

Disclosure and Corporate Transparency

The Manager strives to uphold high standards of disclosure and corporate transparency. In line with Hektar REIT's disclosure obligations, all significant and material 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 Hektar REIT and its 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 financial and non-financial performance as well as the long-term strategies. Unitholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

The Board ensures that the conduct of a virtual general meeting (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.

The next 11th Annual General Meeting of Hektar REIT will take place virtually on 6 April 2023. 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)

En Hasli Bin Hashim
(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
En Hasli Bin Hashim	3/4

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:

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Financial results

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

Internal Audit

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

External Audit

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

Risk Management

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

Related party Transactions

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

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 2022 amounted to RM97,000.

Statement On Risk Management and **INTERNAL CONTROL**

Introduction

The Manager realises the significance of establishing a sufficient and effective risk management and internal control system, and has attended to this under the Hektar REIT Operation Manual approved by the Board. Such process has been in place for the past years under review, including up to the date of approval of this statement for inclusion in the annual report. There is a policy in place pertaining to the level of authority required for transactions and standard operating procedures pertaining to operations and maintenance of Hektar REIT's properties.

The Audit and Risk Management Committee ("ARMC") and Board meet at least once every quarter to review the financial performance of Hektar REIT against the approved budget. The Board also reviews the business risk of Hektar REIT, where identified by the CEO, internal auditor and external auditor and acts accordingly, where deemed appropriate. The CEO meets the management regularly to review, monitor and manage risks identified by the management and thereafter, update the ARMC as required. Standard operating procedures for management of Hektar REIT properties have been adopted, which comprise operational guide, control and monitoring procedures.

RISK MANAGEMENT

Risk forms part and parcel of a business environment. Hence with, the Board, is committed to establishing risk management processes are embedded into each and every key activities and business processes in all its properties as well to ensure that risks are identified and mitigated in achieving Hektar REIT's objective.

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.

MAIN RISK FACTORS ARE AS FOLLOWS:

- a) Valuation risk refers to risk that valuation of property may not be sustainable, hence affecting the REIT's asset value, profitability and gearing. Main parameters for valuation are rental rate, occupancy rate as well as operational cost. The Manager will closely monitor these factors in each of the REIT's property to ensure they are not compromised/mitigated with appropriate strategies such as tenant mix/concept, continuous engagement with tenant to build relationship for further improvement, cost management and prudent spending with relevant marketing activities.
- b) Credit risk and liquidity risk of non-payment by its tenants or counterparties are mitigated by credit evaluation prior to entering into letter of offer or agreement with constant monitoring of outstanding balances to ensure minimum credit exposure is monitored via stringent collection policy. This is to ensure that there are adequate resources to fulfil the requirements of Hektar REIT's operations and distribution of income to unitholders.
- c) Financing risk refers to risk of not being able to obtain fresh facilities or renew its facilities when due, either from financial institution or debt capital market. The Manager will continue to engage with various financial institution as well as potential bond holders to determine the best options in the future. Currently, 85.5%, 9.1% and 5.4% of the REIT's borrowings are each due in 2024, 2025 and 2026 respectively.
- d) Interest rate risk refers to the potential unfavourable movement in floating interest rate that will affect income before taxation. Besides closely monitoring interest rate to possibly convert to them to fixed rate when timing is deemed appropriate.
- e) Operational risk at property is mitigated by having standard operating procedures that are adopted and being continuously reviewed for all the properties under the REIT which comprises operational guide, control and monitoring procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- f) Legal and regulatory compliance. The Manager has a compliance officer, reporting to the Board who is responsible to provide guidance to ensure that all regulatory and compliance matters are adhered to.
- g) Currency risk is currently not applicable as Hektar REIT does not have any properties located outside Malaysia, with all collections and borrowings denominated in Ringgit Malaysia. There is only negligible payments to be made in foreign currency.
- h) Staff resources risk of not being able to attract and retain capable staff are mitigated via staff engagement, periodic staff dialogues, annual review and training with a planned remuneration package that is in line with industry practice.
- i) As part of business continuity planning, during the conditional movement control order period, all properties and departments have split their staff into separate teams (and working from different locations where possible) as contingency to enable support in the event of emergency. Enhancements were also made to information technology and information systems to ensure IT disruptions, operations and key business needs will be minimise in the event of unplanned disruptions.

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:

- i) 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.
- ii) Safeguard shareholders' interests and the company's assets.
- iii) Maximise opportunities across Hektar REIT to achieve its corporate mission and vision.
- iv) 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:

- i. The Board and senior management to encourage a culture of openness and transparency throughout the organisation.
- ii. The Directors to be closely involved in the business by helping to identify new risks or system weaknesses quickly.
- iii. 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.
- iv. 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
- v. 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.

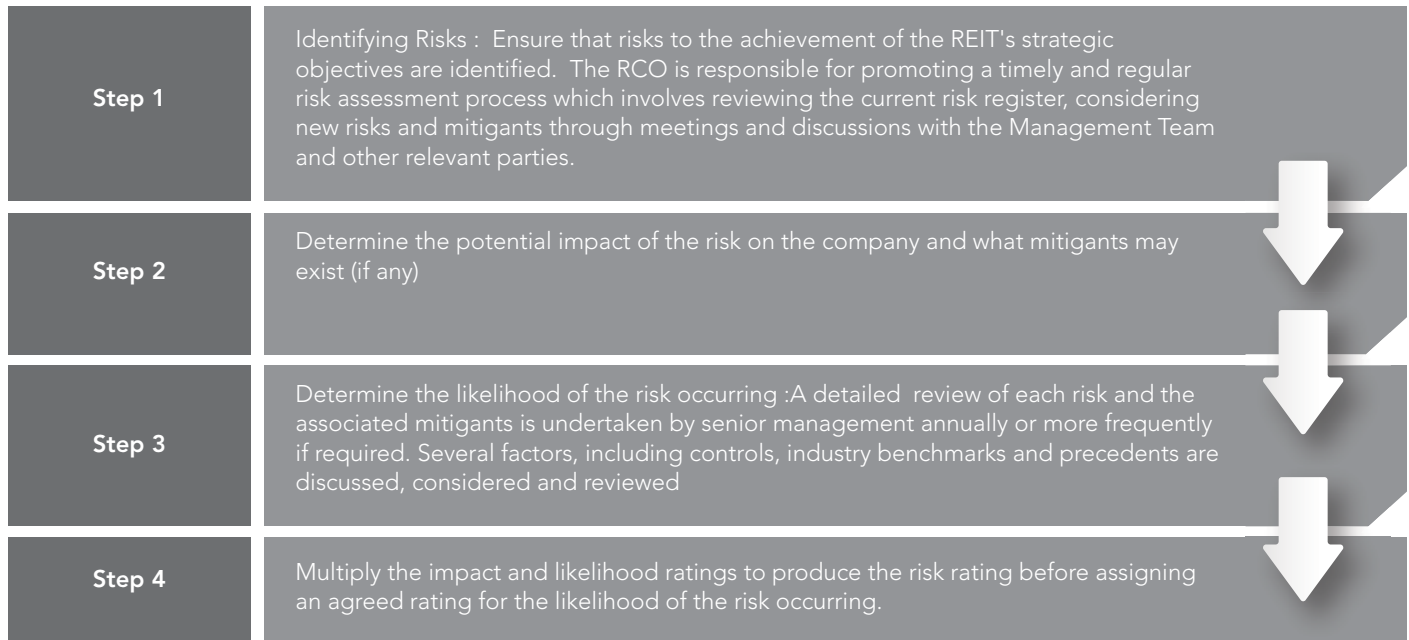
A Risk Management Unit has been set up and its main responsibilities are:

- i. Compliance of the ERM process and methodology.
- ii. Flow through of ERM concept to the respective departments and business units.
- iii. Continuous risk assessment by each department using the methodology and monitoring management actions which have been taken.
- iv. Timely identification, mitigation and management of key risks that may have a material impact on Hektar REIT's financial performance and corporate objectives.
- v. Communication and understanding of risk tolerance statements adopted by the relevant departments.
- vi. Periodic discussions on key risks and issues at the management and departmental levels.
- vii. 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
- viii. Assurance to the CEO, CCO and management team regarding the effectiveness of the ERM.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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



