

Creating The Places People Love

HEKTAR REAL ESTATE INVESTMENT TRUST
ANNUAL REPORT 2018





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

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

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

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

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



Creating The Places People Love

Our vision is to own and manage world-class shopping centres for Malaysian consumers, based on international best practices. We aim to be the mall owner of choice for retailers, shoppers and developers.

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

Goals

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

Portfolio Optimisation

This is emphasised by our current business model and it involves methodology aimed at improving the operating and financial performance of Hektar REIT's properties.

Providing Sustainable Returns and Income Defensibility of portfolios by:

- **Active Leasing:** aligning the tenancy mix to the needs of the target shoppers
- **Advertising & Promotion:** aggressive marketing to retain consumer interest and improve visitor traffic
- **Value Creation Initiatives:** improvements including asset enhancement and refurbishment designed to improve long-term yields

Yield-Accretive Acquisitions

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

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

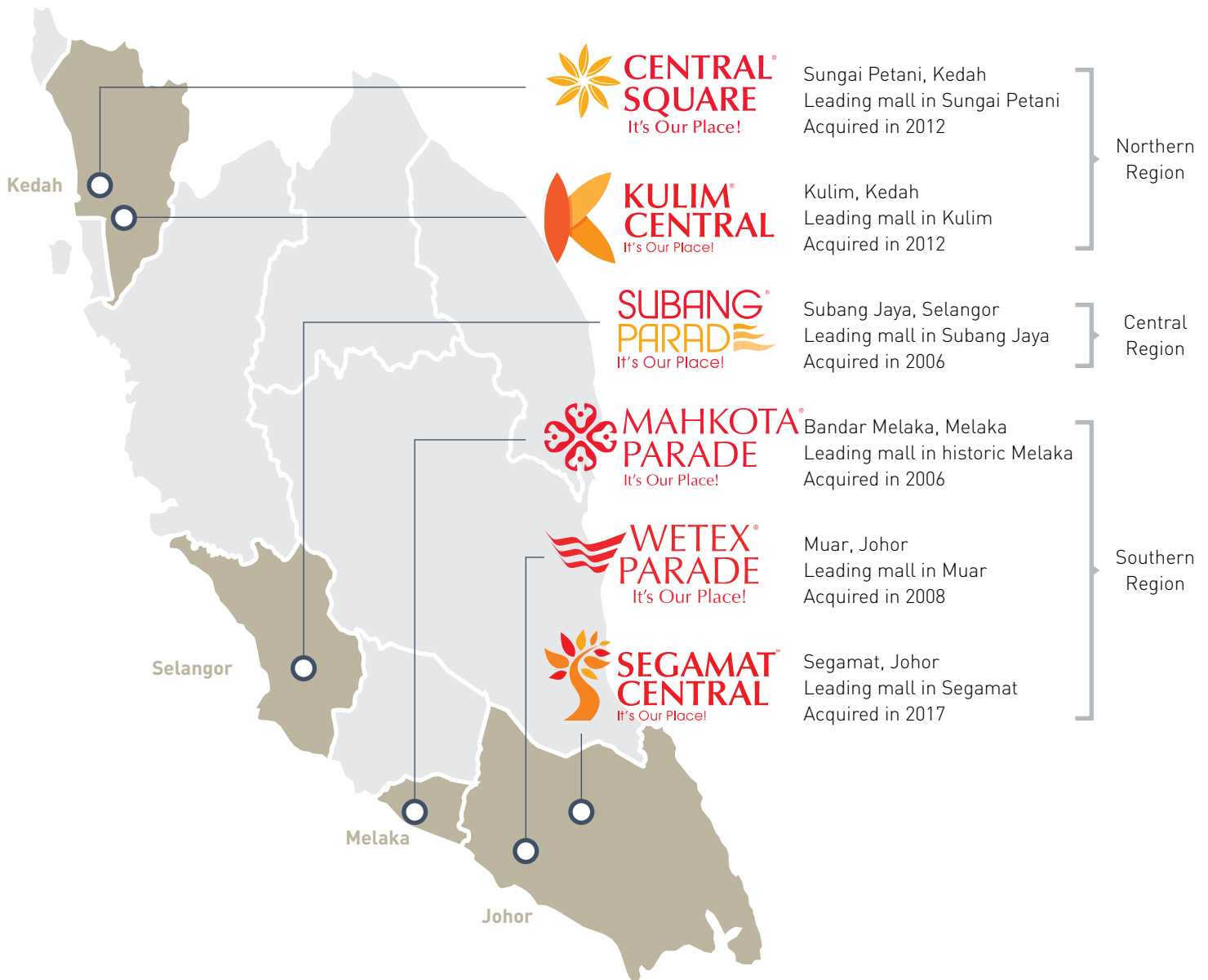
Capital Management

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

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

PORTFOLIO HIGHLIGHTS

Hektar REIT owns 6 neighbourhood shopping centres throughout Peninsular Malaysia.



2

Million sq ft

NET LETTABLE AREA

32

Million

ANNUAL VISITOR TRAFFIC

492

Tenants

NLA TENANTS ONLY

FINANCIAL HIGHLIGHTS

Profit & Loss

For Financial Year ended 31 December

	FY2018	FY2017	FY2016	FY2015	FY 2014
Gross Revenue (RM'000)	135,107	125,543	124,571	125,511	121,991
Direct Cost & Property Expenses (RM'000)	56,390	51,805	50,236	49,028	48,714
Net Property Income (NPI) (RM'000)	78,716	73,738	74,335	76,483	73,277
Net Income (RM'000)	33,129	32,696	43,158	4,759	50,387
Earnings Per Unit	7.17	7.82*	10.53	1.19	12.58
Net Income – Realised (RM'000)	42,269	40,134	41,546	44,693	44,261
Net Income Per Unit – Realised (sen)	9.15	9.60	10.14	11.16	11.05
Income Distribution (RM'000)	41,623	40,485	42,067	42,067	42,067
Distribution Per Unit (DPU) (sen)	9.01	9.60	10.50	10.50	10.50
Change in Unit Price (sen)	(8.0)	(28.0)	4.0	3.0	(1.0)
Annual Total Return per Unit (sen)	1.0	(18.4)	14.5	13.5	9.5
Annual Total Return per Unit (%)**	0.8	(11.6)	9.5	9.1	6.3

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

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

Balance Sheet

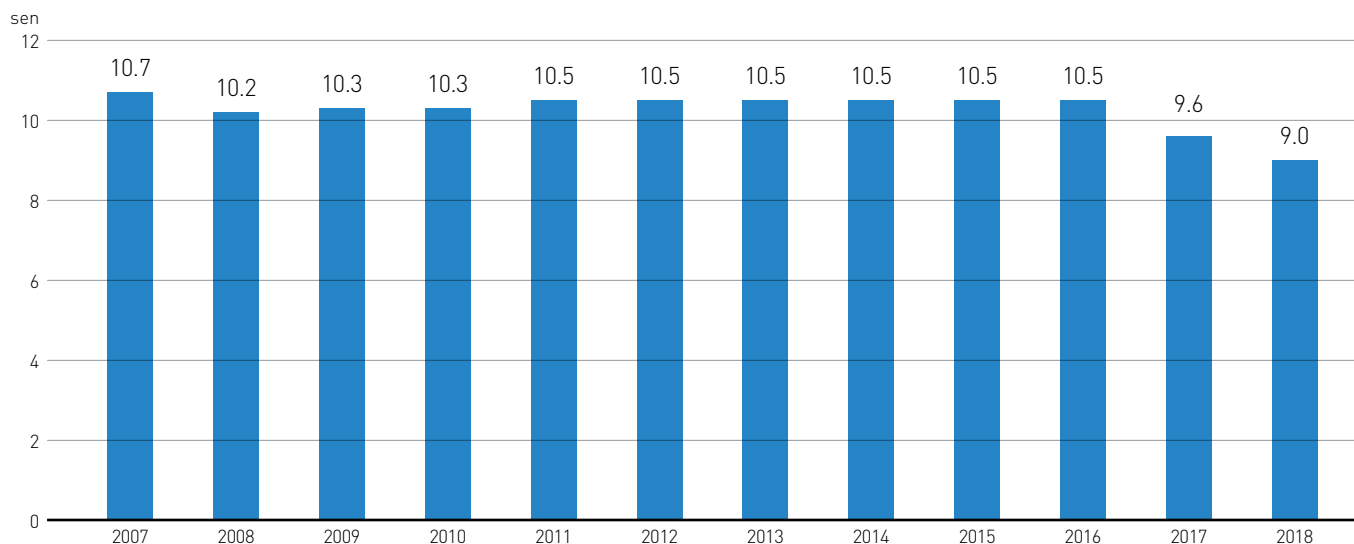
As at 31 December

	FY2018	FY2017	FY2016	FY2015	FY 2014
Total Assets (RM'000)	1,268,273	1,252,357	1,131,863	1,116,315	1,110,046
Total Liabilities (RM'000)	632,957	603,488	546,395	531,938	488,362
Total Borrowings (RM'000)	563,072	557,057	508,200	494,215	453,876
Gearing Ratio (%)	44.4	44.5	44.9	44.3	40.9
No. of Units in Circulation (Units)	461,960	461,960	400,634	400,634	400,634
Net Asset Value (NAV)	635,316	648,869	585,468	584,377	621,684
NAV per Unit (RM)	1.38	1.40	1.46	1.46	1.55
Lowest NAV during the period (RM)	1.38	1.38	1.46	1.46	1.53
Highest NAV during the period (RM)	1.39	1.46	1.46	1.56	1.55
Unit Price as at 31 December (RM)	1.11	1.30	1.56	1.52	1.49
Premium/(Discount) to NAV (%)	(19.6)	(7.1)	6.8	4.1	(3.9)

Note: NAV based on quarterly filings

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

Hektar REIT Annual DPU (2007-2018)



Note: 2007 DPU based on Financial Year of 13 months

Income Distributions

FY2018

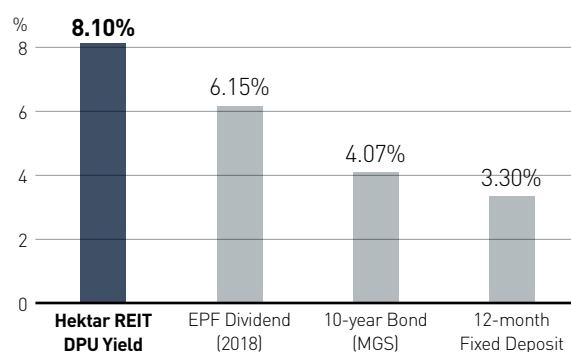
Interim 1 st Quarter DPU	2.30 sen
Interim 2 nd Quarter DPU	2.30 sen
Interim 3 rd Quarter DPU	2.10 sen
Final 4 th Quarter DPU	2.31 sen
Total DPU	9.01 sen
DPU Yield*	8.1%

*Based on DPU of 9.01 sen and the closing unit price of RM1.11 for FY2018

Distribution Yields

Comparative Yields*

FY2018



*Source: EPF, Bank Negara (2018), Maybank

Debt Structure

As at 31 December 2018

Al-Murabahah/Overdraft

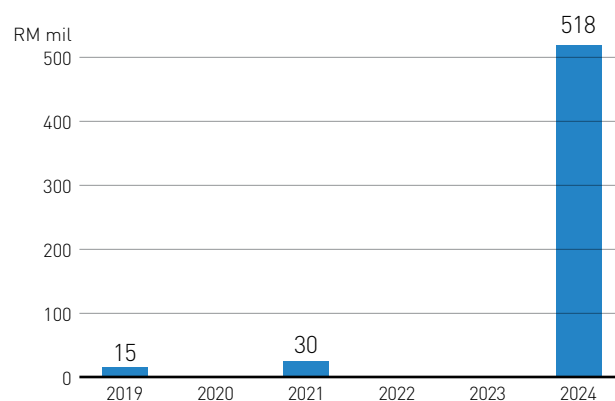
Fixed Term Loan, Annual Floating Rate

Total Debt	RM563 million
Weighted Cost of Debt	4.61%
Gearing Ratio ¹	44.4%
Interest Cover	2.68

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

Debt Expiry Profile

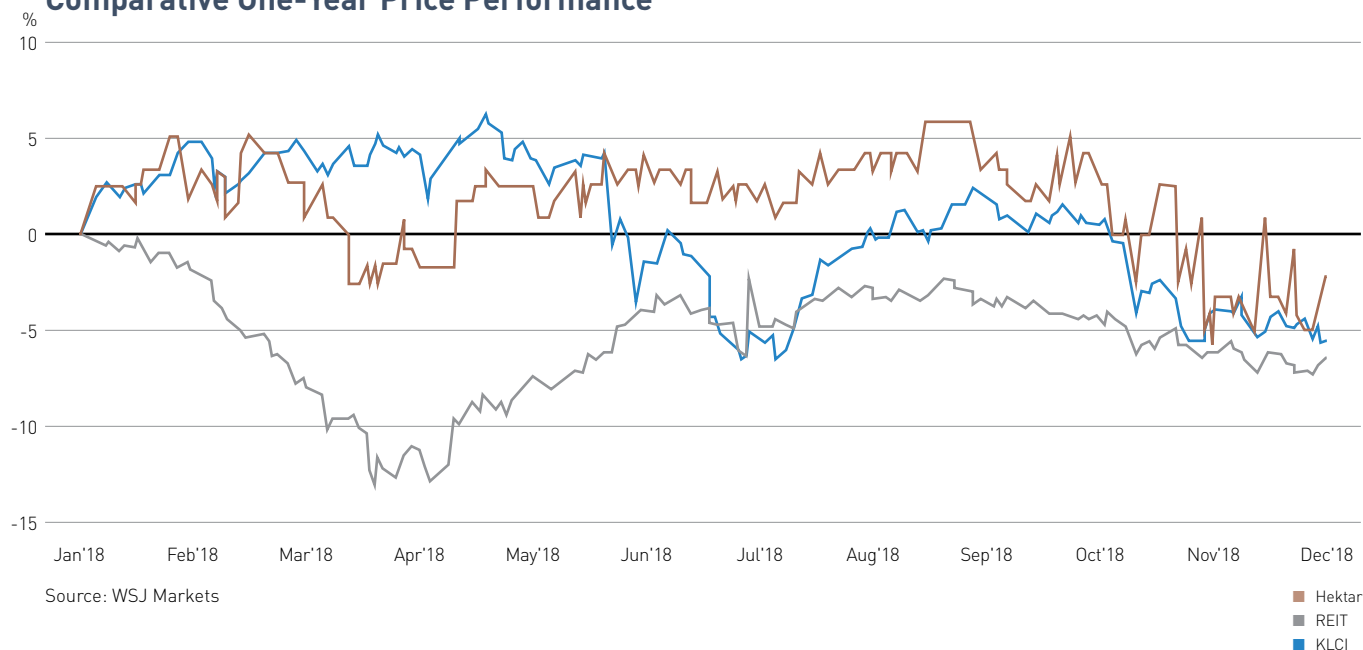
As at 31 January 2019*



*Hektar loan facilities renewed in January 2019

FINANCIAL HIGHLIGHTS

Comparative One-Year Price Performance



Trading Summary

For Financial Year ended 31 December

	FY2018	FY2017	FY2016	FY2015	FY 2014
Opening Unit Price (RM)	1.19	1.58	1.52	1.49	1.50
Closing Unit Price (RM)	1.11	1.30	1.56	1.52	1.49
52-Week Highest Traded Price (RM)	1.27	1.67	1.70	1.56	1.55
52-Week Lowest Traded Price (RM)	1.09	1.14	1.48	1.43	1.42
Unit Price Change (%) ¹	(6.7)	(17.7)	2.6	2.0	(0.7)
DPU (sen)	9.01	9.60	10.50	10.50	10.50
DPU Yield (%) ²	8.1	7.4	6.7	6.9	7.0
Annual Total Return (%) ³	0.8	(11.6)	9.5	9.1	6.3

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

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

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

Average Total Return*

For 1 year (2018)	0.8%
For 3 years (2016–2018)	-7.8%
For 5 years (2014–2018)	7.4%

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

Unit Price Statistics (2018)

High	RM1.27
Low	RM1.09
Opening Price (2 Jan 2018)	RM1.19
Closing Price (31 Dec 2018)	RM1.11
Change In Price	-6.7%

Annualised Total Return*

For 3 year (2016–2018)	-2.7%
For 5 years (2014–2018)	1.4%
For 10 years (2019–2018)	10.6%

*Based on the Total Return of each year and the Opening Price as at 31 December 2018

Comparative Return (2018)

Bursa Malaysia	-5.0%
REIT Index	-6.0%
Hektar REIT	-6.7%

CEO'S LETTER TO UNITHOLDERS

“Our portfolio is weathering the economic challenges, our financials are holding up and we are proud to announce a solid dividend again for the year.”

