



HEKTAR
REIT

ANNUAL REPORT



About HEKTAR REIT

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





Table of CONTENTS

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

Corporate PROFILE



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



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

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

Hektar REIT was listed on the Main Board of Bursa Malaysia on 4 December 2006 and has continuously recorded stable performance since its listing.

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

***Creating The Places People Love,
Striving Towards A Sustainable Future***

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

Corporate STRATEGY

THE REIT'S STRATEGY IS TO FOCUS ON RETAIL ASSETS IN UNDERSERVED MARKETS ACROSS MALAYSIA, TO CREATE LIFESTYLE PLACES WHERE PEOPLE LOVE TO SHOP, DINE AND PLAY.

GOALS

To form a solid and defensible portfolio to create stable and sustainable value to its Stakeholders

To pay attractive Distribution Per Unit ("DPU") relative to the market

PORTFOLIO OPTIMISATION

Providing Sustainable Returns and Income Defensibility of portfolios by:

Active Leasing

Aligning the tenancy mix to the needs of the target shoppers

Marketing

Strategic promotion and marketing to attract visitor traffic and improve tenant sales

Value Creation Initiatives

Asset enhancement and refurbishment designed to improve long-term yields

YIELD-ACCRETIVE ACQUISITIONS

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

Stabilised Properties

Assets with sustainable cash flow, requiring selective optimisation initiatives

Turnaround Properties

Assets with solid fundamentals which are underserving their current market, requiring intensive value creation initiatives to 'turnaround' the property, increasing yields in the medium to long term

