

# 2024

ANNUAL REPORT



## ABOUT US

**Hektar REIT** is Malaysia's first retail-focused REIT with the objective to invest in income-producing Real Estate in Malaysia which aims to provide Unitholders with a secure income distribution and to enhance the long-term value of the REIT.



# 13<sup>th</sup> Annual General Meeting

## TIME



10.00 a.m.

## DATE



Wednesday, 21 May 2025



## GO PAPERLESS

Please scan this QR code to Investor's Relations section in our website.

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# Corporate PROFILE



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

Hektar REIT’s principal objective is to invest in income-producing real estate in Malaysia which aims to provide Unitholders with a secure income distribution and to enhance the long-term value of the REIT.

Hektar REIT aims to generate sustainable long-term value for our investors by strategically acquiring, managing and optimizing a diversified portfolio of high-quality real estate assets across multiple sectors including retail, educational and industrial properties, while maintaining strong corporate governance, risk management, and commitment to sustainable and responsible investing practices.

Hektar REIT’s portfolio consists of quality properties located across 4 states situated in Subang Jaya, Melaka, Muar, Sungai Petani, Kulim and Segamat with a combined value of RM1.39 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 who is responsible to actively manage Hektar REIT’s portfolio of diversified assets, acquire and manage future assets which are income producing 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 be a leading diversified REIT, delivering sustainable growth and value through a resilient portfolio. We prioritize strong tenant relationships, adaptive asset management, and long-term community impact, ensuring stability, innovation and consistent returns for our stakeholders.”



# Corporate STRATEGY

To invest in income producing Real Estate in Malaysia which aims to provide Unitholders with a secure income distribution and enhance the long-term value of the REIT.

## GOALS

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



## YIELD-ACCRETIVE ACQUISITIONS

Enhancing the Long-Term Value and Growth of Hektar REIT through systematic and diligent efforts in the 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 'turn-around' the property, increasing yields in the medium to long term
- **Diversified Portfolio**  
Renewed focus on education and industrial asset class in strategic locations across Malaysia



## PORTFOLIO OPTIMISATION

Providing Sustainable Returns and Income Defensibility by:

- **Active Leasing**  
Aligning the tenancy mix to the needs of the target shoppers and maintaining high occupancy while focusing on improving rents
- **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



## 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  
**7** PROPERTIES  
**6** NEIGHBOURHOOD SHOPPING CENTRES &  
**1** PRIVATE SCHOOL THROUGHOUT  
 PENINSULAR MALAYSIA.

TOTAL GROSS FLOOR AREA  <b>5.1</b> MILLION SQ FT	NET LETTABLE AREA (RETAIL)  <b>2.0</b> MILLION SQ FT	ANNUAL VISITOR TRAFFIC (RETAIL)  <b>22.7</b> MILLION	NUMBER OF TENANTS (RETAIL)  <b>399</b> TENANTS	ASSET UNDER MANAGEMENT  <b>1.39</b> BILLION (RM)
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# Financial

## HIGHLIGHTS

### Profit & Loss - For Financial Year Ended 31 December 2024

	FY2024	FY2023	FY2022	FY2021	FY2020
Gross Revenue (RM'000)	124,804	111,497	117,446	96,599	111,139
Direct Cost & Property Expenses (RM'000)	(61,919)	(51,451)	(58,759)	(49,581)	(58,168)
Net Property Income (NPI) (RM'000)	62,885	60,046	58,687	47,018	52,971
Net Income (RM'000)	25,297	51,696	77,995	(31,501)	(24,086)
Earnings Per Unit (sen)	3.59	9.81	15.84	(6.16)	(5.16)
Net Income – Realised (RM'000) (after tax)	19,992	25,104	36,389	12,712	14,223
Net Income Per Unit – Realised (sen) <sup>1</sup>	2.92	5.02	7.72	2.75	3.08
Income Distribution (RM'000)	22,296	26,840	37,701	11,923	4,158
Distribution Per Unit (DPU) (sen)	3.15	5.00	8.00	2.53	0.90
Change in Unit Price (sen)	(9.5)	(5.0)	21.5	(12.5)	(36.5)
Annual Total Return per Unit (sen)	(6.4)	0.0	29.5	(10.0)	(35.6)
Annual Total Return per Unit (%) <sup>2</sup>	(9.8)	0.0	60.8	(15.8)	(35.8)

<sup>1</sup> Calculated based on the Average No. of Units in Circulation of 684,708,351 units for 2024

<sup>2</sup> Calculated based on DPU and unit price change over opening market price for respective financial year

### Balance Sheet - As at 31 December 2024

	FY2024	FY2023	FY2022	FY2021	FY2020
Total Assets (RM'000)	1,434,024	1,314,849	1,235,507	1,230,708	1,258,975
Total Liabilities (RM'000)	691,923	642,120	637,545	682,745	682,620
Total Borrowings (RM'000)	598,273	562,228	551,444	581,091	581,091
Gearing Ratio	41.72%	42.8%	44.6%	47.2%	46.2%
No. of Units in Circulation (Units '000)	709,287	581,415	471,260	471,260	461,960
Net Asset Value ("NAV") (RM'000)	742,101	672,730	597,962	547,963	576,355
NAV per Unit (RM)	1.05	1.16	1.27	1.16	1.25
NAV – before income distribution (RM'000)	742,101	672,730	597,962	547,963	576,355
NAV – after income distribution (RM'000)	733,235	659,357	572,985	536,040	572,197
NAV per unit before income distribution (RM)	1.05	1.16	1.27	1.16	1.25
NAV per unit after income distribution (RM)	1.03	1.13	1.22	1.14	1.24
Lowest NAV during the period (RM)	1.04	1.16	1.16	1.16	1.25
Highest NAV during the period (RM)	1.06	1.27	1.27	1.26	1.33
Unit Price as at 31 December (RM)	0.56	0.65	0.70	0.51	0.63
Discount to NAV (%)	(46.31)	(43.97)	(44.9)	(56.0)	(49.6)

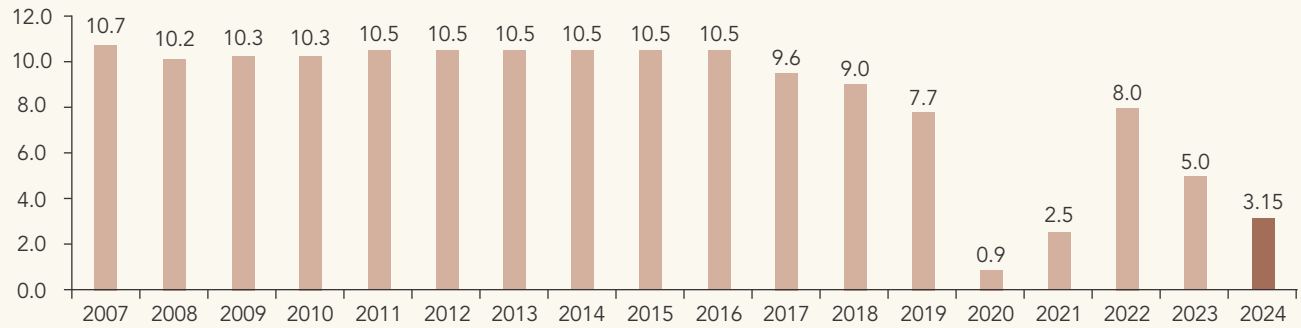
Note: NAV based on quarterly filings

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

# FINANCIAL HIGHLIGHTS

## Hektar REIT Financial Performance

### Annual Dividend Per Unit (Sen)



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

	FY2024
2 <sup>nd</sup> Quarter DPU	1.90 sen
4 <sup>th</sup> Quarter DPU	1.25 sen
Total DPU	3.15 sen
DPU Yield <sup>1</sup>	5.68%

<sup>1</sup> Based on DPU of 3.15 sen and the closing unit price of RM0.56 for FY2024

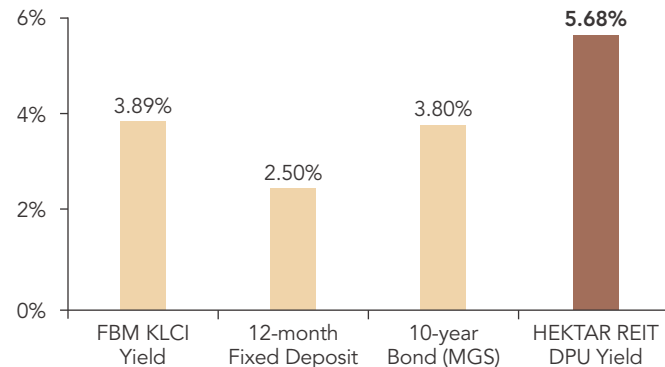
### Debt Structure

	As at 31 December 2024
Total Debt	RM598.27 million
Weighted Cost of Debt	5.03%
Gearing Ratio <sup>1</sup>	41.72%
Interest Cover (Times)	1.66

<sup>1</sup> Gearing ratio calculated by total borrowings over Gross Asset Value (GAV).

### Distribution Yield

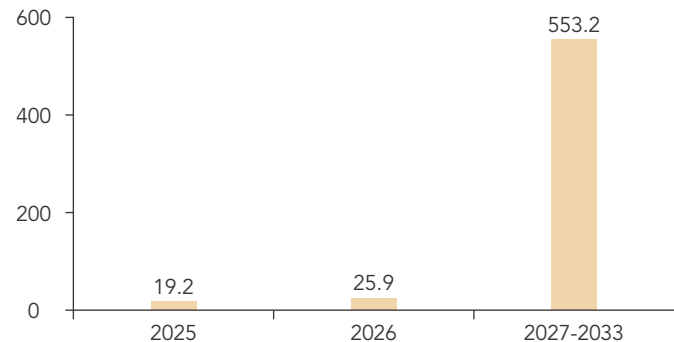
Comparative Yields<sup>2</sup>



<sup>2</sup> Source: FTSE Russell, Maybank, Bank Negara (2024)

### Debt Expiry Profile (RM' million)

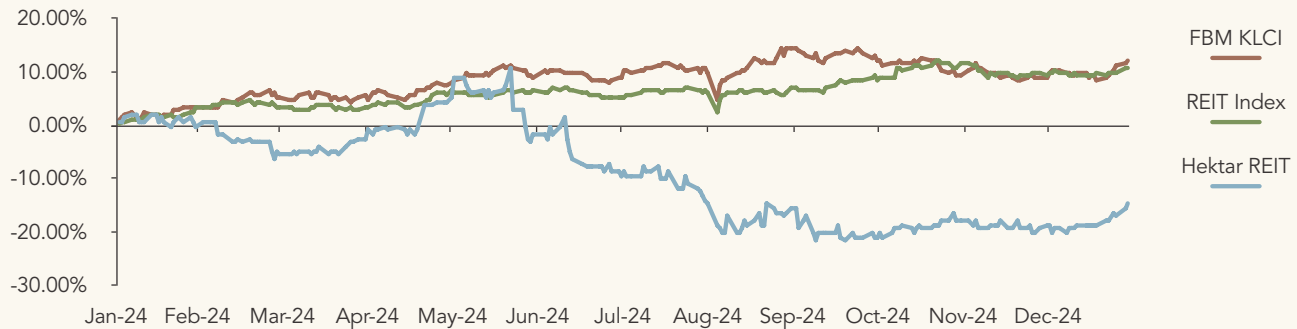
As at 31 December 2024





# FINANCIAL HIGHLIGHTS

## Comparative One-Year Price Performance Trend



## Trading Summary

	For Financial Year ended 31 December					
	2024	2023	2022	2021	2020	2019
Opening Unit Price (RM)	0.65	0.70	0.49	0.63	1.00	1.11
Closing Unit Price (RM)	0.56	0.65	0.70	0.51	0.63	0.99
52-Week Highest Traded Price (RM)	0.72	0.71	0.70	0.64	1.00	1.17
52-Week Lowest Traded Price (RM)	0.51	0.57	0.44	0.45	0.49	0.97
Unit Price Change (%) <sup>1</sup>	(14.6)	(7.1)	44.3	(19.8)	(36.7)	(10.8)
DPU (sen)	3.15	5.00	8.00	2.53	0.90	7.77
DPU Yield (%) <sup>2</sup>	5.7	7.7	11.4	5.0	1.4	7.8
Annual Total Return (%) <sup>3</sup>	(9.8)	0.0	60.8	(15.8)	(35.8)	(3.8)

<sup>1</sup> Based on difference between opening and closing market prices of the respective financial year

<sup>2</sup> Based on DPU over closing price of the respective financial year

<sup>3</sup> Based on DPU and unit price change over opening market price for respective financial year

<sup>4</sup> The actual closing unit price is at RM0.555

## Average Total Return\*

1 Year (2024)	-9.8%
3 Years (2022-2024)	47.8%
5 Years (2020-2024)	-24.5%

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

## Annualised Total Return\*

3 Years (2022-2024)	13.9%
5 Years (2020-2024)	-5.5%
10 Years (2015-2024)	-1.4%

\* Based on the Total Return of each year and the Opening Price as at 31 December 2024

## Unit Price Statistics (2024)

High	RM0.72
Low	RM0.51
Opening Price (2 Jan 2024)	RM0.65
Closing Price (31 Dec 2024)	RM0.56
Change In Price	-14.6%

## Unit Price Changes Against Market (2024)

FBM KLCI	12.3%
REIT Index	11.1%
Hektar REIT	-14.6%

# 2024

## MILESTONES

### JANUARY 2024



Hektar REIT completed the installation of electric vehicle (EV) charging stations across its shopping centers, enhancing the amenities offered to environmentally conscious shoppers.

### JANUARY 2024



Hektar REIT held an Extraordinary General Meeting (EGM) where unitholders approved a new mandate allowing the REIT to acquire non-retail assets, marking a strategic diversification in its investment portfolio.

### FEBRUARY 2024



Hektar REIT successfully issued RM215 million in nominal value of Guaranteed Medium-Term Notes (MTN) with a five-year tenure. This issuance was the first under Hektar MTN Satu Sdn Bhd's MTN Programme, which has a total nominal value of up to RM500 million.

### FEBRUARY 2024



At the Malaysia Top Achievers 2023 Awards, Hektar REIT received the "Sustainable Company of the Year" award.

### MARCH 2024



Execution of Private Placement to raise funds in relation to acquisition of Kolej Yayasan Saad, Melaka.

### JULY 2024



Appointment of Urban Agenda Design as lead architect to execute AEI works for Subang Parade.

### JULY 2024



Hektar REIT completed the acquisition of Kolej Yayasan Saad Melaka (KYSM) for RM148.5 million, marking its first educational asset.

### JULY 2024



Hektar REIT was awarded the "Highest Returns to Shareholders Over Three Years" under the REIT sector at The Edge Malaysia Centurion Club Awards 2024, recognizing its commitment to delivering substantial value to stakeholders.

### OCTOBER 2024



Hektar REIT won the gold award at The Edge Malaysia ESG Awards 2024 in the outstanding ESG performance and dividend return category.

### OCTOBER 2024



RAM Ratings reaffirmed Hektar REIT's RM230 million Guaranteed Tranche(s) under its RM500 million Medium-Term Notes (MTN) Programme with a long-term rating of AAA(fg) and a stable outlook, reflecting the REIT's strong credit profile and prudent financial management.

### DECEMBER 2024



Mahkota Parade, one of Hektar REIT's prominent shopping centers, celebrated its 30th anniversary, marking three decades of serving the Melaka community and contributing to the local economy.

### DECEMBER 2024



Hektar REIT hosted its inaugural Environmental, Social, and Governance (ESG) Day at the Tropicana Golf & Country Club, underscored the company's dedication to sustainability and community engagement.

# CEO's Letter

## TO UNITHOLDERS

### Dear Valued Unitholders,

The year 2024 has been transformative and was the most eventful yet for Hektar REIT, marked by significant achievements and strategic advancements that have strengthened our position among listed M-REITs. We kicked off the year with a new mandate from Unitholders to venture into non-retail assets, a monumental milestone that substantially redefines the future direction of Hektar REIT towards aligning and meeting our goal of defensible growth and long-term sustainability.



Please scan here for  
CEO's letter to unitholders 2024

We launched our first-ever RM500 million Medium Term Note Programme with the first issuance tranche guaranteed by the Credit Guarantee & Investment Facility, a trust fund by the Asian Development Bank with AAA rating. The maiden tranche issuance which was fully subscribed at highly attractive coupon rate significantly elevates Hektar REIT's profile in the international debt market.

These strategic initiatives are testaments to our commitment to continuously protect and enhance Hektar REIT's value, and deliver consistently attractive returns to our esteemed unitholders.

The year 2024 undoubtedly has its own set of unique challenges, and notwithstanding that, our asset portfolio's performance exhibited sustained improvement. This positive trajectory can be attributed to our unwavering commitment to optimizing operations,

diversification of asset classes and executing asset enhancement initiatives to existing assets.

In adherence to our strategic objectives, we steadfastly maintain our focus on delivering sustainable returns to our Unitholders while actively and judiciously pursuing growth opportunities. This commitment reflects our dedication to sound financial stewardship and the long-term prosperity of Hektar REIT.

### MARKET REVIEW

**MARKET REVIEW:**  
*Insights from Bank Negara Malaysia and the 2025 National Budget*

In 2024, Malaysia's economic landscape was shaped by strategic fiscal reforms and targeted initiatives aimed at strengthening the nation's financial health and stimulating key sectors,

including property and retail. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3% to support economic growth, signaling a stable monetary environment conducive to investment and consumer spending.



MALAYSIAN RETAIL SECTOR  
ECONOMIC GROWTH

# 3.9%

IN 2024

## CEO'S LETTER TO UNITHOLDERS

This policy stance was complemented by the government's 2025 National Budget, which introduced measures to revamp subsidies and implement new taxes to narrow the fiscal deficit. Prime Minister YAB Dato' Seri Anwar Ibrahim announced plans to restructure gasoline, education, and healthcare subsidies, transitioning to a more targeted approach to ensure that assistance reaches those most in need.

Additionally, the budget proposed the introduction of taxes on high-value goods and sugar-sweetened beverages, alongside an expansion of the sales and services tax, aiming to bolster government revenue and reduce the fiscal deficit to 3.8% of GDP in 2025, down from 4.3% in the previous year. These fiscal reforms are anticipated to have a multifaceted impact on the property and retail sectors. The restructuring of subsidies, particularly in gasoline, may influence consumer spending patterns, potentially affecting retail sales.

However, the government's commitment to infrastructure development, as evidenced by significant allocations for projects like the Pan Borneo Highway and Penang LRT, is expected to enhance connectivity and accessibility, thereby increasing the attractiveness of surrounding areas for property development and retail expansion. Furthermore, the establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) is poised to stimulate economic activity, potentially leading to increased demand for both residential and commercial properties in

the region. To take advantage of these key developments, Hektar REIT continues to be on the lookout for prime assets that can be injected into the REIT for lucrative returns.

The retail sector stands to benefit from increased consumer spending driven by higher disposable incomes resulting from the budget's measures, such as higher minimum wages and increased cash handouts for lower-income groups. These initiatives are expected to enhance purchasing power, thereby

supporting retail sales. Moreover, the government's focus on tourism, with expanded funding aimed at attracting more inbound tourists, is likely to boost footfall in shopping malls and increase hotel occupancies, further invigorating the retail landscape.

In summary, the confluence of BNM's accommodative monetary policy and the government's strategic fiscal reforms in the 2025 National Budget is poised to create a supportive environment for the property and retail sectors.

**Zainal Iskandar  
bin Ismail**  
Executive Director &  
Chief Executive Officer



## CEO'S LETTER TO UNITHOLDERS

### MARKET REVIEW:

#### *Insights towards GDP, Inflation and OPR and Malaysia Retail's growth*

Malaysia's economy demonstrated robust growth in 2024, with Gross Domestic Product (GDP) expanded by 5.1% in 2024, driven mainly by resilient domestic demand. The growth was driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household debt level.

Inflation remained stable throughout the year. Both headline and core inflation rates declined to 1.8% in 2024 (2023:

2.5% and 3.0% respectively), reflecting manageable price pressures in the economy.

Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate at 3.00% during its policy meetings, citing positive economic growth and steady inflation. The central bank emphasized that the monetary policy stance remained supportive of the economy and aligned with current assessments of inflation and growth prospects.

Looking ahead, BNM projects that inflation will remain manageable going into 2025, amid easing global cost conditions and the absence of

excessive domestic demand pressures. However, the central bank cautions that the inflation outlook remains subject to risks from global commodity prices, domestic policy adjustments, financial market and geopolitical developments.

On the retail front, Malaysia's retail sector exhibited steady growth in 2024 with Retail Group Malaysia (RGM) projecting an overall expansion of 3.9% for the year. The third quarter saw a 3.8% year-on-year increase in retail sales, driven primarily by the mini-market, convenience store, and cooperative segments, which achieved an impressive 8.7% growth—the highest among all retail sub-sectors during this



## CEO'S LETTER TO UNITHOLDERS

period. Looking ahead, RGM forecasts a steady growth rate of 4.0% for Malaysia's retail sector in 2025, acknowledging ongoing challenges such as the rising cost of living and raw materials, the impact of which may be cushioned by higher minimum wage and various support initiatives by the Government.

### **PORTFOLIO REVIEW:** *Hektar REIT's Strategic Focus*

We recognised that the retail landscape has undergone significant transformation, especially in the post covid era with consumer preference shifting towards more experience driven and convenience focused shopping. As a response Hektar REIT is rebalancing our tenancy mix and reviewing our anchor tenant strategies to align with these evolving trends which may result in temporary drop in occupancy.

Several Asset Enhancement Initiatives (AEI) and tenancy remixing were undertaken at Hektar Malls in 2024 as Hektar REIT continues to reposition our retail malls in line with evolving retail trends and shifting consumer preferences. These activities will continue in 2025 and major AEI e.g. Subang Parade Repositioning project is expected to be fully completed in Q2 2026. Due to the timing of exiting old and onboarding new tenants that cover large spaces, as well as the limitations in implementing major AEI at live malls, the portfolio occupancy rate was marginally affected, falling to 84.0% in

2024 compared to 86.7% recorded in 2023. While this short-term impact is less than ideal, we anticipate the occupancy rate to close at above 90% in 2025 as we progressively implement and complete our AEI and tenancy remixing projects.

The REIT remains focused on strengthening its tenant mix to drive foot traffic and sustain rental income growth. To mitigate the impact of vacancy rates, Hektar REIT has embarked on proactive tenancy remixing strategies, aimed at attracting new and high-performing tenants while optimizing space utilization.

The REIT is actively extending its tenant portfolio by introducing experiential retail, sports centres, food and beverage (F&B) outlets, and lifestyle-centric brands to align with modern consumer preferences. This strategy not only enhances shopper engagement but also extends dwell time within malls. Hektar REIT is working to secure reputable anchor tenants, supermarkets, and entertainment operators to drive consistent footfall. Additionally, community centric tenants such as specialty grocers and fitness centers are being introduced to reinforce traffic flow.

To increase the experience and likelihood of occupancy, underutilised spaces are being repurposed for pop-up stores, thematic retail zones and casual lease to maximize rental yield and optimize overall mall performance. These includes outdoor areas where



NET PROPERTY INCOME  
IN 2024

4.7%

YEAR-ON-YEAR GROWTH

we host community events, thematic bazaars etc.

In terms of financial performance, Hektar REIT's portfolio recorded a Net Property Income (NPI) of RM62.9 million, marking a 4.73% year-on-year growth attributed to improved revenue, sustainable initiatives and prudent cost optimization. The primary contributor to profitability remains Mahkota Parade, owing to its size, high overall occupancy, and status as a prominent regional mall in southern Malaysia. Following closely is Subang Parade, with its elevated occupancy level and revenue, holds substantial potential for a resurgence to its prime along with the revenue recognized from the acquisition of Kolej Yayasan Saad contributed to the improved performance of Hektar REIT.

Consequently, significant efforts are being invested in strategically



## CEO'S LETTER TO UNITHOLDERS

repositioning Subang Parade, encompassing proactive leasing strategies, intensified marketing endeavors, new placemaking areas, new retail zones and planned facility upgrades. Anticipating a revitalized customer experience, we aim to witness enhanced performance at Subang Parade in 2025 with the completion of first phase of the renovation works in Q4 2025. Notably, Subang Parade has seen significant enhancements, with the introduction of prominent tenants such as Oriental Parade, Padi House, Mokky's Pizza and Game On entertainment hub, Swet Fitness and Mica. In addition, Subang Parade has achieved a secured occupancy of 88% with the anticipated business commencement of incoming new tenants ranging from The Farm & Chan Rak BBQ, Collective Coffee Roasters & Paolo Paolo Gelato, Gajeto and Lil Ninja Dojo. To ensure the redevelopment project aligns with community interests and receive necessary support, we intend to collaborate with local government and organisation.

Overall, our retail assets have also demonstrated robust performance with a positive rental reversion rate of 5.7% driven by improvement in Subang Parade, Mahkota Parade, Central Square and Kulim Central.

Looking ahead, sustained positive growth in the rental reversion of the portfolio is anticipated, driven by ongoing upgrades and enhancements across our malls.



In steadfast pursuit of elevating our mall experience, we remain committed to undertaking marketing-intensive initiatives aimed at driving robust visitor footfall across our portfolio. Overall visitor traffic, amounted to approximately 22.7 million visits in 2024, is a testament to the success of our intensified marketing efforts. These initiatives encompass a comprehensive range of sales and traffic-driven promotional campaigns meticulously implemented across all our malls. Recognising the shift towards digitalisation, we are integrating our technology to offer online-to-offline experiences through our platforms and

new loyalty app, catering to the modern Hektar community expectations. On-site, we have also replaced and installed giant LED screens and digital directories in our malls.

Hektar REIT remains committed to sustaining long-term occupancy growth through proactive leasing efforts with focus on high-growth retail segments, emerging brands, and experiential tenants along with repositioning malls as lifestyle and community hubs through tenancy remixing, curated events, local business collaborations and social engagement initiatives.