Dato' Hisham bin Othman

Executive Director and Chief Executive Officer



Dear Unitholder,

On behalf of the Board of Directors, I am pleased to present to you the achievements and activities of Hektar REIT for the year 2018. The past year has been one of challenges and renewal. In the previous annual report, I mentioned that Hektar was undergoing the process of adaptation. I am pleased to share that this process has progressed well and is continuing in a positive manner. Our portfolio is weathering the economic challenges, our financials are holding up and we are proud to announce a solid dividend again for the year.

Market Overview

The retail sector continues to reflect the volatility of 2018 due to changing sentiment and the shifts in government policies. Malaysia recorded its first change of government in six decades. The installation of the Pakatan Harapan government saw the swift removal of the much-maligned Goods & Services Tax, resulting in a consumption mini-boom before the re-implementation of the Sales & Services Tax in September. Their maiden budget announced in November 2018 reflected the country's new priorities in reorganising the finances and restructuring the economy. Significantly, the new government offers the prospect of hope that genuine reform may lay the foundations for developing a sustainable economy in the future.

The challenges within the retail industry and the overall economy remain in the spotlight for investors. The World Bank has lowered Malaysia's economic growth projection to 4.7% for 2019 while the Malaysian Retail Chain Association targets retail sales growth of 5% in 2019. The subdued forecasts are in line with the sentiment of uncertainty arising from global macroeconomic trends. The challenges within the Eurozone, the prospect of a messy BREXIT and the US-China Trade War have all contributed to an atmosphere of volatility.

In general, the retail industry continues to undergo a structural change, with the inexorable growth of online retail spending shifting consumer consumption patterns. Coupled with the rise of social influencers, online retailing continues to impact certain categories of retailers. Overall, the new government policies and the realities of the new online economy have served to positively impact our management thinking and strategy going forward.

RM135.1m

Revenue

92.1%

Occupancy

9.01 sen

Dividend Per Unit

Hektar REIT continues to provide a stable dividend track record, paying more than 90% of its distributable income to unitholders

CEO'S LETTER TO UNITHOLDERS

Commitment to Timeless Principles

Hektar remains committed to its goal to invest in and manage neighbourhood shopping centres in well-established market catchments. This has been our strategy since inception and continues to be relevant after 12 years. Our strategy is derived from timeless principles: the right location, the right sizing and the right tenant mix. The old mantra of 'location, location, location' remains a key principle in real estate. Three of our malls are "the only mall in town", while the other three are the "leading malls in town", usually in the best spot in the neighbourhood. The right size is important – none of our malls are too big or too small, instead, we think that they are just right – the "neighbourhood" size. Our malls' NLA are around 500,000 square feet or less – this is an important distinction since at this size, our malls only need to focus on primary catchment trade areas within 15-minutes' drive-time to attract the necessary traffic. This reduces the scope of competition since most of our neighbourhood malls are in built-up residential areas. The average age of our malls is 19 years old, reinforcing our focus on mature, established markets. Ultimately, creating the "right" tenant mix is the most important criteria of a successful mall. We invest significantly in getting the right tenant mix, ensuring an emphasis on "value and convenience" to the shopper and the need to provide basic "necessities" to the local community. In other words, we strive to make sure our tenant mix remains relevant to the local community.

These principles of the "right" location, sizing and tenant mix has resulted in a diversified mall portfolio. Hektar REIT's portfolio spans 6 geographically distinct urban areas in 4 states. Each mall serves a market catchment population of at least 190,000. This diversification approach assumes that with good management, barring a major economic recession, the portfolio can continue to grow despite fluctuations in local markets.

For example, the Klang Valley is the largest contiguous market in Malaysia and offers the best prospects for growth in retail. It is also the most competitive market and arguably at its most saturated in years, with many new malls and new, inexperienced players entering the industry for the first time. Hektar has a mall in Selangor, namely Subang Parade. The Malaysia Shopping Malls Association (PPK) estimates that there are 165 malls in Selangor. On the other hand, Hektar also has a mall in Kulim, Segamat and Muar where each one is the "only" mall in town. Hektar's malls in Melaka and Sungai Petani are considered to be the "leading malls" in their respective markets. So while there is intense competition around Subang Parade, the rest of Hektar REIT's portfolio continues to grow in their respective markets, ensuring overall growth for the REIT.

Portfolio Review

The portfolio performed adequately in 2018. We definitely believe we can improve our performance in the future. In general, the challenges in two of our markets were balanced out by growth in the remaining four markets.

Occupancy for the portfolio declined to 92.1% in 2018 down from 95.1% in 2017. This is mainly attributed to changes in the tenant mix in Subang Parade and Segamat Central. Visitor traffic in the portfolio saw declines in three malls; the major drop was attributed again to Subang Parade's changing tenant mix. The bright side is that our malls in Central Square and Kulim Central recorded visitor traffic increases of 18.4% and 81.8% respectively. Both have been refurbished in 2015 and 2017 respectively. Combined with our new acquisition in Segamat, Hektar portfolio traffic attracted 32 million visits in 2018.

The most compelling statistic was our rental reversions. For 2018, our portfolio rental reversions recorded a positive 5.4%, despite the changes occurring in our malls amidst an uncertain market. Subang Parade and Segamat Central reversions were flat and negative 9.8% respectively due to their changing tenant mixes, while the other four malls contributed positively. Kulim Central, the latest Hektar mall to receive a refurbishment in 2017, led the way with rental reversions of 16.4%, followed by Mahkota Parade with a positive 15.0%. This once again underlines the benefit of a diversified portfolio.

Our strategy is derived from timeless principles: the right location, the right sizing and the right tenant mix

Our portfolio rental reversions recorded a positive 5.4% in 2018

SUBANG PARADE. Subang Parade's occupancy dipped to 88% while its traffic dropped 21%. This is largely because it was undergoing an asset enhancement and improvement of its tenant mix which included removing some of the older tenants. The closure of a mini-anchor also resulted in a drop of traffic, but this is expected to rebound once it is reopened. Finding the "right" tenant mix is part science, part art and staying flexible is key due to the complex behaviour of consumers and shopping trends. We decided to take a bit more time and be more selective in creating the "right" tenant mix. Subang Parade remains the leading mall in Subang Jaya, an iconic location for over 30 years and we intend to maintain its position.

Historically, after an acquisition, Hektar plans on average up to 4 years before executing an AEI or refurbishment. The reason is simple: Hektar takes the time to understand the consumers in each market. The analyses come in the form of primary market research including exit surveys, household surveys and focus groups as well as analyses of shopper spending patterns. Understanding the market is very important to create the "right" tenant mix. Aside from minor asset enhancements such as the introduction of MBO in 2011, Subang Parade's last major refurbishment was done 12 years ago and it is therefore overdue. Our team won't rush the job, though. We will plan carefully. Our current timeline is to complete the asset enhancement works through 2019.

MAHKOTA PARADE. Mahkota Parade has enjoyed a good year in part due to new exciting retailers entering the market. New entrants in Mahkota Parade such as JD Sports and LOL have created an impact. Due to Mahkota Parade's central location in the historical Melaka district, the mall enjoys domestic and international tourist traffic. Mahkota Parade enjoyed rental reversions of 15% in 2018, with occupancy reaching 96%.

WETEX PARADE & CLASSIC HOTEL. The only mall in Muar enjoyed a relatively positive year with occupancy at 98.5% and rental reversions at 11.8%. Visitor traffic was relatively flat at 4.3 million, a decline of 2.3%. Wetex is popular as a destination to buy gold or jewellery in north-western Johor state: there are five jewellery and goldsmith shops in the mall alone.

Hektar relaunched Classic Hotel in a soft re-opening in December 2018. Classic Hotel is part of the Wetex Parade development purchased together in 2008. After the expiry of the 10-year lease from the previous operator, Hektar took over operations and spent RM8.6 million in refreshing the guest rooms and suites and revamping the airconditioning system. Classic Hotel is the largest hotel in Muar with the largest ballroom facilities. At the moment, some reconfiguration of space is being done to optimise the retail space area adjacent to Wetex Parade.

CENTRAL SQUARE. Visitor traffic in Central Square climbed to 4.5 million visits in 2018, up 18.4%. The mall was refurbished in 2015 and continues to attract new tenants and customers. Occupancy is up to 96.9% and rental reversions remain strong at 11.5%. Central Square is regarded as the "leading mall" in Sungai Petani, owing to its positioning as the place to purchase IT & electronics and also features the only McDonald's in town.

KULIM CENTRAL. The refurbishment of Kulim Central was completed in late 2017 and the revival in 2018 continues. Visitor traffic increased dramatically, reaching 4 million visits, up 81.8% from the previous year. The new NLA space has been taken up, with occupancy now running at 93.5%. New entrants such as Starbucks and Texas Chicken appeal to Kulim residents, known for its high-tech park featuring numerous multinational corporations.

SEGAMAT CENTRAL. Hektar's newest acquisition, Segamat Central is entering the first phase of the asset enhancement & refurbishment cycle. The anchors have been replaced with a new supermarket operator TF ValueMart and mini-anchor Mr. D.I.Y., opening to great fanfare in late 2018. Occupancy has dipped to 78.6% as management cleared out older tenants to pave the way for new, exciting middle-class brands. The market research exit survey results will be collated and further research will be carried out before a comprehensive asset enhancement & refurbishment plan is executed in the coming years.

+15%
Mahkota Parade
reversions

Re-opened
Classic Hotel
@ Wetex Parade
re-opened

Refurbished
Kulim Central
Refurbished in 2017

CEO'S LETTER TO UNITHOLDERS

OPERATIONAL EFFICIENCIES. One of the major initiatives touted last year included a comprehensive review of the portfolio energy usage. Planned initiatives which resulted in the revamp and replacement of the existing air-conditioning and mechanical ventilation systems (ACMV) and targeted reduction in CO₂ usage. Other initiatives ranged from recalibration of operational settings to improvements in preventive maintenance measures. In 2018, these initiatives resulted in cost savings of RM2.6 million.

+ 7.6%

Revenue

+ 6.8%

Net Property Income

+ 5.3%

Realised Net Income
Before Tax

Financial Review

Revenue reached RM135.1 million in 2018, up 7.6%. Operational expenses increased to RM56.4 million, up 8.9%. The resulting net property income reached approximately RM78.7 million, up 6.8%. The major new contributor in 2018 was the addition of Segamat Central, whose tenant mix is currently being reviewed.

Realised net income before tax reached approximately RM42.3 million, an increase of 5.3% from the previous year. Borrowing costs also climbed to RM25.3 million, up 9.1%, reflecting a gradual rise in rates.

Efforts continue to be made to improve operational efficiencies within the portfolio, including the expansion of energy and water efficiency strategies and upgrading of ageing equipment. Rationalisation of costs is a major theme for management in 2019, with each department within the organisation expected to review their operating cost structure and maximise income generating opportunities. Revenue maximisation initiatives such as car park day rates and valet, improving advertising income and other initiatives are being implemented at each mall.

FINANCING. Hektar REIT's financing comprises Al-Murabahah overdraft facilities with a combination of term loan and floating rate facilities. In total, the facilities amount to RM563 million, providing Hektar REIT with a gearing ratio of 44.4%. Of this amount, RM15 million is a revolving credit facility renewable annually, RM30 million due in 2021 and the bulk of RM518 million due in 2024. The management is actively exploring a Medium Term Note programme to tap into the debt market.

DISTRIBUTION. Hektar REIT has declared its fourth quarter DPU at 2.31 sen, capping off the year at a total of 9.01 sen per unit. This is a decline of 6% from the previous year, owing to increases in the aforementioned costs. In total, the distribution payout in 2018 is RM41.6 million, a slight increase of 2.8% due to the enlarged units base in 2017.

Hektar REIT continues to provide a stable dividend track record, paying more than 90% of its net income to unitholders. Collectively, Hektar REIT has paid more than RM452.6 million in dividends to unitholders since 2006.

Commitment to Strategy

Hektar's strategy of focusing on neighbourhood malls with the "right" location, sizing and tenant mix distinguishes it from other REITs. We will continue to create shopping centre environments around enriching experiences of consumers and retailers. We remain committed towards meeting the long term expectations of our shoppers, unitholders and staff.

Hektar REIT recently won Gold at the Asia Pacific Best of the Breeds REIT Awards 2018 held in conjunction with the 5th REITs Asia Pacific 2018 Conference in Singapore. The awards was organised and presented by The Pinnacle Group International. We remain humbled by international recognition of our team's hard work.



Hektar REIT recently won Gold at the Asia Pacific Best of the Breeds REIT Awards 2018 held in conjunction with the 5th REITs Asia Pacific 2018 Conference in Singapore

Hektar's strategy of focusing on neighbourhood malls with the "right" location, sizing and tenant mix distinguishes it from other REITs

ACQUISITIONS. Hektar REIT's acquisition "pipeline" consists of suitable candidates, generally neighbourhood malls of around 500,000 square feet in size and with mature catchments. Ideally, acquisition targets which are underserving their markets provide Hektar with opportunities to improve the mall via asset enhancement. However, Hektar will also consider investments in mature properties with a strong captive market catchment population of at least 150,000. The REIT is investing for the long term. We believe that ultimately, a 'network' of neighbourhood malls strategically located throughout Malaysia would serve as an ideal 'platform' for emerging brands.

Acknowledgments

We record our deepest appreciation to our former chairman, the late Mr. Michael Lim Hee Kiang, who passed away on 16 May 2018. Michael was a prominent lawyer with over three decades of experience in the legal profession. He served as Chairman of the Board from 2015 to 2018 and was a recognisable face within corporate Malaysia, sitting on several listed company boards. We remain grateful for his committed leadership, keen interest in the affairs of the company and wise counsel. He will be missed.