CAPITAL MANAGEMENT

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

Implementing initiatives to reduce borrowing costs

Undertaking initiatives to diversify sources of debt funding

Maintaining a reasonable level of debt service capability

Portfolio HIGHLIGHTS

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



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



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



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



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



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

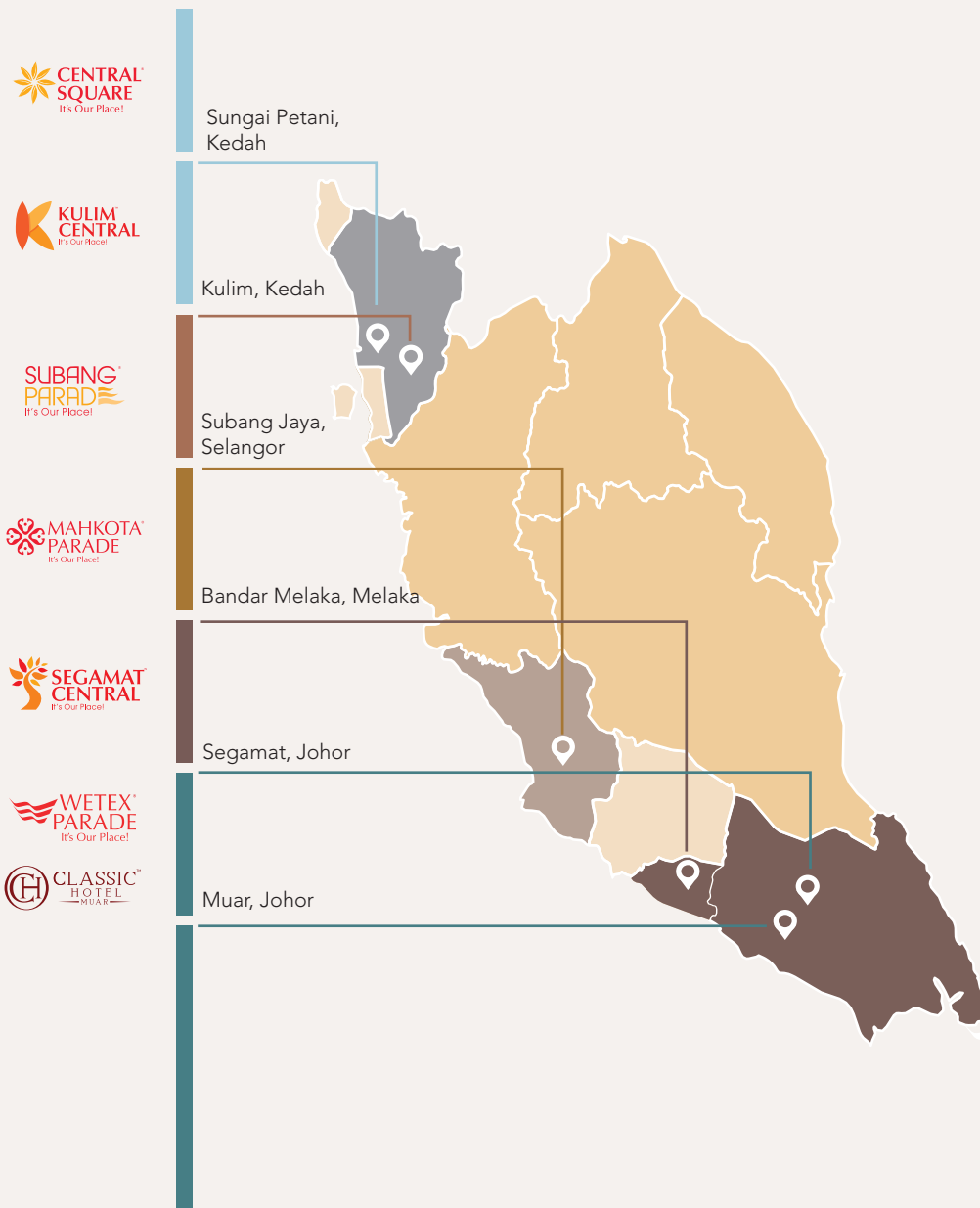


SEGAMAT CENTRAL
Segamat, Johor
Acquired in 2017
Valuation: RM65.0 million

PORTFOLIO HIGHLIGHTS

PENINSULAR MALAYSIA

NORTHERN REGION / CENTRAL REGION / SOUTHERN REGION



NET LETTABLE AREA



2 MILLION

ANNUAL VISITOR TRAFFIC



21 MILLION

NLA TENANTS ONLY



365 TENANTS

TOTAL ASSET VALUE



RM1.2 BILLION

FINANCIAL *Highlights*

Profit & Loss

For Financial Year ended 31 December

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

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

FINANCIAL HIGHLIGHTS

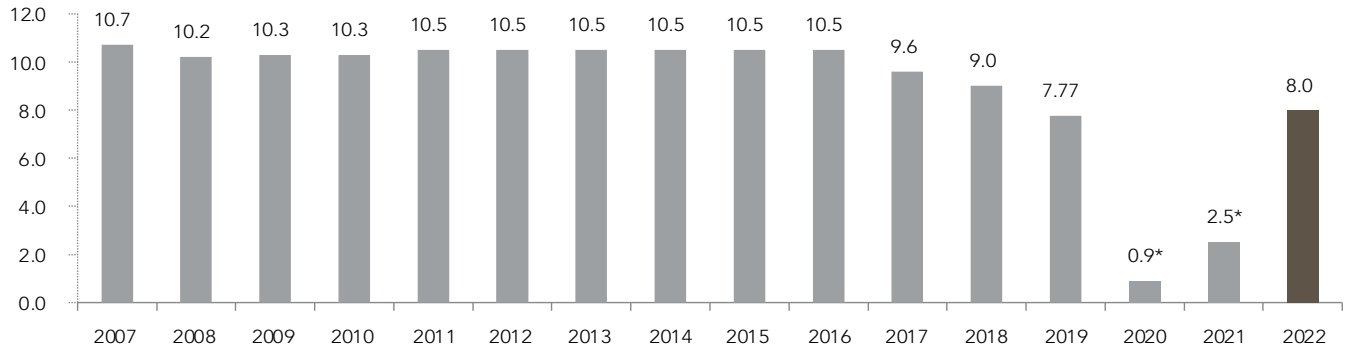
Balance Sheet
As at 31 December

	2022	2021	2020	2019	2018
Total Assets (RM'000)	1,235,507	1,230,708	1,258,975	1,276,076	1,268,273
Total Liabilities (RM'000)	637,545	682,745	682,620	666,645	632,957
Total Borrowings (RM'000)	551,444	581,091	581,091	563,091	563,072
Gearing Ratio	44.6%	47.2%	46.2%	44.1%	44.4%
No. of Units in Circulation (Units)	471,260	471,260	461,960	461,960	461,960
Net Asset Value ("NAV") (RM'000)	597,962	547,963	576,355	609,432	635,316
NAV per Unit (RM)	1.27	1.16	1.25	1.32	1.38
NAV – before income distribution (RM'000)	597,962	547,963	576,355	609,418	635,334
NAV – after income distribution (RM'000)	572,985	536,040	572,197	600,179	624,663
NAV per unit before income distribution (RM)	1.27	1.16	1.25	1.32	1.38
NAV per unit after income distribution (RM)	1.22	1.14	1.24	1.30	1.35
Lowest NAV during the period (RM)	1.16	1.16	1.25	1.32	1.38
Highest NAV during the period (RM)	1.27	1.26	1.33	1.38	1.39
Unit Price as at 31 December (RM)	0.70	0.51	0.63	0.99	1.11
Premium / (Discount) to NAV (%)	(44.9)	(56.0)	(49.6)	(25.0)	(19.6)

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

FINANCIAL HIGHLIGHTS

Annual Dividend Per Unit



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

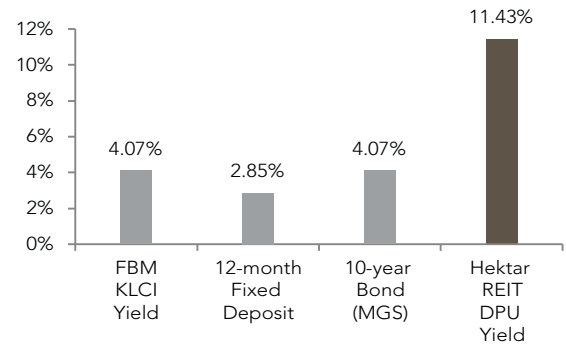
* The performance of Hektar REIT in 2020 & 2021 was significantly affected by the unprecedented COVID-19 pandemic which caused massive disruption to the retail sector during the period.

Income Distributions

FY2022

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

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

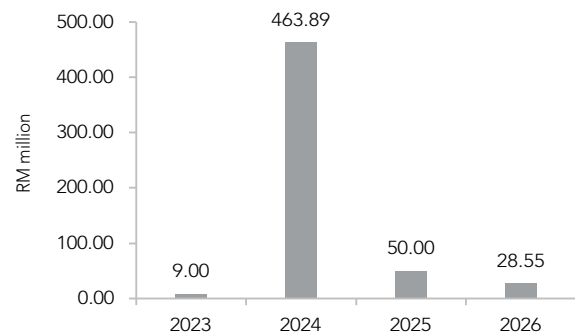


Debt Structure

As at 31 December 2022

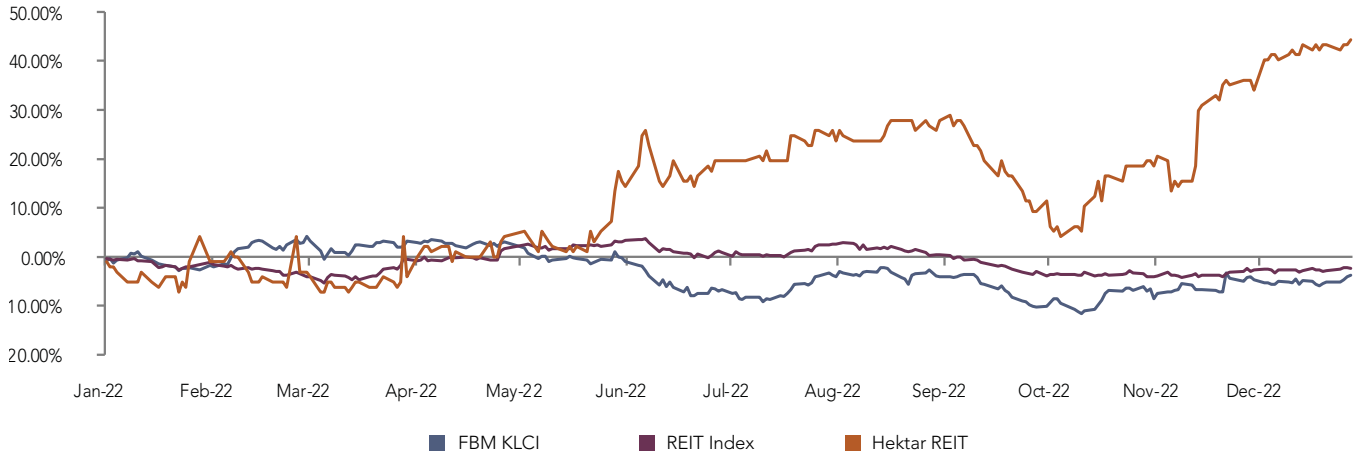
Total Debt	RM551.44 million
Weighted Cost of Debt	3.67%
Gearing Ratio ¹	44.6%
Interest Cover	2.80