FINANCIAL *Statements*

CONTENTS

124	<i>Manager's Report</i>
126	<i>Statement By Directors of The Manager</i>
127	<i>Statutory Declaration</i>
127	<i>Trustee's Report</i>
128	<i>Independent Auditors' Report</i>
132	<i>Statement of Financial Position</i>
134	<i>Statement of Profit or Loss And Other Comprehensive Income</i>
136	<i>Statement of Changes In Net Asset Value</i>
137	<i>Statement of Cash Flows</i>
138	<i>Notes to the Financial Statements</i>

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 2022

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:

Hasli bin Hashim (Appointed w.e.f. 22 February 2022)
Johari Shukri bin Jamil (Appointed w.e.f. 22 February 2022)
Richard Ng
Tan Loo Ming
Mahusni bin Hasnan
Philip Eng Heng Nee
Pauline Lim Poh Noy (Alternate Director to Richard Ng)
Wan Kamaruddin bin Wan Mohamed Ali (Appointed w.e.f. 10 February 2023)
Norliza binti Suleiman (Appointed w.e.f. 10 February 2023)
Rahanawati binti Ali Dawam (Resigned w.e.f. 11 February 2022)
Dato' Hisham bin Othman (Retired w.e.f. 10 June 2022)
Zarina Halim (Resigned w.e.f. 15 January 2023)

DIRECTORS' BENEFITS

For the financial year ended 31 December 2022, 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 2022, which had the objective of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of Hektar REIT or any other corporate body.

DIRECTORS' INTERESTS

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

MANAGER'S REPORT

SOFT COMMISSION

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

OTHER INFORMATION

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

MANAGER'S REPORT

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

JOHARI SHUKRI BIN JAMIL

Executive Director
Chief Executive Officer

MAHUSNI BIN HASNAN

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

Kuala Lumpur
23 February 2023

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 132 to 166 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 2022 and of the financial performance and cash flows of the Trust for the financial year then ended.

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

Johari Shukri Bin Jamil

Executive Director
Chief Executive Officer

Kuala Lumpur
23 February 2023

Mahusni Bin Hasnan

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

Statutory **DECLARATION**

I, Johari Shukri Bin Jamil, being the Director of the Manager, Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 132 to 166 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)
23 February 2023)

Johari Shukri bin Jamil

Before me:-

Trustee's **REPORT**

We, MTrustee Berhad, have acted as Trustee of Hektar Real Estate Investment Trust ("Hektar REIT" or "the Trust") for the financial year ended 31 December 2022.

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 132 to 166, 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 2022 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
23 February 2023

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 2022 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 132 to 166.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2022, 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 RM1,206,080,000 as at 31 December 2022.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
HEKTAR REAL ESTATE INVESTMENT TRUST
(ESTABLISHED IN MALAYSIA)

Key Audit Matters (continued)

Audit responses (continued)

- (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.

Impairment of trade receivables

With reference to Note 7 to the financial statements, the Trust's trade receivables were recorded as RM4,491,594 as at 31 December 2022.

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, 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
HEKTAR REAL ESTATE INVESTMENT TRUST
(ESTABLISHED IN MALAYSIA)

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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Ng Soe Kei
02982/08/2023 J
Chartered Accountant

Kuala Lumpur
23 February 2023

Statement of **FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	45,538	68,059
Investment properties	5	1,206,080,000	1,164,562,724
Fixed deposits with a licensed bank	6	-	1,583,933
		1,206,125,538	1,166,214,716
Current assets			
Trade receivables	7	4,491,594	2,682,412
Other receivables, deposits and prepayments	8	1,736,666	2,725,691
Cash and bank balances	9	23,152,897	59,084,688
		29,381,157	64,492,791
TOTAL ASSETS		1,235,506,695	1,230,707,507
LIABILITIES			
Non-current liabilities			
Other payables and accruals	11	25,581,891	9,185,005
Bank borrowings	12	542,443,790	566,090,863
Deferred tax liabilities	13	28,230,834	24,887,634
		596,256,515	600,163,502
Current liabilities			
Trade payables	10	5,652,838	16,623,843
Other payables and accruals	11	26,635,774	50,957,341
Bank borrowings	12	9,000,000	15,000,000
		41,288,612	82,581,184
TOTAL LIABILITIES		637,545,127	682,744,686
NET ASSET VALUE ("NAV")		597,961,568	547,962,821

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
FINANCED BY:			
UNITHOLDERS' FUNDS			
Unitholders' capital	14	496,731,949	496,731,949
Undistributed income - realised		66,967,629	55,225,682
Undistributed income - unrealised		34,261,990	(3,994,810)
TOTAL UNITHOLDERS' FUNDS		597,961,568	547,962,821
<hr/>			
NUMBER OF UNITS IN CIRCULATION	14	471,260,178	471,260,178
<hr/>			
NAV PER UNIT (RM)			
Before the proposed final income distribution ¹		1.2689	1.1628
After the proposed final income distribution ²		1.2159	1.1375
<hr/>			

¹ Before the proposed final income distribution of 5.30 sen per unit (2021: 2.53 sen per unit)

² After the proposed final income distribution of 5.30 sen per unit (2021: 2.53 sen per unit)

Statement of Profit or Loss and other **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Gross revenue	15	117,446,102	96,598,638
Property operating expenses	16	(58,759,205)	(49,580,569)
Net property income		58,686,897	47,018,069
Interest income		1,609,111	736,999
Sundry income		1,757,983	24,006
Change in fair value of investment properties	5(e)	41,600,000	-
Total income		103,653,991	47,779,074
Manager's fees	17	(7,479,304)	(6,859,924)
Trustee's fees	18	(450,260)	(469,238)
Auditors' remuneration:			
- current year: statutory audit		(121,000)	(109,000)
- current year: others		(57,750)	(230,433)
Valuation fees		(94,120)	(150,000)
Professional fee		(1,117,619)	(1,060,536)
Reversal/(Impairment loss) on trade receivables	7(e)	8,779,287	(6,116,075)
Administration expenses		(4,905,417)	(1,403,608)
Interest expense	19	(20,213,005)	(18,668,479)
Change in fair value of investment properties	5(e)	-	(44,212,511)
Total expenses		(25,659,188)	(79,279,804)
Profit/(Loss) before tax		77,994,803	(31,500,730)
Taxation	20	(3,349,150)	3,034,750
Profit/(Loss) for the financial year		74,645,653	(28,465,980)
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive profit/(loss) for the financial year		74,645,653	(28,465,980)

STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Profit/(Loss) for the financial year comprises the following:			
Realised		36,388,853	12,711,781
Unrealised - change in fair value of investment properties		41,600,000	(44,212,511)
Unrealised - provision for deferred tax on change in fair value of investment properties		(3,343,200)	3,034,750
		74,645,653	(28,465,980)
Earnings per unit (Total)			
Before Manager's fees (sen)	21(a)	17.43	(4.68) ^a
After Manager's fees (sen)	21(b)	15.84	(6.16) ^a
Earnings per unit (Realised)			
Before Manager's fees (sen)	21(c)	9.31	4.24 ^a
After Manager's fees (sen)	21(d)	7.72	2.75 ^a
Net income distributions			
Interim income distribution of 2.70 sen (2021: Nil) per unit		12,724,025	-
Proposed final income distribution of 5.30 sen (2021: 2.53 sen) per unit		24,976,789	11,922,883
Final income distribution per unit			
Gross (sen)	22	5.30	2.53
Net (sen)	22	5.30	2.53

^a Earnings per unit and income distribution for the financial year ended 31 December 2022 was calculated based on a weighted average of 471,260,178 units (2021: 462,122,918 units).