Despite short-term occupancy fluctuations, Hektar REIT is actively executing well-defined strategies to revitalize tenancy demand, enhance asset appeal, and ensure long-term portfolio resilience and competitive edge. Supported by a stable tenancy expiry profile, strategic AELs, and a forward-looking leasing strategy, Hektar REIT remains well-positioned to navigate evolving market conditions while delivering sustainable value to unitholders.

### PORTFOLIO DIVERSIFICATION

The acquisition of KYS marks a significant milestone in our diversification strategy, broadening our portfolio beyond retail assets and enhancing our resilience against market fluctuations. This strategic move not only provides stable income but also positions us to capitalize on

## CEO'S LETTER TO UNITHOLDERS

emerging opportunities within Malaysia's evolving real estate landscape.

As Malaysia's pioneer retail-focused REIT, Hektar REIT takes immense pride in this legacy, with substantial Assets under Management in our retail portfolio underscoring our extensive experience and enduring presence in the retail domain. However, in alignment with our forward-thinking ethos, we acknowledge the imperative of evolution and adapting to evolving market dynamics. While our core identity remains deeply rooted in retail, our pursuit of diversification does not dilute this identity. On the contrary, we view diversification as a means of enhancing our capabilities and exploring opportunities in sectors with high growth potential, ensuring our portfolio remains

dynamic, resilient, and primed for accretive yields. The management team has diverted our strategy in exploring the acquisition of non-retail assets ranging from education and industrial assets on a triple net basis which are resilient against market movements and provide safe recurring income streams with rental escalations for Hektar REIT.

### FINANCING REVIEW

#### FINANCING

Hektar Real Estate Investment Trust (Hektar REIT) continues to uphold a strong financial position, underpinned by a well-structured debt maturity profile that enhances our long-term stability. We have taken proactive and initiatives

to rebalance our debt to equity ratio. As of 31 December 2024, the majority of Hektar REIT's debt obligations (RM598.3 million) are structured to mature from 2027 onwards, ensuring ample flexibility in managing refinancing risks while optimizing capital efficiency.

This strategic debt distribution minimizes short-term refinancing pressures and aligns with the REIT's long-term growth objectives. By extending its debt tenure, Hektar REIT benefits from predictive financial planning, reduced exposure to interest rate volatility, and improved liquidity management. The staggered debt maturity schedule also provides the REIT with greater flexibility to capitalize on favorable market conditions for future refinancing.

Furthermore, the REIT's proactive approach in securing long-term financing options, such as the Medium-Term Notes (MTN) programme, reinforces our commitment to sustainable financial management. This structure not only stabilizes cash flow requirements but also supports Hektar REIT's ongoing AEI and potential acquisitions.

Hektar REIT's gearing ratio improved to 41.72% at end 2024 from 42.76% at end 2023, well within the 50% gearing limit set by the Securities Commission.

#### DISTRIBUTION

We remain committed to maintaining a distribution policy of at least 90% of our



## CEO'S LETTER TO UNITHOLDERS

distributable income and had announced on 23 January 2025, a final income distribution of 1.25 sen per unit for the fourth quarter ended 31 December 2024, taking our total distribution for financial year 2024 to 3.15 sen per unit. Based on the closing price of 55.5 sen on 31 December 2024, the DPU represents a yield of approximately 5.7%. At the end of 2024, Hektar REIT had over 7,000 unitholders – a testament to the retail investors' confidence in Hektar REIT's strong fundamentals and future growth prospect.

### CORPORATE PROPOSAL

In the financial year 2024, REIT undertook several notable corporate exercises:

On 15 January 2024, during an Extraordinary General Meeting (EGM), unitholders approved a private placement of up to 25% of Hektar REIT's total issued units to third-party investors. Subsequently, 125,397,584 new units were issued, raising gross proceeds of RM73.36 million. These new units were listed on the Main Market of Bursa Malaysia Securities on March 5 and March 15, 2024, respectively. This exercise increased Hektar REIT's fund size from 581,415,073 units to 706,812,657 units as of June 30, 2024.

In February 2024, Hektar REIT launched its inaugural Medium-Term Notes (MTN) Programme, was guaranteed by the Credit Guarantee and Investment Facility (CGIF). The initial issuance



OVERALL VISITOR  
FOOT TRAFFIC

22.7 million

IN 2024

under this ten-year, RM500 million MTN Programme amounted to RM215 million with a five-year tenure, the proceeds are intended to support refinancing and capital expenditure initiatives, optimize the capital structure, and enhance competitiveness.

For the second quarter ended June 30, 2024, Hektar REIT declared an interim income distribution of 1.9 sen per unit, totaling RM13.43 million. The Board determined that the IDRP would apply to this entire distribution, allowing unitholders to reinvest their dividends into new units.

These strategic initiatives were aimed at strengthening Hektar REIT's financial position, optimizing its capital structure, and providing unitholders with opportunities to enhance their investments.





## CEO'S LETTER TO UNITHOLDERS

### SUSTAINABILITY

For the retail sector, increased electricity costs pose challenges, particularly for shopping malls and large-scale retail operations that rely heavily on cooling systems and lighting. These costs may affect operational margins, leading businesses to explore energy-efficient technologies and alternative energy sources, such as solar power to be implemented by Q4 2025 at five (5) Hektar REIT's shopping centres, to mitigate the impact. In contrast, smaller retail outlets that qualify for subsidized rates can expect minimal disruption, allowing them to maintain competitive pricing.

In 2024, Hektar REIT implemented the Environment & Social Management System framework aimed at minimizing adverse environmental and community impacts while maximizing benefits. This system emphasizes risk mitigation and includes measures such as appointing an Environment & Social Management System officer, developing a sustainability training program, establishing an Enterprise Risk Management Framework (ERMF), and enforcing environmental, social, health, and safety (ESHS) screening for new acquisitions.

Hektar REIT focused on energy efficiency by replacing equipment with eco-friendly alternatives and implementing energy-saving processes. Initiatives included



regular servicing of Air Handling Units (AHUs) and Fan Coil Units (FCUs), monitoring Indoor Air Quality (IAQ), and enhancing building envelope designs to reduce heat absorption. Additionally, all six malls within the REIT's portfolio were equipped with new Electric Vehicle (EV) charging bays, totaling 13 bays, to support the adoption of electric vehicles and promote environmental sustainability.

In the property sector, the increased electricity tariffs have raised operational costs for developers and property managers, particularly those managing energy-intensive facilities such as office towers and shopping malls. However, the heightened focus on sustainability is accelerating the adoption of green

building standards and renewable energy solutions, aligning with the broader global trend of decarbonization. Developers incorporating energy-efficient designs and renewable energy solutions into new projects are expected to see increased demand from environmentally conscious tenants and investors.

Overall, while electricity tariff adjustments introduce cost pressures, they also drive innovation and sustainability, fostering a more resilient and environmentally friendly property and retail landscape. Combined with fiscal measures in the 2025 National Budget, these changes underscore the government's commitment to balancing economic growth with energy security and sustainability.

## CEO'S LETTER TO UNITHOLDERS

### AWARDS

In 2024, Hektar REIT achieved significant recognition for its outstanding performance and commitment to sustainability. Notably, the REIT was honored with the prestigious ASEAN Energy Efficient Building Award for Subang Parade, acknowledging its dedication to energy efficiency and environmental stewardship.

Additionally, Hektar REIT secured the Outstanding ESG Performance and Dividend Return award at The Edge Malaysia ESG Awards 2024 in October 2024, reflecting its excellence in environmental, social, and governance practices.

Furthermore, the company was recognized for delivering exceptional shareholder value, receiving the Highest Returns to Shareholders Over Three Years award in the REIT sector at The Edge Malaysia Centurion Club Awards 2024 in July 2024. The awards serve as a commendation of Malaysian companies committed to advancing their business operations in alignment with Environmental, Social, and Governance (ESG) principles. These accolades underscore Hektar REIT's unwavering commitment to sustainability, strong financial performance, and its role as a leader in the real estate investment trust industry.

Hektar REIT's dedication to community engagement garnered notable recognition at the Sustainability & CSR Malaysia Awards 2024, specifically in the Company Of The Year – Best in Sustainability Reporting & Community Support category. Throughout the years, Hektar REIT has actively forged numerous partnerships and collaborations with both local and international organizations. These initiatives have consistently provided vital support to NGOs and charity programs aimed at uplifting underprivileged and marginalized communities. In tandem with this commitment, our efforts have extended to advancing and empowering women, fostering improved financial independence for the betterment of families.

The significance of these awards is profound, representing a historical milestone and propelling us further in our sustainability mission. Looking ahead, we maintain a deep commitment to not only upholding but exceeding the high standards that have earned us these accolades. Hektar REIT remains steadfast in its commitment to integrating ESG principles across all facets of our business, from financial management to operations and future planning. This dedication stands as a cornerstone of our mission, aiming to deliver robust and enduring value to our stakeholders, positioning us for a prosperous and sustainable future.

### MOVING FORWARD

Malaysia's economic momentum gains traction with GDP growth of 5.1% in 2024, subsequently enhanced by projected GDP growth between 4.5% to 5.5% in 2025; the retail industry landscape is poised for continued moderation. Despite this, the Manager maintains a cautiously optimistic stance, committed to fortifying our portfolio against potential unforeseen challenges in the market and industry movements expected in 2025.

Looking ahead, we are optimistic about the long-term growth potential of both the retail and non-retail sectors in Malaysia. We have set an ambitious target to double our portfolio size to RM3 billion by 2027, focusing on underserved retail assets with value creation potential, as well as resilient assets in the education and industrial sectors.



TOTAL INCOME  
DISTRIBUTION IN 2024

3.15 sen

PER UNIT

## CEO'S LETTER TO UNITHOLDERS



Our commitment to delivering sustainable and attractive returns remains steadfast. We will continue to explore opportunities that align with our growth objectives, ensuring that we provide enduring value to our unitholders in an increasingly competitive market environment.

Our paramount objective remains unwavering – to deliver substantial returns to our esteemed Unitholders. A key strategy in achieving this goal involves ensuring that the assets within our portfolio consistently yield robust, steady, and reliable returns with asset enhancement initiatives and tenancy remixing on existing assets while focusing on acquisition of yield-accretive non-retail assets.

In our capacity as the asset manager, we are resolute in our commitment to continually evaluate, reposition, and maximize the potential of our existing assets. Simultaneously, we actively seek new assets with accretive-yield potential to seamlessly integrate into our portfolio.

In the short-to-medium term, our strategic outlook envisions retail assets maintaining a substantial presence, with other asset classes gradually expanding to achieve a more balanced and well-diversified composition. Over the next five years, we envisage a scenario where at least 20% of our portfolio, measured by asset value, will comprise non-retail assets. However, the realization of this projection is contingent upon the collective performance of the assets within our portfolio.

When contemplating a new asset type, our Management rigorously assesses our capability to effectively oversee its unique characteristics. The focus is not only on maximizing returns but also on mitigating potential operational risks that may arise post-acquisition. This diligent approach is integral to maintaining a well-balanced and resilient investment strategy, safeguarding our income streams and ensuring the sustained prosperity of Hektar REIT.

**ZAINAL ISKANDAR BIN ISMAIL**  
*Executive Director &  
Chief Executive Officer*



# Asset Portfolio

## PERFORMANCE



### Property Facts

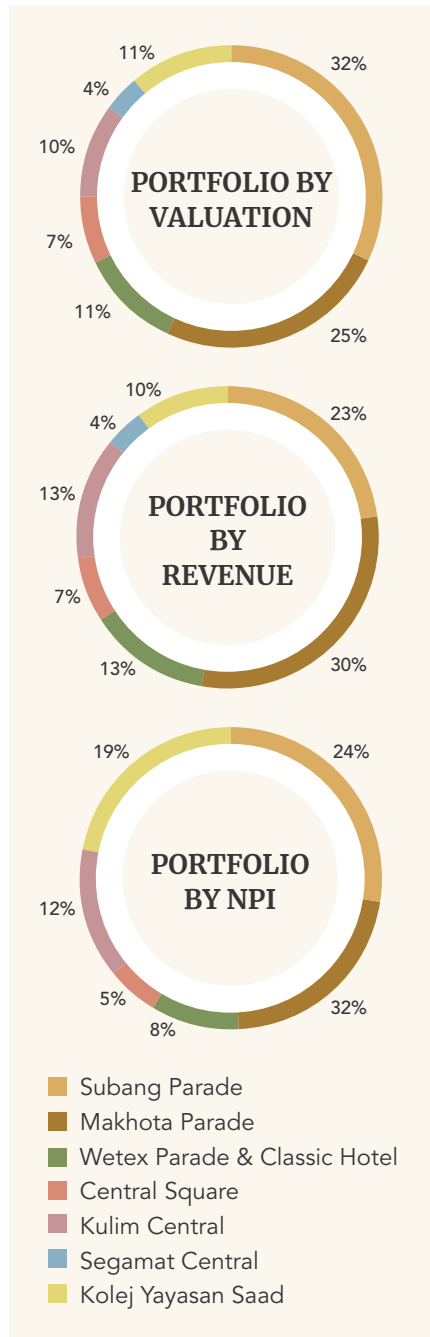
#### Financial Year 2024

State	Selangor	Melaka	Johor	Kedah	Kedah	Johor	Melaka
Title	Freehold	Leasehold	Freehold	Freehold	Freehold	Leasehold	Leasehold
Lease Expiry	-	2101	-	-	-	2116	2098
Primary Trade Area (Population)	1,834,000	382,200	201,600	406,870	287,694	190,000	44,000
NLA (sq. ft.)	521,680	520,968	170,463	310,902	294,872	223,017	396,874 (GFA)
Occupied NLA (NLA Lots only)	438,953	511,112	164,436	223,026	247,382	130,234	396,874
Occupancy (%)	84.1	98.1	96.5	71.7	83.9	58.4	100
Visitor Traffic (Million)	4.9	6.6	2.9	3.3	3.2	1.8	N/A
Acquisition Price (RM million)	280.0	232.0	117.5	83.0	98.0	104.0	148.5
Valuation (RM million)	438.0	343.0	153.0	95.9	144.6	62.0	150.0
Gross Revenue (RM million)	29.5	37.9	15.8	8.5	15.9	4.8	12.2
Net Property Income (NPI) (RM million)	15.1	20.7	5.5	3.3	7.8	-1.8	12.2

Data as at 31 December 2024.

## ASSET PORTFOLIO PERFORMANCE

### Portfolio Diversification



### Portfolio Occupancy

The portfolio recorded an overall occupancy rate of 84.0% as at 31 December 2024 as Hektar REIT continues our ongoing strategy of tenant remixing and rejuvenation plan at Subang Parade and Segamat Central. Furthermore, the recent acquisition of Kolej Yayasan Saad represented a significant milestone in Hektar REIT's efforts to strategically expand and diversify our portfolio, marking the inclusion of our first educational asset.

Property (as at 31 December)	2024	2023
Subang Parade	84.1%	74.7%
Mahkota Parade	98.1%	93.8%
Wetex Parade	96.5%	97.6%
Central Square	71.7%	87.1%
Kulim Central	83.9%	96.9%
Segamat Central	58.4%	76.0%
Overall*	84.0%	86.7%

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

### Visitor Traffic

Overall visitor traffic for our retail portfolio had decreased from 23.2 million to 22.7 million visits in 2024. Despite the decline, Subang Parade had shown a promising improvement of 10%. Klang Valley is seeing a trend of a shift toward neighborhood-centric, community-focused retail spaces which aligns with the rejuvenation plan of Subang Parade.

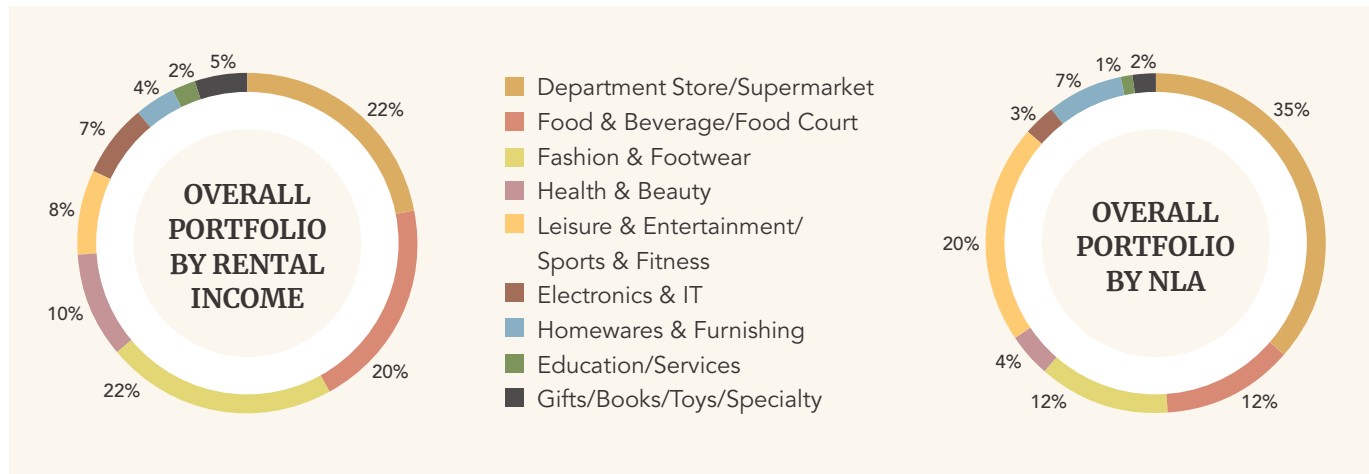
Visitor Traffic (Million)	2024	2023
Subang Parade	4.9	4.5
Mahkota Parade	6.6	6.8
Wetex Parade	2.9	3.2
Central Square	3.3	3.8
Kulim Central	3.2	3.0
Segamat Central	1.8	1.9
Overall*	22.7	23.2

## 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 42% of the portfolio's total rental income. In terms of NLA occupancy, department stores and supermarkets continue to dominate the portfolio by taking up 35% of all available NLA.

*\*Based on monthly rental income for December 2024*



*Numbers may exceed 100% due to rounding up*



## ASSET PORTFOLIO PERFORMANCE

### Portfolio's Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 33.6% of total monthly rental income, providing a diversified revenue base. Aside from the top tenant, Parkson, which contributed approximately 11.3% of monthly rental income, no other tenant contributed more than 10%.

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	252,515	12.4%	11.3%
The Store	Department Store/Supermarket	259,979	12.7%	7.8%
Mr DIY	Homewares & Furnishing	74,443	3.6%	2.3%
Watsons	Health & Beauty	15,072	0.7%	2.3%
Guardian	Health & Beauty	12,164	0.6%	1.9%
MM Cineplex	Leisure & Entertainment/Sports & Fitness	75,928	3.7%	1.7%
KFC	Food & Beverage/Food Court	15,792	0.8%	1.7%
GSC	Leisure & Entertainment/Sports & Fitness	54,258	2.7%	1.7%
Seleria	Food & Beverage/Food Court	43,362	2.1%	1.7%
Best Denki	Electronics & IT	20,930	1.0%	1.0%
<b>Top 10 Tenants (By monthly Income)</b>		<b>824,442</b>	<b>40.4%</b>	<b>33.6%</b>
Other Tenants		1,217,460	59.6%	66.4%
<b>Total</b>		<b>2,041,902</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024





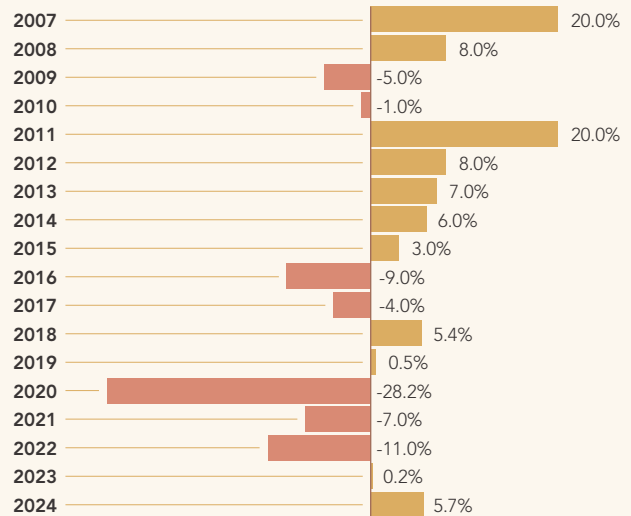
## ASSET PORTFOLIO PERFORMANCE



### Portfolio Rental Reversions

For the year ended 31 December 2024, the portfolio recorded 144 new and renewed tenancies, with an overall weighted average positive rental reversion of 5.7% reflecting our strategy in balancing rental reversions and occupancy levels to ensure portfolio stability.

#### PORTFOLIO RENTAL REVERSIONS (2007–2023)



Full Year (12 months) (Ended 31 December)	No. of New Tenancies/Renewals	NLA (sq. ft.)	% of Total NLA	% Increase/(Decrease) Over Previous Rent Rates
Subang Parade	41	243,104	11.9%	6.5%
Mahkota Parade	41	88,156	4.3%	6.7%
Wetex Parade	18	110,053	5.4%	3.6%
Segamat Central	13	30,109	1.5%	0.8%
Kulim Central	20	108,386	5.3%	8.9%
Central Square	11	115,795	5.7%	6.1%
<b>Total/Average</b>	<b>144</b>	<b>695,603</b>	<b>34.1%</b>	<b>5.7%</b>

Figures as at 31 December 2024.

## ASSET PORTFOLIO PERFORMANCE

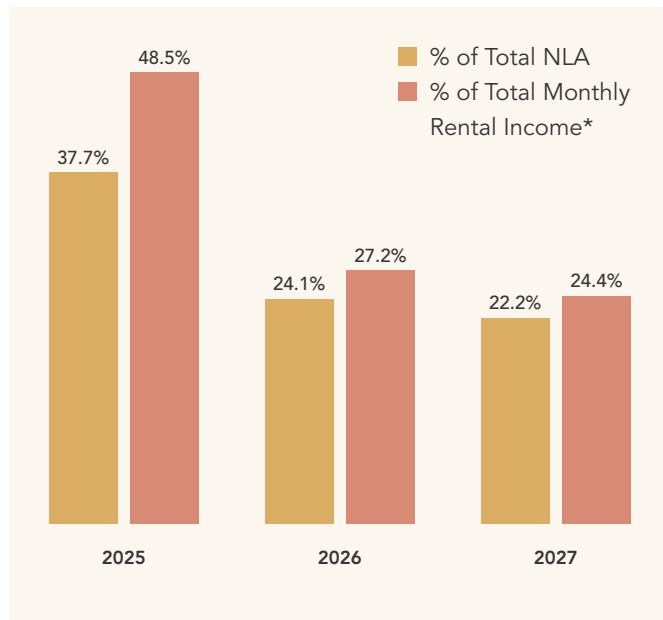
### Portfolio Tenancy Expiry Profile

A total of 222 tenancies will expire in 2025 representing 37.7% of NLA and 48.5% of monthly rental as at 31 December 2024.

The management's strategy is to continue tenancy remixing exercises by refreshing the tenant mix as tenant contracts expire. Key tenancies are secured with options to renew and are usually confirmed six months prior to their expiry.

Portfolio For Year Ending 31 December 2024	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq. ft.)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2025	222	770,747	37.7%	48.5%
2026	106	491,079	24.1%	27.2%
2027	71	453,317	22.2%	24.4%
<b>Total/Average</b>	<b>399</b>	<b>1,715,142</b>	<b>84.0%</b>	<b>100%</b>

\*Based on monthly rental income for December 2024



Note: Kolej Yayasan Saad, Melaka has been excluded in the calculation above. For reference, it has a remaining 28.75-year lease expiry.





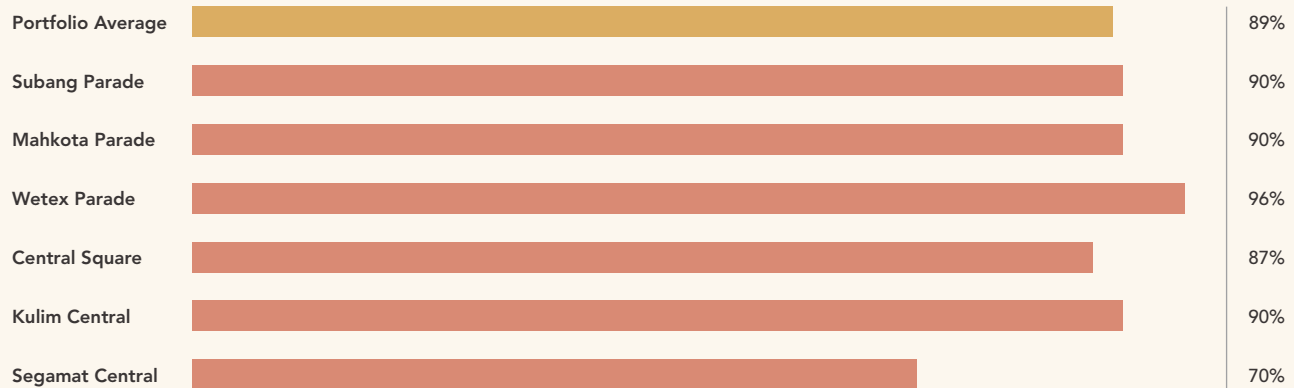
## ASSET PORTFOLIO PERFORMANCE

### Portfolio Tenancy Provisions

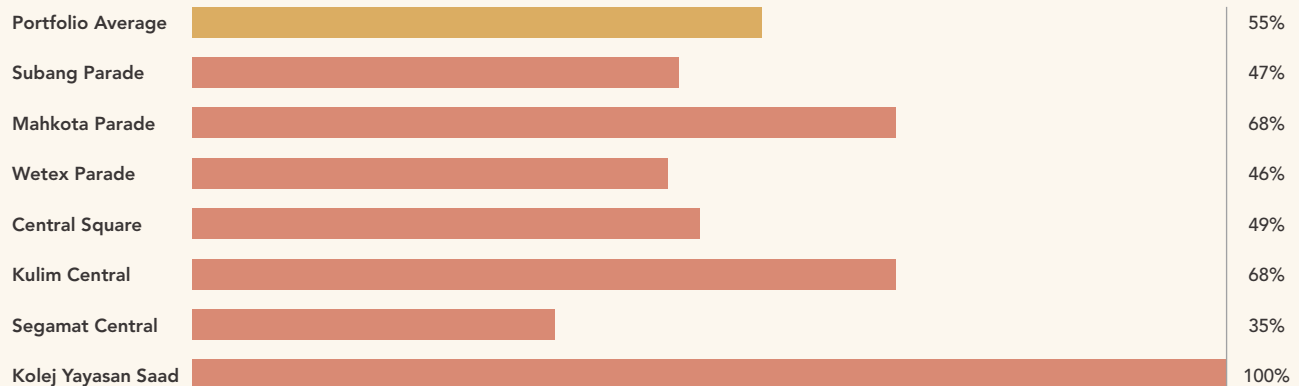
As at 31 December 2024, turnover rent provisions were present in 89% of tenancy contracts within the portfolio. Step-up rent provisions were present in 55% of tenancy contracts within the portfolio.