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



FINANCIAL HIGHLIGHTS

Comparative One-Year Price Performance Trend



TRADING SUMMARY

For Financial Year ended 31 December

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

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

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

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

Average Total Return*

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

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

Unit Price Statistics (2022)

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

Annualised Total Return*

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

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

Unit Price Changes against Market (2022)

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

CEO's Letter TO UNITHOLDERS



JOHARI SHUKRI BIN JAMIL
Executive Director & Chief Executive Officer

Dear Valued Unitholders,

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

MARKET REVIEW

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

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

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

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

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

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

CEO'S LETTER TO UNITHOLDERS

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



Kulim Central

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

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

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

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

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

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

PORTFOLIO REVIEW

Despite the continued challenging market conditions, Hektar REIT's overall portfolio occupancy remained stable at 82% in 2022 with Kulim Central achieving a commendable occupancy rate of 96%. The fact that our portfolio is geographically well diversified, with our malls being either the dominant mall or the only mall in a particular town has also helped to cushion the overall impact on Hektar REIT's portfolio occupancy.

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

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

CEO'S LETTER TO UNITHOLDERS

SUBANG PARADE

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

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

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

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

MAHKOTA PARADE

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

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

WETEX PARADE & CLASSIC HOTEL

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

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

CENTRAL SQUARE

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

CEO'S LETTER TO UNITHOLDERS

KULIM CENTRAL

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

SEGAMAT CENTRAL

Segamat Central's occupancy improved to about 74% from 67% in 2021, while visitor traffic increased by about 147% to about 1.8 million visits from around 700,000 visits in 2021. Notwithstanding, the Management remains steadfast on an "occupancy first" strategy by executing a rental revision strategy to retain existing tenants as well as attract speciality anchors and more F&B retailers to the mall. We welcomed the entry of new retailers such as Dees, In Fashion, Mi Store, Muzaina Collection, Samsung, CHK Trading and Honor in 2022.

FINANCIAL REVIEW

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

FINANCING

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

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

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

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

DISTRIBUTION

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

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

CORPORATE PROPOSAL

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

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

CEO'S LETTER TO UNITHOLDERS

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

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

SUSTAINABILITY

Sustainability remained a key priority throughout 2022 as we emerged from the crisis. We refined our material issues, strengthened our commitment to business excellence and managed our stakeholders' most material environmental, social, and governance (ESG) aspects. We also aligned our material factors with the corresponding United Nations Sustainable Development Goals (SDG) to maximise our impact.

Hektar REIT remains a constituent member of the FTSE 4Good Bursa Malaysia Index and in the June 2022 evaluation, its ESG conduct has been recognised with a 4-star ESG rating by FTSE Russell. We are indeed inspired and encouraged to continue our efforts to improve initiatives in all three core areas of Environmental, Social & Governance and embed these core principles into our business DNA.

Reducing the environmental footprint of our assets and operations remain a priority. We managed to reduce the overall amount of CO₂e emissions of our assets by about 10.8% to 23.0 million kgCO₂e in 2022 from almost 25.8 million kgCO₂e in 2019. The emissions intensity of our assets expressed as the amount of CO₂e emitted per gross floor area (kgCO₂e/sq.ft.) also improved to 4.95 kgCO₂e/sq.ft. from 5.53 kgCO₂e/sq.ft. in 2019.

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

AWARDS

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

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

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

WITHSTANDING HEADWINDS

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

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

Nevertheless, Malaysia's growth trajectory is expected to improve on the back of further improvement in the labour market, continued policy support and expansion in external demand. BNM has recently reiterated that the Malaysian economy will expand between 4%-5% in 2023, underpinned by firm domestic demand amid continued improvements in the labour market as well as the realization of large infrastructure projects and projected higher tourist arrivals.

CEO'S LETTER TO UNITHOLDERS

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

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

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

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

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

ACKNOWLEDGEMENTS

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

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

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

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

We will continue to work hard and look forward to the continued support of all our stakeholders' as we strive to steer Hektar REIT towards greater heights in 2023.

JOHARI SHUKRI BIN JAMIL

Executive Director & Chief Executive Officer

Perutusan Ketua Pegawai Eksekutif **KEPADA PEMEGANG UNIT**

Pemegang Unit yang Dihormati,

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

ULASAN PASARAN

Aktiviti ekonomi telah meningkat apabila seluruh Malaysia beralih ke Fasa 4 Pelan Pemulihan Negara pada awal Januari 2022 dengan langkah pembendungan yang sudah dilonggarkan dan kebanyakan perdagangan runcit telah dibenarkan beroperasi. Pada masa penulisan, Malaysia juga telah mencapai kadar vaksinasi hampir 98% dan 90%, masing-masing untuk orang dewasa dan remaja. Kadar vaksinasi yang tinggi dalam masyarakat telah meningkatkan keyakinan pengguna dan, hasilnya, pembeli dan pelanggan mula kembali ke pusat beli-belah secara beransur-ansur.

