

**HEKTAR REAL ESTATE INVESTMENT TRUST**  
**Managed by**  
**HEKTAR ASSET MANAGEMENT SDN BHD (“HMSB”)**  
Registration No: 200601012511 (732261-T)

**MINUTES OF THE FULLY VIRTUAL 11<sup>TH</sup> ANNUAL GENERAL MEETING OF HEKTAR REAL ESTATE INVESTMENT TRUST (“HEKTAR REIT”) HELD ON THURSDAY, 6 APRIL 2023 AT 10.00 AM VIA REMOTE PARTICIPATION (“RP”) FACILITY AT THE BROADCAST VENUE, THE BOARDROOM, HEKTAR ASSET MANGEMENT SDN BHD, D1-U3-10, SOLARIS DUTAMAS, NO 1 JALAN DUTAMAS 1, 50480 KUALA LUMPUR**

**PRESENT FROM BROADCAST VENUE**

**BOARD OF DIRECTORS OF HEKTAR ASSET MANAGEMENT SDN BHD (“MANAGER”)** : En Hasli bin Hashim (Chairman)  
En Johari Shukri bin Jamil (CEO & Executive Director)  
Pn Norliza binti Suleiman (Non-Executive Director)  
En Wan Kamaruddin bin Wan Mohamed Ali (Non-Executive Director)

**COMPANY SECRETARY OF THE MANAGER** : Dato’ Muhammad Hafidz bin Nuruddin  
(Joint Company Secretary)

**INVITEES** : Representatives of the Management:  
Pn Zarina Halim (CCO, HMSB)  
Mr Lim Kek Siang (Senior General Manager, Finance)

**PARTICIPATING REMOTELY**

**BOARD MEMBER** : Mr. Richard Ng (Non-Executive Director)  
Ms Tan Loo Ming (Non-Executive Director)  
En Mahusni bin Hasnan (Non-Executive Director)

**TRUSTEE OF HEKTAR REIT** : Puan Nurizan binti Jalil (CEO of MTrustee Berhad)

**INVITEES** : Representatives of BDO PLT, the Auditors:  
Ms Allison Ng Soe Kei

**UNITHOLDERS AND PROXIES** : As per the summary of attendance list via the Remote Participation and Voting (“RPV”) Facility

## **OPENING OF MEETING**

The Chairman, En Hasli bin Hashim, welcomed all to the fully virtual Eleventh Annual General Meeting (“11<sup>th</sup> AGM”) of Hektar Real Estate Investment Trust. He explained that due to the ongoing Covid-19 pandemic and in the interest of all Unitholders and participants, the 11<sup>th</sup> AGM was conducted on a fully virtual basis through live streaming and RPV. He then introduced the Members of the Board and the CEO of the Trustee, Puan Nurizan Jalil. He went on to introduce the members of the management of HAMS B and the representative of the Auditor, Ms Allison Ng Soe Kei.

## **QUORUM**

In response to the Chairman’s enquiry the Secretary explained that under Section 18.4.1(a) of the Trust Deed, at least 5 Unitholders representing at least 10% of the total issued units would constitute the quorum. The Secretary confirmed the presence of the requisite quorum. The Chairman then declared the meeting as properly convened after the notice of the meeting has taken as read.

## **CHAIRMAN’S WELCOME NOTE**

The Chairman gave a brief explanation on the meeting proceedings and the voting procedures for the 11<sup>th</sup> AGM. In accordance with the AGM Notice, the Unitholders had been allowed to post the questions online prior to the start of the meeting from 28 February 2023 and during the meeting. The Chairman said that these questions will be addressed during the Q&A session later.

SS E Solutions Sdn Bhd was the appointed Poll Administrator while Commercial Quest Sdn Bhd was the appointed Independent Scrutineer to verify the results of the poll voting. The step-by-step guide together with a short audio clip on the online voting module within the e-Portal was shown to the Unitholders.