On behalf of the Board of Directors, I wish to extend my appreciation to the management team and staff for their hard work and diligence in 2018. We anticipate 2019 would require the team to work even harder, but we believe in creating a conducive and rewarding environment to encourage our employees to excel. We hope our unitholders, retailers and shoppers continue to retain their trust in Hektar REIT.

Dato' Hisham Bin Othman

Executive Director & Chief Executive Officer

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG-PEMEGANG UNIT

Portfolio kami kini masih berjaya menempuh cabaran ekonomi, posisi kewangan kami tetap kekal teguh dan kami berbangga untuk sekali lagi mengumumkan dividen yang baik untuk tahun ini

Para Pemegang Unit Yang Dihargai,

Saya dengan sukacitanya, bagi pihak Lembaga Pengarah, ingin membentangkan kepada anda pencapaian serta aktiviti Hektar REIT bagi tahun 2018. Tahun yang berlalu merupakan tempoh dengan cabaran serta pembaharuan. Pada laporan tahunan yang terdahulu, saya telah menyatakan yang Hektar sedang melalui proses penyesuaian. Saya dengan sukacitanya ingin berkongsi di sini bahawa proses tersebut telah berjalan dengan baik dan sedang berterusan secara positif. Portfolio kami kini masih berjaya menempuh cabaran ekonomi, posisi kewangan kami tetap kekal teguh dan kami berbangga untuk sekali lagi mengumumkan dividen yang baik untuk tahun ini.

Ulasan Pasaran

Sektor peruncitan terus membayangkan ketidakpastian pada tahun 2018 berikutan pertukaran sentimen serta perubahan pada dasar kerajaan. Malaysia menyaksikan perubahan kerajaan buat pertama kali dalam tempoh enam dekad. Penubuhan Kerajaan Pakatan Harapan menyaksikan penghapusan serta merta Cukai Perkhidmatan dan Barang ("GST") yang menyebabkan kadar penggunaan meningkat buat sementara waktu sebelum Cukai Jualan dan Perkhidmatan ("SST") dilaksanakan semula pada bulan September. Belanjawan sulung mereka yang diumumkan pada bulan November 2018 mencerminkan keutamaan yang baharu terhadap penyusunan semula kewangan dan penstrukturan semula ekonomi negara. Secara signifikannya, kerajaan yang baharu ini memberi harapan bahawa reformasi yang sebenar akan menjadi asas kepada pembangunan ekonomi yang mampan pada masa hadapan.

Cabaran di dalam industri peruncitan serta ekonomi secara keseluruhannya terus menjadi fokus kepada para pelabur. Bank Dunia telah menurunkan unjuran kadar pertumbuhan ekonomi Malaysia kepada 4.7% bagi tahun 2019 manakala MRCA pula mensasarkan pertumbuhan jualan runcit sebanyak 5% pada tahun 2019. Penurunan unjuran di atas adalah selaras dengan sentimen kebimbangan disebabkan oleh trend makro ekonomi antarabangsa. Cabaran di dalam Zon Euro, ketidakpastian prospek BREXIT serta perang perdagangan di antara Amerika Syarikat dan China semuanya telah menyumbang kepada keadaan yang tidak menentu.

Secara amnya, industri peruncitan terus menjalani perubahan struktur di mana pertumbuhan pesat perbelanjaan runcit atas talian telah mengubah corak penggunaan pengguna. Dengan

pertambahan pemengaruh sosial, perniagaan runcit atas talian terus memberi kesan kepada kategori peruncit tertentu. Secara keseluruhannya, polisi baharu kerajaan serta realiti ekonomi atas talian yang baharu telah memberi kesan yang positif kepada pemikiran dan strategi pengurusan kami untuk masa hadapan.

Komitmen Terhadap Prinsip Tanpa Batasan Masa

Hektar kekal komited terhadap objektifnya untuk melabur dan mengurus pusat membeli-belah kejiranan di pasaran yang tersedia. Ini telah menjadi strategi kami sejak permulaan lagi

dan masih kekal relevan selepas 12 tahun. Strategi kami dihasilkan daripada prinsip tanpa batasan masa iaitu lokasi yang betul, saiz yang betul serta gabungan penyewa yang betul. Mantera yang lama iaitu 'lokasi, lokasi, lokasi' kekal menjadi prinsip utama di dalam sektor hartanah. Tiga daripada pusat membeli-belah kami merupakan pusat membeli-belah tunggal di bandar mereka berada sementara tiga lagi pusat membeli-belah kami merupakan pusat membeli-belah yang unggul di bandar mereka berada dan berada di lokasi paling strategik di kawasan kejiranan mereka. Saiz bangunan yang tepat adalah penting – saiz bangunan pusat membeli-belah kami tidak terlalu besar atau terlalu kecil; sebaliknya, kami merasakan bahawa saiz mereka adalah

tepat sebagai pusat membeli-belah kejiranan. Kesemua pusat membeli-belah kami mempunyai saiz berukuran sekitar 500,000 kaki persegi atau kurang – ini adalah ciri yang penting kerana pada saiz ini, pusat membeli-belah kami hanya perlu fokus kepada kawasan tampungan perdagangan utama di dalam lingkungan 15 minit tempoh masa memandu untuk menarik trafik yang diperlukan. Ini mengurangkan skop persaingan memandangkan kebanyakan pusat membeli-belah kami berada di kawasan kediaman yang matang. Purata usia pusat membeli-belah kami adalah 19 tahun; ini mengukuhkan fokus kami terhadap pasaran matang dan tersedia. Yang paling utama sekali, mencipta gabungan penyewa yang betul merupakan kriteria yang paling penting untuk menjayakan sesebuah pusat membeli-belah. Kami melabur secara signifikan dalam mendapatkan gabungan penyewa yang betul, memastikan penekanan terhadap nilai dan kemudahan untuk para pengguna serta keperluan untuk menyediakan kemudahan asas untuk masyarakat setempat. Di dalam erti kata lain, kami berusaha untuk memastikan gabungan penyewa kami kekal relevan kepada masyarakat setempat.

RM135.1j

Pendapatan

92.1%

Penghunian

9.01 sen

Dividen Se Unit

Prinsip lokasi, saiz serta gabungan penyewa yang betul telah menghasilkan portfolio pusat membeli-belah di pelbagai lokasi. Portfolio Hektar REIT terletak di 6 kawasan bandar yang berbeza geografinya di empat negeri. Setiap pusat membeli-belah menyediakan perkhidmatan bagi pasaran tampungan dengan jumlah penduduk sekurang-kurangnya 190,000 orang. Pendekatan yang pelbagai ini beranggapan bahawa dengan pengurusan yang baik, portfolio akan terus berkembang walaupun berlaku ketidakpastian di pasaran tempatan selagi tidak berlaku kemerosotan ekonomi yang besar.

Sebagai contoh, Lembah Kelang merupakan pasaran yang terbesar di Malaysia serta menawarkan prospek yang terbaik bagi pertumbuhan dalam sektor peruncitan. Namun begitu, ia juga merupakan pasaran dengan persaingan yang paling sengit dan berada pada keadaan yang paling tepu dalam beberapa tahun ini dengan banyak pusat membeli-belah baharu dan pesaing baharu menyertai sektor peruncitan buat pertama kali. Hektar mempunyai sebuah pusat membeli-belah di Selangor iaitu Subang Parade. Persatuan Pengurusan Komplek ("PPK") menganggarkan bahawa terdapat 165 pusat membeli-belah di Selangor. Hektar juga memiliki pusat membeli-belah di Kulim, Segamat dan Muar yang merupakan pusat membeli-belah yang tunggal di bandar-bandar tersebut. Pusat membeli-belah Hektar di Melaka dan Sungai Petani juga dianggap sebagai pusat membeli-belah yang unggul di pasaran masing-masing. Walaupun Subang Parade menghadapi persaingan yang sengit, portfolio Hektar yang lain terus berkembang di pasaran masing-masing, sekaligus memastikan pertumbuhan REIT ini secara keseluruhannya.

Ulasan Portfolio

Prestasi portfolio adalah memuaskan pada tahun 2018. Kami percaya bahawa kami akan dapat meningkatkan prestasi kami pada masa hadapan. Secara amnya, kesan cabaran yang dihadapi di dua daripada pasaran kami telah diseimbangkan dengan pertumbuhan di empat pasaran yang lain.

Kadar penghunian bagi portfolio menurun kepada 92.1% pada 2018 daripada 95.1% pada 2017. Ini adalah disebabkan terutamanya oleh perubahan kepada gabungan penyewa di Subang Parade dan Segamat Central. Terdapat penurunan jumlah pengunjung di tiga pusat membeli-belah kami dengan penurunan besar di Subang Parade disebabkan oleh perubahan kepada gabungan penyewanya. Namun demikian, Central Square dan Kulim Central masing-masing mencatatkan kenaikan jumlah pengunjung sebanyak 18.4% dan 81.8%. Kedua-dua pusat membeli-belah telah masing-masing

dinaiktaraf pada tahun 2015 dan 2017. Dengan pengambilalihan Segamat Central, portfolio Hektar telah menarik sebanyak 32 juta pengunjung pada tahun 2018.

Statistik yang paling meyakinkan ialah kadar pembaharuan sewaan kami. Pada tahun 2018, kadar pembaharuan sewaan portfolio kami mencatatkan peningkatan sebanyak 5.4% di sebalik cabaran yang dihadapi oleh pusat membeli-belah kami di dalam keadaan pasaran yang tidak menentu. Kadar pembaharuan sewaan Subang Parade tidak berubah manakala kadar pembaharuan sewaan Segamat Central menurun 9.8% kesan daripada perubahan kepada gabungan penyewanya. Empat pusat membeli-belah yang lain mencatatkan peningkatan. Kulim Central, pusat membeli-belah Hektar yang terbaru dinaiktaraf iaitu pada tahun 2017, mencatatkan peningkatan kadar pembaharuan sewaan yang paling tinggi iaitu 16.4% diikuti oleh Mahkota Parade dengan 15%. Ini sekali lagi membuktikan faedah daripada portfolio yang pelbagai.

Subang Parade. Kadar penghunian Subang Parade menurun kepada 88% sementara jumlah pengunjungnya telah merosot 21%. Ini terutamanya adalah kerana ia sedang menjalani peningkatan aset serta peningkatan kepada gabungan penyewanya yang melibatkan penyingkiran beberapa penyewa yang lama. Penutupan satu penyewa "mini-anchor" juga menyebabkan penurunan pengunjung tetapi jumlah pengunjung dijangka akan meningkat semula setelah ia dibuka semula. Proses mencari gabungan penyewa yang betul melibatkan sains dan seni dan adalah penting untuk kekal fleksibel disebabkan oleh tingkahlaku pengguna dan trend membeli-belah yang kompleks. Oleh yang demikian, kami mengambil lebih masa dan lebih teliti untuk menentukan gabungan penyewa yang betul. Subang Parade masih kekal sebagai pusat membeli-belah yang unggul di Subang Jaya, dan telah menjadi ikon sepanjang lebih 30 tahun dan kami beriktikad untuk mengekalkan kedudukannya.

Selepas setiap pengambilalihan pusat membeli-belah, Hektar biasanya mengambil masa sehingga empat tahun secara puratanya untuk merancang, sebelum melaksanakan peningkatan aset atau naiktaraf. Sebabnya adalah mudah: Hektar mengambil masa untuk memahami profil pengguna di setiap pasaran. Analisa dilakukan melalui kajian pasaran termasuk kajian pengunjung ("exit survey"), kajian isirumah dan kumpulan fokus serta menganalisa corak perbelanjaan pengguna. Memahami pasaran adalah sangat penting dalam mencipta gabungan penyewa yang betul. Selain daripada peningkatan aset utama seperti pengenalan MBO pada tahun 2011, kerja-kerja naiktaraf Subang Parade yang terakhir telah dilaksanakan 12 tahun yang lalu dan bermakna penaiktarafan

Hektar REIT terus mengekalkan rekod pembayaran dividen yang stabil, dengan membayar lebih dari 90% pendapatan yang boleh diagihkan kepada para pemegang unit

PERUTUSAN KETUA PEGAWAI EKSEKUTIF KEPADA PEMEGANG-PEMEGANG UNIT

semula adalah amat perlu. Namun begitu, kami tidak akan tergesa-gesa melakukannya. Kami akan merancang secara teliti. Sasaran kami adalah untuk menyempurnakan kerja-kerja penaiktarafan aset sepanjang 2019.

MAHKOTA PARADE. Mahkota Parade telah menikmati tahun yang baik dengan kemasukan penyewa-penyewa yang lebih menarik. Penyewa-penyewa yang baru di Mahkota Parade seperti JD Sports serta LOL telah memberikan impak yang positif. Kedudukan Mahkota Parade di tengah-tengah kawasan bersejarah Melaka telah berjaya menarik kehadiran pengunjung tempatan serta pelancong antarabangsa. Mahkota Parade mencatatkan peningkatan pada kadar pembaharuan sewaan sebanyak 15% pada tahun 2018 dengan kadar penghunian mencapai 96%.

WETEX PARADE & HOTEL CLASSIC. Satu-satunya pusat membeli belah di Muar ini telah menikmati tahun yang baik dengan kadar penghunian mencapai 98.5% dan kadar pembaharuan sewaannya meningkat sebanyak 11.8%. Jumlah pengunjung tidak banyak berubah pada 4.3 juta, menurun sedikit sebanyak 2.3%. Wetex kini telah menjadi destinasi popular untuk membeli emas atau barang kemas di barat-laut Johor dengan adanya lima kedai emas dan barang kemas.

Hektar telah melancarkan semula Hotel Classic dengan pembukaan semula pada Disember 2018. Hotel Classic merupakan sebahagian daripada pembangunan Wetex Parade yang telah dibeli pada tahun 2008. Hektar telah mengambil alih operasi serta membelanjakan sejumlah RM8.6 juta untuk menaiktaraf bilik dan "suite" tetamu serta menaiktaraf sistem pendingin hawa setelah berakhirnya tempoh sewaan selama 10 tahun dengan pengendali yang terdahulu. Hotel Classic merupakan hotel terbesar di Muar dengan kemudahan dewan yang terbesar. Pada masa ini, pengubahsuaian ruang sedang dilaksanakan bagi membesarkan ruang runcit bersebelahan dengan Wetex Parade.

CENTRAL SQUARE. Jumlah pengunjung di Central Square meningkat kepada 4.5 juta pada tahun 2018, iaitu kenaikan sebanyak 18.4%. Pusat membeli belah ini telah dinaiktaraf pada tahun 2015 dan terus menarik penyewa baru serta pengunjung. Kadar penghunian meningkat kepada 96.9% dan kadar pembaharuan sewaan kekal teguh pada 11.5%. Central Square dianggap sebagai pusat membeli belah yang unggul di Sungai Petani memandangkan kedudukannya sebagai pusat untuk membeli barangan teknologi maklumat dan elektronik serta menawarkan satu-satunya restoran McDonald's di Sungai Petani.