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.

#### TURNOVER PROVISION



#### STEP-UP RENT



## ASSET PORTFOLIO PERFORMANCE



Subang Parade was the first regional shopping centre in Selangor when it opened in 1988. Strategically located in the heart of Subang Jaya, a township 25 minutes away from Kuala Lumpur, Subang Parade continues to demonstrate resilience and innovation in the face of challenging market conditions. The neighbourhood-focused mall maintained its position as a premier shopping destination, delivering sustained value to both tenants and visitors. Our commitment to enhancing the shopping experience, community engagement, and operational efficiency has contributed to another successful year.

In 2024, the mall witnessed the opening of 16 new outlets, while its visitor footfall reached 4.9 million. The list of new tenants included Oriental Parade, Fly Project, Game On, Swet Fitness, Mica, Padi House, Mokky's Pizza and several

other stores, further elevating the mall's appeal to shoppers in the trade area. The secured tenants included local delicacies and entertainment to cater to the community needs. The Management is currently planning for a repositioning which will include a facelift, creation of new retail spaces, placemaking opportunities, amenities upgrading, and infrastructure modernization. The anticipated project, is expected to increase visitor footfall, increase visitor dwell time and average spending per visit turning it into the preferred lifestyle destination.

Building on our community-centric approach, the mall actively engaged with the local community through various events and partnerships. Support for local businesses, cultural events, and charitable activities reinforced Subang Parade Mall's role as a key contributor to the community's social fabric.

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

**FREEHOLD**

**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**

**521,680** sq. ft.

**Car Park**

**1,287** bays

**Acquisition Price**

**RM280.0** million

**Valuation**

**RM438.0** million

**Tenants\***

**86**

**Key Tenants**

Parkson, Village Grocer,  
Best Denki, GSC & Game On

**Occupancy**

**84.1%**

**Visitor Traffic**

**4.9** million per annum

**Year Opened**

**1988**

**Year Acquired**

**2006**

**Year Refurbished**

2006-2007/2019-2020/2024 (on-going)

Data as at 31 December 2024

\* Only NLA Lots

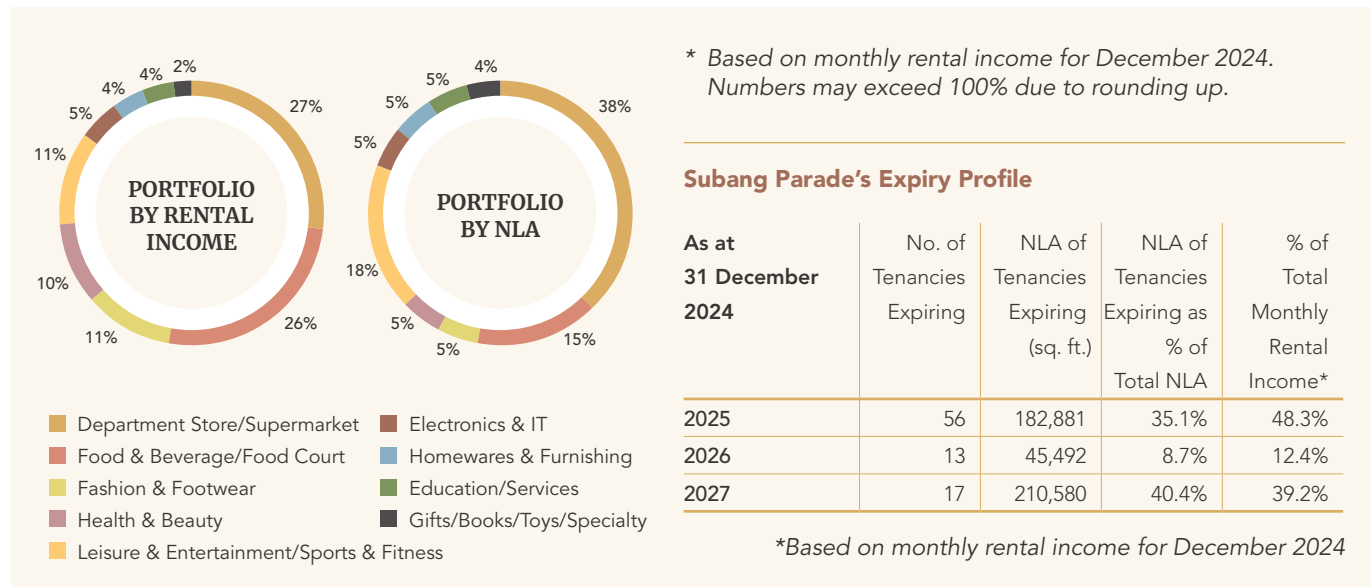
## ASSET PORTFOLIO PERFORMANCE

### Subang Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson Grand	Department Store/Supermarket	140,620	27.0%	24.0%
GSC	Leisure & Entertainment/Sports & Fitness	30,258	5.8%	3.9%
Best Denki	Electronics & IT	20,930	4.0%	3.7%
Game On Sports Hub	Leisure & Entertainment/Sports & Fitness	21,646	4.1%	3.4%
Village Grocer	Department Store/Supermarket	26,375	5.1%	3.3%
Nando's Chickenland	Food & Beverage/Food Court	2,610	0.5%	2.3%
Caring Pharmacy	Health & Beauty	2,679	0.5%	2.3%
Oriental Parade	Food & Beverage/Food Court	9,192	1.8%	2.1%
Optical 88	Fashion & Footwear	1,365	0.3%	2.0%
Yamaha Music School and Showroom	Education & Services	5,733	1.1%	2.0%
<b>Top 10 Tenants</b>		<b>261,408</b>	<b>50.1%</b>	<b>49.1%</b>
Other Tenants		260,272	49.9%	50.9%
<b>Total</b>		<b>521,680</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024. Note: changes in NLA due to reconfiguration.

### Subang Parade's Tenancy Mix



## ASSET PORTFOLIO PERFORMANCE



**LEASEHOLD (until 2101)**

**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**

**520,968** sq. ft.

**Car Park**

**1,079** bays

**Acquisition Price**

**RM232.0** million

**Valuation**

**RM343.0** million

**Tenants\***

**100**

**Key Tenants**

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

**Occupancy**

**98.1%**

**Visitor Traffic**

**6.6** million per annum

**Year Opened**

**1994**

**Year Acquired**

**2006**

**Year Refurbished**

**2010**

Data as at 31 December 2024

\* Only NLA Lots



Mahkota Parade was the first 'regional' shopping centre located in the heart of historic Melaka. It was injected into the REIT in 2006 and underwent a transformation soon after in 2009. Since it was re-launched in 2010, Mahkota Parade continued to flourish until today. In the fiscal year 2024, Mahkota Parade Melaka continued its legacy as the most prominent retail and entertainment hub in Melaka. Anchored by the established Parkson Department Store, the centre also serves as the main destination for major community events, tourist events, and exhibitions. The mall sustained a high tenant occupancy rate of 98.1% during the year, a 4.1% increment from the previous year, underscoring its appeal to a diverse range of retailers and ensuring a dynamic and engaging shopping environment for its visitors. Thanks to the successful tenant remixing

exercises and marketing initiatives led by its team, Mahkota Parade is currently the largest contributor to the REIT's portfolio income. Home to brands such as Chanel Cosmetics, Jo Malone and other international brands, this year, Mahkota Parade saw 14 new outlets opened such as Cha Tra Mue, Potato Corner, Jasmina and a few more.



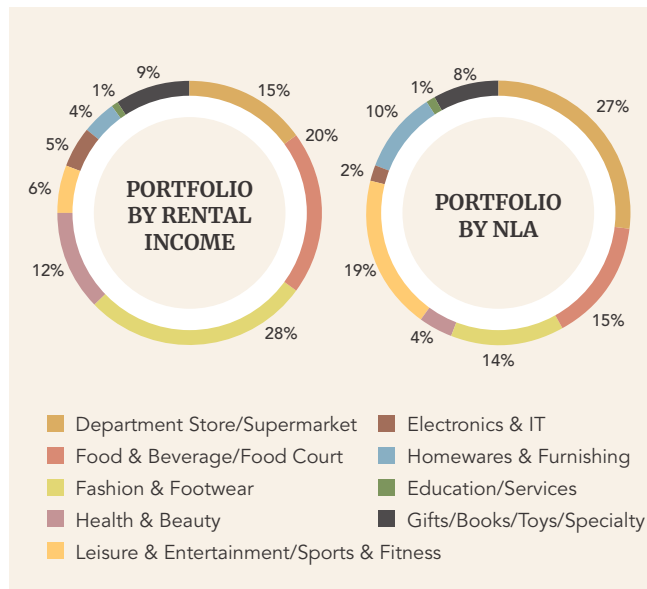
## ASSET PORTFOLIO PERFORMANCE

### Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	91,453	17.6%	10.5%
Seleria Foodcourt	Food & Beverage/Food Court	36,475	7.0%	4.8%
JD Sports	Fashion & Footwear	5,942	1.1%	2.5%
MM2 Cineplexes	Leisure & Entertainment/Sports & Fitness	43,496	8.3%	2.4%
KFC	Food & Beverage/Food Court	5,403	1.0%	2.3%
Family Store	Department Store/Supermarket	25,758	4.9%	2.1%
Guardian	Health & Beauty	3,800	0.7%	2.0%
Al-Ikhsan	Fashion & Footwear	7,000	1.3%	2.2%
MR. D.I.Y.	Homewares & Furnishing	16,690	3.2%	1.7%
Gatti	Fashion & Footwear	9,192	1.8%	2.1%
<b>Top 10 Tenants</b>		<b>245,209</b>	<b>47.1%</b>	<b>32.2%</b>
Other Tenants		275,759	52.9%	67.8%
<b>Total</b>		<b>520,968</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024.

### Mahkota Parade's Tenancy Mix



\* Based on monthly rental income for December 2024.  
Numbers may exceed 100% due to rounding up.

### Mahkota Parade's Expiry Profile

As at 31 December 2024	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq. ft.)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2025	50	249,849	47.9%	51.1%
2026	28	205,649	39.5%	33.4%
2027	22	55,614	10.7%	15.5%

\*Based on monthly rental income for December 2024



## ASSET PORTFOLIO PERFORMANCE



Wetex Parade and Classic Hotel is an integrated retail and hotel development located within the commercial heart of Muar, Johor. Opened in 1996, Wetex Parade remains as the only department store anchored shopping centre in town and serves as the premier retail destination for the royal town. Wetex Parade achieved a stable occupancy rate of 96.5% in 2024 and welcomed 2 new tenants.

Classic Hotel, the largest hotel in Muar and with the largest ballroom facilities overlooks the serene Muar River. Occupancy rate of Classic Hotel was at 36% with an average room rate of RM162 in 2024 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 travellers.



### FREEHOLD

#### 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.

#### Classic Hotel GFA

**125,931** sq. ft.

#### Net Lettable Area

**170,463** sq. ft.

#### Car Park

**175** bays

#### Acquisition Price

**RM117.5** million

#### Valuation

**RM153.0** million

#### Tenants\*

**57**

#### Key Tenants

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

#### Occupancy

**96.5%**

#### Visitor Traffic

**2.9** million per annum

#### Year Opened

**1996**

#### Year Acquired

**2008**

#### Year Refurbished

2010 (Mall), 2018 (Hotel)

Data as at 31 December 2024

\* Only NLA Lots



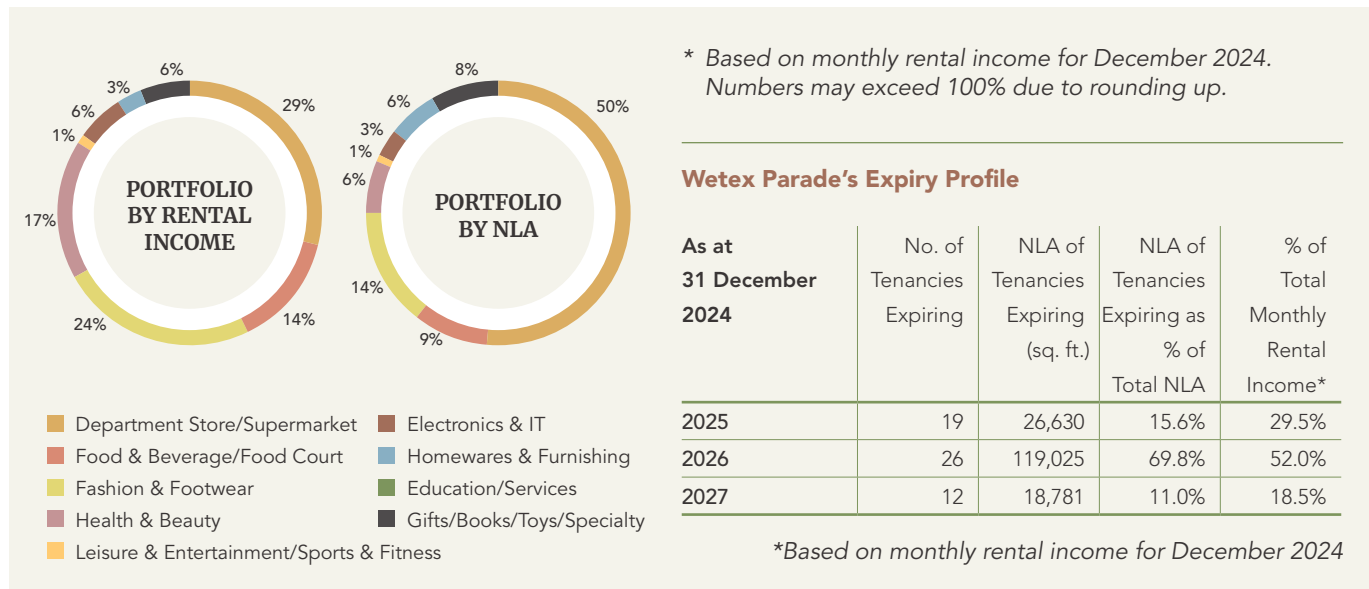
## ASSET PORTFOLIO PERFORMANCE

### Wetex Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	73,953	43.6%	31.0%
Watson's	Health & Beauty	2,824	1.7%	7.2%
Guardian	Health & Beauty	2,949	1.7%	3.2%
MR. D.I.Y.	Homewares & Furnishing	9,577	5.7%	2.9%
McDonald's	Food & Beverage/Food Court	2,489	1.5%	2.8%
Popular	Gifts/Books/Toys/Specialty	7,190	4.2%	2.4%
Baker House Confectionery	Food & Beverage/Food Court	990	0.6%	2.4%
Tanjongmas Bookcentre	Gifts/Books/Toys/Specialty	4,037	2.4%	2.4%
Sukan Muara	Fashion & Footwear	1,356	0.8%	2.2%
Pao Sing	Fashion & Footwear	1,023	0.6%	2.1%
<b>Top 10 Tenants</b>		<b>106,388</b>	<b>62.4%</b>	<b>58.6%</b>
Other Tenants		64,075	37.6%	41.4%
<b>Total</b>		<b>170,463</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024. Note: changes in NLA due to reconfiguration.

### Wetex Parade's Tenancy Mix



## ASSET PORTFOLIO PERFORMANCE



### FREEHOLD

#### 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

**310,902** sq. ft.

#### Car Park

**478** bays

#### Acquisition Price

**RM83.0** million

#### Valuation

**RM95.9** million

#### Tenants\*

**47**

#### Key Tenants

The Store, KFC, MR. D.I.Y., Guardian,  
Wow Wonderland Box

#### Occupancy

**71.7%**

#### Visitor Traffic

**3.3** million per annum

#### Year Opened

**1997**

#### Year Acquired

**2012**

#### Year Refurbished

**2015**

Data as at 31 December 2024

\* Only NLA Lots



Central Square was the fourth asset acquired by Hektar REIT back in 2012. Completed in 1997, Central Square is arguably one of the most recognisable landmarks in its town. Nestled in the heart of Sungai Petani, Central Square enjoys a strategic location, making it easily accessible to the community. Situated amidst the bustling commercial district, it serves as a central hub for shopping, dining, and entertainment. Central Square takes pride in fostering a sense of community. Regular events, promotions, and activities bring people together, turning Central Square into more than just a shopping center but a social hub where memories are created.

Central Square continuously evolves to meet the changing needs and preferences of its patrons. Planned mini anchor remixing exercises, space

reconfiguration, and collaborations ensure that it remains a dynamic and relevant part of Sungai Petani. The management remains focused on upgrading the quality of the tenant mix and positioning of Central Square, as reflected by the entry of several new tenants. In 2024, the shopping centre recorded visitor traffic of 3.3 million while occupancy is at 71.7%



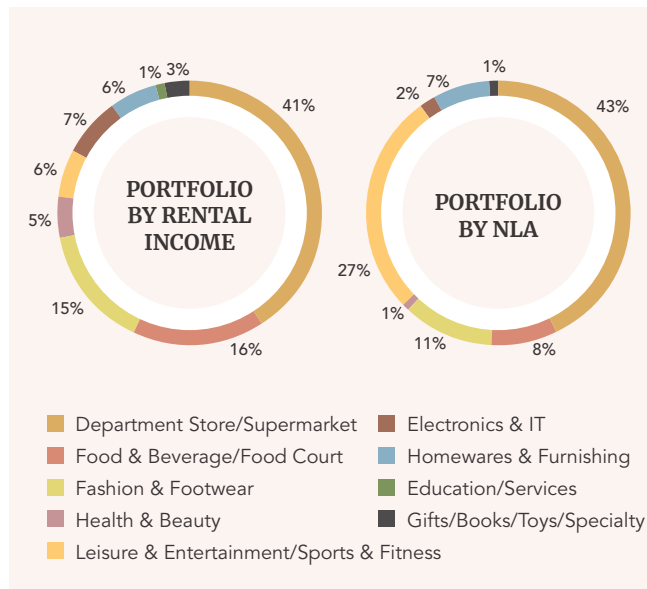
## ASSET PORTFOLIO PERFORMANCE

### Central Square's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	94,536	30.4%	40.5%
KFC	Food & Beverage/Food Court	3,619	1.2%	5.5%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.8%	4.0%
Guardian Pharmacy	Health & Beauty	1,443	0.5%	3.2%
Wow Wonderland Box	Leisure & Entertainment/Sports & Fitness	5,600	1.8%	2.5%
The Green Party	Gifts/Books/Toys/Specialty	1,521	0.5%	2.4%
Watson's	Health & Beauty	1,131	0.4%	2.0%
Gatti	Fashion & Footwear	6,450	2.1%	2.0%
A Sama Thaifood	Food & Beverage/Food Court	2,074	0.7%	2.0%
Butik Tiesto	Fashion & Footwear	1,339	0.4%	1.9%
<b>Top 10 Tenants</b>		<b>129,680</b>	<b>41.7%</b>	<b>66.1%</b>
Other Tenants		181,222	58.3%	33.9%
<b>Total</b>		<b>310,902</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024.

### Central Square's Tenancy Mix



\* Based on monthly rental income for December 2024.  
Numbers may exceed 100% due to rounding up.

### Central Square's Expiry Profile

As at 31 December 2024	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq. ft.)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2025	32	112,642	36.2%	38.3%
2026	10	10,830	3.5%	13.3%
2027	5	99,554	32.0%	48.5%

\*Based on monthly rental income for December 2024

## ASSET PORTFOLIO PERFORMANCE



Nestled in the heart of Kulim, Kedah, Kulim Central Shopping Mall stands as a beacon of modern retail, offering a diverse and enriching experience for residents and visitors alike. The only shopping centre in the area, the asset was acquired by Hektar REIT in 2012 together with Central Square.

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 that was carried out in the same year. Kulim Central Shopping Mall is not just a shopping haven; it's a gastronomic delight. The mall's diverse culinary offerings cater to every palate, ranging from local delicacies to international cuisine to suit its target market.

Kulim Central's occupancy rate is at 83.9%, while its reversion rate remains positive at 8.9%, a result of the successful repositioning initiative in 2017. In 2024, Kulim Central welcomed 2 new tenancies.



### FREEHOLD

#### 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

**294,872** sq. ft.

#### Car Park

**519** bays

#### Acquisition Price

**RM98.0** million

#### Valuation

**RM144.6** million

#### Tenants\*

**72**

#### Key Tenants

Giant Superstore, The Store, Seleria  
Food Court, GSC, Ole Ole, MR. D.I.Y.

#### Occupancy

**83.9%**

#### Visitor Traffic

**3.2** million per annum

#### Year Opened

**2009**

#### Year Acquired

**2012**

#### Year Refurbished

**2017**

Data as at 31 December 2024

\* Only NLA Lots

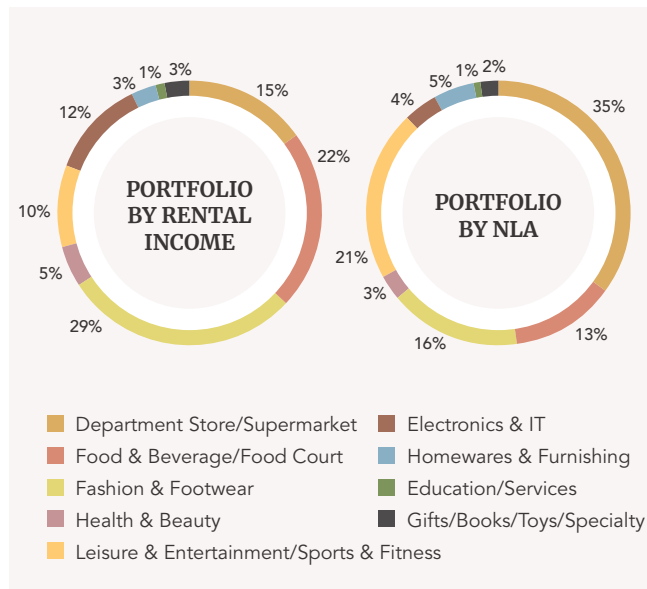
## ASSET PORTFOLIO PERFORMANCE

### Kulim Central's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	57,785	19.6%	9.4%
Giant Superstore	Department Store/Supermarket	28,859	9.8%	5.8%
GSC	Leisure & Entertainment/Sports & Fitness	24,000	8.1%	4.7%
Food Court	Food & Beverage/Food Court	4,398	1.5%	3.6%
Ole Ole Superbowl	Leisure & Entertainment/Sports & Fitness	23,670	8.0%	3.5%
MR. D.I.Y.	Homewares & Furnishing	11,711	4.0%	2.7%
Watson's	Health & Beauty	2,238	0.8%	2.6%
Hasani Books Store	Gifts/Books/Toys/Specialty	5,228	1.8%	2.5%
KFC	Food & Beverage/Food Court	3,530	1.2%	2.4%
Pizza Hut	Food & Beverage/Food Court	3,530	1.2%	2.3%
<b>Top 10 Tenants</b>		<b>164,949</b>	<b>55.9%</b>	<b>39.6%</b>
Other Tenants		129,923	44.1%	60.4%
<b>Total</b>		<b>294,872</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024.

### Kulim Central's Tenancy Mix



\* Based on monthly rental income for December 2024.  
Numbers may exceed 100% due to rounding up.

### Kulim Central's Expiry Profile

As at 31 December 2024	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq. ft.)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2025	44	125,010	42.4%	58.3%
2026	20	82,600	28.0%	30.1%
2027	8	37,014	13.5%	11.6%

\*Based on monthly rental income for December 2024



## ASSET PORTFOLIO PERFORMANCE



**LEASEHOLD (until 2116)**

### 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

**223,017** sq. ft.

### Car Park

**389** bays

### Acquisition Price

**RM104.0** million

### Valuation

**RM62** million

### Tenants\*

**30**

### Key Tenants

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

### Occupancy

**58.4%**

### Visitor Traffic

**1.8** million per annum

### Year Opened

**2011**

### Year Acquired

**2017**

### Year Refurbished

In progress

Data as at 31 December 2024

\* Only NLA Lots



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.

Since the acquisition, the centre has been undergoing a comprehensive tenant remixing strategy and upgrading process. The rebranding from "1Segamat" to Segamat Central marked a strategic shift and is now followed by the repainting and space reconfiguration exercise to enhance the overall appeal and functionality of the mall. The management has been actively implementing a rental revision strategy to retain existing tenants while also attracting mini anchors and specialty anchors to the mall.

In 2024, Segamat Central recorded an occupancy rate of 58.4% and visitor traffic of 1.8 million visits.