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

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

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

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

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

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

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

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

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

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

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

ULASAN PORTFOLIO

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

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

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

SUBANG PARADE

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

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

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

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

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

MAHKOTA PARADE

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

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

WETEX PARADE & CLASSIC HOTEL

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

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

CENTRAL SQUARE

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

KULIM CENTRAL

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

SEGAMAT CENTRAL

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

ULASAN KEWANGAN

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

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

PEMBIAYAAN

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

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

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

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

PENGAGIHAN

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

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

CADANGAN KORPORAT

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

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

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

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

KEMAMPANAN

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

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

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

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

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

ANUGERAH

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

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

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

MENGEMUDI CABARAN

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

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

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

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

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

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG UNIT

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

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

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

PENGHARGAAN

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

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

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

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

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

JOHARI SHUKRI BIN JAMIL

Pengarah Eksekutif & Ketua Pegawai Eksekutif

首席执行官致单位持有人之信函

—尊敬的单位持有人，

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

市场回顾

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

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

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

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

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

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

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

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

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

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

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

投资组合回顾

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

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

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

SUBANG PARADE

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

首席执行官致单位持有人之信函

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

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

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

MAHKOTA PARADE

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

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

WETEX PARADE和CLASSIC HOTEL

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

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

CENTRAL SQUARE

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

KULIM CENTRAL

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

SEGAMAT CENTRAL

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

财务回顾

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

首席执行官致单位持有人之信函

融资

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

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

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

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

派息

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

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

企业提案

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

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

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

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

永续性

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

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

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

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

奖项

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

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

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

首席执行官致单位持有人之信函

逆风飞扬

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

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

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

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

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

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

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

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

致谢

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

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

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

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

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

JOHARI SHUKRI BIN JAMIL
执行董事兼首席执行官

Asset Portfolio PERFORMANCE



Property Profiles

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



ASSET PORTFOLIO PERFORMANCE



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



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



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



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



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

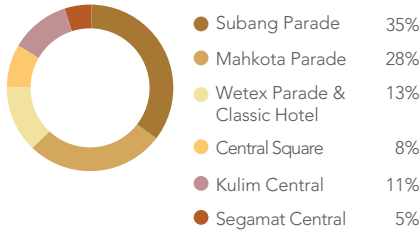


State	Johor
Title	Leasehold
Lease Expiry	2116
Primary Trade Area (population)	190,000
NLA (sq. ft.)	211,919
Tenancies (NLA lots only)	35
Occupancy (%)	73.7
Visitor Traffic (million)	1.8
Acquisition Price (RM million)	104.0
Valuation (RM million)	65.0
Gross Revenue (RM million)	4.8
Net Property Income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

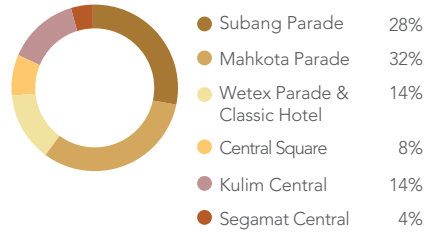
ASSET PORTFOLIO PERFORMANCE

PORTFOLIO DIVERSIFICATION

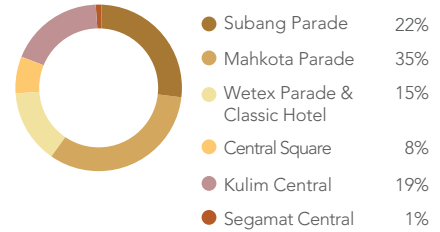
Portfolio by Valuation



Portfolio by Gross Revenue



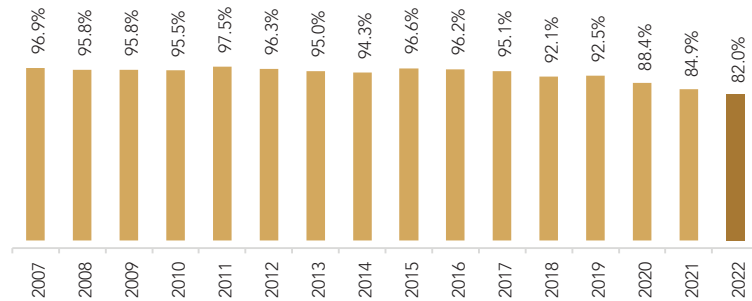
Portfolio by NPI



PORTFOLIO OCCUPANCY

Overall Occupancy Trend (2007-2022)

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



Note: Weighted Average Portfolio Occupancy according to NLA

OCCUPANCY STATUS BY PROPERTY

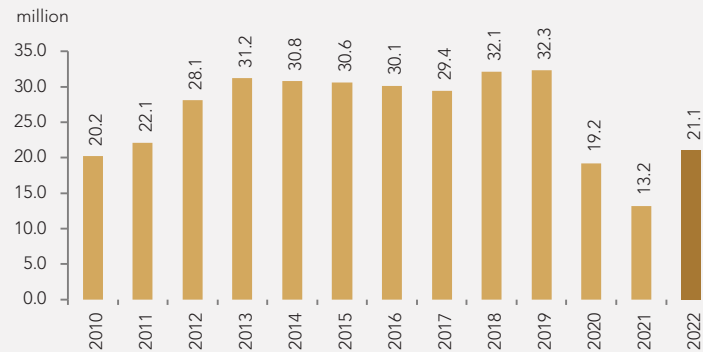
Occupancy (%)	2022	2021	2020	2019	2018
Subang Parade	70.3	82.5	83.7	93.9	88.2
Mahkota Parade	86.9	87.1	92.5	96.4	96.0
Wetex Parade	88.1	89.9	94.5	96.2	98.5
Central Square	82.3	85.9	87.9	89.7	96.9
Kulim Central	96.4	94.0	93.9	95.0	93.5
Segamat Central	73.7	67.3	77.9	77.1	78.6
Overall*	82.0	84.9	88.4	92.5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

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

ASSET PORTFOLIO PERFORMANCE

VISITOR TRAFFIC

Visitor Traffic Trend (2010-2022)



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

Visitor Traffic (million)