Statement of Changes in **NET ASSET VALUE**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Unitholders' capital RM	----- Undistributed income -----		Unitholders' fund RM
		Realised RM	Unrealised RM	
At 1 January 2022	496,731,949	55,225,682	(3,994,810)	547,962,821
Total comprehensive income				
Profit for the financial year	-	36,388,853	38,256,800	74,645,653
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, representing the increase in net assets resulting from operations	-	36,388,853	38,256,800	74,645,653
Unitholders' transactions				
Distributions to unitholders	-	(24,646,906)	-	(24,646,906)
Decrease in net assets resulting from unitholders' transactions	-	(24,646,906)	-	(24,646,906)
At 31 December 2022	496,731,949	66,967,629	34,261,990	597,961,568
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)
Unit holders' 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

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

Statement of CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax		77,994,803	(31,500,730)
Adjustments for:			
Change in fair value of investment properties	5	(41,600,000)	44,212,511
Depreciation of property, plant and equipment	3	22,521	22,520
(Reversal)/Impairment loss on trade receivables	7(e)	(8,779,287)	6,116,075
Interest expense	19	20,213,005	18,668,479
Interest income		(1,609,111)	(736,999)
Operating profit before changes in working capital		46,241,931	36,781,856
Trade and other receivables		7,959,130	10,083,160
Trade and other payables		(18,818,912)	3,159,031
Net cash from operating activities		35,382,149	50,024,047
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of capital work in progress of investment properties	5	-	(395,478)
Interest received		1,609,111	736,999
Withdrawal /(placement) of fixed deposits		1,583,933	(32,168)
Placement of short term funds more than 3 months		(10,760,000)	-
Net cash (used in)/generated from investing activities		(7,566,956)	309,353
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	19	(20,213,005)	(18,668,479)
Drawdown of borrowings	12(k)	-	30,000,000
Repayment of borrowings	12(k)	(29,647,073)	(30,000,000)
Distributions paid to unitholders		(24,646,906)	(4,157,642)
Proceeds from private placement		-	4,231,500
Net cash used in financing activities		(74,506,984)	(18,594,621)
Net (decrease)/increase in cash and cash equivalents		(46,691,791)	31,738,779
Cash and cash equivalents at beginning of financial year		59,084,688	27,345,909
Cash and cash equivalents at end of financial year	9	12,392,897	59,084,688

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

Notes to the **FINANCIAL STATEMENTS**

31 DECEMBER 2022

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 2022 were authorised for issue in accordance with a resolution by the Board of Directors of the Manager on 23 February 2023.

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 2022

2. BASIS OF PREPARATION (continued)

The Trust has net current liabilities of RM11,907,455 as at 31 December 2022. 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:

- RM22.3 million relates to other payables and accruals of which will be funded by the current operating cash flow and available reserves of the Trust;
- RM3.5 million relates to the deposits received from tenants of which will be funded by the current operating cash flow and available reserves of the Trust;
- RM9.0 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 2022. The short term revolving credit was renewed on 8 April 2022; and
- the Trust is forecasted to generate a net operating cash inflows of RM34,289,071 for the financial year ended 31 December 2023. 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

2022	Balance as at 1.1.2022 RM	Depreciation charge for the year RM	Balance as at 31.12.2022 RM
Carrying amount			
Computer equipment	42,223	(16,895)	25,328
Office equipment	24,316	(5,145)	19,171
Plant and machinery	1,520	(481)	1,039
	68,059	(22,521)	45,538
		At 31.12.2022	
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Carrying amount			
Computer equipment	113,088	(87,760)	25,328
Office equipment	43,388	(24,217)	19,171
Plant and machinery	3,200	(2,161)	1,039
	159,676	(114,138)	45,538

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Cost RM	At 31.12.2021 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

(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%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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
	2022	2021	
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

	2022 RM	2021 RM
A. At fair value		
Freehold land and buildings	802,600,000	784,000,000
Leasehold land	98,041,443	102,621,525
Leasehold buildings	305,458,557	277,878,475
	<hr/>	<hr/>
	1,206,100,000	1,164,500,000
	<hr/>	<hr/>
At beginning of financial year	1,164,500,000	1,207,000,000
Transferred from capital work in progress	-	1,712,511
Change in fair value	41,600,000	(44,212,511)
	<hr/>	<hr/>
At end of financial year	1,206,100,000	1,164,500,000
	<hr/>	<hr/>
B. Capital work in progress		
At beginning of financial year	62,274	1,379,757
Additions/ (Cost adjustment)	(82,274)	395,478
Transferred to investment properties	-	(1,712,511)
	<hr/>	<hr/>
At end of financial year	(20,000)	62,724
	<hr/>	<hr/>
Total end of financial year (A + B)	1,206,080,000	1,164,562,724

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 RM1,141,100,000 (2021: RM1,107,500,000) are charged to a financial institution for banking facilities granted to the Trust as disclosed in Note 12 to the financial statements.

2022				Cost of investment as at 31 December 2022 RM	Fair value as at 31 December 2022 RM	Percentage of fair value over net asset value as at 31 December 2022 %
Description of property	Tenure of land	Location	Existing use			
Subang Parade*	Freehold	Subang	Commercial	286,980,000	417,000,000 ^a	70%
Mahkota Parade*	Leasehold [^]	Melaka	Commercial	257,538,630	338,500,000 ^b	56%
Wetex Parade*	Freehold	Muar	Commercial	117,500,000	156,600,000 ^a	26%
Kulim Central*	Freehold	Kedah	Commercial	98,000,000	138,000,000 ^c	23%
Central Square*	Freehold	Kedah	Commercial	83,330,000	91,000,000 ^c	15%
Segamat Central	Leasehold [^]	Segamat	Commercial	106,068,739	65,000,000 ^d	11%
					1,206,100,000	

^a Based on valuation carried out by Exastrata Solutions Sdn. Bhd. on 31 December 2022

^b Based on valuation carried out by First Pacific Valuers Property Consultants Sdn. Bhd. on 31 December 2022

^c Based on valuation carried out by Savills (Malaysia) Sdn. Bhd. on 31 December 2022

^d Based on valuation carried out by Raine Horne International Zaki & Partners on 31 December 2022

* The properties are charged to financial institutions for banking facilities granted to the Trust.

[^] The leasehold land for Mahkota Parade and Segamat Central expires in year 2101 and 2116 respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

5. INVESTMENT PROPERTIES (continued)

(b) Details of the investment properties are as follows (continued):

2021				Cost of investment as at 31 December 2021 RM	Fair value as at 31 December 2021 RM	Percentage of fair value over net asset value as at 31 December 2021 %
Description of property	Tenure of land	Location	Existing use			
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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. INVESTMENT PROPERTIES (continued)

- (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.

The following table shows the valuation technique and significant unobservable inputs used in the determining the fair value measurement of investment property within Level 3, as well as the inter-relationship between key unobservable inputs and fair value used in the valuation model:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Investment method	<ul style="list-style-type: none"> - Allowance for void of 5.00% - 10.00% (2021: 5.00% - 15.00%) - Term yield rate of 6.25% - 7.00% (2021: 6.25% - 7.00%) - Reversionary yield rate of 6.50% - 7.25% (2021: 6.50% - 7.25%) - Discount rate of 6.50% - 7.25% (2021: 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:

	2022 RM	2021 RM
At beginning of financial year	1,164,500,000	1,207,000,000
Additions	-	1,712,511
Change in fair value	41,600,000	(44,212,511)
At end of financial year	1,206,100,000	1,164,500,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

5. INVESTMENT PROPERTIES (continued)

- (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.