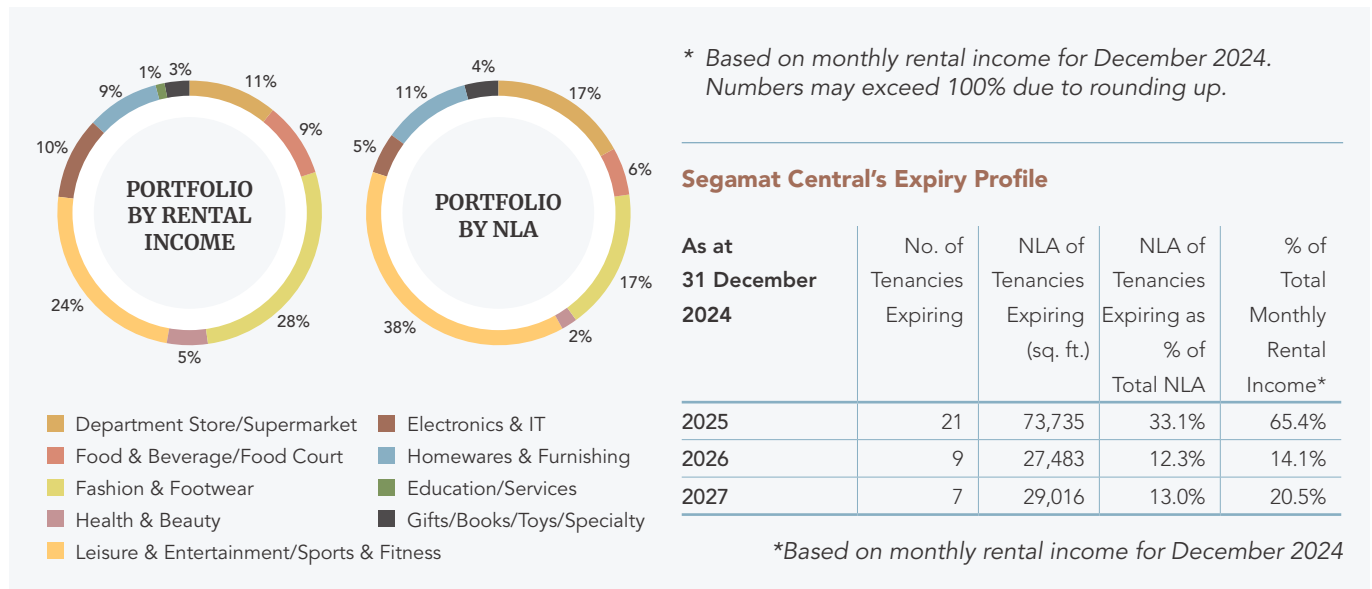
## ASSET PORTFOLIO PERFORMANCE

### Segamat Central's Top Ten Tenants

Tenant	Trade Sector	NLA (sq. ft.)	% of Total NLA	% of Monthly Rental Income*
MM Cineplexes	Leisure & Entertainment/Sports & Fitness	32,432	14.5%	19.0%
TS Concept Store	Department Store/Supermarket	22,245	10.0%	11.3%
MR. D.I.Y.	Homewares & Furnishing	13,896	6.2%	8.4%
Mi Store	Electronics & IT	5,565	2.5%	6.3%
Sportsz / HT Jeans	Fashion & Footwear	4,898	2.2%	3.9%
XES Premium	Fashion & Footwear	1,991	0.9%	3.7%
Switch	Electronics & IT	1,184	0.5%	3.6%
KFC	Food & Beverage/Food Court	3,240	1.5%	3.5%
Popular	Gifts/Books/Toys/Specialty	4,898	2.2%	3.3%
BS Gold & Jewellery	Fashion & Footwear	904	0.4%	3.3%
<b>Top 10 Tenants</b>		<b>91,253</b>	<b>40.9%</b>	<b>70%</b>
Other Tenants		131,764	59.1%	30%
<b>Total</b>		<b>223,017</b>	<b>100.0%</b>	<b>100.0%</b>

\*Based on monthly rental income for December 2024.

### Segamat Central's Tenancy Mix



## ASSET PORTFOLIO PERFORMANCE



Kolej Yayasan Saad (KYS) is a premier residential school in Malaysia, located in Ayer Keroh, Melaka. Established in 1995, it is a private, fully residential institution that provides high-quality education for Malaysian students. The school follows the Malaysian national curriculum but integrates various international elements to enhance students' learning experience.

KYS is renowned for its rigorous academic curriculum, which follows the Malaysian national syllabus while integrating elements that enhance critical thinking, leadership, and global perspectives. The school consistently produces top-performing students in national examinations (Sijil Pelajaran Malaysia) and have consistently ranked top 10 schools with best SPM results. Beyond academics, KYS places a strong emphasis on co-curricular activities,

including sports, music, debate, and entrepreneurship, ensuring that students develop a well-rounded skill set.

The campus is equipped with world-class facilities, including modern classrooms, science and computer laboratories, a resourceful library, and excellent sports amenities such as football fields, a swimming pool, and a multipurpose hall. The residential aspect of KYS enhances the students' learning experience by creating a close-knit community where they can collaborate, grow, and develop lifelong friendships.

With its unwavering commitment to academic and personal excellence, Kolej Yayasan Saad remains one of Malaysia's top choices for high-achieving students seeking a balanced and enriching education.



**LEASEHOLD (until 2098)**

**Location**

Jalan Kolej Yayasan Saad, 75670  
Ayer Keroh, Melaka

**Property Type**

Private Education Premise

**Land Area**

**86** acres

**Gross Floor Area**

**396,874** sq. ft.

**Occupancy**

**100%**

**Rental**

**RM8.3** million per annum

**Purchase Price**

**RM148.5** million

**Valuation**

**RM150.0** million

**Year Acquired**

**2024**



## ASSET PORTFOLIO PERFORMANCE





# *Sustainability* STATEMENT



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# Sustainability

## STATEMENT

## Moving Forward with Future-Driven Momentum

### A Brief Outline of Our Statement

Hektar Real Estate Investment Trust (“Hektar REIT”) strives to integrate sustainability considerations into the management operations of our premier shopping centres, hotel and school. In this sustainability statement for the reporting period of 1 January 2024 to 31 December 2024 (“FY2024”), we outline the environmental, social and governance (“ESG”) principles that underpin our business strategies as a forward-thinking REIT.

### Spotlighting Our Milestones

During fiscal year 2024, Hektar REIT reinforced our commitment to sustainability by launching the [Hektar REIT Forward Faster Sustainability Roadmap 2050](#) — a blueprint that outlines our strategic ESG objectives for the future and introduces Hektar **ACT**. At Hektar REIT, sustainability is more than a commitment—it is an essential pillar of our long-term success and resilience. Recognising the evolving expectations of our stakeholders and the growing need for responsible business practices, we established the **ACT** framework, a structured approach that embodies our sustainability vision.

**ACT** stands for **Advance**, **Cultivate**, and **Thrive**—three fundamental principles that drive our sustainability agenda and reflect our proactive stance in addressing environmental, social, and governance (ESG) challenges.

### A dvance



Advancing low-carbon portfolios and strategically acquiring sustainable assets – We are committed to advancing a low-carbon portfolio by integrating sustainable practices into our asset management strategy. This includes improving energy efficiency, reducing carbon emissions, and adopting green building standards. Our focus extends beyond operational enhancements to strategically acquiring sustainable assets, ensuring that our portfolio remains future-proof and aligned with global sustainability benchmarks. By leveraging innovation and responsible investment practices, we aim to contribute to a more climate-resilient built environment. We recognise the ever-changing global landscape, from climate risks to shifting consumer expectations. Our ability to adapt ensures we remain resilient, continuously enhancing our operations, assets, and strategies to align with sustainability best practices.

### C ultivate



Cultivating a responsible value chain and a committed, dignified workforce – Sustainability is a shared responsibility, and we recognise that our impact extends across our entire value chain. Through cultivating a responsible ecosystem, we work closely with tenants, suppliers, and business partners to uphold ethical standards, minimise environmental footprints, and promote sustainable business practices. Equally, we are committed to fostering a dignified and engaged workforce, ensuring that our employees thrive in an inclusive, safe, and empowering work environment. By embedding ESG principles into our daily operations, we create a foundation for long-term success. Meaningful progress in sustainability requires strong partnerships. We actively engage with tenants, investors, employees, and communities to foster a shared commitment to sustainability, leveraging collective expertise to drive impactful initiatives.

# SUSTAINABILITY STATEMENT

**T**hrive



Thriving through investment in community, inclusivity, and transparency – Beyond financial performance, true success is measured by the positive impact we create. We believe that businesses thrive when communities thrive, which is why we actively invest in initiatives that promote inclusivity, well-being, and social equity. Transparency and accountability are also at the core of our governance, ensuring that we uphold the highest standards of integrity in all our dealings. By fostering trust, strengthening community ties, and driving positive social change, we create sustainable value that extends beyond our business. True sustainability is about progress and innovation. Through strategic investments, operational efficiencies, and forward-thinking initiatives, we aim to transform our assets and business practices to future-proof our portfolio and create long-term value.

The **ACT** framework underscores our belief that sustainability is not just about compliance—it is about responsible stewardship, risk management, and value creation. By embedding **ACT** into our decision-making processes, we ensure that Hektar REIT remains a forward-thinking, responsible, and resilient organisation, delivering sustainable growth for our stakeholders while contributing to a more sustainable built environment.

Complementing this long-term vision, our 25-year Sustainability Roadmap and Action Plan 2025-2030 sets forth specific targets. This structured framework, coupled with the establishment of key performance indicators (“KPIs”) to effectively track our progress, ensures that we advance in line with our overarching goals. Hektar **ACT** has been fully integrated into our enhanced ESG Strategy, embedding its core values into

our operations in accordance with our vision and mission.

Additionally, we have established a Sustainability Policy, supported by a series of newly introduced policies to ensure the ethical and sustainable governance of all REIT activities.

Sustainable  
Investment Principles



Climate Change  
Policy



Sustainable  
Procurement Policy



Event Stewardship  
Policy



Anti-Money  
Laundering Policy



Water Stewardship  
Policy



Human Rights  
Policy



Collectively these policies guide our sustainability efforts, ensuring that we address all key aspects of ESG considerations within our REIT operations.

Demonstrating our pursuit of global sustainability standards, Hektar REIT joined the United Nations Global Compact (“UNGC”) in FY2024. The partnership aligns us with internationally recognised principles that promote societal progress and environmental conservation. We also adopted eight United Nations Sustainable Development Goals (“UN SDGs”) this year, ensuring our initiatives actively contribute to the global sustainability agenda.

# SUSTAINABILITY STATEMENT

## Reporting Frameworks and Guidelines

Our statement was prepared in compliance with Bursa Malaysia Securities Main Market Listing Requirements (“MMLR”) and the Sustainability Reporting Guide (3rd Edition). It is guided by the principles of the Global Reporting Initiative (“GRI”) for best reporting practices.

In our disclosure enhancement endeavours, we aligned our initiatives with the “UN SDGs” and the FTSE4Good Bursa Malaysia (“F4GBM”) Index.



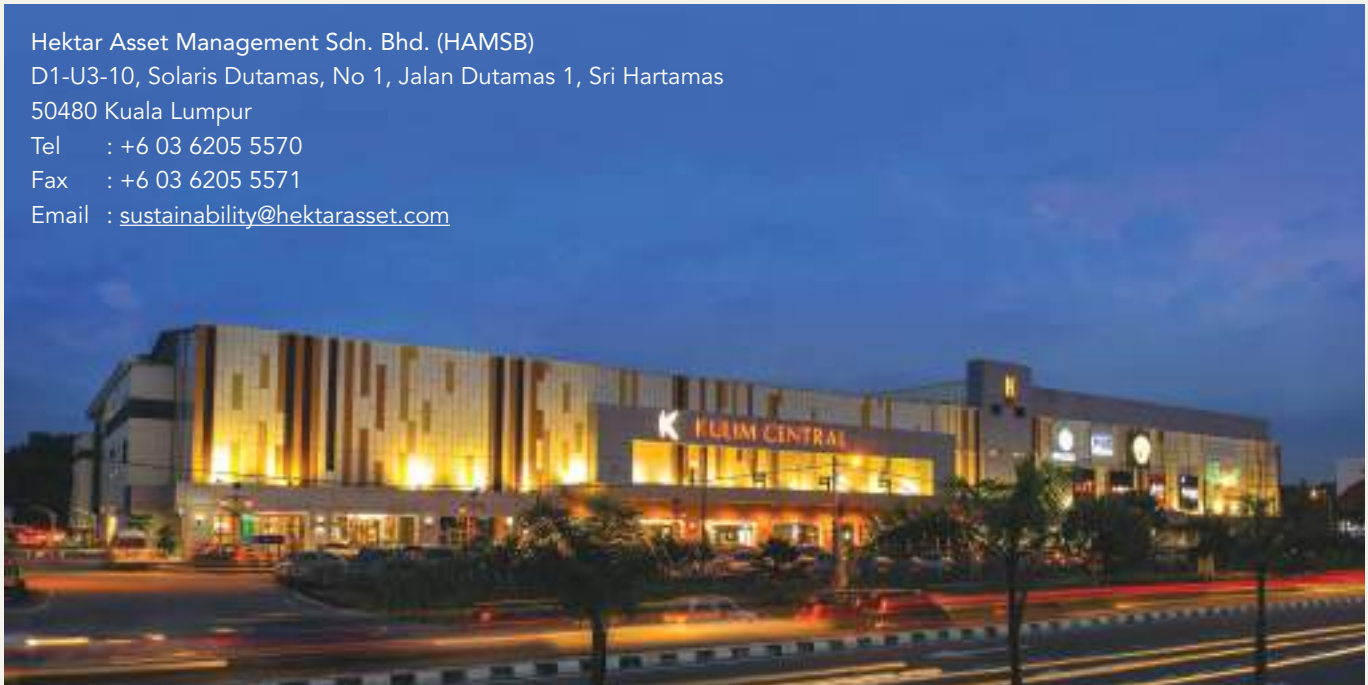
## Validating Data Accuracy

We strive to deliver accurate sustainability reporting, sourcing all information directly from the respective data owners and ensuring it undergoes internal verification. Moving forward, the Manager aims to obtain independent assurance to further strengthen our disclosure credibility.

## Your Inquiries and Feedback

Hektar REIT is dedicated to improving on our sustainable practices and providing transparent reporting, and much appreciate any feedback on our reporting towards this venture. Please direct all inquiries to:

Hektar Asset Management Sdn. Bhd. (HAMSB)  
D1-U3-10, Solaris Dutamas, No 1, Jalan Dutamas 1, Sri Hartamas  
50480 Kuala Lumpur  
Tel : +6 03 6205 5570  
Fax : +6 03 6205 5571  
Email : [sustainability@hektarasset.com](mailto:sustainability@hektarasset.com)



# SUSTAINABILITY STATEMENT

## Awards and Recognitions

Hektar REIT's ESG accomplishments have garnered accolades that highlight our sustainability and economic contributions, inspiring us towards achieving a higher standard of excellence.



The EDGE Malaysia Centurion Club Awards 2024:  
Highest Returns to Shareholders Over Three Years (REIT) Sector



The Edge Malaysia ESG Awards 2024:  
Gold Award in Outstanding ESG Performance and Dividend Return

## Memberships and Associations

We remain conversant on current trends, industry best practices as well as evolving legal and regulatory requirements by holding active memberships in the following industry associations.

### F4GBM Index

Hektar REIT has been a constituent member of the F4GBM Index since 2020 and has consistently improved our ESG rating.



### UNGC

This year, Hektar REIT joined the UNGC as an active member, contributing to the advancement of its 10 principles across four key areas: Human Rights, Labour, Environment, and Anti-Corruption.

- Malaysian REIT Managers Association (MRMA)
- Institute of Enterprise Risk Practitioners (IERP)
- Capital Markets Services Representative's Licence (CMSRL)
- Institute of Corporate Directors of Malaysia (ICDM)
- Malaysian Institute of Corporate Governance (MICG)
- Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP)
- Institute of Industrial Engineers USA (IIE)
- Institute of Certified Sustainability Practitioners
- Global Reporting Initiative (GRI)
- Institute of Quality Malaysia (IQM)
- Malaysian Hotel Association (MAH)
- Malaysia Shopping Malls Association (PPK)
- Malaysia Retailers Association (MRA)
- Malaysia Retail Chain Association (MRCA)
- Bumiputera Retailers Organization (MRO)
- Malaysian Association of Theme Park and Family Attractions (MAFTA)
- The Institute of Internal Auditors Malaysia
- Malaysian Institute of Accountants (MIA)



# SUSTAINABILITY STATEMENT

## Showcasing Our 2024 Achievements

### Advance



**188,487 kWh**

Reduction in total energy consumption across all properties



**596 tCO<sub>2</sub>e**

Reduction in total GHG emissions across all properties



**255,450kg**

reduction of waste generated across all properties



**14,717kg** of waste

(2.5% of Subang Parade's total waste) has been diverted from landfill



**Fabric**

**13,017.4kg**



**PET-1 bottles**

**940kg**



**Aluminium cans**

**760kg**

### Cultivate



**0**

Substantiated complaints regarding human rights violations



**0**

Substantiated cases of discrimination



**100%**

of procurement expenditure on local suppliers



**10,513**

Total training hours provided to employees

### Thrive



**20%**

Representation of women directors on the Board



**0**

Confirmed cases of bribery, corruption or whistleblowing



**0**

Substantiated incidents of privacy breaches or data loss



**RM250,032**

Invested in 122 community programmes all over Peninsular Malaysia

# SUSTAINABILITY STATEMENT

## Reflecting on Our Growth and Progress

Since commencing our sustainability journey in 2017, Hektar REIT has made strides toward our objective of sustainable growth and value creation. As we progress, we look forward to refining and embedding sustainability initiatives into our operations for continued growth and long-term success.

### FY2017

Published inaugural Sustainability Statement, established governance, identified 7 materiality matters, and set 7 sustainability goals

### FY2020

Achieved 3-star ESG rating from FTSE Russell, refined governance structure, reassessed materiality, and updated sustainability commitments

### FY2021

Introduced Sustainability Framework with 3 focus areas, 11 material matters and aligned with UNSDGs

### FY2023

Began Task Force on Climate-Related Financial Disclosures (TCFD) framework, conducted independent assurance (training & utilities), implemented the Environment & Social Management System (ESMS) framework, and finalised new 16 materiality topics.

### FY2024

Launched new sustainability pillars (Advance, Cultivate, Thrive), established long-term [Hektar REIT Forward Faster Sustainability Roadmap 2050](#), strengthened climate disclosures, and aligned initiatives with 9 SDGs

### Expand to 2025-2050

From 2025-2030 Accelerating and Moving Faster



Introduce Green Clauses in the Tenancy Agreement (for new and renewal tenancies)



Reduce 20% of landlord energy consumption by 2030



Reduce 10% of water consumption by 2030



15% waste diverted from landfills by 2030



15% of energy consumption from renewable energy by 2030

From 2030-2050 Scaling Systems-Wide Decarbonisation



Reduce fossil-based material use by increasing share of renewable energy



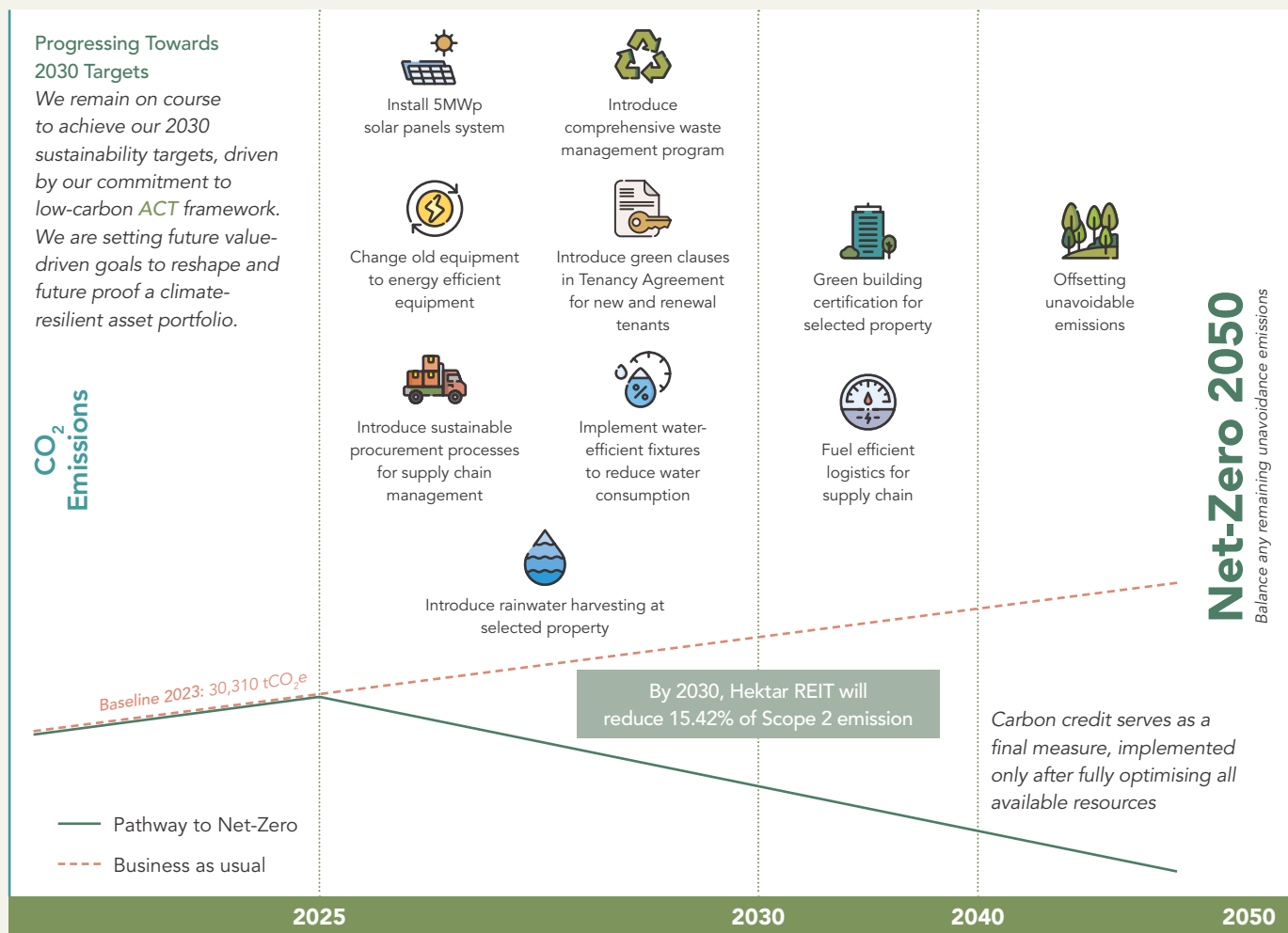
Partnerships with suppliers to further reduce Scope 3 emissions

# SUSTAINABILITY STATEMENT

## Hektar REIT Forward Faster Sustainability Roadmap 2050

The roadmap is a strategic blueprint designed to align with 1.5°C pathway, ensuring that we achieve Net-Zero emissions by 2050. Built on a foundation of science-based targets and global best practices, this roadmap reflects our unwavering commitment to decarbonisation, resilience, and long-term value creation.

The **ACT** (Advance, Cultivate, Thrive) Framework serves as a foundation for our sustainability ambitions, guiding our roadmap towards meaningful impact. By leveraging on the **ACT** Framework, **Hektar REIT Forward Faster Sustainability Roadmap 2050** not only establishes a clear decarbonisation pathway but also ensures that sustainability remains at the heart of our business strategy. Through innovation, collaboration, and accountability, we remain committed to a climate-resilient and net-zero future.



# SUSTAINABILITY STATEMENT

## Advancing Sustainability at Hektar REIT

### The Overarching ESG Strategy

Anchored in our Vision, Mission and Purpose, our enhanced ESG Strategy forms a core component of our sustainability approach. Founded on the Advance, Cultivate and Thrive (“ACT”) sustainability pillars, this structure assimilates ESG values into our operations, aligning with the UN SDGs and propelling sustainable socioeconomic development.

Our Vision, Mission and Purpose	<b>OUR VISION:</b> To be the leading sustainable real estate investment trust, creating long-term value through responsible growth, environmental stewardship, and social impact, ensuring a resilient and future-proofed portfolio		
	<b>OUR MISSION:</b> We are committed to embedding sustainability across our operations and investments by: <ul style="list-style-type: none"><li>• Advancing low-carbon, climate-resilient assets to future-proof our portfolio.</li><li>• Cultivating responsible business practices that drive positive social and environmental change.</li><li>• Thriving the business and build the environment through innovative, resource-efficient solutions that enhance stakeholder value</li></ul>		
	<b>OUR PURPOSE:</b> <b>Advance:</b> Proactively reducing carbon emissions and enhancing asset efficiency through strategic investments in renewable energy, green technologies, and sustainable construction practices. <b>Cultivate:</b> Upholding corporate integrity, responsible governance, and stakeholder inclusivity to foster long-term trust and transparency. <b>Thrive:</b> Driving innovation and resource management to create thriving, community-centric, and environmentally responsible spaces.		
Sustainability Pillars and Focus Areas	<b>Advance</b> <ul style="list-style-type: none"><li>• Risk Management</li><li>• Climate Resilience</li><li>• Responsible Investment</li><li>• Resource Efficiency</li></ul>	<b>Cultivate</b> <ul style="list-style-type: none"><li>• Business Ethics and Integrity</li><li>• Empowering Growth</li><li>• Safety and Health</li></ul>	<b>Thrive</b> <ul style="list-style-type: none"><li>• Business Ethics and Integrity</li><li>• Community Well-being</li><li>• Safety and Health</li></ul>
Material Matters	<ol style="list-style-type: none"><li>1. Energy and Climate Change</li><li>2. Water Management</li><li>3. Waste Management</li><li>4. Effluent Management</li><li>5. Green Office Practices</li><li>6. Eco-friendly Building Materials</li><li>7. High-quality Real Estate and Enhancement</li><li>8. Green Leases</li></ol>	<ol style="list-style-type: none"><li>1. Supply Chain Management</li><li>2. Human Rights, Diversity, Equity and Inclusion</li><li>3. Occupational Health and Safety</li><li>4. Labour Practices and Standards</li></ol>	<ol style="list-style-type: none"><li>1. Corporate Governance and Anti-Corruption</li><li>2. Data Privacy and Cybersecurity</li><li>3. Public Safety</li><li>4. Community Engagement and Contribution</li></ol>
Contribution to UN SDGs	<div><div><div>4</div><div>QUALITY EDUCATION</div><div></div></div><div><div>5</div><div>GENDER EQUALITY</div><div></div></div><div><div>7</div><div>AFORDABLE AND CLEAN ENERGY</div><div></div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div><div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div><div><div>13</div><div>CLIMATE ACTION</div><div></div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div></div></div></div>		
Stakeholder Groups	<div><div><div></div><div>Investor Community</div></div><div><div></div><div>Government, Local Authorities and Regulator</div></div><div><div></div><div>Tenants and Prospects</div></div><div><div></div><div>Joint Management Bodies</div></div></div> <div><div><div></div><div>Property Managers/ Employees</div></div><div><div></div><div>Shoppers</div></div><div><div></div><div>Suppliers</div></div><div><div></div><div>Media</div></div><div><div></div><div>Community/ NGOs</div></div></div>		

# SUSTAINABILITY STATEMENT

## Outlining Our Path Towards Sustainable Growth

We introduced a Sustainability Policy this year to reinforce our sustainability commitments. It guides our strategies, policies and daily operations, enabling us to systematically embed ESG principles into our REIT activities and balance strong performance with sustainable growth.