The Chairman also gave a brief overview of Hektar REIT’s performance for 2022. The year 2022 was a year of recovery after two straight years of the pandemic with the imposition of various Movement Control Orders and other mobility restrictions. Hektar REIT being a retail REIT, was able to enjoy this recovery in 2022 with its financial performance recording a much-improved revenue of RM117 million in 2022, up 22% compared to 2021, whilst the Net Property Income improved to about RM59 million, up by 25% from last year. The REIT reported a net profit before tax of RM78 million, of which RM36 million was realised operating net income, and the balance of RM42 million was contributed by the gain resulted from the change in the fair value of the portfolio in 2022, resulting from an increase in the portfolio valuation which had consequently improved Hektar REIT’s Assets Under Management (AUM) to RM1.206 billion. With the much-improved performance, to reward the Unitholders, Hektar REIT announced and paid a total income distribution of 8 sen per unit, which equated to an attractive dividend yield

of 11.43% (the highest amongst Malaysian REITs) based on closing unit price of 70 sen as at 31 December 2022. The yield was also substantially higher than the FBM KLCI of 4.07%.

The Chairman reported that Hektar REIT's unit price showed a significant improvement of 44.3% in 2022, with an opening price of 48.5 sen per unit and a closing year end price of 70 sen per unit. Other key financial highlights included the total debt reduction of approximately RM 30 million and the improvement in the Gearing Ratio from 47.2% to 44.6% by the end of 2022. Hektar REIT also managed to improve the interest cover to 2.80 times vs 1.68 times in 2021.

With regards to Corporate Development, Hektar REIT had implemented the Income Distribution Reinvestment Plan (IDRP). A total of 27.5 million new units were issued at a unit price of 65 sen under this plan on 27 February 2023. Although 2022 was the year of recovery, it also came with challenges pertaining to the rate of retail recovery as the pandemic had affected retailers for over two years and improvements would not happen overnight. Despite the uneven recovery, Hektar REIT's average portfolio occupancy showed resilience and stabilised at 82%. The visitor footfall traffic for 2022 showed a tremendous recovery increasing to 60% compared to 2021. This positive momentum was also seen in tenant sales which inched closer to almost 100% of the pre-pandemic level. Hektar REIT remained positive and was upbeat that the occupancy and reversions would improve further this year.

Hektar REIT was committed to sustainability and upholding the core pillars of E, S & G. On the ESG & Sustainability front, Hektar REIT's ESG rating was upgraded to a 4-star rating by FTSE Russell in its June 2022 evaluation. Being a neighbourhood-focused mall, Hektar REIT had always given great importance to the well-being and welfare of the community, especially the underprivileged or marginalized segment. Hektar REIT's efforts were recognized when it was awarded "Company of the Year for Stakeholder and Community Engagement" at Sustainability & CSR Malaysia Awards 2022. Hektar REIT also was conferred two Silver Awards at The Edge ESG Awards 2022 under the following categories:

- Most improved performance over the last three years (for market cap below RM300 million)
- Property & REIT Sector

The Board and the Management team aimed to continue working towards improving the ESG & Sustainability disclosures in line with the requirements of Bursa Malaysia and other regulatory requirements. Hektar REIT remained optimistic about achieving improved financial & portfolio performance for 2023 as the Management was committed to attaining the targets to improve value creation and provide sustainable and attractive returns to all Unitholders.

**AGM 2023/1****REPORTS AND FINANCIAL STATEMENTS OF HEKTAR REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Chairman clarified that the Audited Financial Statements of Hektar REIT for the financial year ended 31 December 2022 together with the Trustee's Report to the Unitholders, Statement by the Manager and the Independent Auditors' Report had been duly approved by the HAMSB Board of Directors and the Hektar REIT Trustee. It did not require any approval or voting on the part of the Unitholders as accordance with the provisions under the Securities Commission's Guidelines on Listed Real Estate Investment Trust. The Unitholders were however welcomed to ask questions or seek clarifications during the Q&A session at a later part of the meeting.