KULIM CENTRAL. Penaiktarafan Kulim Central telah disempurnakan pada penghujung 2017 dan ini telah menjadi penyebab kepada peningkatan prestasinya pada tahun 2018. Jumlah trafik pengunjung meningkat dengan ketara, mencapai 4 juta kunjungan yakni peningkatan sebanyak 81.8% daripada

tahun sebelumnya. Sebahagian besar ruang sewaan yang baru telah diduduki dengan kadar penghunian kini mencapai 93.5%. Kemasukan penyewa baru seperti Starbucks dan Texas Chicken menjadi tarikan kepada penduduk Kulim, yang dikenali kerana taman teknologi tingginya yang menempatkan pelbagai perbadanan multinasional.

SEGAMAT CENTRAL. Pengambilalihan Hektar yang terbaru, Segamat Central kini memasuki fasa pertama peningkatan asset dan penaiktarafan. Penyewa-penyewa utama telah diganti dengan pembukaan pasaraya yang baru, TF ValueMart serta Mr. D.I.Y sebagai "mini-anchor" pada penghujung tahun 2018. Kadar penghunian telah menurun kepada 78.6% berikutan strategi pengurusan untuk menamatkan penyewa yang lama dan memberi ruang kepada jenama kelas-pertengahan yang baharu. Maklumbalas daripada kajian pengunjung ("exit survey") yang telah dilaksanakan baru-baru ini akan dianalisa dan kajian yang lebih lanjut akan dilakukan sebelum pelan peningkatan asset dan naiktaraf dilaksanakan pada tahun yang mendatang.

Kecekapan Operasi. Salah satu inisiatif utama yang telah dirancang tahun lalu adalah kajian semula secara komprehensif berkaitan penggunaan tenaga oleh portfolio. Inisiatif yang dilaksanakan termasuk menariktaraf sistem penyaman udara dan pengalihan udara mekanikal (ACMV) sedia ada yang menyasarkan pengurangan pengeluaran CO2. Inisiatif lain yang dilakukan termasuk kalibrasi semula tetapan operasi serta penambahbaikan di dalam kaedah penyelenggaraan pencegahan. Inisiatif-inisiatif ini telah menyumbang kepada penjimatan kos sebanyak RM2.6 juta dalam tahun 2018.

Ulasan Kewangan

Pendapatan mencapai RM135.1 juta pada 2018, kenaikan sebanyak 7.6%. Perbelanjaan operasi pula meningkat kepada RM56.4 juta, kenaikan sebanyak 8.9%. Pendapatan hartanah bersih mencapai RM78.7 juta, iaitu kenaikan sebanyak 6.8%.

Pendapatan bersih nyata sebelum cukai adalah RM42.3 juta, peningkatan sebanyak 5.3% dari tahun sebelumnya. Kos pinjaman juga meningkat kepada RM25.3 juta, kenaikan sebanyak 9.1% kesan daripada peningkatan pada kadar faedah.

Usaha terus dilakukan bagi meningkatkan kecekapan operasi portfolio termasuk pengembangan strategi kecekapan penggunaan tenaga serta air serta penambahbaikan peralatan yang uzur. Penjimatan kos merupakan fokus utama bagi pengurusan untuk tahun 2019 dengan setiap jabatan dikehendaki menyemak semula struktur kos operasi mereka serta memaksimumkan peluang untuk menjana pendapatan. Inisiatif untuk memaksimumkan pendapatan termasuk menyemak semula kadar harian untuk tempat letak kereta serta memperkenalkan khidmat valet, meningkatkan pendapatan daripada pengiklanan serta inisiatif-inisiatif lain yang sedang dilaksanakan di setiap pusat membeli belah.

PEMBIAYAAN. Pembiayaan Hektar REIT terdiri daripada kemudahan overdraf AL-Murabahah dengan kombinasi pinjaman berkadar-tetap serta kemudahan pinjaman dengan kadar berubah dengan perlindungan nilai ("hedging"). Jumlah pembiayaan secara keseluruhannya adalah RM563 juta, dengan nisbah gearing Hektar REIT pada 44.4%. Daripada jumlah ini, sejumlah RM15 juta akan perlu dibayar pada 2019, RM30 juta pada 2021 dan baki RM518 juta pada 2024. Pihak pengurusan kini sedang aktif menilai program Nota Jangka Sederhana ("Medium Term Note") untuk menggunakan pasaran hutang.

PENGAGIHAN. Hektar REIT telah mengisytiharkan dividen se unit sebanyak 2.3 sen bagi suku tahun keempat, dengan jumlah keseluruhan sebanyak 9.01 sen se unit bagi tahun 2018. Ini merupakan penurunan sebanyak 6% dari tahun sebelumnya, kesan daripada peningkatan kos. Secara keseluruhannya, jumlah bayaran pengagihan pada 2018 adalah RM41.6 juta, peningkatan sebanyak 2.8% daripada 2017.

Hektar REIT terus mengekalkan rekod pembayaran dividen yang stabil, dengan membayar lebih dari 90% pendapatan bersihnya kepada para pemegang unit. Keseluruhannya, Hektar REIT telah membayar lebih daripada RM451 juta dividen kepada para pemegang unitnya sejak 2006.

Komitmen Terhadap Strategi

Strategi Hektar yang menumpukan kepada pusat membeli belah kejiranan dengan lokasi, saiz dan gabungan penyewa yang tepat membezakannya daripada REIT yang lain. Kami akan terus mencipta suasana pusat membeli-belah yang memperkayakan pengalaman pengunjung serta peruncit. Kami kekal komited untuk memenuhi jangkaan masa panjang pengunjung, pemegang unit serta kakitangan kami.

Hektar REIT baru-baru ini telah memenangi anugerah Emas pada "Asia Pacific Best of the Breeds REIT Awards" 2018 yang telah diadakan bersempena dengan 5th REITs Asia Pacific Conference 2018 di Singapura yang telah dianjurkan oleh Kumpulan Pinnacle. Kami merasa rendah diri dengan pengiktirafan antarabangsa terhadap komitmen pasukan kami.

PENGAMBILALIHAN. Secara amnya, sasaran pengambilalihan Hektar REIT terdiri daripada pusat membeli belah kejiranan

+ 7.6%

Pendapatan

+ 6.8%

Pendapatan
Hartanah Bersih

+ 5.3%

Pendapatan Bersih
Nyata Sebelum
Cukai

dengan saiz sekitar 500,000 kaki persegi dengan tampungan yang matang. Secara idealnya, sasaran pengambilalihan yang kurang menampung pasaran mereka memberi peluang kepada Hektar untuk menambahbaik pusat membeli-belah tersebut melalui peningkatan asset. Namun begitu, Hektar akan hanya mempertimbangkan pelaburan di dalam hartanah matang dengan jumlah penduduk tampungan pasaran sekurang-kurangnya 150,000 orang. REIT adalah pelaburan untuk jangka-masa panjang. Kami percaya bahawa rangkaian pusat membeli-belah kejiranan yang terletak secara strategik sepanjang Malaysia akan menjadi platform yang ideal untuk jenama-jenama yang baru muncul.

Penghargaan

Kami ingin merakamkan setinggi penghargaan kepada bekas Pengerusi kami, mendiang Encik Michael Lim Hee Kiang, yang telah meninggal dunia pada 16 Mei 2018. Michael merupakan seorang peguam yang terkemuka, dengan pengalaman lebih 3 dekad dalam bidang perundangan. Dia berkhidmat sebagai Pengerusi kepada Lembaga Pengarah dari 2015 hingga 2018 dan merupakan seorang tokoh korporat Malaysia yang dikenali, selaku ahli Lembaga Pengarah beberapa syarikat tersenarai awam. Kami amat berterima kasih di atas kepimpinan beliau yang komited, minat beliau yang mendalam terhadap hal ehwal syarikat serta nasihat beliau yang bijaksana. Jasa beliau akan dikenang.

Bagi pihak Lembaga Pengarah, saya juga ingin merakamkan setinggi penghargaan kepada pihak pengurusan serta kakitangan di atas ketekunan serta komitmen yang diberikan pada tahun 2018. Kami menjangkakan pasukan kami akan perlu bekerja lebih keras pada tahun 2019 tetapi kami percaya, mencipta suasana kerja yang kondusif akan menggalakkan para kakitangan kami untuk berjaya dengan cemerlang. Kami berharap agar para pemegang unit, peruncit dan pengunjung akan terus mengekalkan kepercayaan mereka kepada Hektar REIT.

Dato' Hisham Bin Othman

Pengarah Eksekutif & Ketua Pegawai Eksekutif

Hektar REIT baru-baru ini telah memenangi anugerah Emas pada "Asia Pacific Best of the Breeds REIT Awards" 2018 yang telah diadakan bersempena dengan 5th REITs Asia Pacific Conference 2018 di Singapura

首席执行官 (CEO) 致信托单位持有者函

尽管我们的投资组合面临了经济上的挑战，但公司的财务状况表现良好，在此，我们引以为豪地宣布，单位持有人将可再次获得年度稳健的派息

致信托基金单位持有人：

本人谨代表公司董事会，很荣幸为您呈献贺达房地产投资信托基金（简称“贺达产托”）2018年年度的财务表现与业务报告。过去的一年里对于贺达来说是具挑战及充满变数的。在过去的年度报告中曾提及贺达正经历适应的过程。本人很荣幸在此与您分享贺达在这过程中良好的进展，并将以积极的方式延续下去。尽管我们的投资组合面临了经济上的挑战，但公司的财务状况表现良好，在此，我们引以为豪地宣布，单位持有人将可再次获得年度稳健的派息。

市场概况

2018年的零售业持续反映了市场的波动，主要原因来自于人们对于零售业观点的改变以及马来西亚新政府政策的转变。这60年以来，马来西亚首次经历更换执政政府。希望联盟政府上任之后就迅速取消了备受非议的消费税，于9月份实施了销售税，为国家经济带来短暂的消费热潮。同年的11月份，在希盟政府首次颁布的财政预算案中，政府将致力于重组国家财务状况和重整经济结构以挽救国家经济为首要任务。很显然，新政府希望透过一系列的改革方案以奠定国家未来的经济基础，并持续性为国家带来更蓬勃的发展。

整体的零售业和经济发展的挑战仍是投资者最关注的焦点。世界银行也已将马来西亚于2019年年度经济增长预期下调至4.7%，但马来西亚零售连锁业协会则将2019年年度的零售增长目标设定为5%。这保守的预测跟全球宏观经济呈现的不确定性趋势不谋而合。欧盟区内的挑战、英国退出欧盟的混乱以及中美贸易战都助长了这次金融波动的发展趋势。

一般而言，零售业仍在经历结构性的变化，势不可挡的网络零售增长正改变着消费者的消费模式。外加社交媒体的兴起和影响力，网络零售继续冲击某些类别的零售商。整体而言，新政府的政策和新的网络经济现况对我们后续管理的思路 and 战略带来了正面且积极的影响。

永恒原则的承诺

贺达自成立12年以来持续坚守承诺，继续投资和经营在社区里的购物中心，12年来不间断的努力也一直都是贺达非凡意义的挑战。贺达的战略源于永恒的原则，这包含了好的地理位置、适当的商业规模以及合适的租户组合。房地产业的首要原则“除了地段、地段，还是地段”。我们其下三家商场是该地区“仅有的商场”，至于另外三家商场则是该地区“主要的商场”，它们通常位于邻里最好的地段。我们所有的商场，没有偏向太大或太小规模，相反地，我们认为所有的商场恰好跟“邻里”规模匹配，所以合适的商场规模很重要。我们商场的净租赁面积约50万平方英尺，由于我们的商场规模的关系，因此我们只需着重关注于临近15分钟车程之内的主要聚集的商贸区来吸引足够的人流。由于我们大多数的商场都位于社区范围内，因而降低了与其他商场的相互竞争。我们各大商场的建筑平均年龄为19，而这也印证了我们对于拥有完善的市场发展的重点关注，进而打造了“合适”的租户组合是成为一家成功的商场最重要也是最终极的标准。贺达也不惜重金打造合适的租户组合，着重为购物者提供“价值与便利”，并满足当地社区对基本“必需品”的需求。换句话说，我们将努力确保我们的租户组合与当地社区紧密地相连。

秉持“好”的地理位置、商场规模和租户组合的各项原则，以达到商场投资组合的多样化。贺达产托的投资组合横跨4个州属，并于6个不同城市地区。每个商场至少为市场聚集区的19万人口服务。这种多样化的投资组合，除非遭遇了严重的经济衰退的影响，但只要管理妥当，尽管受到当地市场的波动影响，投资组合也能持续地增长。

就好比马来西亚最大的邻近市场就位于巴生谷区域，是零售业增长的最大前景。它也是竞争最激烈的市场，也可以说是近几年来最饱和的市场，拥有着许多新的商场以及首次跨入这个行业范围却没有任何经验的新进玩家。贺达产托拥有一家坐落于雪兰莪州的首邦百利购物广场。根据马来西亚购物商场协会（PPK）的估计，雪兰莪州一共有165家商场。另一方面，贺达产托也同时拥有3间分别位于居林、昔加末和麻坡等地的商场，也都是该区域里“唯一”的商场。而贺达产托位于马六甲和双溪大年的商场皆被定位成该地区的“主要商场”。虽然首邦百利购物广场的周边存在着激烈竞争的同时，贺达产托其余的投资组合在市场上依然持续地增长，进而确保了贺达产托的整体增长。

投资组合概况

总的来说，2018年贺达的投资组合业绩表现状况良好。综合两个市场的各项挑战与其余四个市场的增长表现，我们坚信能够提高未来的业绩。

2018年投资组合的出租率从2017年的95.1%下滑至92.1%。这主要是归咎于首邦百利购物广场和昔加末中环广场租户组合的变化。而其它三家商场的投资组合访客流量都呈现下滑的状态；这主要是由于首邦百利购物广场的租户组合的变化，然而双溪大年中环广场和居林新世纪广场的客流量分别增长了18.4%和81.8%。这两家商场分别在2015年和2017年进行了整修工程，连同我们在昔加末新收购的商场，贺达投资组合在2018年一共吸引了3200万的客流量。

而最引人注目的统计数据就属我们的租金调升率。2018年，尽管市场的不确定性导致我们商场发生了一些变化，但是贺达投资组合的租金调升率仍增长了5.4%。首邦百利购物广场和昔加末中环广场的租金调升率分别维持和往年相同以及9.8%的负增长率，这是由于商场的租户组合的变化，而其他四家商场都处于正向的增长率。2017年整修的居林新世纪广场是贺达最现代的新商场，其租金调升率增长率为16.4%而居榜首，紧随其后的是皇马六甲冠百利广场，其租金调升增长率为15%，进而再一次突显了多元化投资组合的优势。

首邦百利购物广场。首邦百利购物广场的出租率下滑至88%，而客流量也相对的下跌了21%。这主要是因为首邦百利广场正经历资产提升和租户组合的改善，其中还包括迁走一部分旧有的租户。与此同时，关闭部分小型主要租户导致了客流量下滑的因素，但是预计小型主要租户重新开业之时客流量将会有所反弹。能找到“合适”的租户组合是一门技术也是艺术，因为消费者的消费行为和购物趋势比较复杂，能保持其灵活性是最至要的关键。在打造“合适”的租户组合方面，我们决定花更多的时间精心挑选。首邦百利购物广场仍然是首邦再也的主要商场，因此我们希望持续维护这栋历时30多年来具标志性商场的地位。