### Environmental Stewardship

Hektar REIT strives to minimise the environmental impact of our activities by reducing our energy consumption, promoting responsible waste management, and supporting initiatives that contribute to a sustainable environment. We will continue to monitor and improve the environmental performance of our assets and overall business practices.



### Social Impact & Well-Being

We aim to create positive impacts on the communities in which we operate, committing to fostering inclusivity, improving the well-being of our stakeholders, and supporting social development initiatives. We will continue to engage with local communities and prioritise health, safety, and equal opportunities for everyone.



### Economic Growth and Governance

We are dedicated to achieving sustainable financial growth by operating with transparency, integrity and ethical business practices, upholding robust governance structures and ensuring compliance with all relevant laws and regulations. Hektar REIT strives to enhance stakeholder value while maintaining the trust and confidence of our unitholders, investors, employees and other key stakeholders.



### Suitable Investment

We aim to invest in properties and initiatives that align with our sustainability objectives, focusing on assets that are environmentally responsible, economically viable, and socially beneficial. Hektar REIT shall ensure that appropriate and adequate measures are planned for implementation to minimise and mitigate any potential and/or identified ESG risks for new acquisitions.





# SUSTAINABILITY STATEMENT

## Contributing to Global Progress

The SDGs are a set of 17 goals that aim to drive transformative change for a sustainable and equitable future. These interconnected SDGs provide a comprehensive framework for sustainable development that benefits people, generates prosperity, and preserves the planet.

Hektar REIT adopted the 9 goals most pertinent to our operations, ensuring our activities as a REIT meaningfully contribute to the 2030 Agenda for Sustainable Development.



### SDG 4: Quality Education

#### Target 4.4: Increase the number of people with relevant skills for financial success

- Provided **10,513 total training hours** this year through diverse training modules and continuous learning opportunities for our employees



### SDG 5: Gender Equality

#### Target 5.5: Ensure full participation in leadership and decision making

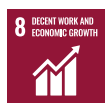
- 20% of women representation in Board of Directors in 2024.
- Maintained 30% women directors on the Board



### SDG 7: Affordable and Clean Energy

#### Target 16.5: Double the improvement in energy efficiency

- Conducted energy audits and implemented energy efficiency measures such as LED upgrades, cooling coil replacements, and air-conditioning optimisation
- Solar Panel is expected to be installed by Q3 2025 to reduce reliant to fossil fuel



### SDG 8: Decent Work and Economic Growth

#### Target 8.5: Full employment and decent work with equal pay

- Adhered to equal pay principles and complied with the Employment Act (Amendment) 2022 and the Minimum Wage Order
- Offered compensation and benefits packages that exceeded minimum legal requirements



### SDG 10: Reduced Inequalities

#### Target 11.7: Provide access to safe and inclusive public spaces

- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

# SUSTAINABILITY STATEMENT



## SDG 11: Sustainable Cities and Communities

### Target 11.7: Provide access to safe and inclusive public spaces

- Enhanced accessibility with disability-friendly designs, including wheelchair access and dedicated facilities
- Strengthened security through upgraded surveillance, panic buttons, 24-hour security, and ladies-only parking
- Conducted regular fire drill and safety devices maintenance, and performed on-site inspections



## SDG 12: Responsible Consumption and Production

### Target 12.5: Substantially reduce waste generation

- Encouraged recycling by installing additional bins across shopping malls.
- Collected 13,017.4kg of fabrics, 940kg of PET-1 bottles and 760kg of aluminium cans for recycling at Subang Parade.
- Diverted 2.52% of waste from landfill compared to previous year



## SDG 13: Climate Action

### Target 13.5: Strengthen resilience and adaptive capacity to climate related disasters

- Established Climate Change Policy
- Enhanced climate-related disclosures by identifying climate-related risks and opportunities



## SDG 16: Peace, Justice and Strong Institutions

### Target 16.5: Substantially reduce corruption and bribery

- Introduced an Anti-Money Laundering Policy alongside the Anti-Corruption and Anti-Bribery Policy
- Conducted regular anti-corruption training for employees and Board members
- Recorded zero confirmed cases of bribery or corruption in FY2024



# SUSTAINABILITY STATEMENT

## The Sustainability Scorecard

We track our progress towards sustainability objectives by establishing Key Performance Indicators (“KPIs”) that align with our [Hektar REIT Forward Faster Sustainability Roadmap 2050](#). These KPIs provide measurable benchmarks to ensure timely progress towards our goals while helping us identify areas for further improvement.

The following presents our short-, medium- and long-term KPIs, along with an overview of our current progress in FY2024.

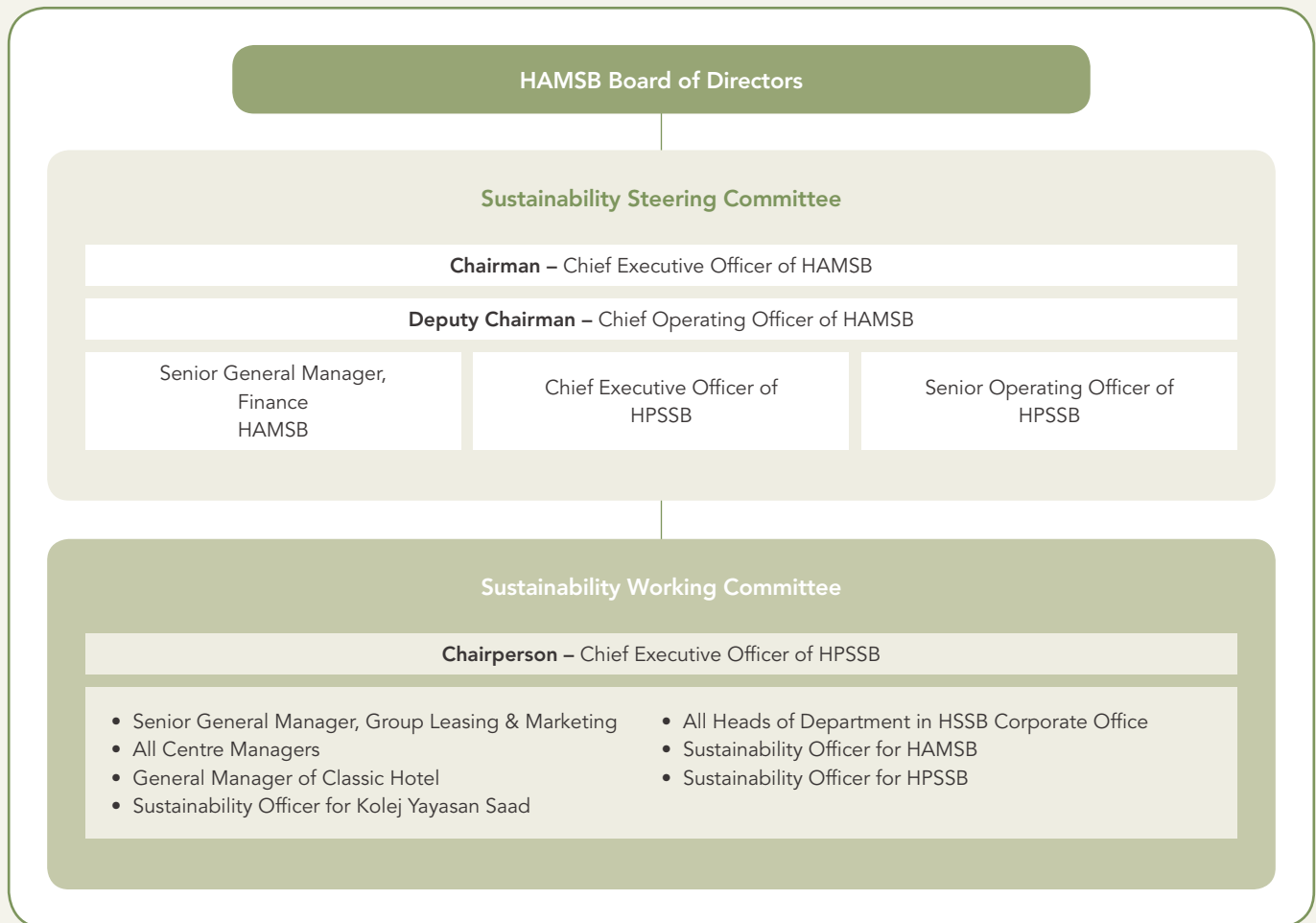
	2030 Targets	Our Performance in FY2024
Advance	Advancing low-carbon portfolios and strategically acquiring sustainable assets	
	Reduce 10% of Scope 1 and Scope 2 emission by 2030 Baseline: 23,942 tCO <sub>2</sub> e	<div><div></div><div></div><div></div></div> 0.5% reduction
	Reduce 20% of electricity consumption by 2030 Baseline 2023: 40,644,801 kWh	<div><div></div><div></div><div></div></div> 0.46% reduction
	Reduce 10% of water consumption by 2030 Baseline 2023: 623,607m <sup>3</sup>	<div><div></div><div></div><div></div></div> 0.6% increase
Cultivate	Cultivating a responsible value chain and a committed, dignified workforce	
	Achieve 100% completion of annual sustainability assessments for all high-value suppliers	<div><div></div><div></div><div></div></div> 20% high-value suppliers have been assessed
	Provide 20 Learning & Development (L&D) hours for all employees	<div><div></div><div></div><div></div></div> 38.94 of training hours / employee
	Maintain at least 30% women representation on the Board	<div><div></div><div></div><div></div></div> 20% of women representation in Board of Directors
Thrive	Thriving through investment in community, inclusivity, and transparency in excellence	
	Achieve zero-reported incidents of bribery and corruption	<div><div></div><div></div><div></div></div> 0 case reported
	Commit to 1 annual company pledge to support community development initiatives	<div><div></div><div></div><div></div></div> Hektar REIT committed to RM10,000 pledge with Dignity Malaysia
	Maintain a FTSE4GOOD Bursa Malaysia ESG rating higher than 3.0	<div><div></div><div></div><div></div></div> As of December 2024, Hektar REIT stands at 3.4 with 3-star rating
<div> <div></div> Falling short of interim target for more than two years, review and revise targets (if necessary)           <div></div> Falling short of interim target for one year, review current practices           <div></div> Meeting interim targets, maintain performance towards meeting 2030 targets         </div>		

# SUSTAINABILITY STATEMENT

## Sustainability Leadership at Hektar REIT

Our sustainability governance structure defines the roles and responsibilities of each tier, ensuring accountability and ethical decision making. Leading this structure is the Board of Directors which ensures the REIT adheres to ethical business practices and sustainability governance principles. It is supported by the Sustainability Steering Committee (“SSC”) which provides strategic oversight by approving key sustainability initiatives and tracking performance against established KPIs.



The SSC’s efforts are further reinforced by the Sustainability Working Committee (“SWC”), which develops and coordinates sustainability initiatives in alignment with our strategic objectives. At the operational level, the Sustainability Department oversees the execution of day-to-day sustainability initiatives to ensure effective implementation.



# SUSTAINABILITY STATEMENT





## Recognising and Responding to Stakeholder Expectations

Our success is predicated on our ability to generate value for our diverse stakeholder groups. We gain understanding of their perspectives by gathering input through multiple channels, enabling us to align our strategies with their expectations and ensure prudent decision-making.



Area of Interest	Our Response	Engagement Method
 <b>Investor Community</b> <ul style="list-style-type: none"> <li>• Strong financial performance and consistent returns</li> <li>• Sustainable growth in net asset value</li> <li>• Prudent asset and capital management</li> <li>• Strategic outlook and growth prospects</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver consistent returns through strong asset performance and dividends</li> <li>• Provide transparent and timely reporting on financial results</li> <li>• Ensure robust governance and risk management</li> <li>• Focus on strategic acquisitions and portfolio growth</li> </ul>	<p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Website updates</li> <li>• Attending inquiries via call, emails and walk ins</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>• Financial results announcements and analyst briefing</li> </ul> <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Annual general meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Extraordinary general meetings</li> <li>• Roadshows, online and offline communications</li> <li>• Engagement dinners</li> <li>• Retail briefings</li> </ul>
 <b>Government, Local Authorities and Regulators</b> <ul style="list-style-type: none"> <li>• Compliance with relevant legislation, regulations, and policies</li> <li>• Tax contributions and economic development</li> <li>• Participation in MRMA (Malaysian REIT Manager Association) regulatory dialogues</li> <li>• Participate in scheduled inspections; audit and regulating reviews to ensure compliance</li> <li>• Conduct of internal and external audits to maintain transparency standards</li> <li>• Attending SC briefing and updates</li> </ul>	<ul style="list-style-type: none"> <li>• Adhere to all relevant laws and regulations</li> <li>• Building and maintaining rapport with local authorities</li> <li>• Contribute to local economies through taxes and job creation</li> <li>• Advocacy for REIT-friendly policies that protects investors and market stability</li> <li>• Collaboration with SC and Bursa to align industry practice with market expectations</li> </ul>	<p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Inspection</li> <li>• Audits</li> <li>• Meetings and consultation</li> <li>• Active participation</li> <li>• Community engagement with city councils and joint initiatives</li> <li>• SC briefings and updates</li> <li>• Supporting CSR initiatives</li> <li>• Stay informed of regulatory changes</li> </ul>



# SUSTAINABILITY STATEMENT

Area of Interest	Our Response	Engagement Method
 <b>Tenants and Prospects</b> <ul style="list-style-type: none"> <li>• Consistent and high shopper traffic</li> <li>• Well-maintained properties with excellent management and service quality</li> <li>• Competitive rental rates that are value for money</li> <li>• Safety, security and well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Drive traffic through marketing events</li> <li>• Ensure regular maintenance, sustainability integration, and efficient property management</li> <li>• Fair, flexible, and market-driven rental solutions</li> <li>• Uphold strict safety standards</li> </ul>	<p><b>On-going</b></p> <ul style="list-style-type: none"> <li>• Responsible upkeep of assets</li> <li>• Regular communication and engagement</li> <li>• Tenant circulars</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>• Tenant feedback meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Support for critical tenants' corporate milestone events</li> <li>• Direct meetings and email exchanges</li> <li>• Tenant and shopper compliant form</li> <li>• Tenant briefings</li> </ul>
 <b>Shoppers</b> <ul style="list-style-type: none"> <li>• Quality and variety of retail offerings</li> <li>• Clean, safe, and enjoyable environments</li> <li>• Convenient with good accessibility and connectivity</li> <li>• Engaging promotions, events and overall customer experience</li> </ul>	<ul style="list-style-type: none"> <li>• Optimise tenants mix to enhance shopping experience</li> <li>• Provide conducive retail environments based on international best practices</li> <li>• Maintain high cleanliness and safety standards</li> </ul>	<p><b>Weekly</b></p> <ul style="list-style-type: none"> <li>• Social media</li> <li>• Regular shopper events</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>• Focus group studies</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Shopper's survey</li> <li>• Feedback forms</li> </ul>
 <b>Joint Management Bodies ("JMC")</b> <ul style="list-style-type: none"> <li>• Efficient property operations and maintenance</li> <li>• Effective management of common areas and shared facilities in strata properties</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and transparent collaboration for smooth operations</li> <li>• Maintain high standards for shared spaces</li> <li>• Focus on maintaining property quality and tenant happiness</li> </ul>	<ul style="list-style-type: none"> <li>• JMC and MC Voting</li> <li>• Audited accounts and AGM minutes submission to the Commissioner of Building</li> </ul>
 <b>Property Managers/ Employees</b> <ul style="list-style-type: none"> <li>• Clear KPIs for property manager and centre management</li> <li>• Operational performance and tenant satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Provide resources for effective property management</li> <li>• Fair and equal employment opportunities</li> </ul>	<p><b>Weekly meetings</b></p> <ul style="list-style-type: none"> <li>• Operations</li> </ul> <p><b>On-going</b></p> <ul style="list-style-type: none"> <li>• Internal communications</li> </ul> <p><b>Monthly</b></p> <ul style="list-style-type: none"> <li>• Employee engagement programmes</li> <li>• Workshop and trainings</li> <li>• Performance reviews</li> </ul>

# SUSTAINABILITY STATEMENT

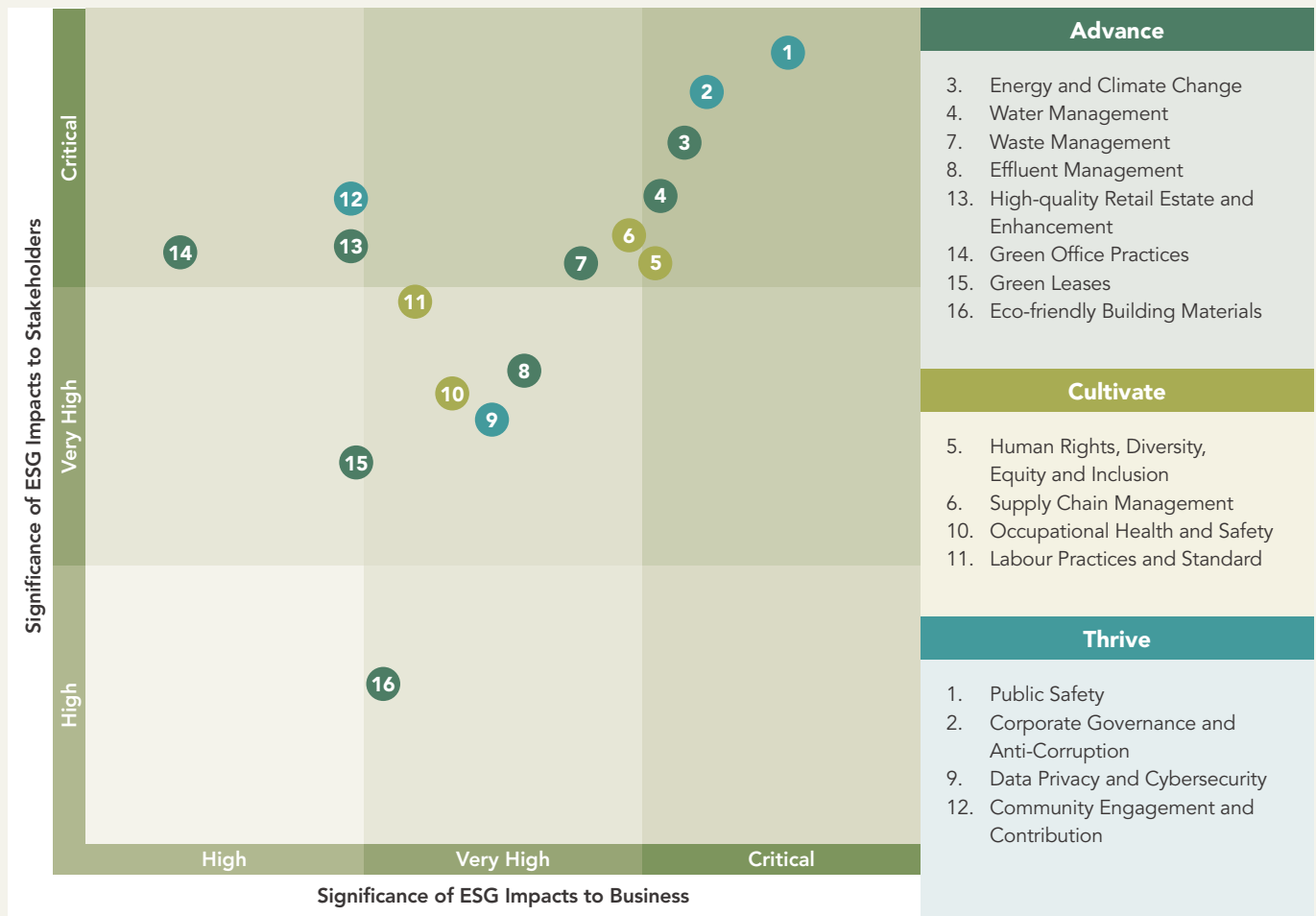
Area of Interest	Our Response	Engagement Method
 <b>Property Managers/ Employees (continued)</b> <ul style="list-style-type: none"> <li>• Training, development, and career growth opportunities</li> <li>• Working together to resolve tenant issues</li> </ul>	<ul style="list-style-type: none"> <li>• Invest in employees training, development and career progression</li> <li>• Safe and healthy working environment</li> </ul>	<p><b>Annually</b></p> <ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Employee satisfaction survey</li> <li>• Annual operating plan</li> <li>• Strategic alignment meetings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Town hall sessions</li> <li>• ESG day</li> </ul>
 <b>Suppliers</b> <ul style="list-style-type: none"> <li>• Fair procurement processes and payment terms</li> <li>• Long-term partnerships and business opportunities</li> <li>• Support of local suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure fair contract terms and timely payment</li> <li>• Foster long-term supplier relationships</li> <li>• Ensure supplier compliance with health and safety standards</li> </ul>	<p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Products and services quality feedback</li> <li>• Tender interview and request for proposal</li> <li>• Meetings and workshops</li> </ul> <p><b>Biannually</b></p> <ul style="list-style-type: none"> <li>• Suppliers briefing and training programme</li> </ul> <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>• Supplier screening and assessment</li> </ul>
 <b>Community/ Non-profit organisations ("NGOs")</b> <ul style="list-style-type: none"> <li>• Venue sponsors and donations</li> <li>• Social contributions and community engagement</li> <li>• Local economic development and employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Provide support in community development and activities</li> <li>• Create jobs and support local economic growth</li> </ul>	<p><b>On-going</b></p> <ul style="list-style-type: none"> <li>• Community engagement</li> </ul> <p><b>Monthly</b></p> <ul style="list-style-type: none"> <li>• Charity drives, sponsorships, donations and events</li> <li>• Collaborations and NGOs</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>• Festive and other get-together celebrations</li> </ul>
 <b>Media</b> <ul style="list-style-type: none"> <li>• Timely and transparent communication of updates</li> <li>• Business performance and achievements</li> <li>• ESG commitments and corporate reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Provide regular and clear business updates</li> <li>• Share key performance and milestones</li> <li>• Highlight ESG efforts to strengthen reputation</li> </ul>	<p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>• Media and analyst briefings</li> </ul> <p><b>As needed</b></p> <ul style="list-style-type: none"> <li>• Media conferences and interviews</li> <li>• Media releases</li> <li>• Corporate website</li> <li>• Social media</li> </ul>

# SUSTAINABILITY STATEMENT

## Materiality Assessment

Effective prioritisation of the sustainability issues that impact our operations is crucial to achieving meaningful outcomes. Hektar REIT identifies these critical material matters through materiality assessments, enabling us to address them in alignment with stakeholder expectation.

We conducted our materiality assessment in FY2023, identifying a total of 16 material matters and generating a matrix that was enhanced this year to align with our newly established ACT sustainability pillar. The top five material matters of importance, according to the matrix, are Public Safety, Corporate Governance and Anti-Corruption, Energy and Climate Change, Water Management, Human Rights, Diversity, Equity and Inclusion.



# SUSTAINABILITY STATEMENT

## The Sustainability Matters Essential to Us

The following tables illustrate the connections between our sustainability pillars, identified material matters, relevant SDGs, and corresponding stakeholders, highlighting the interconnectedness of our sustainability elements.

### Advancing low-carbon portfolio and strategically acquiring sustainable assets

Enhance energy efficiency in existing assets, reduce emissions, and strategically acquire sustainable assets aligned with global climate targets to build a low-carbon portfolio.

#### Material Matters

- Energy and Climate Change
- Water Management
- Waste Management
- Effluent Management
- Green Office Practices
- Eco-friendly Building Materials
- High-quality Retail Estate and Enhancement

#### UN SDGs



#### Key Stakeholder Groups



### Cultivating a responsible value chain and a committed, dignified workforce

Promote a responsible value chain and cultivate a diverse, empowered workforce through ethical practices, continuous development, and well-being initiatives.

#### Material Matters

- Supply Chain Management
- Human Rights, Diversity, Equity and Inclusion
- Labour Practices and Standards
- Occupational Health and Safety

#### UN SDGs



#### Key Stakeholder Groups



### Thriving through investment in community inclusivity and transparency in excellence

Invest in community well-being, foster transparent stakeholder engagement, and uphold governance excellence to create lasting positive impacts.

#### Material Matters

- Corporate Governance and Anti-Corruption
- Data Privacy and Cybersecurity
- Public Safety
- Community Engagement and Contribution

#### UN SDGs



#### Key Stakeholder Groups



# SUSTAINABILITY STATEMENT

## Setting Our Trajectory Towards Net Zero

Amid the escalating climate crisis, understanding the impacts of our extended portfolio has become increasingly vital. Guided by climate-related disclosure standards, the Manager is better equipped to enhance our transition strategy and provide stakeholders an in-depth overview of the climate change-related risks and opportunities influencing the REIT.