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

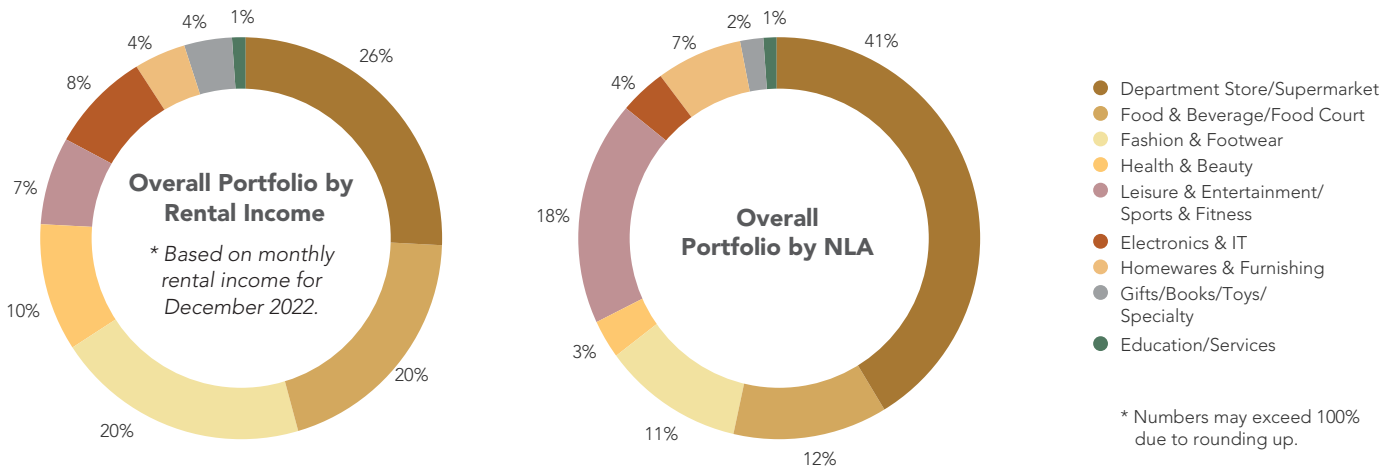
Subang Parade



ASSET PORTFOLIO PERFORMANCE

Portfolio Tenancy Mix

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



Mahkota Parade





Parkson @ Subang Parade

Portfolio's Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 39.9% of total monthly rental income, providing a diversified revenue base. Aside from the top tenant, Parkson, which contributed approximately 13% of monthly rental income, no other tenant contributed more than 10%.

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	252,515	12.3%	13.0%
The Store	Department Store/Supermarket	273,198	13.4%	9.2%
GSC	Leisure & Entertainment/Sports & Fitness	88,670	4.3%	2.6%
Watson's	Health & Beauty	11,965	0.6%	2.5%
MR. D.I.Y.	Homewares & Furnishing	74,301	3.6%	2.3%
Seleria Food Court	Food & Beverage/Food Court	47,760	2.3%	2.2%
Guardian	Health & Beauty	12,164	0.6%	2.1%
Giant Superstore	Department Store/Supermarket	72,140	3.5%	2.1%
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	75,928	3.7%	1.9%
KFC	Food & Beverage/Food Court	15,792	0.8%	1.8%
Top 10 Tenants (By Monthly Rental Income)		924,432	45.2%	39.9%
Other Tenants		1,120,764	54.8%	60.1%
Total		2,045,196	100.0%	100.0%

* Based on monthly rental income for December 2022

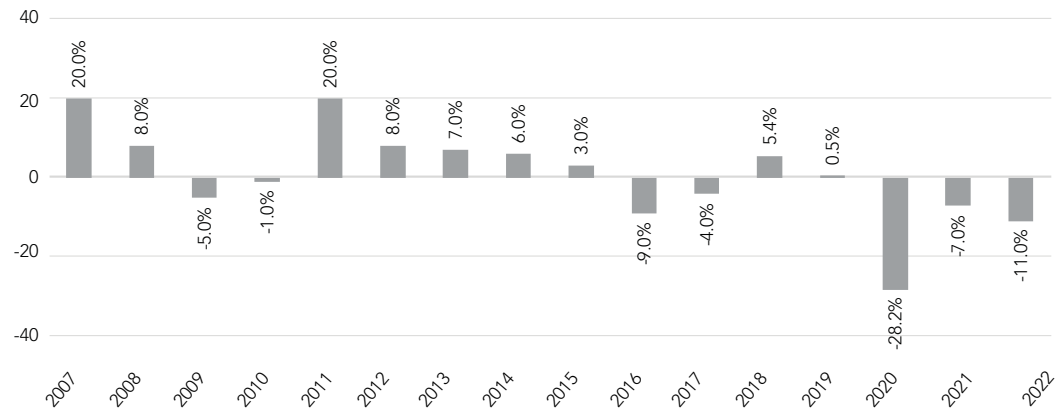
ASSET PORTFOLIO PERFORMANCE



Portfolio Rental Reversions

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

Portfolio Rental Reversions (2007-2022)



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

Figures as at 31 December 2022

ASSET PORTFOLIO PERFORMANCE

Portfolio Tenancy Expiry Profile

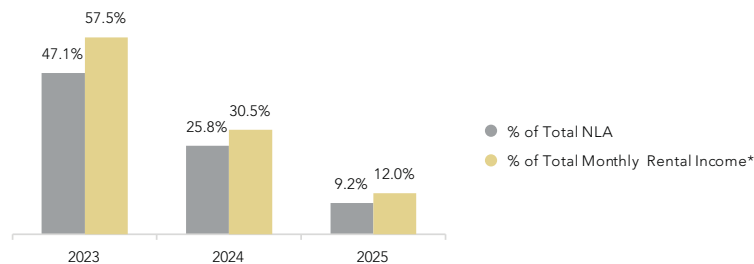
For FY2022, majority of the tenancies expiring in the year have been renewed with only 6.9% left remaining under negotiation which will carry forward to 2023. In all, our tenancy expiry profile represents low risk. The team has been successfully reducing the amount of holdover tenancies that were unresolved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