6. FIXED DEPOSITS WITH A LICENSED BANK

- (a) The weighted average interest rate of fixed deposits with a licensed bank of the Trust is 1.33% (2021: 1.47%) per annum.
- (b) The fixed deposits are denominated in RM.
- (c) 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
2022			
Floating rates			
Deposits with a licensed bank	-	-	-
<hr/>			
2021			
Floating rates			
Deposits with a licensed bank	1,583,933	-	1,583,933
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

7. TRADE RECEIVABLES

	2022 RM	2021 RM
Third parties	14,728,641	22,087,713
Less: Impairment losses	(10,237,047)	(19,405,301)
	4,491,594	2,682,412

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Third parties receivables of RM14,728,641 is after bad debt written off amounting to RM4,212,766 of which have been expensed off in the income statement (2021: nil).
- (c) The normal credit terms granted by the Trust to the trade receivables are 7 days (2021: 7 days). Interest ranging from 12% to 18% (2021: 12% to 18%) per annum will be imposed on overdue amount.
- (d) The ageing analysis of the Trust's gross receivables (before deducting allowance for impairment loss) is as follows:

31 December 2022

	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	14,728,641	2,053,879	573,832	836,846	11,264,085

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

- (e) As at the end reporting period, the credit risks exposures and concentration relating to trade receivables of the Trust are summarised in the table below:

	2022 RM	2021 RM
Maximum exposure, net of impairment	4,491,594	2,682,412
Collateral obtained	29,061,031	31,959,495
Net exposure to credit risk	-	-

The above collateral is rental deposits received from tenants.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

7. TRADE RECEIVABLES (continued)

(f) Credit risk

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust. The Trust's trade receivables credit term is 7 days.

The Trust has no significant concentration of credit risk that may arise from exposure to a single clearing participant or counterparty.

(ii) Receivables that are impaired

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables which is adjusted by the 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 RM852,803 (2021: RM1,926,546) 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:

	2022	2021
	RM	RM
At beginning of financial year	19,405,301	13,289,226
(Reversal)/Charge for the year	(8,779,287)	6,116,075
Bad debts written off	(388,967)	-
At the end of financial year	10,237,047	19,405,301

(g) During the financial year, the Trust did not renegotiate the terms of any trade receivables.

(h) Trade receivables are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RM	2021 RM
Other receivables	611,068	1,849,679
Deposits	401,061	395,561
<hr/>		
Prepayments	1,012,129	2,245,240
	724,537	480,451
<hr/>		
Total other receivables	1,736,666	2,725,691
<hr/>		

(a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

(b) Included in other receivables are as follows:

	2022 RM	2021 RM
Amount owing from Property Manager	520,184	179,818
<hr/>		

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

(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

	2022 RM	2021 RM
Cash and bank balances	12,392,897	59,084,688
Short term funds	10,760,000	-
<hr/>		
	23,152,897	59,084,688
<hr/>		

(a) No expected credit loss is recognised arising from the deposits with a financial institution and short term funds because the probability of default by this financial institution is negligible.

(b) Cash and bank balances and short term funds are denominated in RM.

(c) Short term funds are made for varying periods between one (1) month and twelve (12) months, depending on the immediate cash requirements and earn interest at respective short term deposit rates between 2.35% to 4.00% per annum (2021: 1.80% per annum).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

9. CASH AND BANK BALANCES (continued)

(d) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at balance sheet date:

	2022 RM	2021 RM
As reported in statements of financial position	23,152,897	59,084,688
Short term funds with maturity period more than three (3) months	(10,760,000)	-
As reported in statement of cash flows	12,392,897	59,084,688

10. TRADE PAYABLES

	2022 RM	2021 RM
Third parties	5,652,838	16,623,843

(a) Trade payables are classified as financial liabilities measured at amortised cost.

(b) Included in trade payables are as follows:

	2022 RM	2021 RM
Amount owing to Manager	1,246,726	5,019,830

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 (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

11. OTHER PAYABLES AND ACCRUALS

	2022 RM	2021 RM
Non-current liabilities		
Deposits received from tenants	25,581,891	9,185,005
Current liabilities		
Other payables	9,014,463	12,063,623
Accruals	12,014,133	13,141,921
Advance received	1,275,246	1,050,761
Deferred income (Note 7(e))	852,803	1,926,546
Deposits received from tenants	3,479,129	22,774,490
	26,635,774	50,957,341
	52,217,665	60,142,346

- (a) Other payables and accruals are classified as financial liabilities and measured at amortised cost.
(b) Included in other payables and accruals are as follows:

	2022 RM	2021 RM
Amount owing to Property Manager	4,571,147	10,560,546

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
2022				
Financial liabilities				
Other payables and accruals (excluding deferred income)	22,303,842	-	-	22,303,842
Deposits received from tenants	3,479,129	25,581,891	-	29,061,020
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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. BANK BORROWINGS

	2022 RM	2021 RM
Secured		
Current liability		
- Short term revolving credit	9,000,000	15,000,000
	9,000,000	15,000,000
Secured		
Non-current liabilities:		
- CL-i 1	162,084,598	184,000,000
- CL-i 2	149,871,919	150,000,000
- CL-i 3	54,271,414	54,300,000
- CL-i 4	32,798,515	32,800,000
- CL-i 5	64,863,176	64,990,863
- CL-i 6	28,554,168	30,000,000
- Term financing-i	50,000,000	50,000,000
	542,443,790	566,090,863
	551,443,790	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 Cash Line-islamic (CL-i), CL-i 1, CL-i 2, CL-i 3, CL-i 4, CL-i 5 and CL-i 6 are secured by way of fixed charge over Subang Parade, Mahkota Parade, Wetex Parade and Kulim Central respectively.

The CL-i facilities have a tenure of 5 years of which an extension period of another 5 years was granted for CL-i 1, CL-i 2, CL-i 3, CL-i 4, CL-i 5 and they are now due for repayment in year 2024. The principal amount of CL-i 6 is repayable via a bullet repayment at the end of 5 years tenure in 2026.

CL-i 1, CL-i 2, CL-i 3, CL-i 4 and CL-i 5 bear interest rate at cost of fund plus 100 basis points (2021: cost of fund plus 100 basis points). CL-i 6 bear interest rate at cost of fund plus 150 basis points (2021: cost of fund plus 125 to 150 basis points). The effective interest rates on CL-i facilities are ranging from 3.57% to 5.21% (2021: 2.98% to 3.69%) per annum.

- (d) 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 (2021: cost of fund plus 100 basis points). The effective interest rate on short term revolving credit is 5.50% (2021: 3.13%) 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 8 April 2022.
- (e) The term financing-i is secured by way of fixed charge over Central Square and has a tenure of 5 years until year of 2025. The term financing-i bears interest rate at cost of funds plus 100 basis points (2021: cost of fund plus 100 basis points). The effective interest rates on the term financing-i are ranging from 3.21% to 4.44% (2021: 3.86%) per annum.
- (f) Borrowings are categorised as Level 2 in the fair value hierarchy.
- (g) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. BANK BORROWINGS (continued)

- (h) 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:

2022	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Short term revolving credit	9,360,000	-	-	9,360,000
CL-i facilities	-	532,124,838	-	532,124,838
Term financing-i	-	58,000,000	-	58,000,000
<hr/>				
2021				
Financial liabilities				
Short term revolving credit	15,600,000	-	-	15,600,000
CL-i facilities	-	578,471,768	-	578,471,768
Term financing-i	-	60,000,000	-	60,000,000

- (i) 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:

2022	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Floating rates				
Short term revolving credit	9,000,000	-	-	9,000,000
CL-i facilities	-	492,443,790	-	492,443,790
Term financing-i	-	50,000,000	-	50,000,000
<hr/>				
	9,000,000	542,443,790	-	551,443,790
<hr/>				
2021				
Floating rates				
Short term revolving credit	15,000,000	-	-	15,000,000
CL-i facilities	-	516,090,863	-	516,090,863
Term financing-i	-	50,000,000	-	50,000,000
<hr/>				
	15,000,000	566,090,863	-	581,090,863

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. BANK BORROWINGS (continued)

- (j) 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:

	2022 RM	2021 RM
Loss after taxation		
- increase by 1% (2021: 1%)	(4,299,479)	(4,530,291)
- decrease by 1% (2021: 1%)	4,299,479	4,530,291

The sensitivity for the Trust is lower in 2022 than in 2021 because of the lower loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