### Governance

HAMSB's Board oversees climate-related risks and opportunities within our business activities, ensuring alignment with Hektar REIT's mission, vision, strategies and objectives. It is supported by the Sustainability Steering Committee (SSC) led by the Chief Executive Officer of HAMSB, which assesses and strategically manages these climate-related risks and opportunities.

Oversight and Management of Climate-Related Risks and Opportunities	
Board's Oversight	Management's Role
<b>Board of Directors – Strategic Oversight &amp; Governance</b> The Board ensures sustainability is integrated into the company's long-term strategy and risk management. Their key responsibilities include:	<b>Management – Execution &amp; Implementation</b> Management is responsible for the operational execution of sustainability initiatives. Their key roles include:
<b>Setting Sustainability Vision &amp; Strategy</b> <ul style="list-style-type: none"> <li>Approving the company's sustainability strategy, ensuring alignment with corporate goals and stakeholder expectations.</li> <li>Defining long-term commitments, including Net Zero targets and ESG priorities.</li> </ul>	<b>Developing &amp; Executing Sustainability Plans</b> <ul style="list-style-type: none"> <li>Translating the Board's sustainability vision into actionable policies, programmes, and initiatives.</li> <li>Driving implementation of energy efficiency, waste management, carbon reduction, and social impact initiatives.</li> </ul>
<b>Governance &amp; Accountability</b> <ul style="list-style-type: none"> <li>Establishing a robust sustainability governance structure, including board committees (e.g., ESG or Risk Committee).</li> <li>Holding senior management accountable for achieving sustainability objectives.</li> </ul>	<b>Operational Risk Management &amp; Compliance</b> <ul style="list-style-type: none"> <li>Ensuring day-to-day compliance with sustainability regulations and industry best practices.</li> <li>Managing internal sustainability audits and certification processes (e.g., ISO 14001, GRESB, LEED).</li> </ul>
<b>Risk Management &amp; Compliance</b> <ul style="list-style-type: none"> <li>Overseeing climate-related and ESG risks that could impact financial performance and business continuity.</li> <li>Ensuring regulatory compliance with local and international sustainability frameworks (e.g., Bursa Malaysia, TCFD, ISSB, GRI, UNGC).</li> </ul>	<b>Stakeholder &amp; Employee Engagement</b> <ul style="list-style-type: none"> <li>Leading internal sustainability training, awareness, and capacity-building.</li> <li>Engaging tenants, suppliers, and community partners on sustainability initiatives.</li> </ul>



# SUSTAINABILITY STATEMENT

Oversight and Management of Climate-Related Risks and Opportunities	
Board's Oversight	Management's Role
<p><i>Stakeholder Engagement &amp; Reporting</i></p> <ul style="list-style-type: none"> <li>• Approving ESG disclosures, sustainability reports, and investor communications.</li> <li>• Engaging with shareholders and regulators on ESG-related expectations.</li> </ul>	<p><i>Data Collection &amp; Reporting</i></p> <ul style="list-style-type: none"> <li>• Monitoring and tracking sustainability performance metrics (e.g., carbon footprint, energy intensity, water usage).</li> <li>• Preparing sustainability disclosures, reports, and ESG performance dashboards for Board review.</li> </ul>
<p><i>Approving Major Sustainability Investments &amp; Initiatives</i></p> <ul style="list-style-type: none"> <li>• Reviewing and approving high-value sustainability projects (e.g., solar panel investments, green financing, carbon reduction strategies).</li> <li>• Ensuring capital allocation supports long-term sustainable growth.</li> </ul>	<p><i>Project Execution &amp; Continuous Improvement</i></p> <ul style="list-style-type: none"> <li>• Managing the rollout of sustainability projects, such as solar panel installations, green building certifications, and resource efficiency measures.</li> <li>• Identifying new sustainability opportunities, innovations, and technologies for adoption.</li> </ul>
<p><i>Monitoring &amp; Performance Evaluation</i></p> <ul style="list-style-type: none"> <li>• Reviewing sustainability KPIs and ESG performance against targets.</li> <li>• Holding management accountable for sustainability-linked executive remuneration.</li> </ul>	<p><i>Reporting to the Board</i></p> <ul style="list-style-type: none"> <li>• Presenting regular updates on sustainability progress, challenges, and emerging risks.</li> <li>• Providing data-driven insights to support Board decision-making on ESG matters.</li> </ul>

Climate change is considered a material issue by the Board when reviewing the Manager's approach to managing risks and opportunities.



# SUSTAINABILITY STATEMENT

## Strategy

Our climate-related risks are categorised into transition and physical risks. Transition risks stem from the shift to a low-carbon economy, influenced by regulatory changes and market shifts. Physical risks arise from direct climate impacts such as extreme weather and rising temperatures which affect assets and operations.

Transition Risks	
Potential Impacts	Opportunities
<b>Policy and Legal</b> Effects of current and emerging regulations	
<ul style="list-style-type: none"> <li>Increased costs from more stringent environmental regulations and standards; non-compliance may lead to legal liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Investing in smart building systems enhances our properties' building energy index and reduces costs associated with energy consumption</li> <li>Establishing robust emissions reporting systems ensures compliance and mitigates legal risks associated with climate regulations</li> </ul>
<b>Technology</b> Transitioning to lower-emission alternatives	
<ul style="list-style-type: none"> <li>Significant capital investments in solar panels and smart building solutions to enhance energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Long-term cost savings from lower energy use and improved efficiency, enhancing asset resilience and supporting a low-carbon portfolio</li> </ul>
<b>Market</b> Changing market demand for sustainable and low-carbon assets	
<ul style="list-style-type: none"> <li>Properties that do not meet sustainability standards may face devaluation</li> <li>Increasing energy costs may prompt tenants to favour energy-efficient buildings</li> <li>Potential loss of tenants or difficulty in attracting new tenants</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading to energy-efficient and sustainable properties can attract eco-conscious tenants</li> <li>Obtaining green building certifications can enhance property value and attract investors</li> </ul>
<b>Reputation</b> Changing consumer perceptions based on contribution to a low-carbon economy	
<ul style="list-style-type: none"> <li>Negative perceptions of the REIT's environmental impact may reduce consumer loyalty and foot traffic to retail properties</li> </ul>	<ul style="list-style-type: none"> <li>Proactively promoting sustainability initiatives can attract eco-conscious tenants and consumers</li> <li>Investing in sustainable practices and green certifications can enhance our reputation, fostering loyalty and trust among stakeholders</li> </ul>

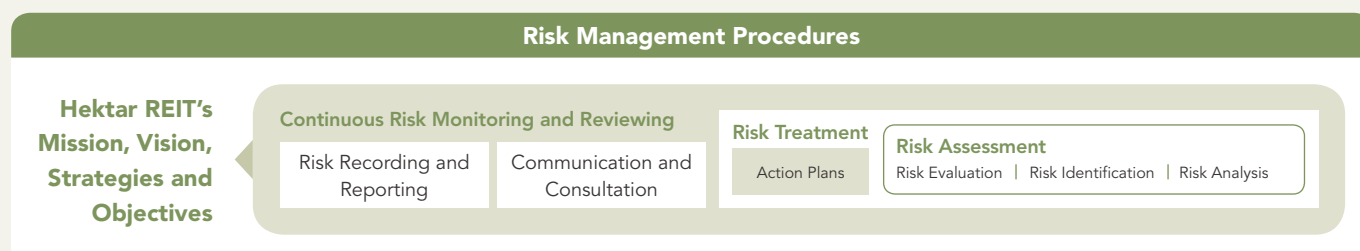
# SUSTAINABILITY STATEMENT

Physical Risks	
Potential Impacts	Opportunities
<b>Acute</b>	
Exposure to increasingly frequent and severe extreme weather events such as floods, storms and landslides	
<ul style="list-style-type: none"> <li>Potential damage to properties, leading to costly repairs and maintenance</li> <li>Early asset write-offs may occur for properties in high-risk areas</li> </ul>	<ul style="list-style-type: none"> <li>Retrofitting properties with climate-resilient features enhances asset value</li> <li>Implementing risk management strategies protects assets and reduces the risk of asset write-offs</li> <li>Diversifying investments in low-risk areas reduces exposure to extreme weather</li> </ul>
<b>Chronic</b>	
Exposure to prolonged climate shifts, including rising temperatures, changing precipitation patterns, and rising sea levels	
<ul style="list-style-type: none"> <li>Increasing operational costs during periods of higher energy demand for cooling</li> <li>Potential increase in insurance premiums</li> </ul>	<ul style="list-style-type: none"> <li>Adopting energy-efficient technologies, such as solar panels and Heating, Ventilation, and Air Conditioning ("HVAC") systems reduces operational costs</li> <li>Conducting regular insurance reviews to ensure adequate climate-related coverage and reduce financial risk</li> <li>Investing in resilient infrastructure and retrofits to reduce vulnerability to climate impacts, potentially lowering insurance costs</li> </ul>

## Risk Management

The Manager conducts an annual risk assessment to identify, assess and document material risks, including relevant ESG risks, key controls and mitigation measures. Our Enterprise Risk Management ("ERM") Framework is aligned with the ISO 31000:2018 Risk Management Standard, outlining policies and procedures for effective risk mitigation.

Risk management and ERM implementation is the Board's ultimate responsibility, which oversees them through the Audit and Risk Management Committee ("ARMC"). A half-yearly Risk Report is prepared by the Risk Officer to highlight significant risk exposures for Hektar REIT. Management reviews the consolidated material risks and associated controls before presenting them to the ARMC and Board.



## SUSTAINABILITY STATEMENT

ESG risk considerations are fully embedded within our broader risk management framework. To ensure comprehensive risk assessment, we have incorporated climate change as a critical item within our risk register profile, enabling a thorough evaluation of climate-related risks, alongside other business considerations.

In FY2024, we updated the risk appetite and enhanced the risk parameters of the Risk Management Framework to better address emerging risks and support our strategic objectives.

### *Metrics and Targets*

We monitor and disclose our annual Scope 1, 2, and limited Scope 3 GHG emissions, including emissions from business travel and employee commutes. Our GHG emissions are calculated in accordance with the methodology outlined within the GHG Protocol Corporate Accounting and Reporting Standard.

Metric	Unit	Description
GHG Emissions	tCO <sub>2</sub> e	Quantifies Scope 1, 2 and 3 (limited to business travels, employee commute and downstream leased assets) GHG emissions
Energy Usage	GJ	Tracks total fuel and electricity consumption
Fuel Consumption	Litres ("L")	Measures the total amount of fuel used
Electricity Consumption	Megawatt-hours ("MWh")	Records the total electricity consumption
Waste	Tonnes	Measures total amount of waste generated
Water Usage	m3	Measures total water consumption

Additionally, a set of KPIs derived from [Hektar REIT Forward Faster Sustainability Roadmap 2050](#) focuses on reducing GHG emissions, improving energy and water efficiency as well as enhancing waste management, with short-term targets set for achievement by FY2026.

Details of our management approach and performance data can be found in the "Energy and Climate Change" section.



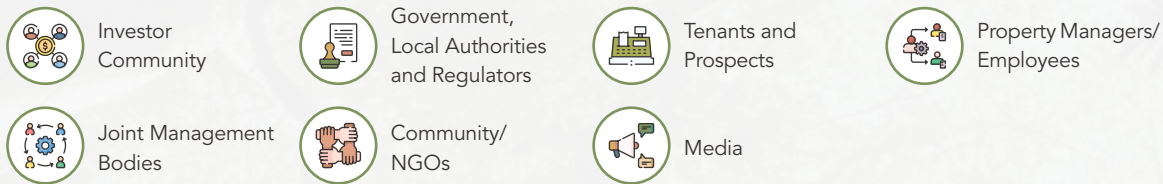
## Advancing Low-Carbon Portfolio and Strategically Acquiring Sustainable Assets

Hektar REIT recognises that embedding sustainable practices into our operations is vital for maintaining business resilience amidst evolving environmental challenges. The Manager oversees the advancement of our environmental initiatives within our built environment, driving efforts to 'Advance' national sustainability goals and our growth as a commercial real estate REIT.

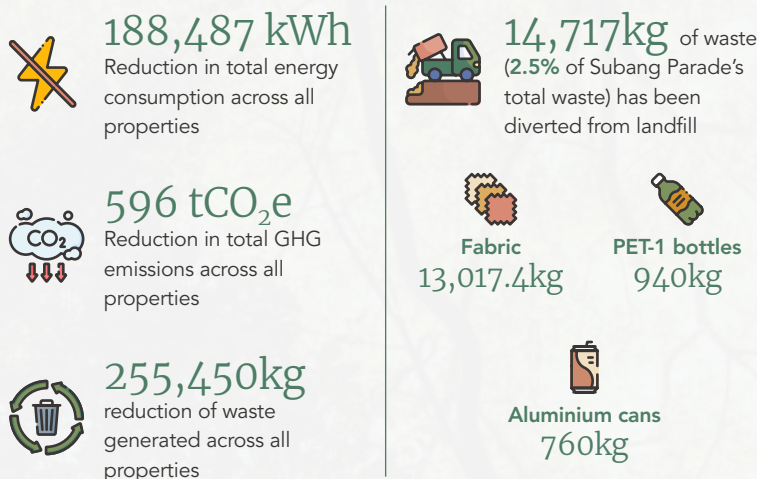
### Material Matters

- Energy and Climate Change
- Water Management
- Waste Management
- Effluent Management
- Green Office Practices
- Eco-friendly Building Materials
- High-quality Retail Estate and Enhancement
- Green Leases

### Key Stakeholder Groups



### FY2024 Highlights



### Contribution to UN SDGs





# SUSTAINABILITY STATEMENT

## Energy and Climate Change

The Manager is committed to aligning our energy management practices with global sustainability goals, recognising the real estate sector's significant role in addressing the growing impacts of climate change. Our approach is guided by environmental stewardship principles, ensuring that our climate strategies strengthen our long-term resilience.

### Climate Change Policy

Implemented in FY2024, our Climate Change Policy outlines our commitments to reducing both operational and embodied carbon, with the goal achieve net-zero by 2050.

#### Reducing Scope 1 and 2 Emissions

By actively engaging our supply chain, tenants, and stakeholders to encourage the adoption of low-carbon solutions, we aim to achieve significant GHG emission reductions by 2030.

#### Reducing Scope 3 Emissions

We strive to substantially reduce Scope 3 emissions by 2030 through advocacy and collaboration with supply chain partners, tenants, and stakeholders.

#### Sustainable Design and Energy Efficiency

To minimise energy consumption, GHG emissions, and waste, we plan to integrate energy-efficient practices and sustainable design to enhance existing assets and new acquisitions.

We also manage energy consumption associated with tenant operations by encouraging them to adopt energy-saving practices through the implementation of guidelines, awareness programmes and energy audits. These initiatives enable our tenants to reduce their environmental impact and energy concerns, supporting our broader sustainability objectives.

#### Energy Efficiency Initiatives

Following recommendations from energy audits, various energy efficiency measures have been implemented to enhance our energy management practices. Recommendations that require significant investment are currently under review for potential integration into our long-term energy management plans.



# SUSTAINABILITY STATEMENT

## IMPLEMENTED KEY INITIATIVES

Replaced mall lights with energy-saving LED fixtures to reduce electricity consumption



Installed tinted skylights on windows to minimise solar heat gain and improve cooling efficiency



Replaced Cooling Coils for Air Handling Units (“AHUs”) to enhance energy performance



Optimised electricity usage by managing maximum demand, leveraging Off Peak Tariff Rider (“OPTR”), and controlling chiller use



Reconfigured and fine-tuned Air Conditioning and Mechanical Ventilation (“ACMV”) equipment via setpoint adjustments, capacity capping, and load balancing



### EV Charging Stations

All shopping malls in our REIT portfolio are equipped with EV charging bays, totalling 13 bays across our properties. Strengthening our EV friendly infrastructure supports the transition to eco-friendly transportation among our communities while contributing to the reduction of carbon emissions associated with conventional vehicles.



# SUSTAINABILITY STATEMENT

## Energy Consumption

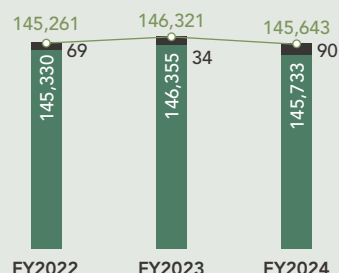
In FY2024, Hektar REIT's recorded total energy comprises 145,552 GJ from electricity and 91 GJ from diesel used to operate generators on our properties.

188,487 kWh

Reduction in  
Total Energy Consumption

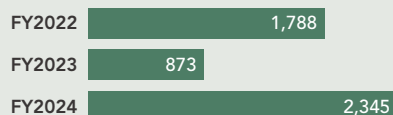


### TOTAL ENERGY CONSUMPTION (GJ)

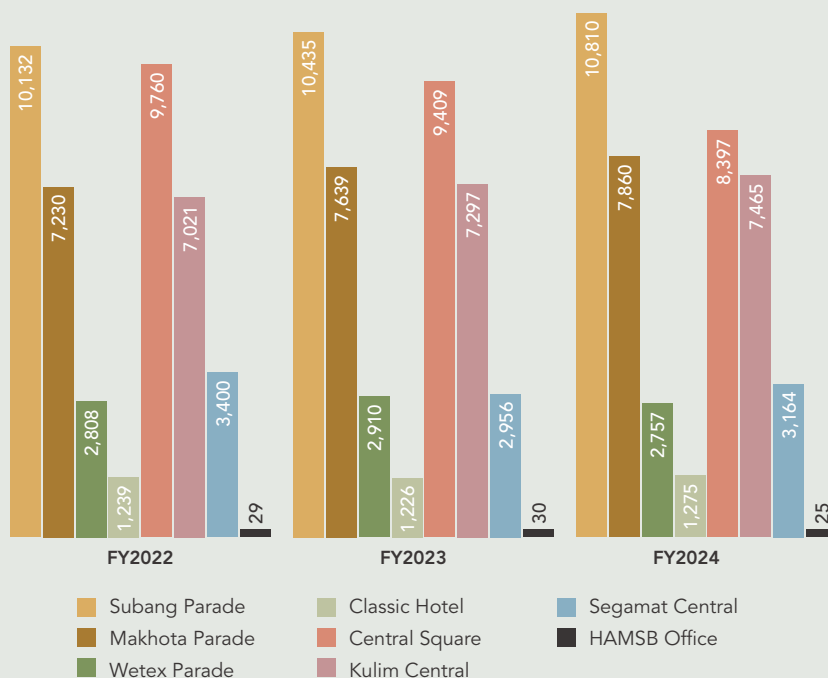


Electricity Consumption  
Fuel Consumption  
Total

### FUEL CONSUMPTION (L)



### TOTAL ELECTRICITY CONSUMPTION (MWH)



Subang Parade  
Makhota Parade  
Wetex Parade  
Classic Hotel  
Central Square  
Kulim Central  
Segamat Central  
HAMSB Office

## Total GHG Emissions

Our total GHG emissions include direct Scope 1 emissions<sup>1</sup> from fuel usage, indirect Scope 2 emissions<sup>2</sup> resulting from purchased electricity, as well as limited Scope 3 emissions<sup>3</sup> from business travel, employee commute and downstream leased assets.

596 tCO<sub>2</sub>e

Reduction in  
Total GHG Emissions



In FY2024, our emissions reduced by reduced by 2% equivalent to 596 tCO<sub>2</sub>e compared to the previous year.

	FY2022	FY2023	FY2024
Total GHG Emissions (tCO <sub>2</sub> e)	30,174	30,310	29,714

# SUSTAINABILITY STATEMENT

## Scope 1 and Scope 2 GHG Emissions

Of our Scope 1 and 2 GHG emissions, we recorded a higher number of Scope 2 emissions. This significant discrepancy is primarily due to our reliance on grid electricity as the main energy source across our properties.

Total Scope 1 and Scope 2 GHG Emissions (tCO <sub>2</sub> e)	FY2022	FY2023	FY2024
	23,776	23,942	23,819

### SCOPE 1 GHG EMISSIONS (TCO<sub>2</sub>E)

FY2022	4.79
FY2023	2.34
FY2024	6.28

### SCOPE 2 GHG EMISSIONS (TCO<sub>2</sub>E)

FY2022	23,771
FY2023	23,940
FY2024	23,813

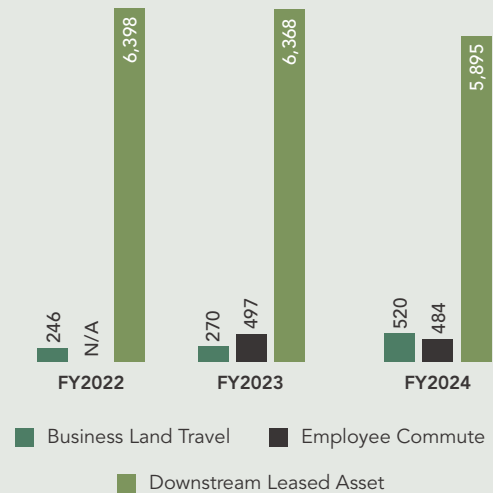
## Scope 3 GHG Emissions

In FY2024, we generated 6,778 tCO<sub>2</sub>e from Scope 3 emissions.

### Note:

- Scope 1 emissions result from the direct combustion of diesel. These emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2022, 2023 and 2024.
- Scope 2 emissions result from the purchase of grid electricity. The Scope 2 emissions are calculated using emission factors from the latest 2022 Grid Emission Factor (GEF) published by the Suruhanjaya Tenaga (Energy Commission) in Malaysia.
- Scope 3 emissions result from indirect activities, such as business travel, employee commuting and downstream leased assets. These emissions were calculated using emission factors from the UK Government GHG Conversion Factors for Company Reporting 2022, 2023 and 2024.

### SCOPE 3 GHG EMISSIONS (TCO<sub>2</sub>E)



Scope 3 emissions for this year are estimated based on available data and assumptions. We recognize the need for more accurate tracking and will improve our data collection methods in the coming years. This will help us better understand our emissions and set clearer reduction targets.

## SUSTAINABILITY STATEMENT

### Eco-friendly Building Materials and High-quality Retail Estate Enhancement

As a retail-focused REIT, Hektar REIT is committed to elevating the customer experience while embedding sustainability within the built environment. Our building upgrades incorporate passive design features, energy-efficient technologies and eco-friendly and sustainably sourced building materials,, ensuring our properties are both environmentally responsible and adaptable to the evolving needs of our tenants and visitors.

Since its inception, Subang Parade has undergone continuous enhancements in both structural and interior design.

#### Tenant Satisfaction Survey

We conducted a comprehensive Tenant Satisfaction Survey at Wetex Parade to gather feedback across seven key areas.

- Condition and appearance of the shopping centre, including signage, lighting, and facilities.
- Cleanliness in common areas, washrooms, and staff responsiveness
- Maintenance reliability, response times, and request fulfilment
- Adequacy of security measures, response times, and accessibility of guards
- Parking conditions, signage, and automation improvements
- Leasing team support, responsiveness, and solutions to drive sales
- Marketing efforts, joint promotions, and festive decorations

4 out of 5

Tenant Satisfaction Score  
at Wetex parade



The survey results reflect an overall tenant satisfaction score of **4 out of 5 (Good)**, highlighting positive performance while identifying opportunities for continued improvement in tenant engagement and service excellence.





# SUSTAINABILITY STATEMENT

## Water Management

While Hektar REIT properties do not operate in water-stressed areas, effective water management is becoming increasingly crucial to alleviate scarcity concerns and minimise our environmental impact. Our properties primarily source water from municipal utilities, with consumption closely monitored to identify optimisation opportunities.

### Water Stewardship Policy

Hektar REIT introduced a Water Stewardship Policy in FY2024 that outlines a structured approach to managing our water consumption.

- Reviewing water-related risks and opportunities with financial or strategic implications on a regular basis
- Ensuring adequate backup storage, monitoring effluent discharge and implementing SOPs for water crises
- Implementing water-efficient technologies, such as low-flow fixtures, across all properties to optimise water usage
- Incorporating water efficiency practices into tenants fit-out requirements to promote responsible water use
- Exploring the feasibility of rainwater harvesting and other alternative water sources

The Sustainability Department is responsible for the implementation of water management initiatives and conducts annual performance reviews against set targets. Each Business Unit ("BU") executes water stewardship practices specific to their operational areas. Collaborative efforts with tenants further reinforce sustainable water management, integrating conservation practices within tenancy agreements.

### Ongoing Water Management Initiatives

Routine inspections of water supply systems were conducted in collaboration with property managers to detect and address potential issues, ensuring optimal functionality. In FY2024, we replaced and refurbished toilet equipment at Kulim Central and Segamat Central to reduce leakages.



We reduced the water pressure at our operations to decrease water consumption, minimise wastage, and mitigate the risk of pipe bursts.



We actively engage tenants through education and awareness campaigns to foster a culture of water conservation across our properties.



The Property Manager analysed our water performance metrics to uncover water efficiency opportunities. Portfolio-wide assessments further enable us to implement water-saving measures and reduce overall consumption.



## SUSTAINABILITY STATEMENT

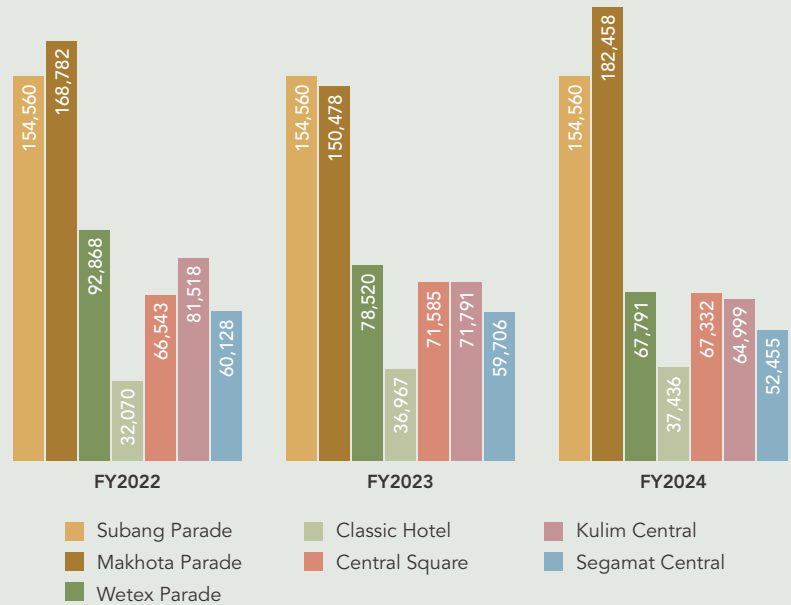
The Manager's total water usage for FY2024 increased by 0.6% compared to the previous year.