从以往经验来看，在成功收购一家商场之后，平均不到4年，贺达产托将会推行一系列的资产增值（AEI）或翻新计划。其中的原因很简单：贺达产托愿意花时间去了解每个市场的消费者，主要是通过市场调查的

形式进行，例如民意调查、住户调查和重点组群的调查以及对消费者的消费模式进行分析。对于市场的了解进而对打造“合适”的租户组合非常的重要。除了主要的产业增值，例如：2011年MBO电影院的推介，距离首邦百利购物广场最近的整修翻新工程已经过了12年之久，但我们的团队将会仔细地规划，不会急着进行翻新计划。而当前的主要计划是确保首邦百利购物广场的资产提升工作于2019年完工。

马六甲皇冠百利广场。马六甲皇冠百利广场收获了丰盛的一年，部分原因是由于令人振奋的新零售商的加入(JD Sports和 LOL)，而产生了影响。由于皇冠百利广场位于历史悠久的马六甲中心的地理位置，让马六甲皇冠百利广场坐享国内和国际高游客流量的商场，其2018年的租金调升率达15%，而出租率达96%。

麻坡威德百利广场与经典酒店。作为麻坡唯一的购物商场，2018年也获得不俗的业绩表现，出租率在98.5%，租金调升率在11.8%，且客流量相对平稳，为430万下滑了2.3%。麻坡威德百利广场为柔佛州西北部购买黄金或珠宝首饰主要的商场：一共有五家黄金与珠宝首饰店位于广场内。

贺达产托于2018年12月份重启了经典酒店。经典酒店是2008年与威德百利广场置购的楼盘。与前酒店经营者结束了长达10年的租约后，贺达产托接手经营并耗资860万令吉进行整修及翻新酒店的客房和套房并且改进了酒店的空调系统。经典酒店是麻坡规模最大的酒店，拥有广阔的舞厅设施。此外，一些楼层正进行重新配置、优化，以做为威德百利广场的零售楼层。

双溪大年中环广场。2018年中环广场的客流量增加到450万，上涨了18.4%。该商场于2015年整修翻新，并持续吸引新的租户和客户。商场的出租率达到96.9%，而租金调升率保持11.5%强劲的增长。双溪大年中环广场被认为是双溪大年的“主要商场”，其主要定位为资讯科技与电子设备销售的商场，而且镇上唯一的麦当劳快餐店也就在中环广场。

居林新世纪广场。居林新世纪广场于2017年年底完成整修翻新工程，该商场在2018年持续地复兴。客流量大幅增长，达到了400万人次，比上一年增加了81.8%。新的净出租面积 (NLA) 已全数出租，目前的出租率达93.5%。新零售行业如星巴克及德克士炸鸡连锁店吸引了居林的居民，这里也是众多跨国公司的高科技园发展区。

昔加末中环广场。贺达产托最新置购了的昔加末中环广场并正进入资产提升和翻新周期的第一阶段。主要的租户已经由TF ValueMart 和小型主要租户Mr.D.I.Y. 接档，并于2018年年底开始大肆宣传。由于管理层清退了大部分旧租户，并为新的、令人振奋的中产阶层品牌铺路，因而导致出租率下滑至78.6%。接下来的这几年，昔加末中环广场将进行全面的资产提升和整修翻新计划，在此之前我们将以市场调查的形式进行，整理并进一步地深入探讨调查结果。

运营效率。全面审核投资组合能源的使用是去年所倡议的主要行动之一。原有空调和机械通风系统 (ACMV) 也因此按计划进行了维修或更换，目的是为了减少二氧化氮的使用。而其他倡议的行动也包括了运行设置的重新校准、预防性维护措施的改善等等。2018年所实施的这些主要的举措，为此节省了260万令吉的成本开支。

财务表现回顾

2018年度的总收入达1亿3510万令吉，增长了7.6%。运营成本上涨至5640万令吉，上升了8.9%。因此，净产业收益达7870万令吉，增长了6.8%。昔加末中环广场的加入，成为2018年年度财务业绩上升的主要因素，其租户组合目前正在评估当中。

实现的税前净收入达4230万令吉，比往年增长了5.3%。此外，借贷利息的逐渐上升，导致借贷成本也攀升至2530万令吉，增长了9.1%。

我们将持续地努力，以提升投资组合的运营效益，包括扩大能源和有效的用水的策略，以及优化老旧的设备。贺达托产的管理层将于2019年着重于成本合于经济效益，期许公司内部各部门审核各自的运营成本结构，尽可能有效地利用有限的资源提高收入。提高收入的举措例如：调高每日停车场的收费和提供代客泊车服务，提高刊登广告板的收入以及实施其它有利于提高收入的方案。

融资。贺达产托的融资包括Al-Murabahah给予信用透支服务，加上固定的定期贷款和浮动利率以及部分套期保值服务而组成。这些融资金额总计5亿6300万令吉，使贺达产托的总资产负债率为44.4%。这些融资中，1500万令吉于2019年截止，3000万令吉于2021年到期，5亿1800万令吉的大部分融资于2024年截止。管理层正积极探索中期票据计划以开发和利用债务市场。

派息。贺达产托已经公布了第四季度每基金单位派息 (DPU) 为2.3仙，将整年的每基金单位派息定格为9.01仙。这比往年下降了6%，这归咎于上述成本的增加，整体来说，2018年派息支出为4160万令吉，比2017年增加了2.8%。

贺达产托将继续保持稳健的股息记录，将其净收入的90%以上回报给各信托单位持有者。自2006年以来，贺达产托已经分派了总计4亿5100万令吉的派息给各信托单位持有者。

坚守策略

贺达托产的营运策略将着重于“正确”地段、规模和租户组合的邻里商场，这是别于其他房地产投资信托基金 (REIT) 的营运策略。我们将继续打造购物广场的环境，以丰富消费者和零售商的体验。我们将一如既往地致力满足于顾客、信托单位持有者和员工的长期期望。

贺达产托于新加坡举办的第5届亚太区房地产投资信托大会中荣获亚太区最佳 Breeds REIT Award 2018金奖。该奖项由 Pinnacle Group International 组织所举办和颁发。我们对于团队们的辛勤工作获得国际认可秉持谦卑的态度。

收购。贺达产托收购的“管道”将由合适的候选商场所组成，面积约为50万平方英尺、拥有完善聚集区的邻里商场。理想情况下，收购不符合市场需求的商场，这让贺达有机会通过提供提升资产进而改善原有的商场。然而，贺达产托将考虑投资于拥有至少15万人口聚集、垄断性强的商场。贺达产托正做长期投资，我们相信，将邻里商场遍布马来西亚的策略，终将成为新兴品牌的理想平台。

鸣谢

向已故的前任主席 Michael Lim Hee Kiang 先生表达最诚挚的感谢。Michael 于2018年5月16日与世长辞。Michael 是一位在法律界拥有30多年经验的杰出律师。他曾在2015年至2018年期间担任董事会主席，是马来西亚企业届是知名人物，坐拥多家上市公司董事会。我们感恩他坚定的领导下，以及对公司事务给予的满腔热情和明智的建议，我们将永远怀念他。本人谨代表董事会向管理团队和全体员工在2018年所付出的辛劳表示感谢。希望2019年我们的团队能更加努力地工作，我们相信可以创造对员工有利、有益的工作环境，并鼓励员工们不断地超越自我。希望我们的信托单位持有人、零售商和顾客们一如既往地信任贺达产托。

Dato' Hisham Bin Othman

执行董事兼首席执行官

PORTFOLIO PERFORMANCE

Property Profiles

Hektar REIT's portfolio consists of six well-established neighbourhood-focused shopping centres in Northern, Central and Southern Regions of Peninsular Malaysia.



Subang Parade, located in Subang Jaya, Selangor



Mahkota Parade, located in Bandar Melaka, Melaka



Wetex Parade & Classic Hotel, located in Muar, Johor

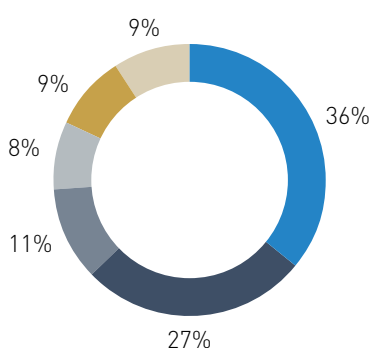
Portfolio Facts

Financial Year 2018

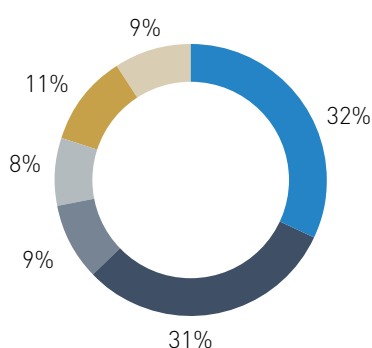
	Subang Parade	Mahkota Parade	Wetex Parade & Classic Hotel	Central Square	Kulim Central	Segamat Central
State	Selangor	Melaka	Johor	Kedah	Kedah	Johor
Title	Freehold	Leasehold (2101)	Freehold	Freehold	Freehold	Leasehold (2116)
Primary Trade Area (population)	1,834,000	382,200	201,600	406,870	287,694	190,000
NLA – Retail (sq ft)	508,876	519,542	171,305	310,152	299,613	220,768
Tenancies	113	115	72	64	79	49
Occupancy (%)	88.2	96.0	98.5	96.9	93.5	78.6
Visitor Traffic (million)	7.8	8.3	4.3	4.5	4.0	3.2
Acquisition Price (RM million)	280.0	232.0	117.5	83.0	98.0	106.1
Valuation (RM million)	437.0	328.0	138.5	96.0	115.0	107.0
Gross Revenue (RM million)	44.1	41.4	12.3	11.2	14.5	11.6
Net Property Income (NPI) (RM million)	28.3	23.5	6.1	6.0	8.4	6.4

Portfolio Diversification

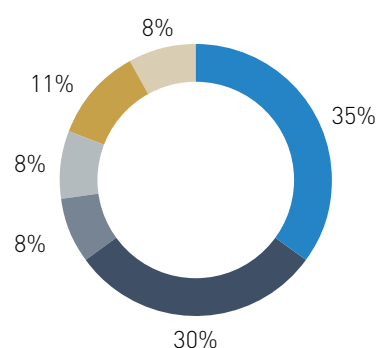
Portfolio by Valuation



Portfolio by Gross Revenue



Portfolio by NPI



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



CENTRAL SQUARE

Central Square Shopping Centre,
located in Sungai Petani, Kedah



KULIM CENTRAL

Kulim Central Shopping Centre,
located in Kulim, Kedah



SEGAMAT CENTRAL

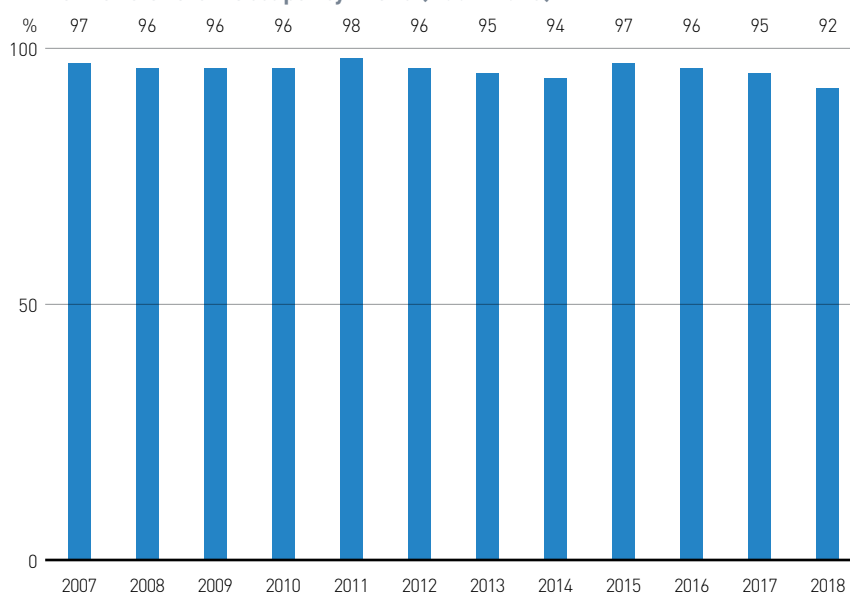
Segamat Central Shopping Centre,
located in Segamat, Johor

Portfolio Occupancy

Hektar's portfolio of assets have achieved an aggregate occupancy rate of 92.1% as at 31 December 2018. Occupancy rates are healthy in spite of the challenging retail environment, with all malls (excluding Subang Parade and Segamat Central) being at least 94% occupied. Subang Parade and Segamat Central are undergoing major tenancy remixing simultaneously with Asset Enhancement Initiatives planned for the future.

In general, the overall occupancy trend for the malls moves in cycles with the most recent downtrend in 2014 with a portfolio occupancy low of 94% before resuming a rise to 97% in the following year.

Portfolio Overall Occupancy Trend (2007-2018)



Note: Weighted average portfolio occupancy according to NLA

Property

(As at 31 December)

	2018	2017	2016	2015	2014
Subang Parade	88.2%	90.9%	93.0%	94.7%	99.3%
Mahkota Parade	96.0%	96.1%	96.4%	95.5%	94.5%
Wetex Parade	98.5%	100.0%	100.0%	98.7%	98.3%
Central Square	96.9%	95.3%	96.6%	98.0%	80.5%
Kulim Central	93.5%	98.2%	98.9%	99.3%	97.8%
Segamat Central	78.6%	94.7%	n/a	n/a	n/a
Overall*	92.1%	95.1%	96.2%	96.6%	94.3%

*The weighted average occupancy rate is calculated based on NLA

PORTFOLIO PERFORMANCE

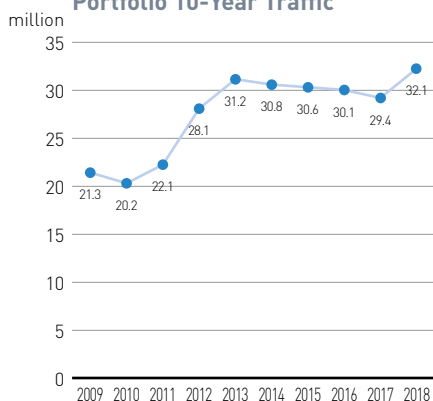
Visitor Traffic

Visitor traffic is measured by a computerised traffic monitoring system. Visits to Kulim Central have increased tremendously by 81.8% post-AEI and significant increases of 18.4% were seen in Central Square in 2018. Mahkota Parade and Wetex Parade shopping centres experienced a slight decline, in line with market conditions. Subang Parade's performance is expected to bounce back once it has completed its overall tenancy remixing and AEI. The traffic counting system at Segamat Central was installed in early 2018. The wide swings in traffic volatility depend on a host of factors including but not limited to, new tenants, refurbishment, asset enhancements or on the negative side, increased competition. In total, visits to Hektar shopping centres reached 32 million in 2018.