- (k) Reconciliation of liabilities from financing activities:

	2022 RM	2021 RM
As at 1 January	581,090,863	581,090,863
Cash flows from financing activities	(29,647,073)	-
As at 31 December	551,443,790	581,090,863

13. DEFERRED TAX LIABILITIES

	2022 RM	2021 RM
At beginning of financial year	24,887,634	27,922,384
Recognised in profit or loss (Note 20)	3,343,200	(3,034,750)
At the end of financial year	28,230,834	24,887,634

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 2020, 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%.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

14. UNITHOLDERS' CAPITAL

	2022		2021	
	Number of units	RM	Number of units	RM
Issued and fully paid				
Balance as at 1 January	471,260,178	496,731,949	461,960,178	492,500,449
Addition	-	-	9,300,000	4,231,500
Balance as at 31 December	471,260,178	496,731,949	471,260,178	496,731,949

As at 31 December 2022, the Manager hold 1,089,172 (2021: 1,089,172) units in Hektar REIT. However, the Directors of the Manager and their related parties held units in Hektar REIT as follows:

	2022		2021	
	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	30.53
Hektar Black Sdn. Bhd. - Pledged securities account for Hektar Black Sdn. Bhd.	138,104,666	29.31	141,774,666	30.08
The Manager's related parties' direct unitholdings in Hektar REIT:				
Hektar Black Sdn. Bhd.	138,104,666	29.31	141,774,666	30.08

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

15. GROSS REVENUE

	2022 RM	2021 RM
Rental income	82,598,065	68,482,262
Service and promotional charges	18,583,787	17,929,905
Carpark income	10,496,004	6,873,618
Hotel income	4,105,959	1,967,301
Other operating income	1,662,287	1,345,552
	117,446,102	96,598,638

(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:

	2022 RM	2021 RM
Not later than one (1) year	15,715,842	17,452,607
Later than one (1) year and not later than five (5) years	37,386,268	38,881,548
More than five (5) years	-	-
	53,102,110	56,334,155

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

16. PROPERTY OPERATING EXPENSES

	2022	2021
	RM	RM
Assessment and quit rent	4,280,376	4,307,475
Marketing and promotions	1,710,902	1,604,336
Property management fee	2,053,769	1,638,122
Property maintenance	43,402,743	36,229,910
Utilities	6,769,803	5,197,300
Insurance	541,612	603,426
	58,759,205	49,580,569

Property management fee of RM2,053,769 (2021: RM1,638,122) incurred is payable to Hektar Property Services Sdn. Bhd. in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

17. MANAGER'S FEES

	2022	2021
	RM	RM
Base fee	4,244,933	4,402,342
Performance fee	3,234,371	2,457,582
	7,479,304	6,859,924

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 2022, the base fee shall be 0.35% (2021: 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 2022, the performance fee shall be 5.0% (2021: 5.0%) per annum of the NPI, before deducting the property management fee.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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 2022, the Trustee's fee shall be 0.08% (2021: 0.08%) per annum of the Net Asset Value of the Trust including the Manager's fees.

19. INTEREST EXPENSE

	2022	2021
	RM	RM
Interest paid/payable:		
- short term revolving credit	495,088	468,933
- CL-i facilities	17,891,211	15,986,563
- term loan	-	283,476
- term financing-i	1,826,706	1,929,507
	<hr/> 20,213,005	<hr/> 18,668,479

20. TAXATION

	2022	2021
	RM	RM
Recognised in profit or loss		
Current tax expenses		
- Current year	5,950	-
Deferred tax expenses		
- Relating to origination and reversal of temporary differences (Note 13)	3,343,200	(3,034,750)
Total taxation	<hr/> 3,349,150	<hr/> (3,034,750)

Reconciliation of the taxation is as follows:

	2022	2021
	RM	RM
Profit/(Loss) before tax	77,994,803	(31,500,730)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	18,718,753	(7,560,175)
Tax effects in respect of:		
Non-allowable expenses	3,207,761	17,442,838
Income not subject to tax	(21,920,564)	(9,882,663)
Deferred real property gains tax on investment properties	3,343,200	(3,034,750)
Taxation expense/(income)	<hr/> 3,349,150	<hr/> (3,034,750)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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 2022 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

	2022 No. of unit	2021 No. of unit
At 31 December	471,260,178 ^a	462,122,918 ^a

^a Earnings per unit and income distribution for the financial year ended 31 December 2022 was calculated based on a weighted average of 471,260,178 units (2021:462,122,918 units).

(a) The calculation of earnings per unit (total) before Manager's fee is based on Trust's net profit of RM82,124,957 (2021: loss of RM21,606,056) for the financial year after adding back Manager's fee and number of units in circulation for 2022 and 2021 respectively of 471,260,178 (2021: 462,122,918).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

21. EARNINGS PER UNIT (continued)

- (b) The calculation of earnings per unit (total) after Manager's fee is based on Trust's net profit of RM74,645,653 (2021: loss of RM28,465,980) for the financial year to the number of units in circulation for 2022 and 2021 respectively of 471,260,178 (2021: 462,122,918).
- (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 RM43,868,157 (2021: RM19,571,705) after adding back Manager's fee and number of units in circulation for 2022 and 2021 respectively of 471,260,178 (2021: 462,122,918).
- (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 RM36,388,853 (2021: RM12,711,781) to the number of units in circulation for 2022 and 2021 respectively of 471,260,178 (2021: 462,122,918).

22. INCOME DISTRIBUTION

- (a) Distribution to unitholders are from the following sources:

	2022	2021
	RM	RM
Net rental income	58,686,897	47,018,069
Interest income	1,609,111	736,999
Other income	1,757,983	24,006
	<hr/>	<hr/>
Less: Expenses	62,053,991 (25,665,138)	47,779,074 (35,067,293)
	<hr/>	<hr/>
As per realised undistributed income	36,388,853	12,711,781
Add: Loss/(Profit) not subject to distribution (Note 22 (b))	20,440	(7,949)
	<hr/>	<hr/>
Balance undistributed income	36,409,293	12,703,832
	<hr/>	<hr/>
Gross provision for distribution per unit (sen):		
- Interim	2.70	-
- Final	***5.30	**2.53
	<hr/>	<hr/>
	8.00	2.53
	<hr/>	<hr/>
Net provision for distribution per unit (sen)*:		
- Interim	2.70	-
- Final	***5.30	**2.53
	<hr/>	<hr/>
	8.00	2.53
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

22. INCOME DISTRIBUTION (continued)

(a) Distribution to unitholders are from the following sources (continued):

	2022	2021
	RM	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.

*** Distribution of 5.3 sen (gross) per unit for the fourth quarter ended 31 December 2022 ("2022 Final Income Distribution") was announced on 3 January 2023. The Board of Directors has also determined the income distribution plan ("IDRP") shall apply to the entire 2022 Final Income Distribution, where the gross electable portion will be the entire 5.3 sen per unit (bound by the respective withholding tax rates) ("Electable Portion").

Accordingly, under the IDRP, unitholders would have the option to elect to invest, in whole or in part, the 2022 Final Income Distribution in new units instead of receiving them in cash. If a unitholder elects not to participate in the IDRP, then the Electable Portion will be paid wholly in cash.

The issue price of the new units to be issued pursuant to the 1st IDRP has been fixed at RM0.65 per new unit, after deducting for the 2022 Income Distribution and thereafter applying a discount of approximately 9.97%. Hektar REIT will issue new Units to Participating Unitholders who elect to exercise the Reinvestment Option under the IDRP.

(b) The statement of profit or loss of the subsidiaries which is income not subject to distribution are as follows:

	2022	2021
	RM	RM
Revenue	35,795	64,232
Other income	-	194
Expenses	(56,235)	(56,477)
(Loss)/Profit for the financial year	(20,440)	7,949

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

23. PORTFOLIO TURNOVER RATIO

	2022 RM	2021 RM
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

	2022 RM	2021 RM
Management expense ratio ("MER") (%)	2.52	1.80

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.

