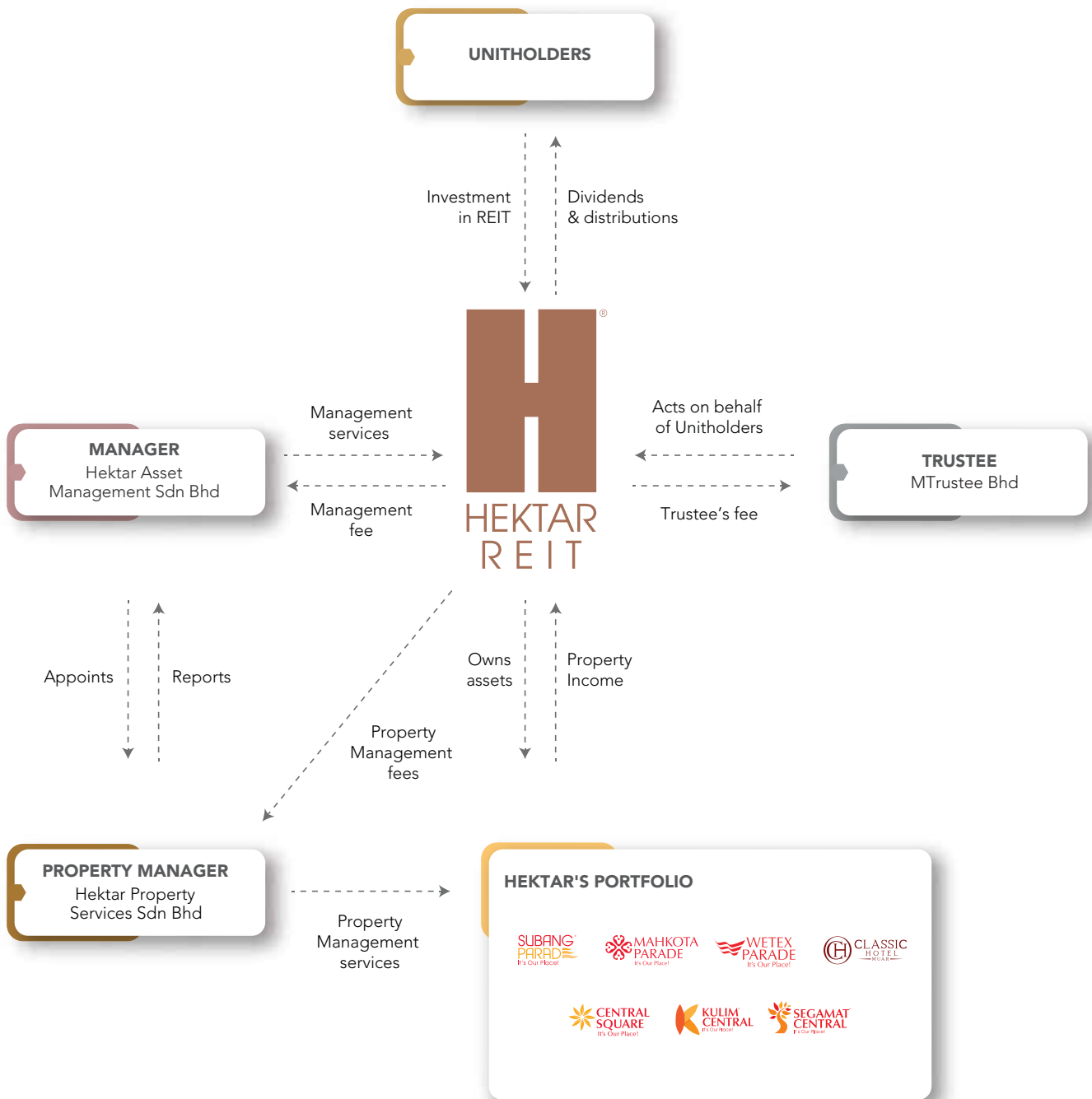


Corporate ORGANISATION

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

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.