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

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

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

* Based on monthly rental income for December 2022

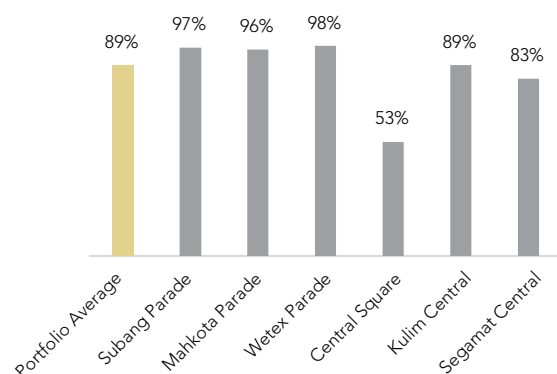


Portfolio Tenancy Provisions

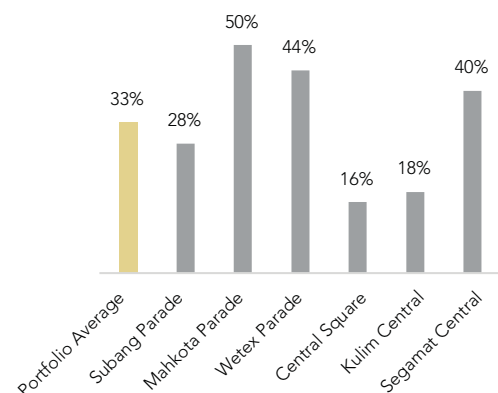
As at 31 December 2022, turnover rent provisions were present in 89% of tenancy contracts within the portfolio. Step-up rent provisions were present in 33% of tenancy contracts within the portfolio.

A turnover rent provision allows for rent calculated as a proportion of monthly or yearly turnover of the tenant's business. Turnover rent is paid to the REIT if it exceeds the base rent specified in tenancy agreements on a monthly or yearly basis. A step-up rent provision stipulates pre-determined increases in rent at defined intervals during a tenancy agreement.

Hektar REIT Tenancy Provisions Turnover Rent



Step-up Rent



ASSET PORTFOLIO PERFORMANCE



Location

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

Primary Trade Area

1,834,000

within 20-minute
drive time

Gross Floor Area

1,169,038

sq. ft.

Net Lettable Area

527,139

sq. ft.

Car Park

1,288

bays

Acquisition Price

RM280.0

million

Valuation

RM417.0

million

Tenants*

74

Occupancy

70.3%

FREEHOLD



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

Subang Parade's positioning strategy is currently neighbourhood-focused with an emphasis on its primary trade area which provides the centre with a 'captive' customer base.

The appeal of the shopping centre lies in its ability to provide value and convenience to its shoppers. In 2022, the Management remains steadfast on an "occupancy first" strategy by executing a rental revision strategy to retain existing tenants as well as attract specialty anchors and more F&B retailers to the mall.

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

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

Key Tenants

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

Visitor Traffic

4.7 million per annum

Year Opened

1988

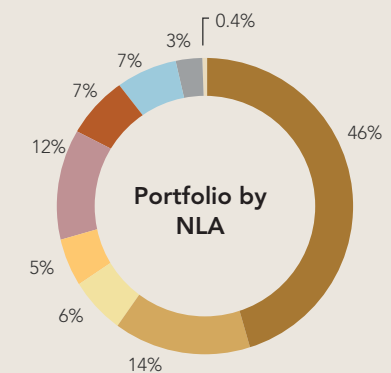
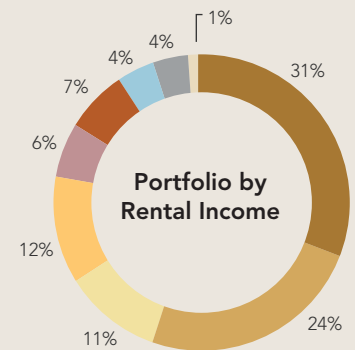
Year Acquired

2006

Year Refurbished

2006-2007 / 2019-2020

Data as of 31 December 2022
* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



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

SUBANG PARADE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	140,620	26.7%	27.7%
GSC	Leisure & Entertainment/Sports & Fitness	30,258	5.7%	4.5%
Best Denki	Electronics & IT	20,930	4.0%	4.1%
Village Grocer	Department Store/Supermarket	26,375	5.0%	3.5%
Nando's Chickenland	Food & Beverage/Food Court	2,610	0.5%	2.6%
Caring	Pharmacy Health & Beauty	2,679	0.5%	2.5%
Yamaha Music	School & Showroom Gifts/Books/Toys/Specialty	5,733	1.1%	2.3%
Uncle Lim's Café	Food & Beverage/Food Court	2,500	0.5%	2.1%
Optical 88	Fashion & Footwear	1,365	0.3%	2.1%
MNB	Fashion & Footwear	4,387	0.8%	2.1%
Top 10 Tenants (By Monthly Rental Income)		237,457	45.0%	53.6%
Other Tenants		289,682	55.0%	46.4%
Total		527,139	100.0%	100.0%

* Based on monthly rental income for December 2022.

SUBANG PARADE'S EXPIRY PROFILE

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

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

No. 1 Jalan Merdeka
75000 Bandar Melaka,
Melaka

Primary Trade Area

382,200

within 20-minute
drive time

Gross Floor Area

1,392,623

sq. ft.

Net Lettable Area

521,142

sq. ft.