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:

	2022 RM	2021 RM
Commission and service charges received from - Hektar Black Sdn. Bhd.	165,102	79,134

26. CAPITAL COMMITMENT

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

	2022 RM	2021 RM
Approved and contracted for: - Refurbishment of investment properties	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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% (2021: 60%) of the total asset value of the trust at the time the borrowings are incurred. From the table below, the Trust's gearing ratio is within the permitted threshold per the SC Guideline.

	2022 RM	2021 RM
Non-current assets	1,206,125,538	1,166,214,716
Current assets	29,381,157	64,492,791
Total assets value	1,235,506,695	1,230,707,507
Total borrowings	551,443,790	581,090,863
Gearing ratio	44.63%	47.22%

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

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, on 15 March 2022, the Court of Appeal struck out the two (2) appeals against the Order dated 30 April 2021 (the substantive Judicial Review Application) and the appeal against the Order dated 17 November 2021 (the assessment of damages order) with costs of RM5,000.00 in respect of each appeal to be paid by the individual appellants to Hektar REIT.

With the appeals being struck out, this litigation case is now at an end.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

28. MATERIAL LITIGATIONS (continued)

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)

(Court of Appeal Civil Suit No. M-04(NCvC)(W)-14-01/2022)

Further to our earlier announcements on this case, the damages for defamation amounting to RM500,000.00 which was awarded by the High Court have been fully paid by the individual respondents and the respondents' appeal at the Court of Appeal has been subsequently withdrawn on 29 March 2022.

With the withdrawal of the appeal, this case is now at an end.

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

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

(Civil Appeal No. JB-12BNCVC-10-07/2020; JB-12BNCVC-11-7/2020; and JB-12BNCVC-12-7/2020)

Further to our earlier announcements on this case, the High Court had adjourned the appeals and fixed the appeals for case management on 19 July 2022, and subsequently on 5 October 2022, 10 November 2022 and 29 January 2023 respectively. As such, the hearing of the appeals are adjourned pending a new date to be fixed by the High Court.

During the case management on 29 January 2023, the Respondents' solicitors informed the Court that they had applied to discharge themselves from representing the First Respondents in all three (3) appeals i.e., Dazzling Density Sdn Bhd, Tirai Prospektif Sdn Bhd and Agenda Fokus Sdn Bhd on the grounds that the solicitors are unable to obtain proper and further instructions from the First Respondents.

The Court has now fixed the solicitors' discharge applications for hearing on 6 March 2023 and further direction with regards to the appeals will be given after the disposal of the discharge applications.

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 8 June 2022 during case management, the High Court gave the following directions:-

- a. both parties to file and exchange witness statements on 31 March 2023; and
- b. the trial is fixed for three (3) days from 10 April 2023 to 12 April 2023.

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 2022

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 was fixed for case management on 12 April 2022, and subsequently on 24 May 2022, 19 July 2022 and 11 October 2022 respectively.

The continuation of the trial for the Writ of Summons action proceeded on 16 and 17 January 2023 and the Defendants have closed their case. Thereafter, the High Court directed as follows:

- (i) that the notes of evidence be filed by 17 February 2023;
- (ii) that the parties file and exchange written submissions by 8 March 2023;
- (iii) that the parties file and exchange written submissions in reply by 29 March 2023; and
- (iv) that the hearing for oral submissions be fixed for 9 May 2023.

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
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Trust.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRS (continued)

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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
MFRS 17 Insurance Contracts	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)	Deferred

The Trust are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The year 2022 heralded a new chapter for Malaysia as the country entered the transition to the COVID-19 endemic phase on April 1 after battling the virus outbreak for two years.

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. 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.

Despite strong recovery of country's economy, we remain cautious of the outlook for 2023 given the volatile economic landscape driven by hawkish monetary policy in response to inflationary pressure, uncertain consumer sentiments as well as lingering supply-chain and logistics issues stemming from geopolitical concerns. We will continue adopting prudent financial management, cost optimisation and enhancing our asset efficiencies to help cushion the impact.

- (b) On 17 May 2022, Bursa Malaysia Securities Berhad ("Bursa Securities") has granted Hektar REIT an extension of time until 23 November 2022 to complete the private placement of up to 23,098,000 new units in Hektar REIT, representing up to 5% of its total issued units ("Private Placement"). On 23 November 2022, the Private Placement is deemed completed upon the expiry of the Private Placement on 23 November 2022 without any new units being issued.
- (c) On 10 November 2022, the Manager proposes for Hektar REIT to establish an Income distribution reinvestment plan that provides unitholders of Hektar REIT with an option to elect to reinvest, in whole or in part, their cash distribution declared by Hektar REIT (whether interim, final, special or any other types of cash distribution) in new units of Hektar REIT ("IDRP").

The Board of Directors had determined that the IDRP shall apply to the entire 2022 Final Income Distribution, where the gross electable portion will be the entire 5.3 sen per unit. The new units of 27,527,792 issued pursuant to the IDRP is expected to be listed on the Main Market of Bursa Securities on 27 February 2023.

Analysis Of UNITHOLDERS

TOP 30 UNITHOLDERS AS AT 30 DECEMBER 2022 (AS PER RECORD OF DEPOSITORS)

No.	Name of Unitholders	No. of Units	%
1	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR FRASERS CENTREPOINT TRUST	143,898,398	30.53
2	TMF TRUSTEES MALAYSIA BERHAD HEKTAR BLACK SDN BHD	79,470,600	16.86
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD (001)	45,134,066	9.58
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD	13,500,000	2.86
5	MIRSHAM BIN MEER SADIK	4,521,800	0.96
6	TEW PENG HWEE @ TEOH PENG HWEE	3,530,873	0.75
7	KONG GOON KHING	2,876,000	0.61
8	MOHD AIMRAN LONG BIN ABD HALIM	2,300,000	0.49
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AVENTURA SDN BHD	2,299,600	0.49
10	KONG GOON KHING	2,250,000	0.48
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEKTAR GREEN SDN BHD	1,725,000	0.37
12	MOK TECK LIANG	1,618,100	0.34
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD KONG YEE WONG	1,525,700	0.32
14	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,482,500	0.31
15	LIEW YOON YEE	1,450,086	0.31
16	KIM GAP YONG	1,410,000	0.30
17	DING SIEW CHOO	1,309,000	0.28
18	CHIN THEN HEE	1,214,300	0.26
19	YEOH LAY ENG	1,200,013	0.25
20	CHOW HON KEONG	1,158,800	0.25

ANALYSIS OF UNITHOLDERS

21	TAN ENG WAH	1,150,000	0.24
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD GOH CHEEW KIAN	1,141,000	0.24
23	TIONG TAI CHEN	1,131,900	0.24
24	TAN TZE LIM	1,100,000	0.23
25	HEKTAR ASSET MANAGEMENT SDN BHD	1,089,172	0.23
26	CHONG TECK SENG	1,062,400	0.23
27	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	1,055,500	0.22
28	HO CHIN WEONG	1,032,000	0.22
29	KONG GOON SIONG	958,100	0.20
30	LIM SAN LEE	938,152	0.20
Total		324,533,060	68.86

No. of Unitholders	% of Unitholders	of Unitholders	No. of Units Held	% of Total Units
Less than 100	239	4.22	5,444	0.00%
100 to 1,000	811	14.33	465,178	0.10%
1,001 to 10,000	2,415	42.66	12,590,264	2.67%
10,001 to 100,000	1,872	33.07	63,147,322	13.40%
100,001 and above	324	5.72	395,051,970	83.83%
Directors Shareholding	0	0	0	0%
Total	5,661	100.00%	471,260,178	100.00%