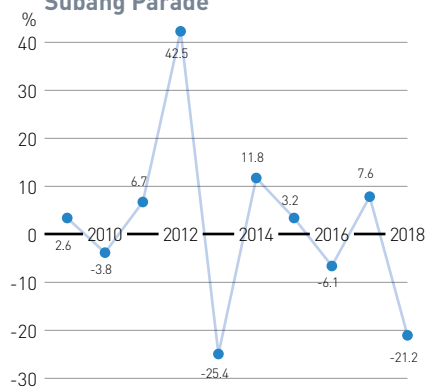
Visitor Traffic	2018	2017	2016	2015	2014
Subang Parade (million)	7.8	9.9	9.2	9.8	9.5
Change in Traffic (%)	(21.2)	7.6	(6.1)	3.2	11.8
Mahkota Parade (million)	8.3	9.1	9.4	9.1	10.0
Change in Traffic (%)	(8.8)	(3.2)	3.3	(9.0)	(3.8)
Wetex Parade (million)	4.3	4.4	4.6	4.6	4.8
Change in Traffic (%)	(2.3)	(4.4)	—	(4.2)	—
Central Square (million)	4.5	3.8	3.9	3.9	3.3
Change in Traffic (%)	18.4	(2.6)	—	18.2	(19.5)
Kulim Central (million)	4.0	2.2	3.0	3.2	3.2
Change in Traffic (%)	81.8	(26.7)	(6.3)	—	(5.9)
Segamat Central (million)	3.2	—	—	—	—
Change in Traffic (%)	—	—	—	—	—
Total (million)	32.1	29.4	30.1	30.6	30.8

Visitor Traffic Change

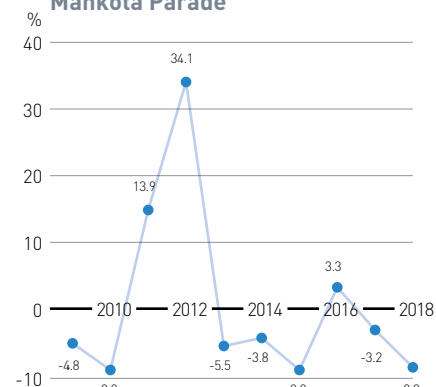
Portfolio 10-Year Traffic



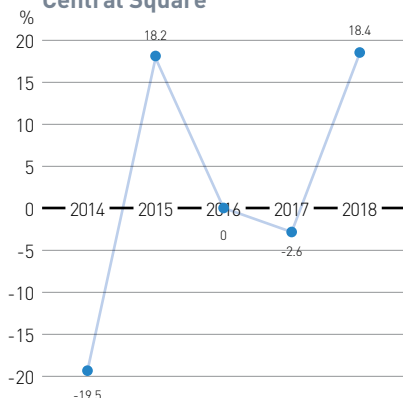
Subang Parade



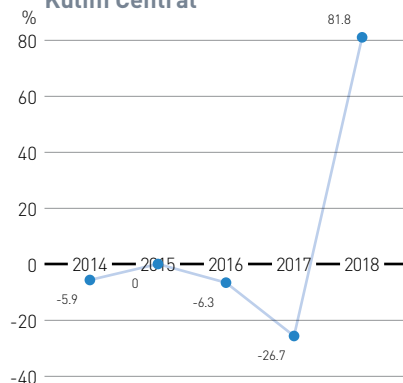
Mahkota Parade



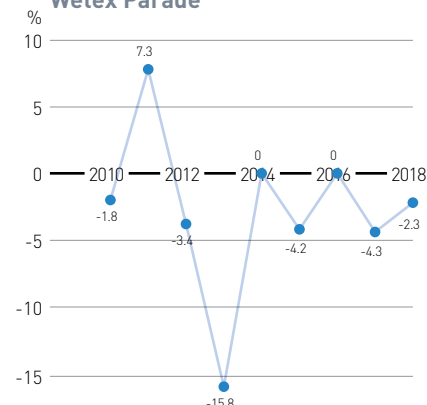
Central Square



Kulim Central



Wetex Parade

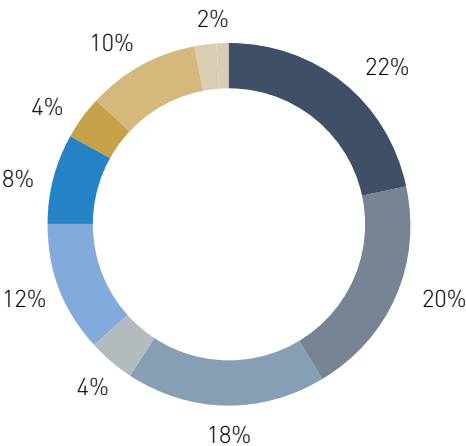


Portfolio Tenancy Mix

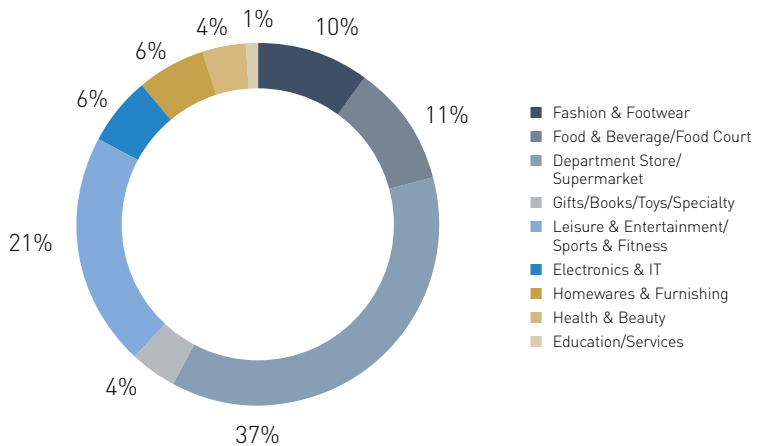
The largest rental contributors to the portfolio are tenants from the fashion & footwear as well as food & beverage segments. Both segments contributed 42% of the portfolio's total rental income. In terms of NLA occupancy, department stores and supermarkets continue to dominate the portfolio by taking up 37% of all available NLA.

Portfolio by Rental Income

*Based on monthly rental income for December 2018



Portfolio by NLA



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



JD Sports at Mahkota Parade

PORTFOLIO PERFORMANCE

Portfolio Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 30.4% of total monthly rental income, providing a diversified revenue base. After the top tenant, Parkson, which contributed approximately 9.6% of monthly rental income, no other tenant contributed more than 5.9%.

Tenant	Trade Sector	NLA (Sq Ft)	% of total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	254,009	12.5%	9.6%
The Store	Department Store/Supermarket	273,198	13.5%	5.9%
Seleria Food Court	Food & Beverage	39,521	2.0%	2.9%
MBO Cinemas	Leisure & Entertainment/Sports & Fitness	88,670	4.4%	2.4%
Giant	Department Store/Supermarket	96,283	4.8%	1.9%
MR. D.I.Y.	Houseware & Furnishing	74,247	3.7%	1.8%
MM2 Starscreen	Leisure & Entertainment/Sports & Fitness	79,404	3.9%	1.7%
Guardian	Health & Beauty	12,164	0.6%	1.6%
Watsons	Health & Beauty	10,296	0.5%	1.4%
KFC	Food & Beverage	15,786	0.8%	1.2%
Top 10 Tenants (by monthly rental income)		943,578	46.7%	30.4%
Other Tenants		1,081,229	53.3%	69.6%
Total		2,024,807	100.0%	100.0%

* Based on monthly rental income for December 2018



Central Square



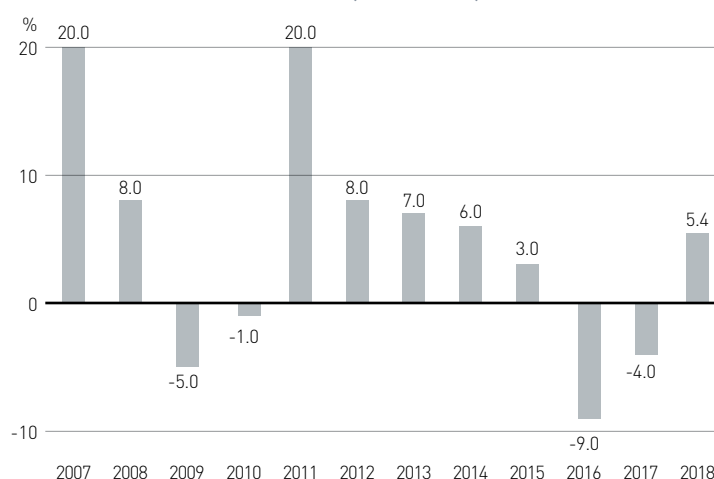
Coffee Bean Tea & Leaf at Wetex Parade

Portfolio Rental Reversions

For the year ended 31 December 2018, the portfolio recorded 159 new and renewed tenancies, with an overall weighted average rental reversion of 5.4%. Both Subang Parade and Segamat Central did not record positive growth, largely due to the ongoing tenancy remixing and planned AEIs for each centres. The other four centres recorded strong increases with double digit rental reversions.

The 11-year trend for the portfolio rental reversions is currently on the uptrend.

Portfolio Rental Reversions (2007-2018)



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	24	200,666	39.3%	0.1%
Mahkota Parade	33	67,102	12.9%	15.0%
Wetex Parade	33	38,700	23.1%	11.8%
Central Square	16	177,779	57.2%	11.5%
Kulim Central	19	155,278	51.8%	16.4%
Segamat Central	34	187,807	86.7%	(9.8%)
Total/Average	159	827,332	40.9%	5.4%

Figures as at 31 December 2018

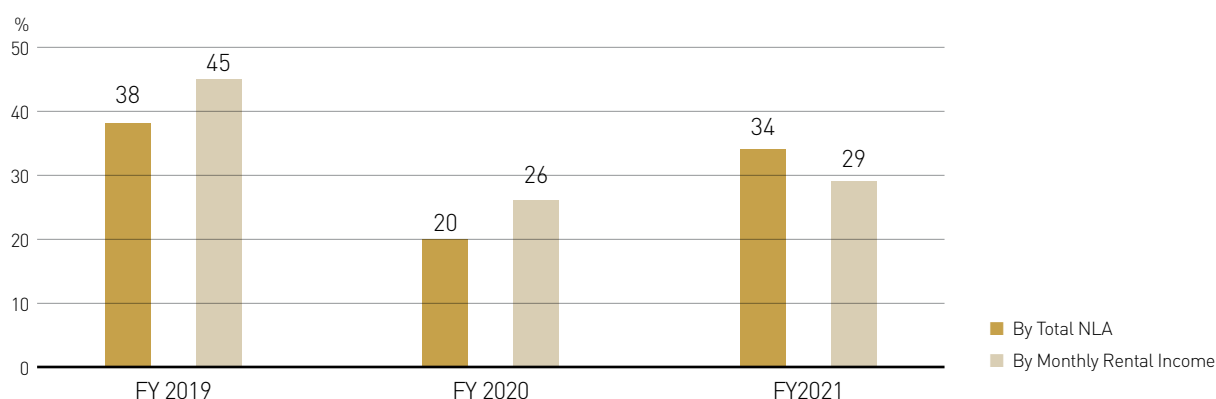
PORTFOLIO PERFORMANCE

Portfolio Tenancy Expiry Profile

A total of 245 tenancies will expire in 2019 representing approximately 38% of NLA and 45% of monthly rental income as at 31 December 2018. The management's strategy is to continue tenancy remixing exercises by refreshing the tenant mix as tenant contracts expire. Key tenancies are secured with options-to-renew and are usually confirmed six months prior to their expiry.

Portfolio For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2019	245	766,787	38%	45%
FY 2020	123	408,214	20%	26%
FY 2021	124	690,527	34%	29%

* Based on monthly rental income for December 2018



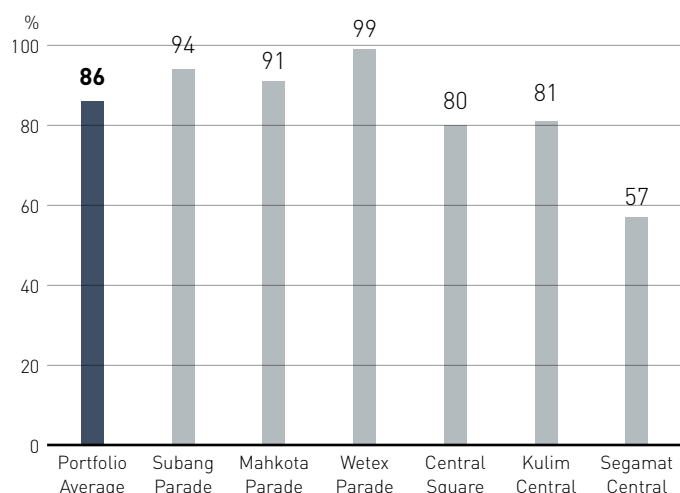
Portfolio Tenancy Provisions

As at 31 December 2018, turnover rent provisions were present in 86% of tenancy contracts within the portfolio. Step-up rent provisions were present in 20% of tenancy contracts within the portfolio.

A turnover rent provision allows for rent calculated as a proportion of monthly 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 basis. A step-up rent provision stipulates pre-determined increases in rent at defined intervals during a tenancy agreement.

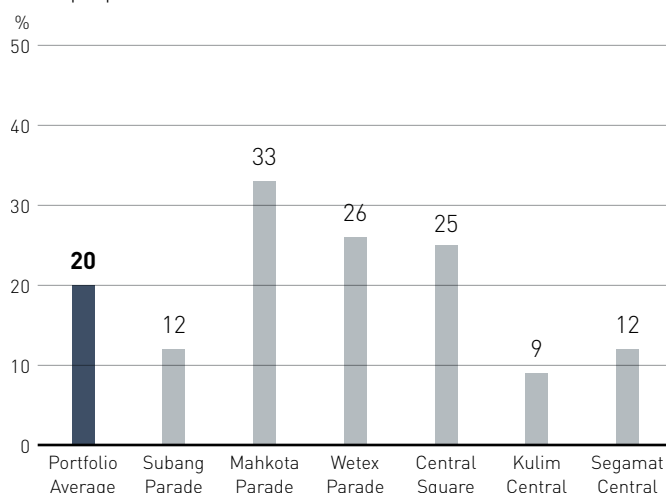
Hektar REIT Tenancy Provisions

Turnover Rent



Hektar REIT Tenancy Provisions

Step-up Rent



Portfolio

Subang Parade	26
Mahkota Parade	29
Wetex Parade	32
Central Square	36
Kulim Central	40
Segamat Central	44



PORTFOLIO PERFORMANCE



Subang Parade, once known as the “longest shopping centre in southeast Asia”, was the first ‘regional’ shopping centre in Selangor when it opened in 1988. Subang Parade has remained vibrant since then. It remains as one of Hektar REIT’s core assets, a dominant shopping centre within its catchment area, in the heart of Subang Jaya’s commercial district, a township 25 minutes away from Kuala Lumpur.

Subang Parade’s positioning strategy is neighbourhood-focused, with an emphasis on its primary trade area which provides the centre with a ‘captive’ customer base. The appeal of the shopping centre lies in its ability to provide value and convenience to its shoppers.

At the moment, Subang Parade is undergoing a round of major tenancy remixing to refresh its offerings of daily shopping, services, entertainment and F&B. Asset Enhancement Initiatives (“AEIs”) initially planned are being reviewed to reflect changes in the market place.