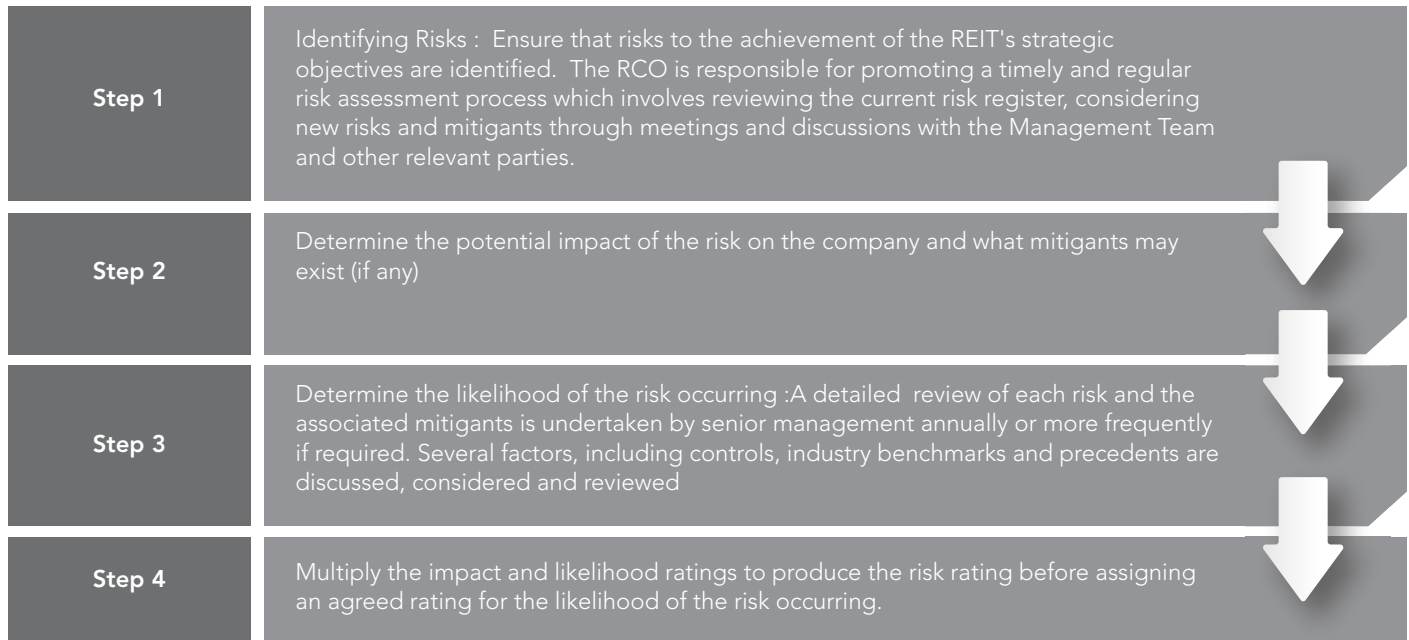
A Risk Management Unit has been set up and its main responsibilities are:

- 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



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Manager's **REPORT**

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

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

Statement of Changes in **NET ASSET VALUE**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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

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

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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
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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 RM	2021 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 RM	2021 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 RM	2021 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.**

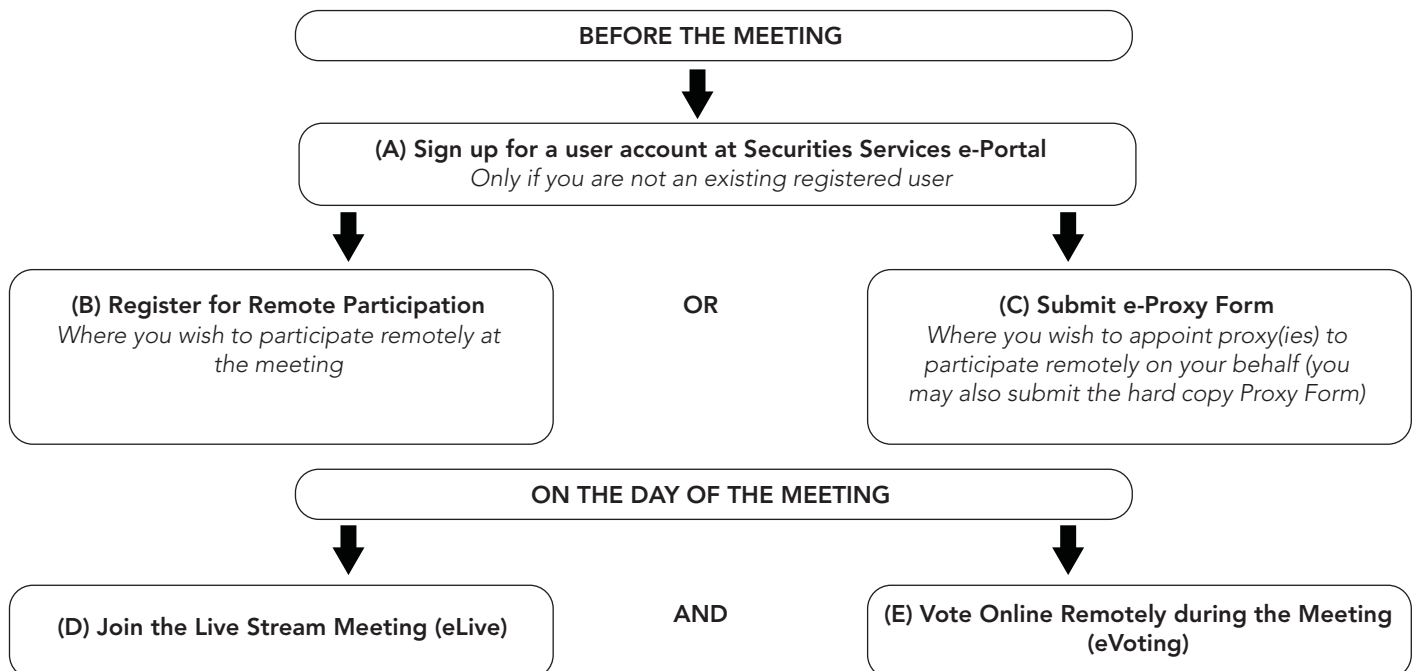
Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

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://sshb.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.

Please fold here



The Poll Administrator
SS E Solutions Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

STAMP

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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



This Annual Report is printed on 99% recycled paper and is recyclable.
The online version is available in the 'Investor Relations' section of our website.