ANALYSIS OF UNITHOLDERS

CLASSIFICATION OF UNITHOLDERS AS AT 30 DECEMBER 2022

Category of Shareholders	No. of Holders			No. of Securities			%					
	Malaysia	Foreign	Total	Malaysia	Foreign	Total	Malaysia	Foreign	Total			
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi				
1) Individual	95	4,019	73	4,187	8,697,003	125,182,074	4,000,962	137,880,039	1.85	26.56	0.85	29.26
2) Body Corporate Banks/finance companies	0	0	0	0	0	0	0	0	0	0	0	0.00
3) Co-operative	1	4	0	5	10,000	143,013	0	153,013	0.00	0.03	0	0.03
4) Others	14	29	2	45	81,727,340	3,435,758	169,400	85,332,498	17.34	0.73	0.04	18.11
3) Government agencies/ Institutions	0	0	0	0	0	0	0	0	0	0	0	0.00
4) Nominee Company	68	1,305	51	1,424	64,288,781	35,731,366	147,874,481	247,894,628	13.64	7.58	31.38	52.60
Subtotal	178	5,357	126	5,661	154,723,124	164,492,211	152,044,843	471,260,178	32.83	34.90	32.26	100.00
Malaysian Total	5,535					319,215,335			67.74			
Grand Total (Malaysian + Foreign)	5,661					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
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

GLOSSARY

NTA	: Net Tangible Assets
OMV	: Open Market Value
OPTR	: Off-Peak Tariff Rider. Energy efficiency scheme offered by Tenaga Nasional
Property Manager	: Hektar Property Services Sdn Bhd (Registration No. 200901025275 (868376-K))
Psf	: Per square foot
Psfpm	: Per square foot per month
PTR	: Portfolio Turnover Ratio
REIT(s)	: Real Estate Investment Trust(s)
ROI	: Return on Investment
RM and sen	: Ringgit Malaysia and sen, respectively
ROFR	: Right of First Refusal
SC	: Securities Commission
SC Guidelines	: Guidelines on Real Estate Investment Trusts issued by the Securities Commission in August 2008 and updated on 28 December 2012
SCA	: Securities Commission Act 1993
Share Registrar	: Mega Corporate Sdn Bhd (Registration No. 198901010682 (187984-H))
Sq. ft. / sf	: Square feet
Sq. m. / sq m	: Square metre
Step-Up Rent	: Provision specified in tenancy agreement for pre-determined increase in rent at defined intervals during a tenancy agreement, usually each year
TAV	: Total asset value
Trustee	: MTrustee Berhad (Registration No. 198701004362 (163032-V)) being the Trustee of Hektar REIT
Turnover Rent	: Provision for rent calculated as a proportion of annual turnover of the tenant's business
Unit(s)	: Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units
VWAMP	: Volume Weighted Average Market Price
WALE	: Weighted Average Lease Expiry
YOY	: Year-On-Year

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting (“AGM”) of Hektar Real Estate Investment Trust (“Hektar REIT”) will be conducted on a fully virtual basis at the Broadcast venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1- U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur on Thursday, 6 April 2023 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 2022 together with the Trustee’s Report to the Unitholders issued by MTrustee Berhad, as Trustee of Hektar REIT and the Statement by the Manager issued by Hektar Asset Management Sdn Bhd, as the Manager of Hektar REIT and the Independent Auditors’ Report thereon.

(Please refer to Explanatory Note A)

AS SPECIAL BUSINESS

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

2. **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED AUTHORITY)**

Resolution 1

“**THAT** pursuant to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and the approval of any relevant regulatory authorities, where such approval is required, the Manager be and is hereby authorised to allot and issue new units in Hektar REIT (Units) from time to time to such persons and for such purposes as the Manager may in its absolute discretion deem fit and in the best interest of Hektar REIT, provided that the number of new Units to be allotted and issued pursuant to this resolution does not exceed 20% of the issued units of Hektar REIT;

AND THAT the Proposed Authority shall be effective and continue to be in force from the date of receipt of all relevant authorities’ approval or the date the Unitholders pass this resolution, whichever may be the later, until:

- (a) the conclusion of the next AGM of the Unitholders, at which time it shall lapse, unless the authority is renewed by Unitholders by a resolution passed at the meeting; or
- (b) the expiration of the period within which the next AGM of the Unitholders is required by law to be held; or
- (c) the Proposed Authority is revoked or varied by the Unitholders in a Unitholders’ Meeting;

whichever occurs first (Validity Period);

AND THAT the new Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the new Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared before the date of allotment and issuance of such new Units;

AND FURTHER THAT the Manager and the Trustee (acting for and on behalf of Hektar REIT) be and are hereby authorised to give effect to the aforesaid Proposed Authority with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required by any relevant authorities or as the Manager and the Trustee may deem to be in the best interest of Hektar REIT and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise, complete and give full effect to the Proposed Authority.”

NOTICE OF ANNUAL GENERAL MEETING

3. PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO THE INCOME DISTRIBUTION REINVESTMENT PLAN ("IDRP") THAT PROVIDES UNITHOLDERS WITH AN OPTION TO ELECT TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS IN HEKTAR REIT ("PROPOSED RENEWAL OF IDR P AUTHORITY")

Resolution 2

"THAT pursuant to the IDR P as approved by the Unitholders at the Extraordinary General Meeting held on 15 December 2022, and subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the IDR P until the conclusion of Hektar REIT's next AGM, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Hektar REIT and its Unitholders PROVIDED THAT the issue price of the said new Units, which will be fixed by the Board on the price-fixing date to be determined and announced ("Price-Fixing Date"), shall not be more than 10% discount to the 5-day volume weighted average market price ("VWAMP") of the Units immediately prior to the Price-Fixing Date, of which the VWAMP shall be adjusted ex-income distribution before applying the aforementioned discount.

THAT the new Units issued pursuant to the IDR P shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the holders of the new Units shall not be entitled to any distributable income, right, benefit, entitlement and/or any other forms of distribution that may be declared before the date of allotment and issuance of such new Units.

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of Hektar REIT, all such documents and impose such terms and conditions or delegate all or any part of its power as may be necessary and expedient in order to give full effect to the Proposed Renewal of IDR P Authority and IDR P, with full power to assent to any conditions, variations, modifications and/or amendments including amendments, modifications, suspension and termination of the IDR P as the Board may, in its absolute discretion, deem fit and in the best interest of Hektar REIT and its Unitholders and/or as may be required or permitted by any relevant authorities."

BY ORDER OF THE BOARD

Hektar Asset Management Sdn Bhd (Registration No. 200601012511 (732261-T))
(as the Manager of Hektar Real Estate Investment Trust)

Dato' Muhammad Hafidz bin Nuruddin (MAICSA 7005820)
SSM PC NO. 202008001132

Lim Seck Wah (MAICSA 0799845)
SSM PC NO. 202008000054
Joint Company Secretaries

Kuala Lumpur
28 February 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes :

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
6. The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.
7. Only unitholders registered in the Record of Depositors as at 31 March 2023 shall be entitled to attend and speak at the AGM or appoint proxy(ies) to attend on his behalf.
8. Please refer to the Administrative Guide for the 11th AGM for registration and participation at the Meeting.

Explanatory Note A

This Agenda is meant for discussion only as in accordance with the provision under the Guidelines on Listed Real Estate Investment Trusts, the audited financial statements do not require formal approval of the unitholders. Hence, this matter will not be put forward for voting.

Explanatory Notes on Special Business

Ordinary Resolution 1 - Proposed Authority

The purpose to seek the general mandate is to enable the Manager to allot and issue new units in Hektar REIT at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the unitholders in general meeting, will expire at the next AGM. The proceeds raised from the general mandate will provide flexibility to the Manager for any possible fund raising activities, including but not limited to further placing of new units, for purpose of funding future investment project(s), working capital and/or acquisitions.

Ordinary Resolution 2 - Proposed renewal of IDRP authority

The Proposed Renewal of IDRP Authority will empower the Board with the flexibility to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the IDRP until the conclusion of the next AGM of Hektar REIT.

Administrative GUIDE



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual unitholders and body corporate unitholders through their appointed representatives, to -

- Submit proxy form electronically - paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

(referred to as “e-Services”).