Car Park

1,079

bays

Acquisition Price

RM232.0

million

Valuation

RM338.5

million

Tenants*

84

Occupancy

86.9%

Leasehold

(until 2101)



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

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

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

Key Tenants

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

Visitor Traffic

6.0 million per annum

Year Opened

1994

Year Acquired

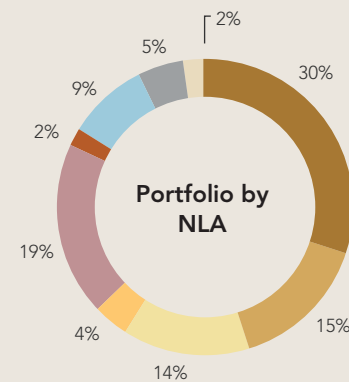
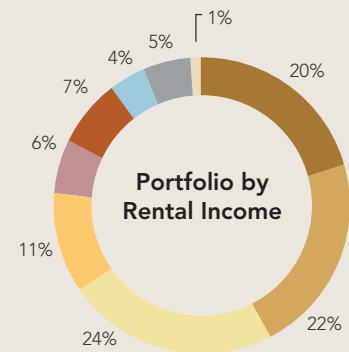
2006

Year Refurbished

2010

Data as of 31 December 2022

* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



Rollney, Felancy and Gigi Coffee at Mahkota Parade

MAHKOTA PARADE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	111,895	21.5%	17.1%
Seleria	Food & Beverage/Food Court	6,475	7.0%	4.3%
JD Sports	Fashion & Footwear	5,942	1.1%	3.3%
MM2 Cineplexes	Leisure & Entertainment/Sports & Fitness	43,496	8.3%	3.1%
KFC	Food & Beverage/Food Court	5,403	1.0%	3.0%
Family Store	Department Store/Supermarket	25,758	4.9%	2.8%
Guardian	Health & Beauty	3,800	0.7%	2.6%
Gatti	Fashion & Footwear	9,192	1.8%	2.5%
MR. D.I.Y.	Homewares & Furnishing	16,690	3.2%	2.2%
Ampang Superbowl	Leisure & Entertainment/Sports & Fitness	36,717	7.0%	1.9%
Top 10 Tenants (By Monthly Rental Income)		295,368	56.7%	42.7%
Other Tenants		225,774	43.3%	57.3%
Total		521,142	100.0%	100.0%

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

MAHKOTA PARADE'S EXPIRY PROFILE

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

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

69 Jalan Ali, Off Jalan Sulaiman 84000 Muar, Johor

Primary Trade Area

201,600

within 20-minute drive time

Gross Floor Area

281,590

sq. ft.

Net Lettable Area

174,651

sq. ft.

Classic Hotel GFA

125,931

sq. ft.

Average Room Occupancy

46%

Car Park

177

bays

Acquisition Price

RM117.5

million

Valuation

RM156.6

million

Tenants*

54

FREEHOLD



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

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

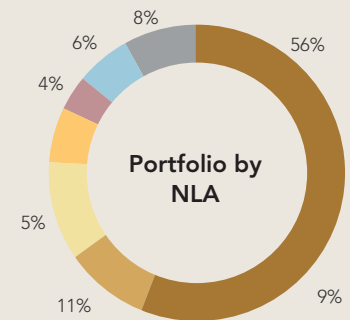
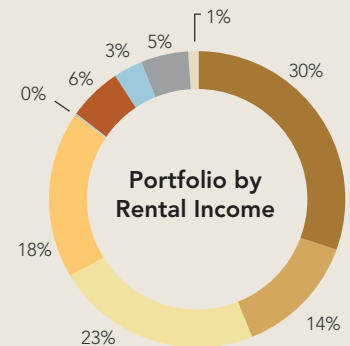
Key Tenants

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

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

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

Data as of 31 December 2022
* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



Mi Store, Yole Yogurt and Osim at Wetex Parade

WETEX PARADE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	85,413	48.9%	30.4%
Watson's	Health & Beauty	2,824	1.6%	7.4%
Guardian	Health & Beauty	2,949	1.7%	3.2%
McDonald's	Food & Beverage/Food Court	2,489	1.4%	3.1%
MR. D.I.Y.	Homewares & Furnishing	9,577	5.5%	2.9%
Popular Bookstore	Gifts/Books/Toys/Specialty	7,190	4.1%	2.6%
Baker House	Confectionery Food & Beverage/Food Court	990	0.6%	2.6%
Tanjongmas	Bookcentre Gifts/Books/Toys/Specialty	4,037	2.3%	2.2%
Pao Sing	Fashion & Footwear	1,023	0.6%	2.2%
Bata	Fashion & Footwear	1,240	0.7%	2.1%
Top 10 Tenants (By Monthly Rental Income)		117,732	67.4%	58.6%
Other Tenants		56,919	32.6%	41.4%
Total		174,651	100.0%	100.0%

* Based on monthly rental income for December 2022.

WETEX PARADE'S EXPIRY PROFILE

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

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location
23, Jalan Kampung
Baru 08000
Sungai Petani,
Kedah

Primary Trade Area
406,870

within 20-minute
drive time

Gross Floor Area
743,117
sq. ft.

Net Lettable Area
310,564
sq. ft.

Car Park
478
bays

Acquisition Price
RM83.0
million

Valuation
RM91.0
million

Tenants*
45

Occupancy
82.3%

FREEHOLD



Completed in 1997, Central Square is the most established retail centre in Sungai Petani and is considered as one of the most recognisable landmarks in town. Strategically situated in the commercial centre and being the leading mall in town, Central Square was acquired by Hektar REIT in 2012.

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

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

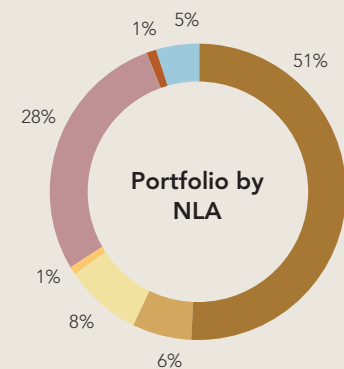
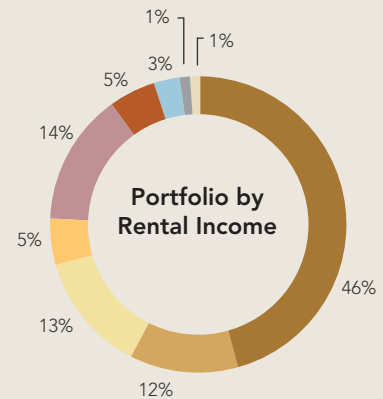
Key Tenants

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

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

Year Refurbished
2015

Data as of 31 December 2022
* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