### TOTAL WATER USAGE (GROUP) (m³)

FY2022	656,469
FY2023	623,607
FY2024	627,031



### TOTAL WATER USAGE (GROUP) (m³)



### Waste and Effluent Management

Shopping complexes and hotels cater to customers and tenants from varied industries, resulting in the generation of various types of waste. As our portfolio expands, implementing efficient waste management practices is essential to reduce our environmental impact and foster the well-being of the community and environment.

#### Waste Management

Hektar REIT is committed to minimising the environmental impact of our operations through robust waste management practices, as outlined in our updated Environmental, Social, Health, and Safety Policy. The Property Manager oversees the implementation of our Waste Management SOPs, ensuring efficient handling of waste across all activities, including tenant operations, cafeterias and renovation sites. Where avoidance is not possible, we focus on mitigating impacts through sustainable and compliant approaches.

We adhere to the waste management hierarchy (Prevention, Reduction, Reuse, Recycling, Recovery, and Disposal) and comply with the Solid Waste and Public Cleansing Management Act 2007.

# SUSTAINABILITY STATEMENT

## Key Waste Management Practices

### Property-Level Waste Plans

Each property implements a Waste Management Plan and maintains approved environmental documentation.



### Waste Segregation

Properties and tenants are provided temporary storage facilities for domestic, scheduled and non-hazardous waste.



### Regulated Disposal

Licensed contractors collect and manage waste in compliance with regulations.



### Tenant Compliance

Waste obligations are included in Tenancy Agreements and monitored through periodic site inspections.



### Green Office Practices

Reduced printing and the implementation of digitalisation solutions resulted in decreased paper consumption and streamlined workflows.



The Manager implemented an Event Stewardship Policy that guides event organisers utilising our rentable spaces in our malls to adopt sustainable waste management practices throughout the duration of events.

- Reducing, reusing, and recycling event waste.
- Minimising packaging and single-use items.
- Providing recycling solutions and prioritising reusable, eco-friendly alternatives.

## Hektar REIT's Green Initiatives Across Our Properties

Classic Hotel focused on recycling consumables such as shampoo and water bottles, offering conveniently located recycling bins for guests.



Prepared Recycling Bins at designated locations at Subang Parade, Central Square, Wetex Parade.



Hektar REIT introduced a fully paperless parking system across our malls to significantly reduce paper consumption while enhancing convenience for shoppers.



In FY2024, we actively engaged the local community with the following recycling initiatives at Subang Parade.

We continued our collaboration with Kloth Cares and DRB-HICOM, maintaining the placement of Kloth Bins in the basement car park to collect fabric donations.

**13,017.4kg** Total Fabric Collected

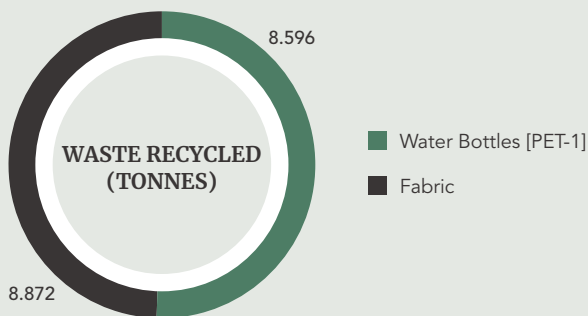
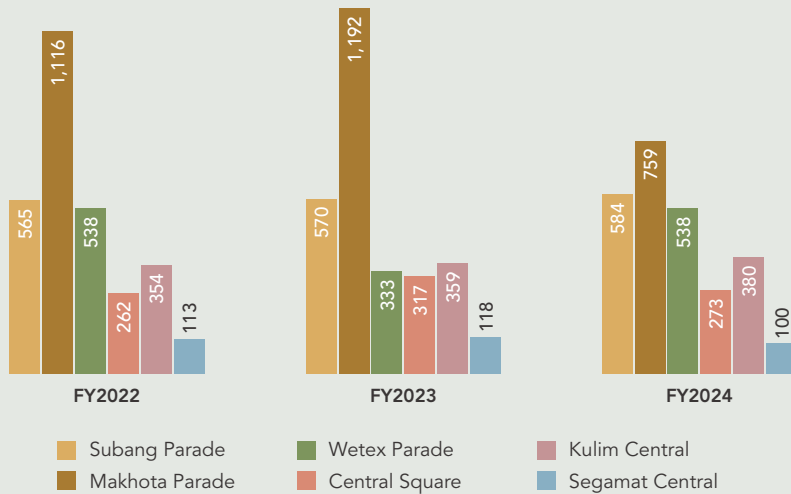
Continued to operate two Rebotol & KLEAN Machines on the Lower Ground Floor, enabling users to exchange plastic bottles and aluminium cans for redeemable points via the KLEAN app.

**1,700kg** Total Polyethylene terephthalate ("PET") and Cans collected

## SUSTAINABILITY STATEMENT

In FY2024, we recorded 8.84% decrease in waste generated compared to FY2023. Additionally, Subang Parade successfully diverted 2.52% of its total waste generated from landfills, contributing to enhanced waste management and circular economy efforts.

**TOTAL WASTE GENERATED  
(DISPOSED TO LANDFILL) (TONNES)**



**Note:**

- 2022 waste data at Wetex Parade is not available.
- Waste data excludes Classic Hotel.

Waste data for Classic Hotel is included in Wetex Parade's data, while HAMSB office waste is untracked due to its insignificance.

### Effluent Management

A wastewater management Standard Operating Procedure ("SOP") was implemented and overseen by the Property Manager to ensure effective effluent discharge management at our malls.

#### Regular Inspections

Daily and weekly checks on sewage treatment plants



#### Maintenance Activities

Grease traps and discharge pipes cleaning, as well as conducting monthly water discharge tests as part of Planned Preventive Maintenance



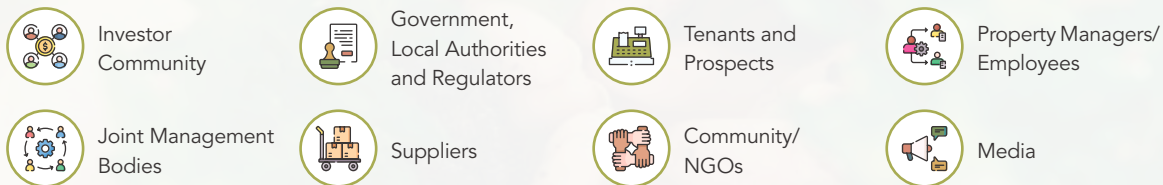
## Cultivating A Responsible Value Chain and a Committed, Dignified Workforce

‘Cultivate’ embodies Hektar REIT’s commitment to nurturing a corporate culture founded on mutual respect and advocating for human rights, fostering positive long-term social impact. We work to uphold exceptional health and safety standards within our operations, and collaborate with suppliers to promote sustainable growth throughout our value chain.

### Material Matters

- Supply Chain Management
- Human Rights, Diversity, Equity and Inclusion
- Occupational Health and Safety
- Labour Practices and Standards

### Key Stakeholder Groups



### FY2024 Highlights

- 100%**  
of procurement expenditure on local suppliers
- 0**  
Substantiated cases of discrimination
- 0**  
Substantiated complaints regarding human rights violations
- 10,513**  
Total training hours provided to employees

### Contribution to UN SDGs





# SUSTAINABILITY STATEMENT

## Supply Chain Management

Hektar REIT's suppliers are integral to our operations, providing the resources and services that sustain operational efficiency and property maintenance. We partner with suppliers aligned with our ESG objectives, collectively advancing our sustainability goals and fostering mutual growth.

The Manager engages with a diverse range of suppliers, including facility managers, maintenance service providers, contractors, professional consultants and financial institutions. Guided by our Sustainable Procurement Policy, our selection and management process ensures all suppliers align with our sustainability principles and ESG commitments.

### Hektar REIT Sustainable Procurement Policy

#### Supplier Selection & Evaluation

Suppliers are evaluated based on price, quality, and service as well as their commitment to sustainable practices, with regular reviews ensuring continuous improvement.

#### Eco-labels & Social Labels

We encourage our suppliers to use eco-labels and social labels that certify their adherence to environmental and social standards.

#### Compliance with Labour Law

All suppliers must strictly comply with the Employment Act (Amendment) 2022, ensuring fair working hours, wages, and workplace standards.

#### Take-back Services

We prioritise suppliers who offer take-back programmes, facilitating responsible recycling or disposal of products at the end of their lifecycle.

## Supplier Management Process

Our Supplier Relationship Management outlines the standard operating procedures ("SOPs") to ensure a structured approach to onboarding, evaluating, and maintaining supplier relationships.

#### 01: Registration

All new suppliers must complete a registration form, submit supporting documents, and undergo verification by the Group Procurement Department.



#### 02: Approval

Applications are evaluated for approval based on regulatory compliance, quality and reliability, cost-efficiency, specialisation, product suitability, and after-sales service.



#### 04: Evaluation

Annual evaluations are conducted for suppliers with contracts over RM100,000 or those recommended for renewal, focusing on compliance, quality, timeliness, and service reliability. Suppliers scoring 50% or lower are blacklisted for three years.



#### 03: Record Maintenance

Supplier records are regularly reviewed and updated by the Group Procurement Department. Inactive suppliers are archived after five years and reassessed before reactivation.



# SUSTAINABILITY STATEMENT

## Supplier Screening and Assessment

The following tables describe the percentage of new suppliers screened for environmental criteria and existing suppliers assessed for environmental impacts.

Percentage of new suppliers that were screened using environmental criteria	FY2023	FY2024
	0%	0%

Number of suppliers assessed for environmental impacts	FY2023	FY2024
	0	0%

We prioritise local suppliers to support their businesses and contribute to local socioeconomic growth. In FY2024, we allocated 100% of our spending to local suppliers.

## PROPORTION OF SPENDING ON LOCAL SUPPLIER

FY2022	99%
FY2023	100%
FY2024	100%

**Note:** All suppliers including new suppliers will be assessed with environmental impacts criteria starting from 2025

## Human Rights, Diversity, Equity and Inclusion

Recognising workforce diversity as a source of unique talents and perspectives that drive innovation, Hektar REIT encourages inclusivity within our operations, providing equal opportunities for all employees irrespective of race, age, gender or nationality.

### Human Rights Policy

The Manager upholds human rights across all facets of our operations. Our human rights policy is guided by principles outlined in Employment Act (Amendment) 2022, Child Act 2021, other related legislations, as well as international standards.

United Nations  
Guiding Principles on  
Business and Human Rights



Universal Declaration of Human Rights

International Labour Organisation's  
Declaration of Fundamental Principles  
and Rights at Work



Our human rights policy applies to employees, contractors, suppliers, tenants and other relevant stakeholders

### Elimination of Forced and Child Labour

We strictly prohibit any form of forced and child labour, including human trafficking and any work performed under coercion or duress. We ensure strict compliance with applicable laws and regulations regarding the minimum age of employment. Additionally, we promote access to education for all children and support initiatives aimed at preventing and eradicating child labour.

0



substantiated complaints  
of human rights violations were  
recorded for three consecutive years

# SUSTAINABILITY STATEMENT

The Manager engages with tenants, suppliers and contractors who do not employ child or forced labour and have management systems aligned with fair and equal opportunity practices. We require their subcontractors to adhere to these same standards.

To mitigate human rights risks across our properties and supply chain, we integrate due diligence into our business processes.

## Human Rights Due Diligence

- Policy commitment
- Identifying and addressing potential and actual impacts
- Capacity-building through training
- Tracking and transparent communication
- Ensuring effective grievance mechanisms



## Equal Opportunities, Diversity and Inclusion

We uphold non-discrimination and equitable treatment in all employment practices in recruitment, promotions, training and remuneration. Our policies strictly prohibit discrimination based on race, religion, gender, age, sexual orientation, nationality, disability, pregnancy, marital status, political affiliation, or union membership.

Hektar REIT emphasises the principle of equal pay for equal work across our labour supply chain. We explicitly prohibit discriminatory practices against women during the recruitment process, and focus on enhancing workforce diversity, promoting equal opportunities and addressing discrimination through the following initiatives.



We celebrate diverse cultures and festive traditions, offering designated prayer rooms to accommodate the religious practices of our diverse workforce.



Designated breastfeeding rooms are provided to support nursing mothers, ensuring they have a comfortable and private space.



Disability-friendly facilities and inclusive hiring practices were implemented to ensure equitable access and opportunities.



Training, promotion, and appraisals are offered to all employees, regardless of age, to support their growth and advancement.



## Eradicating Harassment and Abuse

We foster a workplace free from harassment, abuse and exploitation, ensuring dignity and respect for all.

0

substantiated cases of  
discrimination in FY2024



Our grievance mechanism enables employees and external stakeholders, including impacted individuals and communities, to confidentially report concerns or violations, such as those related to human rights without fear of retaliation. We also maintain a robust remediation process to address and resolve any adverse human rights impacts arising from our operations.

# SUSTAINABILITY STATEMENT

## Freedom of Association and Collective Bargaining

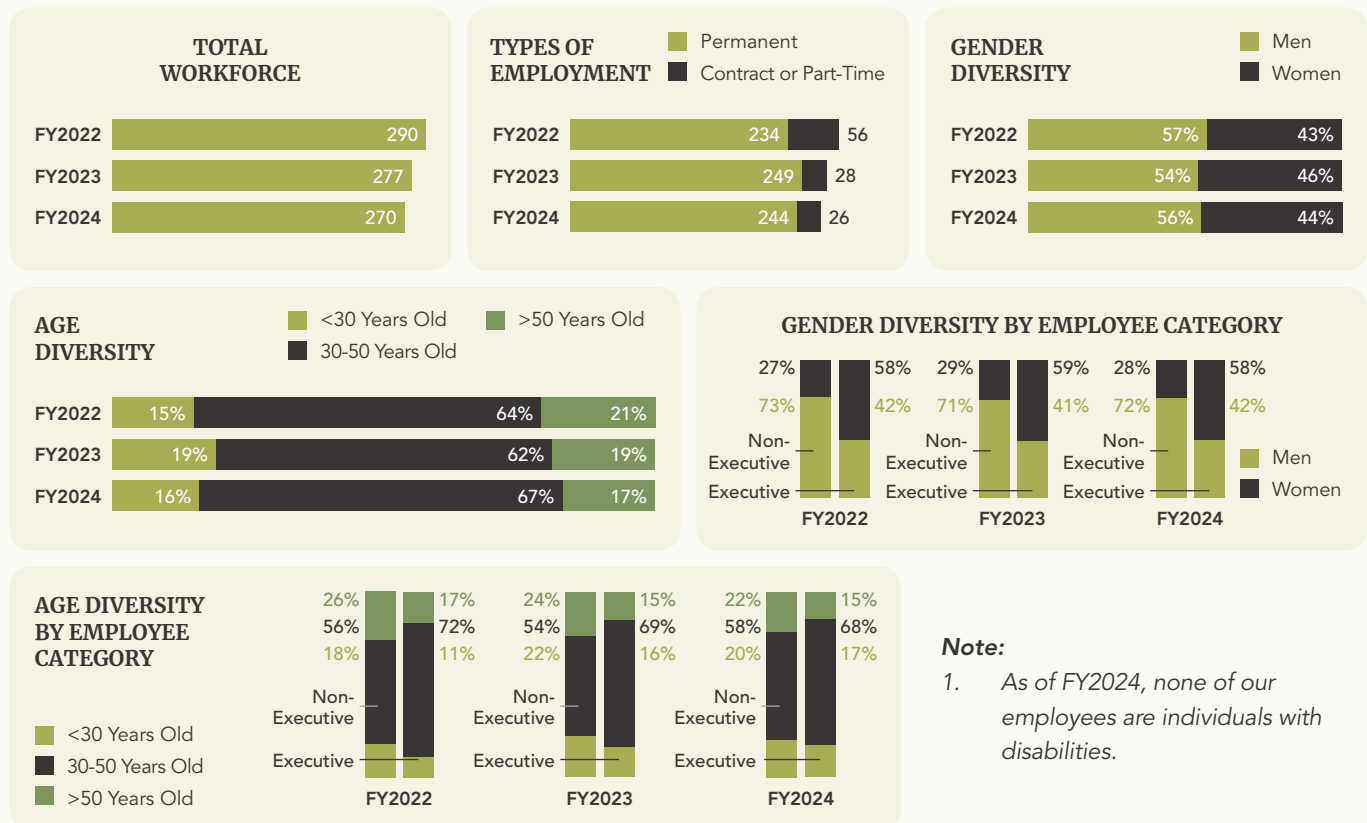
Hektar REIT is committed to upholding and respecting employees' rights to freedom of association and collective bargaining, in line with internationally recognised labour standards and national regulations. We acknowledge that an open and constructive dialogue between employees and management is fundamental to fostering a fair, transparent, and inclusive workplace. This includes the right to engage in collective bargaining to negotiate fair wages, working conditions, and benefits that align with industry standards and best practices.

Additionally, Hektar REIT provides structured grievance mechanisms to ensure that employees can voice concerns regarding workplace conditions, employment terms, and other labour-related matters in a safe and confidential manner. We are committed to responding to such concerns promptly, equitably, and in accordance with our ethical labour policies.

By fostering an environment of mutual respect and collaboration, we aim to strengthen employee engagement, enhance workplace satisfaction, and drive long-term business sustainability.

## Workforce Diversity

The following provides an overview of workforce diversity at Hektar REIT, including total employees, employment types, and gender and age distribution across our Manager and Property Management teams.



### Note:

- As of FY2024, none of our employees are individuals with disabilities.

# SUSTAINABILITY STATEMENT

## Labour Practices and Standards

We acknowledge that our employees' productivity is inextricably linked to Hektar REIT's growth and success. By focusing on employee welfare and fostering a supportive work environment, we empower our workforce to excel and drive sustainable business performance.

0

Confirmed instances of non-compliance with labour standard throughout FY2024



The Manager is committed to upholding the right to fair compensation by ensuring full compliance with the Employment Act (Amendment) 2022 and the Minimum Wage Order 2022, including regulations pertaining to working hours and overtime. We strive to go beyond minimum wage requirements by progressively aligning compensation with living wage standards.

## Compensation and Benefits



### Leave Benefits

- Annual Leave
- Parental Leave



### Medical and Insurance benefits

- Comprehensive medical coverage, including hospitalisation, term life insurance, and personal accident policies



### Allowances

- Mobile phone expenses



### Executive-level benefits

- Reimbursement for monthly club subscriptions



### Managerial benefits

- Travel allowance
- Toll, petrol, insurance, and maintenance

## Hektar REIT ESG Day: Fostering Employee Engagement and Innovation

At Hektar REIT, we recognise that our employees are the driving force behind our sustainability journey. As part of our commitment to fostering a workplace culture that values engagement, innovation, and collaboration, we hosted the inaugural Hektar REIT ESG Day—a dedicated event designed to empower our employees, strengthen our collective ESG vision, and celebrate their contributions towards sustainability.

A key highlight of the day was the Hektar REIT Future Focus Pitch Competition, where employees from various departments had the opportunity to showcase their creativity, strategic thinking, and problem-solving skills. This





## SUSTAINABILITY STATEMENT

competition encouraged participants to develop and present forward-thinking ideas that align with Hektar REIT's sustainability goals, focusing on innovative ESG-driven solutions that could create long-term value for the company and its stakeholders. The initiative provided a platform for employees to step forward as change-makers, reinforcing our belief that every team member plays a crucial role in shaping a sustainable future.

Beyond the competition, the ESG Day featured engaging discussions, interactive sessions, and knowledge-sharing platforms to deepen employees' understanding of ESG principles and their role in achieving our sustainability targets. The event also served as an opportunity to recognise and celebrate employees' contributions, fostering a sense of purpose and motivation. By nurturing a workplace culture that encourages collaboration, continuous learning, and innovation, Hektar REIT is not only strengthening its ESG commitments but also ensuring that employees remain at the heart of our sustainability journey.



### Investing in Future Talent

Hektar REIT is committed to nurturing future talent by supporting education and providing real-world experience. Through our MoU with the University of Reading Malaysia, we offer bursaries, cash rewards, and internship opportunities to help students gain industry exposure and develop essential skills.

As part of this initiative, we welcomed Trina Yong, a final-year BSc Real Estate student, for an eight-week internship. She gained hands-on experience in market research, asset management, and investment strategies, including involvement in Subang Parade's repositioning. Her journey highlighted the importance of collaboration, strategic thinking, and adaptability in real estate.

By integrating education into our ESG efforts, we aim to shape responsible professionals who contribute to both the industry and the community. Looking ahead, we plan to introduce a Graduate Trainee Program to further develop young talent.

### Recognition and Rewards

We recognise and reward employee achievements, including long service awards, to motivate and acknowledge their contributions.



### Celebrations

We celebrate cultural festivals, birthdays, and other milestones to strengthen team bonds and raise morale.

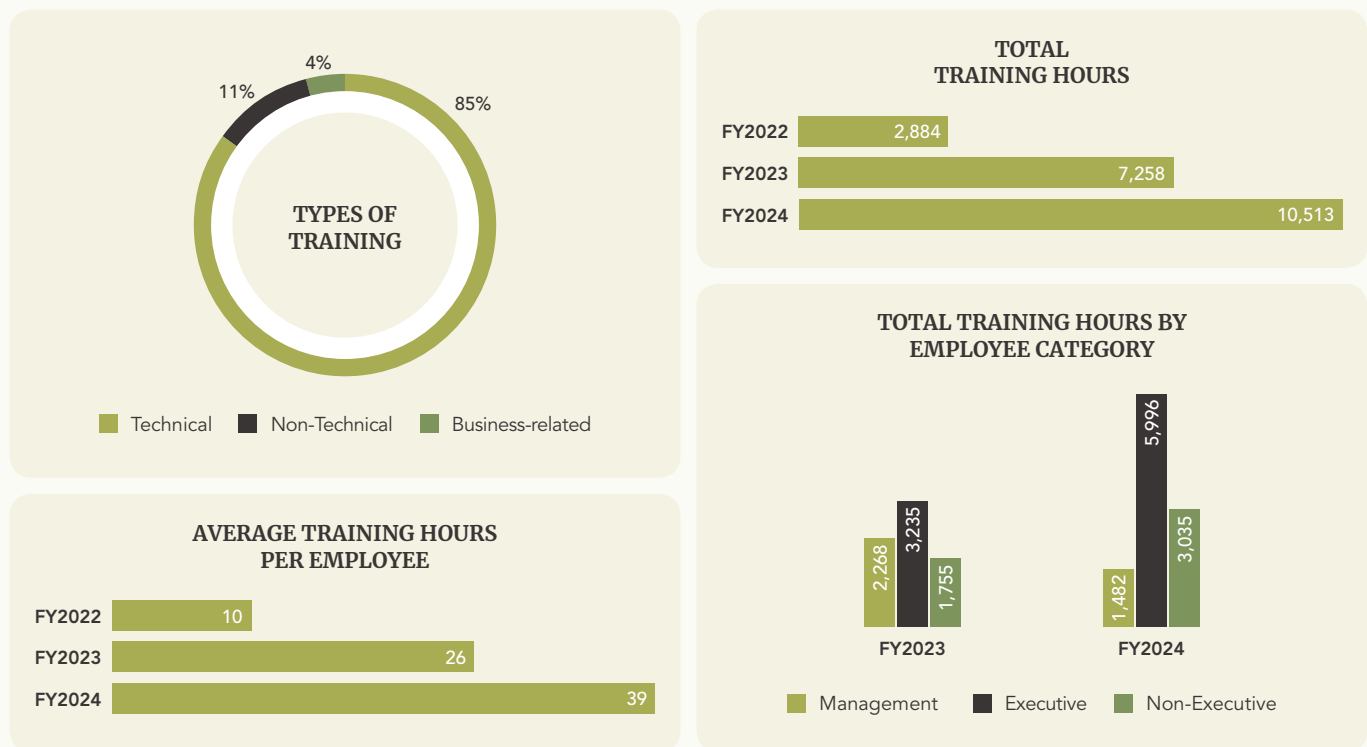


## SUSTAINABILITY STATEMENT

### Employee Training

We offer diverse training modules and continuous learning opportunities to support employee development. We also provide professional training and occasionally sponsor employees pursuing formal certifications to enhance their expertise.

In FY2024, our employees participated in conferences, seminars, classroom sessions, and online webinars, totalling 10,513 training hours.



### Employee Satisfaction Survey

We conduct regular Employee Satisfaction Surveys through an independent consultant to gather anonymous feedback on job satisfaction, workplace culture, leadership and employee benefits. These surveys provide unbiased insights that enable us to identify areas for improvement and implement targeted actions, ensuring our workplace practices align with employee expectations.

### Employee Appraisal

Annual performance appraisals are conducted for all employees, ensuring merit-based evaluations that support professional growth. During the reporting period, we achieved a 100% completion rate for career development and performance reviews.