Location	No. 5, Jalan SS 16/1, Subang Jaya 47500 Petaling Jaya, Selangor
Title	Freehold
Primary Trade Area	1,834,000 within 20-mins drive time
Gross Floor Area	1,169,038 sq ft
Net Lettable Area	508,876 sq ft
Car Park	1,288 bays
Acquisition Price	RM280.0 million
Valuation	RM437.0 million
Tenants*	113
Key Tenants	Parkson, MB0, Best Denki, Digital One, Celebrity Fitness
Occupancy	88.2%
Visitor Traffic	7.8 million per annum
Year Opened	1988
Year Acquired	2006
Year Refurbished	2006-2007 / In Planning

Data as of 31 December 2018

* Only NLA Lots



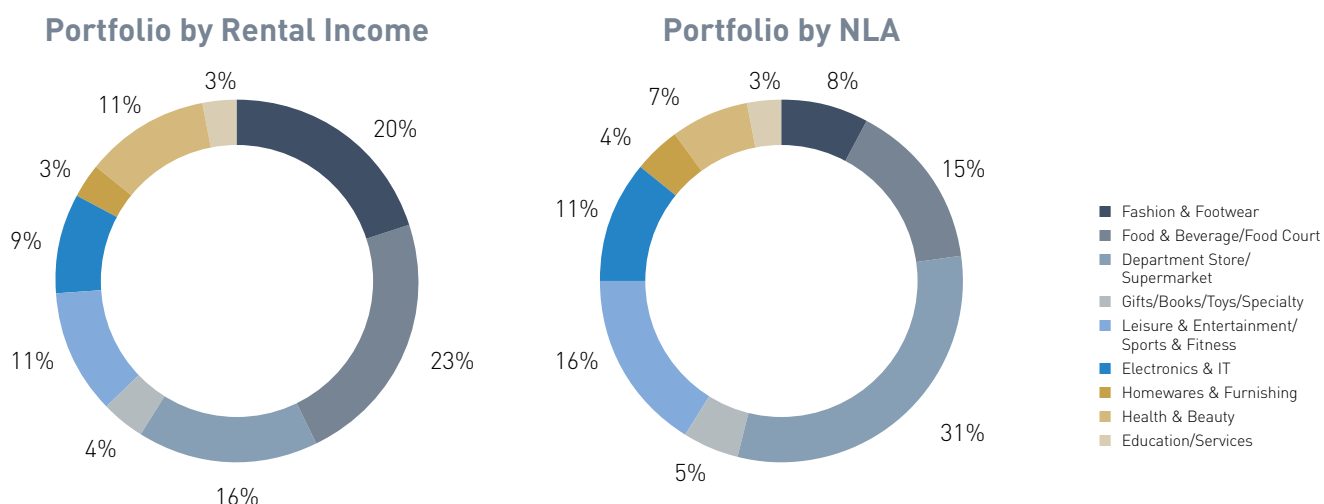
"Dance to Move" event at Subang Parade.

Subang Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	140,620	27.5%	16.1%
MBO Cinemas	Leisure & Entertainment/Sports & Fitness	30,258	5.9%	4.0%
Digital One	Electronics & IT	21,361	4.2%	3.3%
Celebrity Fitness	Leisure & Entertainment/Sports & Fitness	21,646	4.2%	3.0%
Best Denki	Electronics & IT	24,739	4.8%	2.6%
Voir	Fashion & Footwear	4,387	0.9%	2.0%
MPH	Gifts/Books/Toys/Specialty	14,908	2.9%	2.0%
Overseas Restaurant	Food & Beverage	14,076	2.8%	1.8%
Yamaha Music	Education/Service	6,933	1.4%	1.6%
World of Sports	Leisure & Entertainment/Sports & Fitness	4,564	0.9%	1.6%
Top 10 Tenants (by monthly rental income)		283,492	55.5%	38.0%
Other Tenants		227,331	44.5%	62.0%
Total		510,823	100.0%	100.0%

* Based on monthly rental income for December 2018. Note: includes additional NLA space.

Subang Parade's Tenancy Mix



* Based on monthly rental income for December 2018

Subang Parade's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	62	166,558	32%	44%
2020	30	85,388	17%	24%
2021	21	198,773	39%	32%

* Based on monthly rental income for December 2018





PORTFOLIO PERFORMANCE



Mahkota Parade was the first 'regional' shopping centre located in the heart of historic Melaka.

Mahkota Parade is positioned as the premier shopping centre in Melaka with the established Parkson Department Store as its anchor. The centre also serves as the main destination for major community events, tourist events, and exhibitions.

A further expansion at the cinema was completed in 2015, where the number of screens was increased from four to ten. These are part of Hektar's continuing efforts to invest in the Melaka market and maintain Mahkota Parade as the leading shopping centre in the state.

Today, it houses some of the latest new brands such as MAC, Tony Roma's, L'Occitane, Kiehl's, Starbucks Coffee, JD Sports, LOL and many more, attracting tourists and residents from neighboring towns and states.

Location	No. 1 Jalan Merdeka 75000 Bandar Melaka, Melaka
Title	Leasehold (until 2101)
Primary Trade Area	382,200 within 20-mins drive time
Gross Floor Area	1,392,623 sq ft
Net Lettable Area	519,542 sq ft
Car Park	1,079 bays
Acquisition Price	RM232.0 million
Valuation	RM328.0 million
Tenants*	115
Key Tenants	Parkson, Giant, Ampang Superbowl, Seleria, MM2 StarScreen, JD Sports
Occupancy	96.0%
Visitor Traffic	8.3 million per annum
Year Opened	1994
Year Acquired	2006
Year Refurbished	2010

Data as of 31 December 2018

* Only NLA Lots



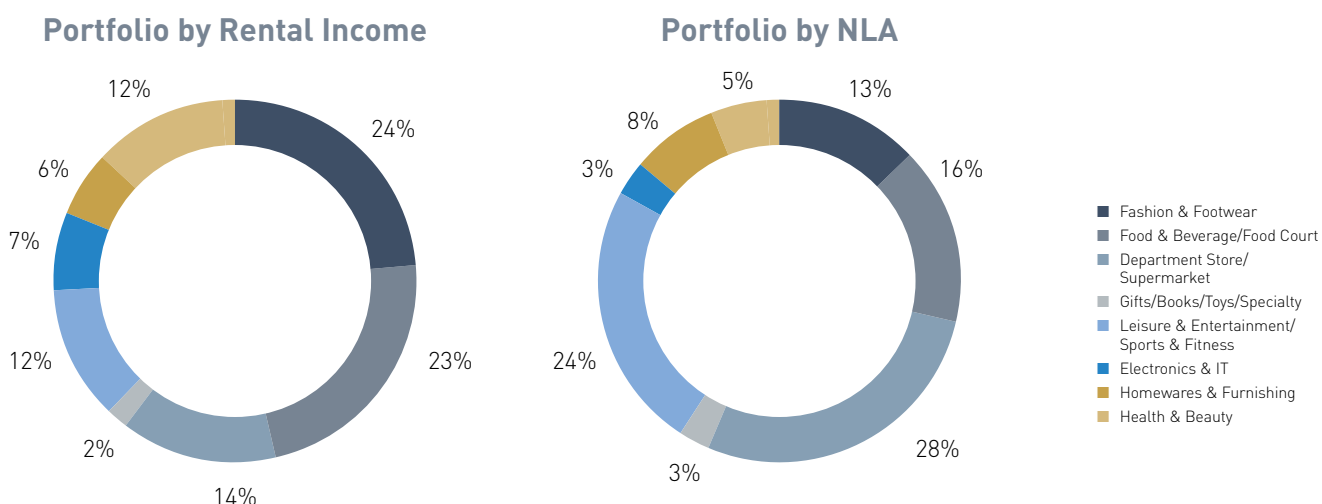
"Clash of the Kings" event at Mahkota Parade

Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Parkson	Department Store/Supermarket	113,389	21.8%	12.5%
Seleria	Food & Beverage	36,511	7.0%	7.7%
Ampang Superbowl	Leisure & Entertainment/Sports & Fitness	36,717	7.1%	2.9%
JD Sports	Leisure & Entertainment/Sports & Fitness	5,942	1.1%	2.5%
KFC	Food & Beverage	5,403	1.0%	2.1%
Guardian	Health & Beauty	3,800	0.7%	1.9%
Aeon Wellness	Health & Beauty	4,112	0.8%	1.9%
MM2 Star Screen	Leisure & Entertainment/Sports & Fitness	28,090	5.4%	1.7%
Kaison	Homewares & Furnishing	9,655	1.9%	1.7%
MR. D.I.Y.	Homewares & Furnishing	16,690	3.2%	1.6%
Top 10 Tenants (by monthly rental income)		260,309	50.0%	36.5%
Other Tenants		259,233	50.0%	63.5%
Total		519,542	100.0%	100.0%

* Based on monthly rental income for December 2018

Mahkota Parade's Tenancy Mix



* Based on monthly rental income for December 2018. Numbers may exceed 100% due to rounding up.

Mahkota Parade's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	65	272,261	52%	50%
2020	27	187,765	36%	35%
2021	23	38,480	8%	15%

* Based on monthly rental income for December 2018

PORTFOLIO PERFORMANCE



Wetex Parade is an integrated retail and hotel development located within the commercial district 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 Muar area. Wetex Parade was Hektar REIT's maiden acquisition in 2008 after the listing in 2006.

The shopping centre is also known as a destination for jewellery with more than 5 shops selling gold and jewellery, serving the northwestern Johor market.

Classic Hotel, the hotel adjoining to Wetex Parade is one of the largest hotels with the largest ballroom facilities in Muar. Hektar has recently taken over the management of the hotel upon the expiry of the lease agreement with the previous operator. The hotel temporarily closed for refurbishment and resumed its operations in December 2018. The hotel has also been reconfigured to allow for an increase of NLA and "Little Muar", a favourite café destination serving the famous "434 coffee" opened for business in January 2019.

Location	69 Jalan Ali, Off Jalan Sulaiman 84000 Muar, Johor
Title	Freehold
Primary Trade Area	201,600 within 20-mins drive time
Gross Floor Area	281,590 sq ft
Net Lettable Area	171,305 sq ft
Classic Hotel GFA	125,931 sq ft
Car Park	175 bays
Acquisition Price	RM117.5 million
Valuation	RM138.5 million
Tenants*	72
Key Tenants	The Store, Popular Bookstore
Occupancy	98.5%
Visitor Traffic	4.3 million per annum
Year Opened	1996
Year Acquired	2008
Year Refurbished	2010 (Mall AEI) 2018 (Hotel)

Data as of 31 December 2018

* Only NLA Lots

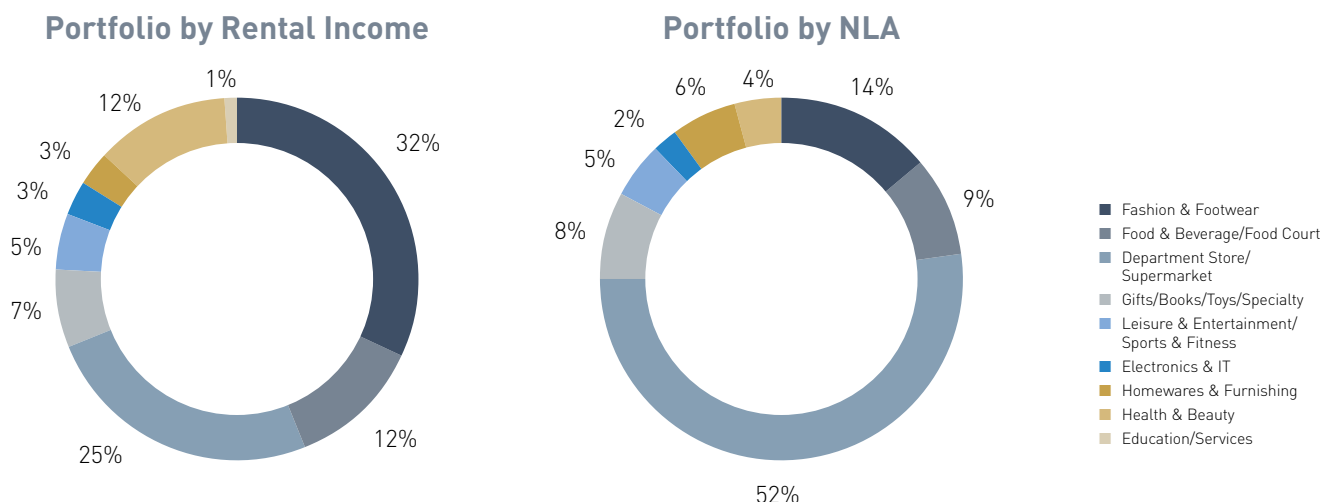


Wetex Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	85,413	50.9%	25.1%
Watson's	Health & Beauty	2,027	1.2%	4.2%
Guardian	Health & Beauty	2,949	1.8%	3.0%
MR. D.I.Y.	Homewares and Furnishing	9,577	5.7%	2.8%
McDonald's	Food & Beverage	2,489	1.5%	2.7%
Popular Bookstore	Gifts/Books/Toys/Specialty	7,190	4.3%	2.3%
Tanjongmas Bookcentre	Gifts/Books/Toys/Specialty	4,037	2.4%	2.2%
Sukan Muara	Leisure & Entertainment/Sports & Fitness	1,356	0.8%	2.1%
Fabiano Ricco / Ecco	Fashion & Footwear	1,259	0.8%	1.9%
Pao Sing	Gifts/Books/Toys/Specialty	1,023	0.6%	1.9%
Top 10 Tenants (by monthly rental income)		117,320	70.0%	48.2%
Other Tenants		50,441	30.0%	51.8%
Total		167,761	100.0%	100.0%

* Based on monthly rental income for December 2018. Note: changes in NLA due to reconfiguration.

Wetex Parade's Tenancy Mix



* Based on monthly rental income for December 2018

Wetex Parade's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	34	114,443	68%	52%
2020	10	13,782	8%	12%
2021	28	37,075	22%	36%

* Based on monthly rental income for December 2018





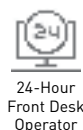
Classic Hotel is the premier business-class hotel located in the heart of Johor's Royal town, Muar. It is part of the integrated development housing Wetex Parade. Opened in 1996, the hotel underwent a refurbishment in 2007/2008 and a major refurbishment in 2018 upon the takeover of the hotel by Hektar from the previous operator. The hotel features 156 refurbished rooms and Muar's largest ballroom with a seating capacity of 800. The hotel overlooks the serene Muar river.



Attractions in Muar

- Jalan Haji Abu "Glutton Street"
- Wetex Parade Shopping Centre
- Mural Street Art
- Padang Nyiru Laman Maharani
- Nattukottai Chettiars
Sri Murugan Temple
- Nan Hai Fei Lai
Goddess of Mercy Temple
- Bangunan Sultan Abu Bakar
- Sultan Ibrahim Jamek Mosque
- Tanjung Emas Park

Classic Hotel Facilities



24-Hour
Front Desk
Operator



LCD TV



Hot Rain
Shower



Air Conditioning



24 hours
CCTV



Premium
Mattress



Bathroom
Amenities



Bottled
Water



Coffee
Maker



FOC Wifi
Access



Electronic
Safety Door

PORTFOLIO PERFORMANCE



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

Strategically situated in the town centre, Central Square is the leading neighbourhood mall that caters to its immediate surrounding community. It is also noted as the centre to purchase IT and electronic items in the area.