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Hektar Real Estate Investment Trust and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

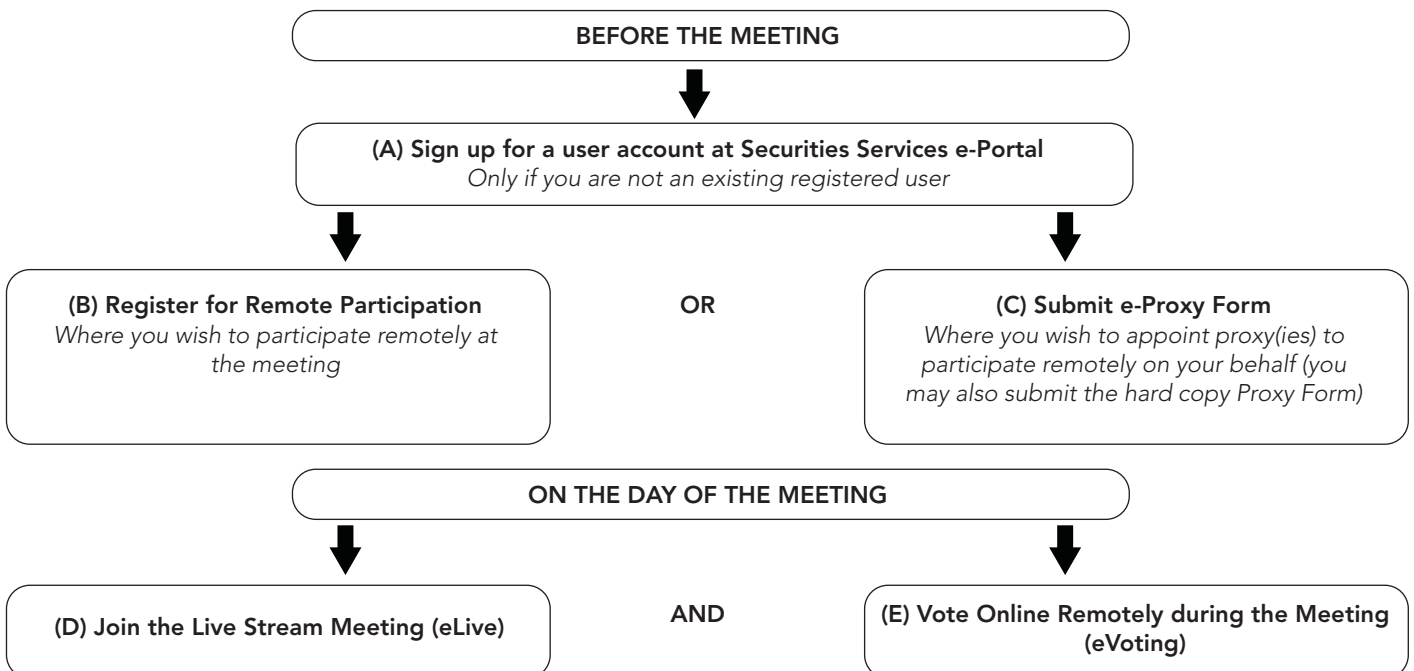
Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or En. Afiq Aiman (DID: +603 2084 9211) 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@sshsb.com.my.

SUBMISSION OF QUESTIONS

Unitholders, proxies or corporate representatives may also submit questions before the 11th AGM to the Chairman or Board of Directors electronically by email to eservices@sshsb.com.my no later than Monday, 3 April 2023 at 10.00 a.m. or via real time submission of typed texts through a text box within SS e-Portal at <https://sshsb.net.my/> before the start or during the live streaming of the 11th AGM.



ADMINISTRATIVE GUIDE

BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

- Step 1 Visit <https://sshsb.net.my/>
 Step 2 Sign up for a user account
 Step 3 Wait for our notification email that will be sent within one (1) working day
 Step 4 Verify your user account within seven (7) days of the notification email and log in

- 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.

**To register for the meeting under (B), please sign up for a user account by 4 APRIL 2023.
 To submit e-Proxy Form under (C) below, please sign up for a user account by 2 APRIL 2023, failing which you may only be able to submit the hard copy proxy form.**

This is a ONE-TIME registration only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation at the Meeting

- Log in to <https://sshsb.net.my/> with your registered email and password.
- Look for **Hektar Real Estate Investment Trust** under Company Name and **11th AGM on 6 April 2023 at 10:00 a.m. - Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

- Step 1 Check if you are attending as –
- Individual unitholder
 - Corporate or authorised representative of a body corporate
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 Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.
- Step 2 Submit your registration.

- 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 31 March 2023.
- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to all the **CDS account(s)** of each individual unitholder / body corporate unitholder that you represent. If you are both an individual unitholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all unitholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time

Proxy Form Submission Closing Date and Time

Thursday, 6 April 2023 at 10:00 a.m.

Tuesday, 4 April 2023 at 10:00 a.m.

- Log in to <https://sshsb.net.my/> with your registered email and password
- Look for **Hektar Real Estate Investment Trust** under Company Name and **11th AGM on 6 April 2023 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.

ADMINISTRATIVE GUIDE

- Step 1 Check if you are submitting the proxy form as –
- Individual unitholder
 - Corporate or authorised representative of a body corporate
For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.
- Step 2 Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).
You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.
- Step 3 Proceed to indicate how your votes are to be casted against each resolution.
- Step 4 Review and confirm your proxy form details before submission.
- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
 - You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by **2 APRIL 2023**. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the unitholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 6 April 2023 at 10:00 a.m	Thursday, 6 April 2023 at 9:30 a.m.

- Look for **Hektar Real Estate Investment Trust** under Company Name and **11th AGM on 6 April 2023 at 10:00 a.m. - Live Stream Meeting** under Corporate Exercise / Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Thursday, 6 April 2023 at 10:00 a.m.	Thursday, 6 April 2023 at 10:00 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
- If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Hektar Real Estate Investment Trust** under Company Name and **11th AGM on 6 April 2023 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.

ADMINISTRATIVE GUIDE

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual unitholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the unitholder who appointed you has indicated how the votes are to be casted, we will take the unitholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via My Records (refer to the left navigation panel).



HEKTAR REAL ESTATE INVESTMENT TRUST
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

CDS Account No	
No. of units held	

I/We _____ (Full name in block letters)

I.C No./Co.No.: _____ of _____

_____ (full address) being a unitholder(s) of

HEKTAR REIT hereby appoint the following person(s):-

	Name of proxy, NRIC No., Address & Contact No.	No. of units to be represented by proxy
1.	_____	_____
2.	_____	_____

as my/our proxy to attend on my/our behalf at the unitholders' 11th 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 Thursday, 6 April 2023 at 10.00 a.m or at any adjournment thereof. My/our proxy is to vote as indicated below:-

Dated this. day of 2023

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

No	RESOLUTION	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1	Authority to allot and issue new units pursuant to Paragraph 6.59 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad				
Ordinary Resolution 2	Proposed renewal of the authority to allot and issue new units pursuant to the Income Distribution Reinvestment Plan ("IDRP") that provides unitholders with an option to elect to reinvest their income distribution in new units in Hektar REIT				

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 31 March 2023 shall be entitled to attend participate and speak at the AGM or appoint proxy(ies) to attend on his behalf.
8. Please refer to the Administrative Guide for the 11th AGM for registration and participation at the Meeting.

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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 as at 31 December 2022
Financial year	1 January 2022 - 31 December 2022
Distribution policy	Semi-annual basis for each six-month period ending 30 June and 31 December each year, unless otherwise determined and/or varied by the Manager at its sole discretion, at least 90% of the distributable income of Hektar REIT
Borrowing limitations	Up to 60.0% (until 31 December 2022) of total gross 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 2022 actual: 0.35%) • Performance Fee: up to 5.0% per annum of the NPI (FY 2022 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 2022 actual: 0.08%)
Minimum investment	100 units per board lot
Stock Code	HEKTAR 5121
Date of Listing	4 December 2006



www.HektarREIT.com



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The online version is available in the 'Investor Relations' section of our website.