**AGM 2023/2****SPECIAL BUSINESS**

The Chairman proceeded with the next agenda being a special business of the meeting, which was to consider and if thought fit, to pass with or without any modification the following ordinary resolutions:-

i) Ordinary Resolution 1

Proposed authority to allot and issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Authority").

ii) Ordinary Resolution 2

Proposed renewal of the authority to allot and issue new units pursuant to the Income Distribution Reinvestment Plan ("IDRP") that to provide unitholders with an option to elect to reinvest their income distribution in the form of new units in Hektar REIT ("Proposed Renewal of IDRP Authority").

The Chairman and the Management will answer any questions on this business during the Q&A session later.

**AGM 2023/3****Q&A SESSION**

The Chairman read out the questions raised from the Unitholders and the Management was pleased to answer the questions, as per the list annexed hereto.

As there was no other business to be dealt with, the Chairman announced the adjournment of the meeting for 10 minutes to allow time for voting and procurement of results.

## CONTINUATION OF AGENDA AGM 2023/2 UNFINISHED BUSINESS

As the poll results were ready, the Chairman resumed the special business pertaining to the Proposed Authority and Proposed Renewal of IDRP. He announced the following:-

RESOLUTIONS	Vote For	%	Vote Against	%
<u>Ordinary Resolution 1:</u> Proposed authority to allot and issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Authority")	301,071,702	99.8229	534,158	0.1771
<u>Ordinary Resolution 2:</u> Proposed renewal of the authority to allot and issue new units pursuant to the Income Distribution Reinvestment Plan ("IDRP") to provide unitholders with an option to elect to reinvest their income distribution in the form of new units in Hektar REIT ("Proposed Renewal of IDRP Authority")	301,466,940	99.9378	187,587	0.0622

Consequently, the Chairman declared that the following ordinary resolutions were duly carried:

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

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

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

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

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

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

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

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

THAT the new Units issued pursuant to the IDR P shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the holders of the new

Units shall not be entitled to any distributable income, right, benefit, entitlement and/or any other forms of distribution that may be declared before the date of allotment and issuance of such new Units.

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

**AGM 2023/4                      CLOSURE OF MEETING**

There being no other business, the meeting was closed at 10.50 am with a vote of thanks to the Chair.

Confirmed as a correct record,

CHAIRMAN

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QUESTIONS AND ANSWERS SESSION

1. Q : Why was Hektar REIT’s financial performance for FY2022 better than FY2021 despite the drop in occupancy?  
A : Although the occupancy slightly dropped from 84.8% to 82%, the Overall Revenue increased by 21.6% to RM117.5 million compared with RM96.6 million for FY2021 on increased rental income, including higher turnover rent due to the significant increase in visitor footfall traffic by 60%, increased car park income and higher occupancy with an increase in the average room rates for Classic Hotel in Muar, Johor.
  
2. Q : What are the plans for Subang Parade?  
A : The Management are currently working on a Repositioning Strategy for Subang Parade as the Company want to make it more than just a place to shop & dine. The Management want to strengthen the mall’s position as a community gathering space and host more events & activities that bring people together. The repositioning strategy would involve the following factors:
  - 1) Tenancy remixing that aligns with the overall strategy and in line with what the patrons’ expectation
  - 2) Investing in Placemaking areas by giving it a unique & attractive character. The Management have identified areas that could be utilised to drive visitor footfall to the mall, which will bring a positive impact on tenants’ sales
  - 3) In the meantime, the Management are focusing on the marketing activities that engage the surrounding community. For example, the YouNi Market event that took place on the 18 & 19 March 2023 was a huge hit increasing the weekend footfall by 74%. YouNi Market is a not-for-profit initiative which supports local artisans by organizing bazaars to promote their foods and crafts, as well as giving back to the community by donating part of the proceeds to charity organizations. The Management are targeting to do more of such events. All of this is expected to:
    - Bring higher visitor footfall traffic
    - Enhance the shopping experience



- Bring high-quality retail brands
- Improve the asset's valuation

3. Q : What are the occupancy levels of Hektar REIT's malls at present? What is the target, by when and the initiatives to achieve it?