In 2015, Central Square completed its refurbishment and asset enhancement initiatives with a modern façade, brighter interior and a brand new 8-screen cinema.

Location	23, Jalan Kampung Baru 08000 Sungai Petani, Kedah
Title	Freehold
Primary Trade Area	406,870 within 20-mins drive time
Gross Floor Area	743,117 sq ft
Net Lettable Area	310,152 sq ft
Car Park	478 bays
Acquisition Price	RM83.0 million
Valuation	RM96.0 million
Tenants*	64
Key Tenants	The Store, Perfect Mobile Village, MBO, PBA Premier Bowl, CP Amusement
Occupancy	96.9%
Visitor Traffic	4.5 million per annum
Year Opened	1997
Year Acquired	2012
Year Refurbished	2015

Data as of 31 December 2018

* Only NLA Lots

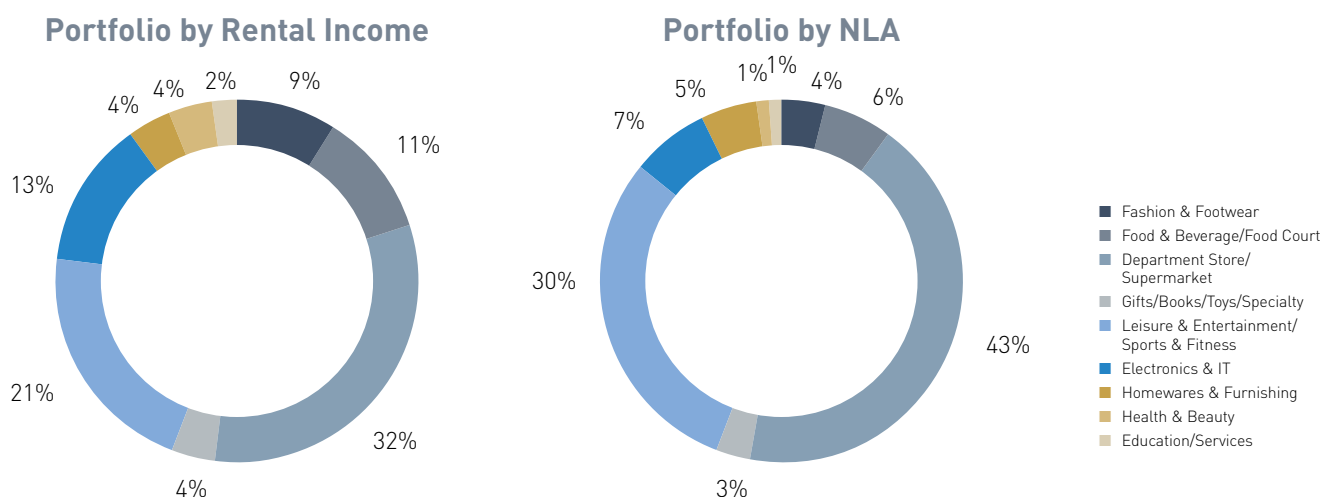


Central Square's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
The Store	Department Store/Supermarket	130,000	41.9%	31.7%
MBO Cinemas	Leisure & Entertainment/Sports & Fitness	34,412	11.1%	6.1%
Perfect Mobile Village	Electronics & IT	13,229	4.3%	5.5%
KFC	Food & Beverage	3,619	1.2%	3.4%
CP Amusement	Leisure & Entertainment/Sports & Fitness	13,452	4.3%	3.2%
PBA Premier Bowl	Leisure & Entertainment/Sports & Fitness	25,000	8.0%	3.1%
Studio	Fashion & Footwear	6,563	2.1%	2.6%
Popular Bookstore	Gifts/Books/Toys/Specialty	6,450	2.1%	2.5%
MR. D.I.Y.	Homewares & Furnishing	11,968	3.9%	2.4%
Time Master	Fashion & Footwear	396	0.1%	2.0%
Top 10 Tenants (by monthly rental income)		245,089	79.0%	62.5%
Other Tenants		65,475	21.0%	37.5%
Total		310,564	100.0%	100.0%

* Based on monthly rental income for December 2018. Note: changes in NLA due to reconfiguration

Central Square's Tenancy Mix



* Based on monthly rental income for December 2018

Central Square's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	28	78,266	25%	36%
2020	20	41,113	13%	16%
2021	16	181,480	59%	48%

* Based on monthly rental income for December 2018



FULLY REFURBISHED IN 2015





Central Square was fully refurbished in 2015 with a refreshed look and feel. Today, Central Square remains the leading shopping centre in Sungai Petani with annual visitor traffic up 18.4% in 2018 to 4.5 million.



PORTFOLIO PERFORMANCE



Kulim Central, opened in 2009, is the only shopping centre in Kulim. It was acquired by Hektar REIT in 2012.

In 2017, a major refurbishment and AEI was carried out which resulted in an approximate addition of 22,000 sq ft of new NLA space. Following the refurbishment, the mall was rebranded from Landmark Central to Kulim Central. The initiative also introduced a modern food court and overall improvement of the exterior of the shopping centre. Since the completion of the AEI, the centre has enjoyed an 81.8% increase in footfall to 4.0 million annual visits. The transformation has brought about new brands such as Starbucks Coffee, Texas Chicken, XES Signature, Mee Tarik Warisan Asli, The Chicken Rice Shop and Bread History into the shopping centre.

With anchor tenants including The Store and Giant, a wide variety of F&B, fashion and telecommunication stores, the shopping centre has become the preferred destination for Kulim residents. Two of its mini anchors – MBO and Ole Ole Superbowl, are the only cinema and bowling centre in Kulim. This allows Kulim Central to capitalise on its unique selling proposition as an all-encompassing neighbourhood mall.

Location	No. 1 Jalan KLC Satu (1) 09000 Kulim, Kedah
Title	Freehold
Primary Trade Area	287,694 within 20-mins drive time
Gross Floor Area	513,333 sq ft
Net Lettable Area	299,613 sq ft
Car Park	610 bays
Acquisition Price	RM98.0 million
Valuation	RM115.0 million
Tenants*	79
Key Tenants	Giant, The Store, MBO, Ole Ole Super Bowl, SEC
Occupancy	93.5%
Visitor Traffic	4.0 million per annum
Year Opened	2009
Year Acquired	2012
Year Refurbished	2017

Data as of 31 December 2018

* Only NLA Lots

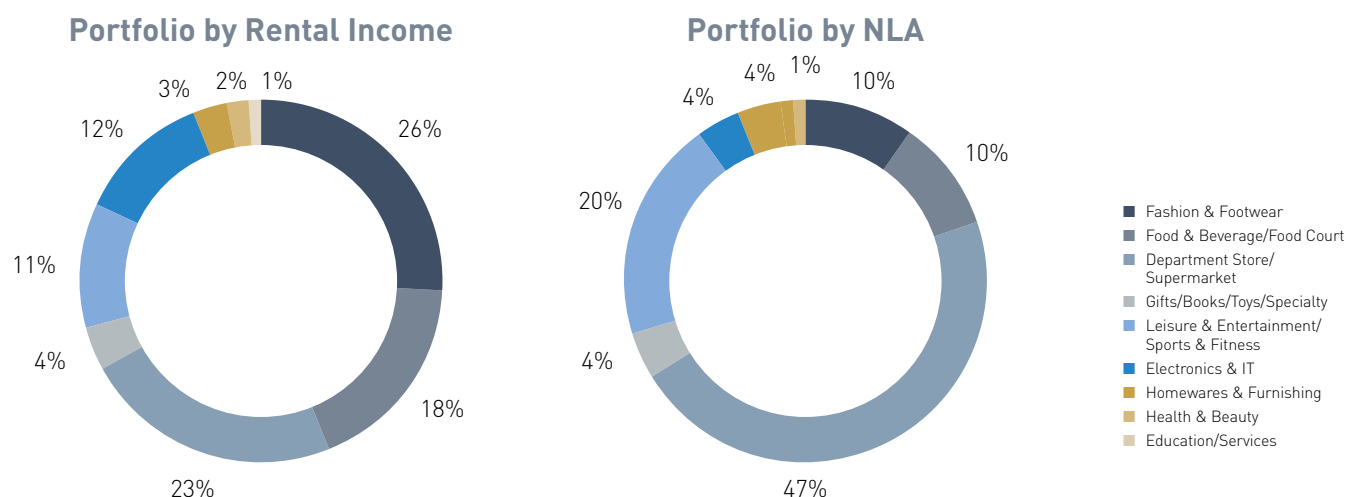


Kulim Central's Top Ten Tenants

Tenant	Trade Sector	NLA (Sq Ft)	% of Total NLA	% of Monthly Rental Income*
Giant Superstore	Department Store/Supermarket	72,140	24.1%	14.7%
The Store	Department Store/Supermarket	57,785	19.3%	8.5%
Seleria Food Court	Food & Beverage	4,230	1.4%	5.1%
MBO Cinemas	Leisure & Entertainment/Sports & Fitness	24,000	8.0%	4.3%
Ole Ole Super Bowl	Leisure & Entertainment/Sports & Fitness	23,670	7.9%	2.9%
Hasani Bookstore	Gifts/Books/Toys/Specialty	5,228	1.7%	2.4%
MR.D.I.Y.	Homewares & Furnishing	11,711	3.9%	2.2%
Pizza Hut	Food & Beverage	3,530	1.2%	1.9%
KFC	Food & Beverage	3,530	1.2%	1.9%
Texas Chicken	Food & Beverage	3,530	1.2%	1.8%
Top 10 Tenants (by monthly rental income)		209,354	69.9%	45.7%
Other Tenants		90,259	30.1%	54.3%
Total		299,613	100.0%	100.0%

* Based on monthly rental income for December 2018

Kulim Central's Tenancy Mix



* Based on monthly rental income for December 2018

Kulim Central's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	36	93,741	31%	40%
2020	23	36,541	12%	21%
2021	20	149,773	50%	39%

* Based on monthly rental income for December 2018



FULLY REFURBISHED IN 2017



Kulim Central was fully refurbished in 2017 with asset enhancements creating 22,000 sq ft of new retail space. New tenants such as Starbucks Coffee, Texas Chicken, XES Signature, Mee Tarik Warisan Asli, The Chicken Rice Shop, Bread History and a brand new Seleria Food Court opened in the centre. Kulim Central annual visitor traffic shot up 81.8% in 2018 to 4.0 million.



PORTFOLIO PERFORMANCE



The latest addition to Hektar REIT's portfolio of shopping centres, Segamat Central (formerly known as 1Segamat Mall) is the only purpose-built shopping centre in Segamat. It has the only cinema in Segamat, a direct link to Segamat's main bus terminal, and is within walking distance of the town's KTM railway station.

The most anticipated change in 2018 was in the fourth quarter, when anchor TF Value Mart was introduced to the shopping centre. Since its opening in November, it has received very encouraging response from Segamat shoppers.

Hektar is currently conducting a primary market research exit survey and following further analysis of the survey results will plan for the centre's refurbishment and Asset Enhancement Initiatives in 2019.

Location	Jalan Kolam Air, Kampung Gubah 85000 Segamat, Johor
Title	Leasehold (until 2116)
Primary Trade Area	190,000 within 20-mins drive time
Gross Floor Area	486,789 sq ft
Net Lettable Area	220,768 sq ft
Car Park	412 bays
Acquisition Price	RM106.1 million
Valuation	RM107.0 million
Tenants*	49
Key Tenants	TF ValueMart, MM Cineplexes, MR. D.I.Y.
Occupancy	78.6%
Visitor Traffic	3.2 million per annum
Year Opened	2011
Year Acquired	2017
Year Refurbished	In Planning

Data as of 31 December 2018

* Only NLA Lots



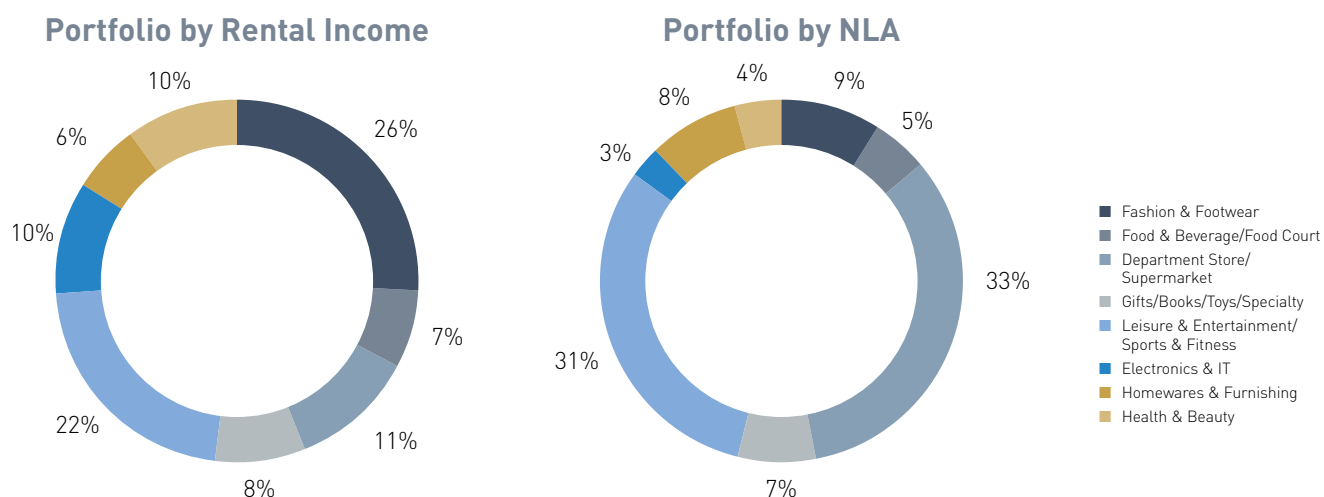
School band performance at Segamat Central

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	35,908	16.6%	15.8%
TF Value Mart	Department Store/Supermarket	56,800	26.2%	10.6%
MR. D.I.Y.	Homewares & Furnishing	13,700	6.3%	6.0%
Dees	Fashion & Footwear	1,985	0.9%	3.5%
AD Jeans	Fashion & Footwear	3,261	1.5%	3.1%
XES Premium	Fashion & Footwear	1,991	0.9%	3.1%
Aeon Wellness	Health & Beauty	1,551	0.7%	2.8%
Guardian	Health & Beauty	1,615	0.7%	2.6%
Popular Bookstore	Gifts/Books/Toys/Specialty	4,913	2.3%	2.4%
Oppo	Electronics & IT	1,108	0.5%	2.3%
Top 10 Tenants (by monthly rental income)		122,832	56.6%	52.2%
Other Tenants		93,672	43.4%	47.8%
Total		216,504	100.0%	100.0%

* Based on monthly rental income for December 2018. Note: changes in NLA due to reconfiguration

Segamat Central's Tenancy Mix



* Based on monthly rental income for December 2018

Segamat Central's Expiry Profile

For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
2019	20	41,518	19%	30%
2020	13	43,625	20%	33%
2021	16	84,946	39%	37%

* Based on monthly rental income for December 2018