100%

Completion Rate of  
Employee Appraisal in FY2024



6.5%

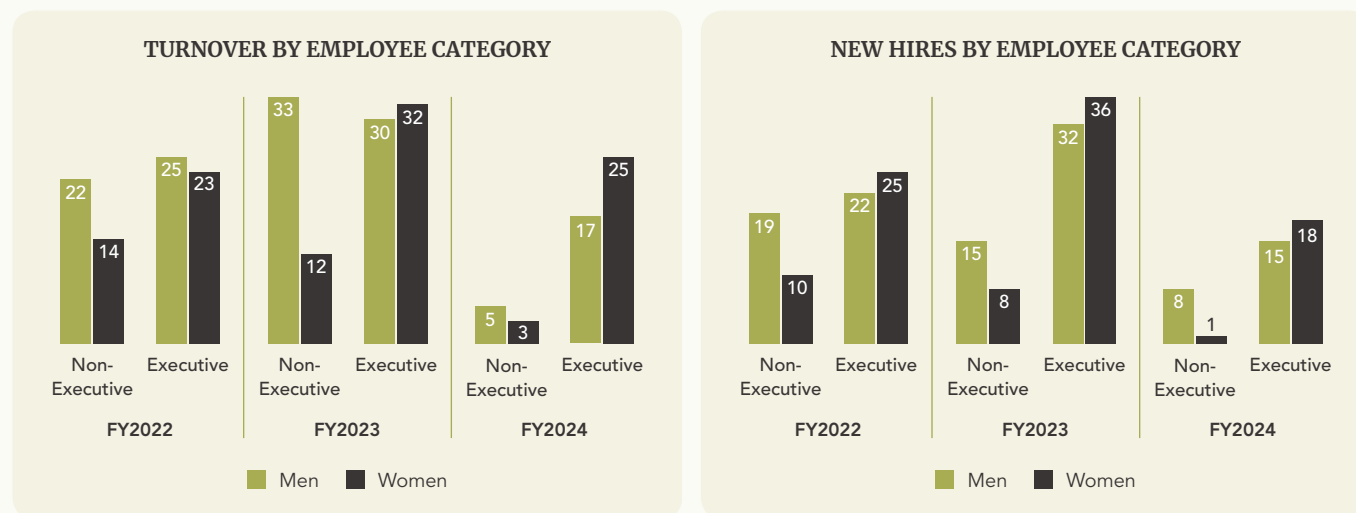
Turnover Rate



# SUSTAINABILITY STATEMENT

## Employee New Hires and Turnover

These infographics represent our recruitment and turnover statistics.



## EMPLOYEE NEW HIRES BY GENDER AND AGE GROUP

Financial Year	Gender		Age		
	Men	Women	<30	30-50	>50
FY2022	41	35	26	37	13
FY2023	47	44	38	44	9
FY2024	23	19	14	23	5

## EMPLOYEE TURNOVER BY GENDER AND AGE GROUP

Financial Year	Gender		Age		
	Men	Women	<30	30-50	>50
FY2022	47	37	27	43	14
FY2023	63	44	28	57	22
FY2024	26	24	12	28	10

# SUSTAINABILITY STATEMENT

## Occupational Health & Safety

Although REIT activities predominantly involve administrative tasks with inherently low injury risks, the health and safety of all individuals within our premises remain among Hektar REIT's top priorities.

Guided by our Environmental, Social, Health and Safety ("ESHS") policy to protect the safety and well-being of employees, tenants, customers, shoppers, guests, visitors and contractors, we implement health and safety initiatives that comply with all relevant safety regulations for our properties.

### Environmental, Social, Health and Safety Policy

- Integrate ESHS risk identification and management into our internal systems
- Maintain ongoing improvement of ESHS performance in the workplace
- Conduct periodic review and updates of ESHS objectives and targets
- Train and raise ESHS awareness for employees, contractors and suppliers
- Require contractors, suppliers and tenants to comply with or adopt similar practices

New operational initiatives on health and safety were enacted in FY2024 to ensure that both employees and contractors comply with the ESHS Policy.

Conduct Occupational Safety, Health and Environment training for all new employees



Review asset performance and safety standards on a quarterly basis



Conduct safety briefings for contractors prior to work commencement



We maintain a Health and Safety Management System aligned with ILO Guidelines on Occupational Safety and Health, ensuring compliance with the Occupational Safety and Health (Amendment) Act 2022. Committed to achieving a 'Zero Harm' environment, we encourage contractors, suppliers, and tenants to uphold these standards, ensuring the safety of everyone within our premises.

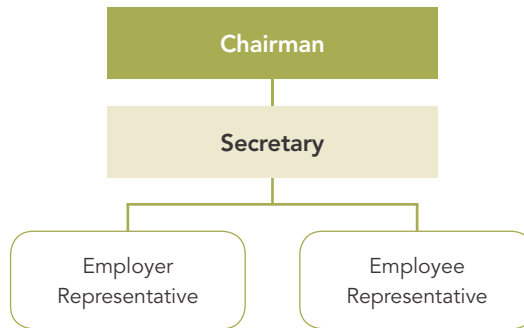
### Coverage of Health and Safety Protocols

- Emergency preparedness
- Incident reporting and investigation
- Public health management for common areas
- Safety performance monitoring
- Safety training and awareness campaigns
- Safety risk assessments
- First aid and personal protective equipment
- Quarterly Safety and Health Workplace Inspection
- Quarterly Hazard assessments

# SUSTAINABILITY STATEMENT

## Safety, Health and Environmental Committee

Every asset has a dedicated Safety, Health and Environmental Committee that is responsible for reviewing and developing safety and health standards and procedures.



In FY2024, the Manager enhanced the Workplace Health and Safety management system with the following updates.

### New Safety and Health Guidelines Implemented

Chemical Handling, Emergency Response Plan, Working at Heights and Working in Confined Spaces



### Expanded Emergency Response Plan

Incorporated additional emergency scenarios, such as emergency response plan robbery, suicide case



### Updated HIRARC Framework

Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") and Incident Reporting and Investigation



### Enhanced First Aid SOP

Integrated Automated External Defibrillators as part of the First Aid SOPs



### Safety Training and Awareness

We collaborated with authorities, industry bodies and the community to organise safety awareness initiatives that promote health and safety within our operations. These safety training programmes are mandatory for new hires and held annually for all employees.

64%

Employees Trained on Health and Safety Standards (FY2023: 129)





## SUSTAINABILITY STATEMENT



In this reporting year, zero safety incidents related to non-compliance were recorded.

Health and Safety Performance			
Indicator	FY2022	FY2023	FY2024
Total Work Hours	15,476,280	17,565,320	15,101,600
No. of Fatalities	0	0	0
High-consequence Work-Related Injuries	3	0	2
Recordable Work-Related Injuries	3	0	2
Lost Time Incident Rate ("LTIR")	0.0775	0.0000	0.5297

**Note:**

1. Health and Safety Performance data includes our employees and contractors.
2. LTIR is calculated as per Bursa Sustainability Reporting Guideline, per 200,000 hours worked per year.

## Thriving Through Investment in Community Inclusivity and Transparency

Hektar REIT believes that to ‘Thrive’ as a REIT goes beyond achieving financial success. It involves upholding an ethical business approach that prioritises the well-being of our stakeholders and the communities we serve. By fostering transparent governance and meaningfully contributing to societal development, we aim to ensure shared prosperity for all who engage with us.





### Material Matters

- Corporate Governance and Anti-Corruption
- Data Privacy and Cybersecurity
- Public Safety
- Community Engagement and Contribution

### Key Stakeholder Groups



### FY2024 Highlights

-  **20%**  
Representation of women directors on the Board
-  **0**  
Substantiated incidents of privacy breaches or data loss
-  **0**  
Confirmed cases of bribery, corruption or whistleblowing
-  **RM250,032**  
Invested in 122 community programmes all over Peninsular Malaysia

### Contribution to UN SDGs







# SUSTAINABILITY STATEMENT

## Corporate Governance and Anti-Corruption

As a proponent of ethical corporate governance principles, we maintain high standards of operational integrity, fulfilling our responsibilities as a REIT Manager while safeguarding the interests of our tenants and stakeholders.

The Manager implemented corporate policies designed to promote accountability across our business. These policies are regularly reviewed to ensure they stay aligned with the evolving business environment.

Corporate Governance Policies		
 <p><b>Board Charter</b></p>	 <p><b>Code of Conduct and Ethics</b></p>	 <p><b>Fit and Proper Policy</b></p>
 <p><b>0</b> Substantiated non-compliance with laws or regulations relevant to our business operations in FY2024</p>		

Awareness sessions on topics such as conflicts of interest and data protection are regularly conducted for our employees. Reminder posters and policy statements are displayed prominently in offices to reinforce these messages.

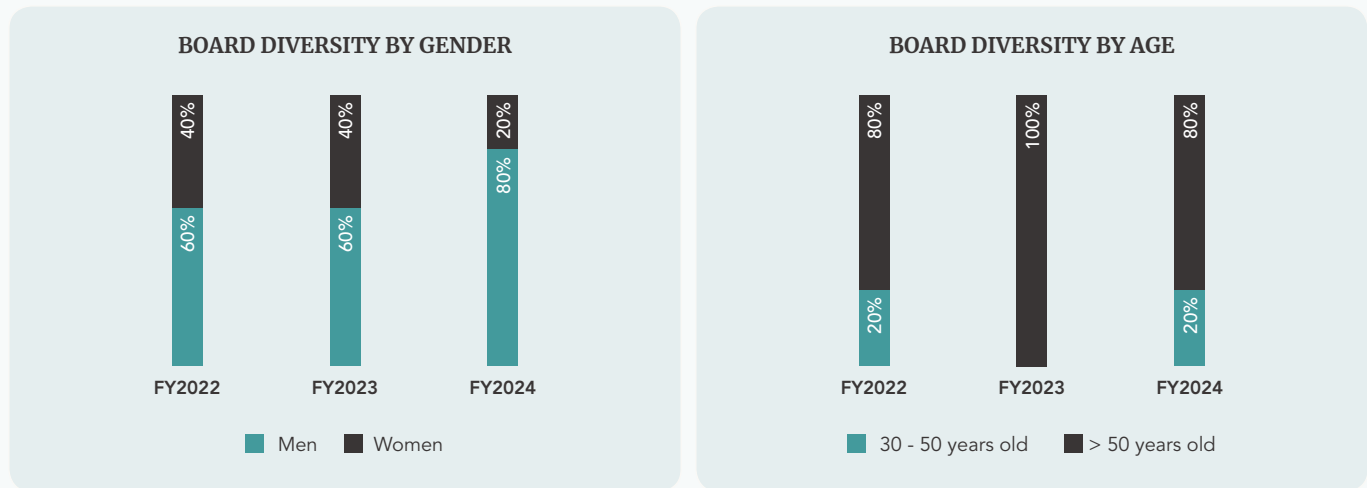
Our governance framework is supported by a range of measures designed to enhance its effectiveness.

<p><b>Regular Review and Monitoring</b></p>	<ul style="list-style-type: none"> <li>• SOPs are reviewed regularly to ensure adequacy</li> <li>• The Manager's corruption risk exposure is assessed biannually in alignment with legal requirements</li> </ul>
<p><b>Training and Awareness</b></p>	<ul style="list-style-type: none"> <li>• New employees receive internal onboarding training</li> <li>• Our Anti-bribery and Anti-corruption ("ABAC") Policy is regularly evaluated to maintain effectiveness</li> </ul>
<p><b>Ongoing Updates and Meetings</b></p>	<ul style="list-style-type: none"> <li>• Compliance meetings with Centre Managers are conducted weekly to address any emerging issues</li> <li>• Compliance dashboards are updated every month to track progress</li> <li>• Quarterly meetings at the Group level ensure consistent oversight and alignment with compliance goals</li> </ul>

# SUSTAINABILITY STATEMENT

## Board Diversity

For three consecutive years, we have exceeded the Code on Corporate Governance (“MCCG”) recommendation by maintaining more than 30% of women directors on the Board, save for FY2024 as the Board composition is being refreshed.



## Anti-Bribery and Anti-Corruption

We uphold a strict ABAC framework in compliance with the Malaysian Anti-Corruption Commission (“MACC”) (Amendment) Act 2018. The Board oversees the Manager’s compliance to the ABAC Framework, maintaining a zero-tolerance all forms of bribery, fraud and corruption. Identified corruption risks are incorporated into our risk register, with dedicated resources and mitigation strategies in place.

The ABAC policy is communicated to all employees, suppliers and third parties, with employees required to pledge their commitment to upholding the policy. Anti-bribery clauses are incorporated into leasing applications, vendor/supplier registration forms, and agreements with intermediaries, contractors, and agents.

In FY2024, we implemented an Anti-Money Laundering Policy, aligned with our ABAC Policy, to establish minimum standards for detecting and mitigating money laundering and terrorism financing risks across our operations.



**Anti-Bribery and Anti-Corruption Policy**



**Anti-Money Laundering Policy**



**Whistleblowing Policy**



# SUSTAINABILITY STATEMENT

## Employee Anti-Corruption Training

All employees and board members undergo anti-corruption training, including quarterly induction training and annual anti-bribery talks conducted by the MACC.

Percentage of Employees Who Received Anti-Corruption Training			
Employee Category	FY2022	FY2023	FY2024
Management	54%	88%	62%
Executive	57%	78%	70%
Non-Executive	20%	92%	62%

## Corruption Risk Assessment and Corruption Incidents

Employee Category	FY2022	FY2023	FY2024
Percentage of operations that underwent corruption risk assessments	0%	100%	100%
Number of confirmed corruption incidents	0	1	0

### Note:

- The employee was dismissed in FY2023 due to non-compliance with anti-corruption practices

## Whistleblowing and Raising Concerns

Our Whistleblowing Policy, communicated through the Human Resource Department, encourages employees and stakeholders to report unethical behaviour, including fraud, corruption, bribery, financial misappropriation, or gross mismanagement. It outlines the following reporting procedures.

### Whistleblowing Procedures

Reports can be submitted via a Whistle-Blowing Form to [whistleblowing@hektarreit.com](mailto:whistleblowing@hektarreit.com) or as a hard copy in a sealed envelope addressed to the designated recipient.

The Audit Committee reviews submitted reports and takes appropriate corrective actions to protect the Group's interests.

0

Whistleblowing cases  
reported in FY2024



We maintain the confidentiality of whistleblowers and the information they provide to the fullest extent permitted by legal and practical considerations. Our managers are equipped with the necessary training to address reports of bullying or harassment effectively, upholding a safe and ethical workplace environment.



# SUSTAINABILITY STATEMENT

## Data Privacy and Cybersecurity

Increased digitalisation heightens Hektar REIT's vulnerability to cybersecurity risks. Implementing effective cybersecurity strategies is essential to managing these potential threats and protecting tenant and operational data, ensuring the integrity of our REIT activities within the expanding virtual environment.

We are guided by effective information technology ("IT") security protocols to safeguard sensitive information. These include IT Security SOPs, specifically tailored for the Manager and Property Manager to ensure consistent practices across our operations. IT guidelines were developed specifically for the HR and Marketing team. We reinforce workforce data security by utilising the IFCA Software which further streamlines our HR operations.

0



Substantiated complaints over the past three years regarding breaches of customer security or loss of customer data

In the event of a cybersecurity incident, the Manager strictly adheres to an Incident Response SOP to promptly identify, contain and resolve the issue. Following resolution, the incident is documented and analysed to enhance future response capabilities and resilience.

## Public Safety

Shopping malls, as bustling centres of activity, are high-traffic public spaces that are vulnerable to potential security threats. Implementing robust safety and security measures is essential to safeguarding visitors, property and businesses while fostering a positive shopping experience.

From enhanced surveillance capabilities to strategic security placement, the Property Manager has implemented several initiatives to improve the safety of our premises.

### Surveillance Capabilities

Our properties are equipped with security access control systems and upgraded closed-circuit television ("CCTV") cameras to enhance monitoring capabilities.

### Panic Buttons & Ladies-Only Parking Spaces

Panic buttons are strategically installed in car parks for rapid emergency responses, complemented by ladies-only parking spaces to enhance security for female visitors.

### Regular Maintenance

All security devices at our premises undergo regular maintenance to ensure optimal functionality.

### Security Personnel

Our security team conducts 24-hour surveillance, hourly patrols, and positions guards at key locations to ensure prompt response to incidents.

### Routine Safety Inspections

Semi-annual safety inspections are conducted by the Property Manager, covering emergency preparedness, evacuation plans, public safety hazards, lighting, security devices, and maintenance area accessibility. Corrective actions are taken for any identified non-compliance.

## SUSTAINABILITY STATEMENT

### Community Engagement and Contribution

Our portfolio of malls provides a unique avenue to support local communities, complementing more conventional philanthropic activities. We leverage our space ownership to sponsor venues for meaningful initiatives in collaboration with various organisations, strengthening our community connections while reinforcing our social license to operate.

Hektar REIT directs our community investment initiatives toward specific focus areas, namely welfare efforts that enhance well-being and fortify local communities. Intertwining business strategy with community investment produces mutually beneficial outcomes.

Our CSR programmes focus on enhancing community well-being through health and wellness initiatives, charity support, blood donation drives, and awareness programmes, including first aid and environmental education. We collaborate with local organisations and stakeholders to tackle social issues, promote inclusivity, and drive sustainable development.

Beyond providing complimentary event spaces, we sponsor events through monetary and non-monetary contributions to ensure the success of initiatives hosted within our properties. We also organise our own charitable programmes, giving back to the needy within our community.

### Bringing Clarity to Young Minds: Hektar REIT's Spectacles Donation Initiative

Hektar REIT is committed to empowering communities through education and well-being. As part of our volunteerism efforts, we recently contributed new spectacles to selected students at Maahad Tahfiz Nur Al Deen. Many children struggle with vision issues that affect their learning, and by providing them with proper eyewear, we aim to enhance their academic experience and overall quality of life.

This initiative aligns with our ESG commitments, ensuring that we support social impact and community development. Clear vision enables students to focus better, read with ease, and participate actively in their studies, reducing educational barriers. Beyond financial contributions, our employees also engaged in the process, reinforcing our culture of active volunteerism and meaningful impact.

By investing in education and well-being, we contribute to long-term sustainable growth for both communities and stakeholders. This initiative reflects our belief that business success should go hand in hand with social responsibility, making a real difference in the lives of those who need it most.



# SUSTAINABILITY STATEMENT



## Back-to-School Programme: Empowering the Next Generation

Hektar REIT remains committed to creating positive social impact through initiatives that support education and community well-being. Through our Back-to-School Programme, we provided essential school supplies to underprivileged students, ensuring they start the academic year with confidence and the right resources. From uniforms to stationery, this initiative aims to reduce financial burdens on families and equip children with the tools they need to succeed.

This programme is a reflection of our ESG values, particularly in fostering social equity and educational accessibility. Education is a key driver of long-term societal progress, and by supporting students from economically challenged backgrounds, we contribute to a more inclusive and sustainable future. Our employees actively participated in this initiative, reinforcing our corporate culture of volunteerism and social responsibility.

For Hektar REIT, success goes beyond financial performance—it's about building resilient communities. By investing in education, we empower young minds to achieve their full potential, creating lasting value for society and our stakeholders.

## Community Impact Investment

The Manager has spent RM250,000 in total over 122 programmes in FY2024.

	FY2022	FY2023	FY2024
Total amount invested in CSR programmes	RM292,949.00	RM372,527.70	RM250,032
Total number of beneficiaries	N/A	N/A	N/A

### Note:

Methodology and data collection processes will be improved to ensure greater accuracy in reporting the total number of beneficiaries and the total amount invested in community initiatives.

# SUSTAINABILITY STATEMENT

## Advancing Forward with Purpose

Hektar REIT remains steadfast in our commitment to driving meaningful change that goes beyond regulatory requirements. Emboldened by our #HektarACT pillars, we are dedicated to advancing ESG performance across our REIT activities, fostering sustainable economic growth and delivering long-term stakeholder value. Looking ahead in our sustainability journey, our efforts focus on cultivating a culture of sustainability, one that empowers us to thrive in an evolving landscape while contributing to the well-being of future generations.

## Performance Data Table

GOVERNANCE				
Indicator	Unit	FY2022	FY2023	FY2024
<b>Anti-Corruption</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
• Management	%	54%	88%	60%
• Executive	%	57%	78%	72%
• Non-Executive	%	20%	92%	62%
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0%	100%	100%
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	1	0
<b>Data Privacy and Security</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0
<b>Supply Chain Management</b>				
Bursa C7(a) Proportion of spending on local suppliers	%	N/A	100%	100%

# SUSTAINABILITY STATEMENT

ENVIRONMENT				
Indicator	Unit	FY2022	FY2023	FY2024
<b>Energy, Emissions and Climate Resilience</b>				
Bursa C4(a) Total energy consumption	tCO <sub>2</sub> e	30,174 tCO <sub>2</sub> e	30,310 tCO <sub>2</sub> e	29,714 tCO <sub>2</sub> e
Bursa C4(a) Total energy consumption	kWh	40,350,323 kWh	40,644,801 kWh	40,456,313 kWh
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	4.79 tCO <sub>2</sub> e	2.34 tCO <sub>2</sub> e	6.28 tCO <sub>2</sub> e
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	23,771 tCO <sub>2</sub> e	23,940 tCO <sub>2</sub> e	23,813 tCO <sub>2</sub> e
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (business travel and employee commuting)	tCO <sub>2</sub> e	N/A	497 tCO <sub>2</sub> e	484 tCO <sub>2</sub> e
<b>Waste Management</b>				
Bursa C10(a) Total waste generated	Metric tonnes	2,949	2,890	2,635
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	N/A	N/A	1,471.7
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	2,949	2,390	2,619
<b>Water Consumption</b>				
Bursa C9(a) Total volume of water used	m <sup>3</sup>	656,469	623,607	627,031

SOCIAL				
Indicator	Unit	FY2022	FY2023	FY2024
<b>Occupational Health and Safety</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.0775	0.0000	0.5297
Bursa C5(c) Number of employees trained on health and safety standards	Number	N/A	129	173
<b>Human Rights, Labour Practices and Standards</b>				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
<b>Talent Attraction and Development</b>				
Bursa C6(a) Total hours of training by employee category				
• Management	Hours	N/A	1,755 hours	3,035 hours
• Executive	Hours	N/A	3,235 hours	5,996 hours
• Non-Executive	Hours	N/A	2,268 hours	1,482 hours



# SUSTAINABILITY STATEMENT

SOCIAL				
Indicator	Unit	FY2022	FY2023	FY2024
Bursa C6(c) Total number of employee turnover by employee category				
• Management	Number	N/A	N/A	12
• Executive	Number	48	62	30
• Non-Executive	Number	36	45	8
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
• Management (Male)	%	10.69%	7.94%	8.15%
• Management (Female)	%	5.86%	7.22%	7.41%
• Executive (Male)	%	10.69%	15.16%	15.93%
• Executive (Female)	%	23.79%	26.72%	25.19%
• Non-Executive (Male)	%	35.52%	30.69%	32.22%
• Non-Executive (Female)	%	13.45%	12.27%	11.11%
Age group by employee category				
• Management (<30)	Number	1	0	0
• Management (30-50)	Number	32	29	33
• Management (>50)	Number	15	13	8
• Executive (<30)	Number	18	25	22
• Executive (30-50)	Number	74	80	80
• Executive (>50)	Number	8	11	10
• Non-Executive (<30)	Number	26	27	20
• Non-Executive (30-50)	Number	80	64	71
• Non-Executive (>50)	Number	36	28	26

## SUSTAINABILITY STATEMENT

SOCIAL				
Indicator	Unit	FY2022	FY2023	FY2024
Bursa C3(b) Percentage of directors by gender and age				
• Male	%	60%	67%	80%
• Female	%	40%	33%	20%
• <30	%	0%	0%	0%
• 30-50	%	20%	0%	20%
• >50	%	80%	100%	80%
Bursa C6(b) Percentage of employees that are contractors or temporary staff	%			
• Permanent	%	81%	90%	90%
• Contract	%	19%	10%	10%
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	RM292,949.00	RM372,527.70	RM250,032
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	N/A	N/A	N/A



# SUSTAINABILITY STATEMENT

## GRI Content Index

### Statement of use

Hektar Real Estate Investment Trust has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

### GRI 1 used

GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE		LOCATION
<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	
	2-2	Entities included in the organisation's sustainability reporting	
	2-3	Reporting period, frequency and contact point	
	2-5	External assurance	
	2-6	Activities, value chain and other business relationships	
	2-7	Employees	
	2-8	Workers who are not employees	
	2-9	Governance structure and composition	
	2-10	Nomination and selection of the highest governance body	
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-16	Communication of critical concerns	
	2-17	Collective knowledge of the highest governance body	
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-22	Statement on sustainable development strategy	
	2-23	Policy commitments	
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	

# SUSTAINABILITY STATEMENT

GRI STANDARD		DISCLOSURE	LOCATION
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	
	2-28	Membership associations	
	2-29	Approach to stakeholder engagement	
	2-30	Collective bargaining agreements	
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	
	3-2	List of material topics	
	3-3	Management of material topics	
<b>GRI 201: Economic Performance 2016</b>	201-2	Financial implications and other risks and opportunities due to climate change	
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	
	301-2	Recycled input materials used	
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	
	302-2	Energy consumption outside of the organisation	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
	302-5	Reductions in energy requirements of products and services	
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	

# SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
	305-3	Other indirect (Scope 3) GHG emissions
	305-4	GHG emissions intensity
	305-5	Reduction of GHG emissions
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts
	306-2	Management of significant waste-related impacts
	306-3	Waste generated
	306-4	Waste diverted from disposal
	306-5	Waste directed to disposal
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3	Parental leave
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system
	403-2	Hazard identification, risk assessment, and incident investigation
	403-3	Occupational health services
	403-4	Worker participation, consultation, and communication on occupational health and safety
	403-5	Worker training on occupational health and safety
	403-6	Promotion of worker health
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
	403-8	Workers covered by an occupational health and safety management system
	403-9	Work-related injuries
	403-10	Work-related ill health
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee
	404-2	Programmes for upgrading employee skills and transition assistance programs



# SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	
	413-2 Operations with significant actual and potential negative impacts on local communities	
<b>GRI 417: Marketing and Labelling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labelling	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	