A : Hektar REIT's average portfolio occupancy showed resilience at 82%. One of the malls, Kulim Central, located in Kedah, continues to grow post refurbishment as its occupancy exceeds 96% as of the financial year ended 31 December 2022. The Company committed/signed occupancy rate is at 85.4% as of March 2023 which is already 3.4% higher than the December figures. The Management expected to see continued improvement in the occupancy rates and reversions. In 2022, the Management renewed/brought in 178 tenants, which is equivalent to 22.9% of the total net lettable area. This also includes renewing one of the anchor tenants, which contributes 12% of the total Net Lettable Area (NLA) and is a testament to their commitment towards the Company. The target for the year-end is to achieve up to 86% average portfolio occupancy rate and the Management are close to achieving the set target in the next few months. The Management Team is working very hard to achieve it. In order to achieve continuous improvement, the Management are bringing in new and renowned brands based on the desired tenancy mix necessary to meet the needs of the Company's loyal shoppers and patrons and make Hektar REIT's malls the place to be for the neighbouring communities. The Management are also working towards improving the facilities and inculcating digitalisation by introducing some new initiatives and partnering with the tenants for 2023, so the shoppers can have a better shopping experience.

4. Q : When do the Management foresee Hektar REIT's next acquisition happening and what are Hektar REIT's key acquisition targets?

A : The Management are constantly on the lookout for yield accretive acquisition opportunities. Properties must meet the key investment criteria before the Management can proceed with the acquisition. The Management are focusing on the neighbourhood and community centre segments with NLA up to 500,000 sq. ft. Based on the market research data, there are more than 36 cities and municipalities in Malaysia that have a sizeable population of over 100,000 that can support a neighbourhood-sized shopping centre.

5. Q : How do the Management plan to mitigate the impact of the increased utility cost (Electricity and Water) and the increase in interest rates?

A : Hektar REIT embarked on its energy efficiency initiatives in 2017 and these have reduced the electricity consumption by more than 20%. With the increase in the Imbalance Cost Pass-Through cost, Hektar REIT will be affected as well, just like the other REITs and PLCs. However, to mitigate the impact, the Management have engaged with an experienced Energy Service Company that will audit the electricity consumption at the malls and provide

the Management with a list of initiatives that will help to significantly reduce the consumption and subsequently the monthly electricity cost. With regards to the increase in the water bills, the Management are implementing various measures on water recycling and conservation across Hektar REIT portfolio to optimise consumption. As part of the overall capital management strategy, the Management intend to gradually reduce the borrowings. As such, the Management are exploring the possibility of other financial instruments, such as subscribing to MTN (Medium-term notes) as an avenue to shift some of the future floating loan obligations into a fixed rate in the rising interest rate environment to reduce Hektar REIT's exposure to interest risk.

6. Q : Why are the Unitholders getting RM50 worth of vouchers this round compared to RM70 worth of vouchers for the last two years?

A : Hektar REIT have rewarded the Unitholders with an attractive dividend payout despite the challenging times. The Company is pleased to announce that this time, for our valuable unitholders who attend and vote today, will be giving a total of RM50 worth of vouchers from Parkson and McDonald's (RM30 worth of Parkson vouchers and RM20 worth of McDonald's vouchers). As always, the Company value the Unitholders feedback and will consider giving something better next year.

7. Q : Please send printed Annual Report.

A : The Management take note of the request and would appreciate if the Unitholders can drop an email to the IR department. The email address is [ir@hektarreit.com](mailto:ir@hektarreit.com). The IR Department will then arrange the delivery of the Annual Report to the Unitholders' address.

8. Q : On page 156 of the Annual Report 2022, the utilities expenses was RM6,769,803. How much of it was electricity expenses?

A : The electricity expenses amounted to RM 6.02m or 89% of the total utility cost.

9. Q : Good morning. My positive votes for all the resolutions. This is definitely the best REIT in rewarding participating unitholders. Low profile but big in their heart. Beyond all doubt. Thank you very much.

A : The Management thank you for your continuous support towards Hektar REIT and really appreciate it.