GSC, Tealive and Machines at Central Square

CENTRAL SQUARE'S TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	130,000	41.9%	46.3%
GSC L	Leisure & Entertainment/Sports & Fitness	34,412	11.1%	7.8%
KFC	Food & Beverage/Food Court	3,619	1.2%	5.0%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.9%	3.3%
Guardian	Health & Beauty	1,443	0.5%	2.9%
Wow Wonderland Box	Leisure & Entertainment/Sports & Fitness	5,600	1.8%	2.2%
Poly Shoe	Fashion & Footwear	1,521	0.5%	2.2%
Butik Tiesto	Fashion & Footwear	1,339	0.4%	1.7%
Watson's	Health & Beauty	1,131	0.4%	1.7%
A Sama Thaifood	Food & Beverage/Food Court	2,074	0.7%	1.5%
Top 10 Tenants (By Monthly Rental Income)		193,106	62.2%	74.6%
Other Tenants		117,458	37.8%	25.4%
Total		310,564	100.0%	100.0%

* Based on monthly rental income for December 2022.

CENTRAL SQUARE'S EXPIRY PROFILE

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

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

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

Primary Trade Area

287,694

within 20-minute
drive time

Gross Floor Area

513,333

sq. ft.

Net Lettable Area

299,781

sq. ft.

Car Park

519

bays

Acquisition Price

RM98.0

million

Valuation

RM138.0

million

Tenants*

73

Occupancy

96.4%

FREEHOLD



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

The mall formerly known as Landmark Central was rebranded in 2017 and is now known as Kulim Central following the completion of the refurbishment and AEI exercise.

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

Key Tenants

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

Visitor Traffic

2.9 million per
annum

Year Opened

2009

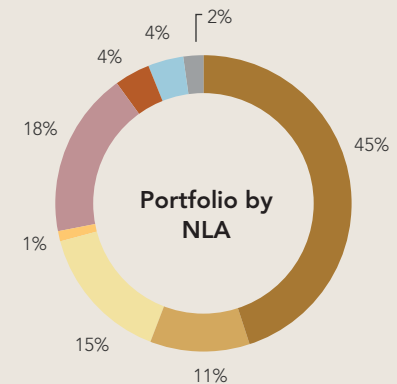
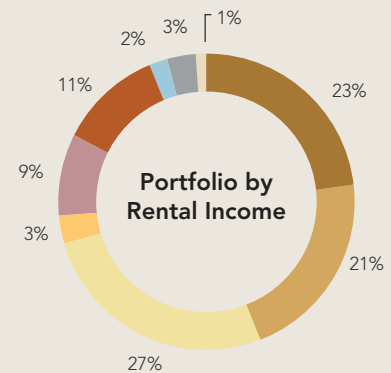
Year Acquired

2012

Year Refurbished

2017

Data as of 31 December 2022
* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



Daboba Go, MyeongDong Topokki and Switch at Kulim Central

KULIM CENTRAL'S TOP TEN TENANTS

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

* Based on monthly rental income for December 2022.

KULIM CENTRAL'S EXPIRY PROFILE

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

* Based on monthly rental income for December 2022

ASSET PORTFOLIO PERFORMANCE



Location

Jalan Kolam Air,
Kampung Gubah,
85000 Segamat, Johor

Primary Trade Area

190,000

within 20-minute
drive time

Gross Floor Area

486,789

sq. ft.

Net Lettable Area

211,919

sq. ft.

Car Park

389

bays

Acquisition Price

RM104.0

million

Valuation

RM65.0

million

Tenants*

35

Occupancy

73.7%

Leasehold

(until 2116)



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

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

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

Key Tenants

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

Visitor Traffic

1.8 million per annum

Year Opened

2011

Year Acquired

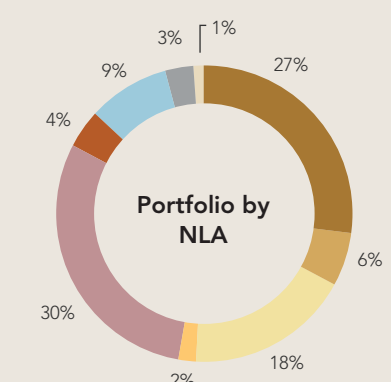
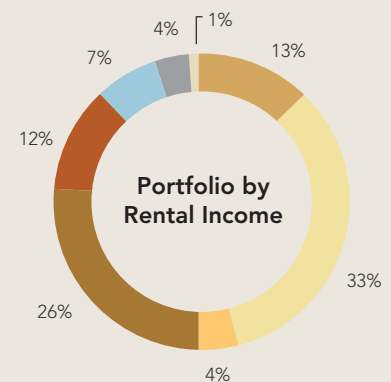
2017

Year Refurbished

In Planning

Data as of 31 December 2022

* Only NLA Lots



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

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

ASSET PORTFOLIO PERFORMANCE



KS Mart, Siam Restaurant and Samsung at Segamat Central

SEGAMAT CENTRAL TOP TEN TENANTS

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	32,432	15.3%	21.4%
Mi Store	Electronics & IT	5,565	2.6%	7.3%
MR. D.I.Y.	Homewares & Furnishing	13,896	6.6%	7.1%
Sportsz / HT Jeans	Fashion & Footwear	4,898	2.3%	4.5%
XES Premium	Fashion & Footwear	1,991	0.9%	4.2%
Switch	Electronics & IT	1,184	0.6%	4.1%
KFC	Food & Beverage/Food Court	3,240	1.5%	3.8%
Popular Bookstore	Gifts/Books/Toys/Specialty	4,898	2.3%	3.6%
AD Jeans	Fashion & Footwear	3,218	1.5%	3.5%
Siam Restaurant	Food & Beverage/Food Court	3,660	1.7%	3.4%
Top 10 Tenants (By Monthly Rental Income)		74,982	35.4%	63.1%
Other Tenants		136,937	64.6%	36.9%
Total		211,919	100.0%	100.0%

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

SEGAMAT CENTRAL EXPIRY PROFILE

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

* Based on monthly rental income for December 2022