



HEKTAR REAL ESTATE INVESTMENT TRUST

Managed by

HEKTAR ASSET MANAGEMENT SDN BHD (“HMSB”)

Registration No: 200601012511 (732261-T)

MINUTES OF THE 9TH ANNUAL GENERAL MEETING OF HEKTAR REAL ESTATE INVESTMENT TRUST (“HEKTAR REIT”) HELD AS A FULLY VIRTUAL MEETING FROM THE BROADCAST VENUE AT THE BOARDROOM, HEKTAR ASSET MANAGEMENT SDN BHD, D1-U3-10, SOLARIS DUTAMAS, NO 1 JALAN DUTAMAS 1, 50480 KUALA LUMPUR ON FRIDAY, 9 APRIL 2021 AT 10.00 AM.

PRESENT

BOARD OF DIRECTORS OF HEKTAR ASSET MANAGEMENT SDN BHD (“MANAGER”) : Dato’ Hisham bin Othman (Chairman)
Puan Zarina Halim
Mr Richard Ng
Ms Tay Hwee Pio
En Mahusni bin Hasnan
Cik Rahanawati binti Ali Dawam
Ms Pauline Lim (Alternate Director to Mr Richard Ng)

COMPANY SECRETARY OF THE MANAGER : Dato’ Muhammad Hafidz bin Nuruddin

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

INVITEES : Representatives of the Management:
En Khairul Azizan bin Ahmad (Senior General Manager, Finance of the Manager)
En Khairul Ariffin bin Ibrahim (Chief Operating Officer of Hektar Property Services Sdn Bhd (“Property Manager”)
Mr Jacky Tan (Chief Leasing Officer of Property Manager)
Representatives of Centres - Centre Managers
Representative of Auditors:
Ms Alison Ng, BDO PLT

UNITHOLDERS AND PROXIES : As per the Summary of Attendance List via the Remote Participation and Voting (“RPV”) Facility

PRE-MEETING PRESENTATION BY THE SENIOR GENERAL MANAGER, FINANCE

Prior to the commencement of the Annual General Meeting (“AGM”), the emcee invited En Khairul Azizan bin Ahmad, the Senior General Manager, Finance of the Manager, to brief the Unitholders on the highlights of the financial performance and achievements of Hektar REIT for the last financial year ended 31 December 2020 as well as prospects of Hektar REIT moving forward.

OPENING OF MEETING

The Company Secretary welcomed all present to the fully virtual 9th AGM of Hektar REIT. The Meeting was informed that pursuant to Clause 18.4.2 (b) (2) of the Trust Deed made between the Manager and MTrustee Berhad that if the meeting was convened at the instance of the Management Company, the meeting shall be chaired by a person appointed by the Management Company. In the absence of the Chairman, the meeting was chaired by Dato’ Hisham bin Othman, Executive Director and CEO of the Manager. Dato’ Hisham bin Othman was invited to preside the meeting.

CHAIRMAN’S WELCOME NOTE

The Chairman welcomed all those who were present and participated in the Meeting and informed that in view of the ongoing COVID-19 pandemic and consequent imposition of mobility restrictions by the Government of Malaysia, in the best interest of all Unitholders and participants, the Board of Directors had decided that this 9th AGM be conducted via live stream webcast and voting to be done remotely using the RPV facilities without physical attendance by Unitholders and proxies.

He then proceeded to introduce the members of the Board, the Trustee, as well as the representative of the Manager and the representatives of the Property Manager to the Unitholders and proxies.

QUORUM

The Company Secretary explained that in accordance with Section 18.4.1 (a) of the Trust Deed, where only an Ordinary Resolution is to be proposed, at least 5 Unitholders present in person or by proxy representing at least 10% of the total issued units should constitute the quorum for today’s Meeting. The Company Secretary confirmed the presence of the requisite quorum.

With the requisite quorum being present, the Chairman declared the Meeting duly convened and called the Meeting to order.

NOTICE AND PROCEDURES FOR MEETING

The notice convening the Meeting, having been circulated earlier to all the Unitholders of Hektar REIT on 10 March 2021, was taken as received and read.

The Chairman highlighted that the Unitholders have the right to ask questions and vote on the resolution of the Meeting in accordance with the AGM Notice and have also allowed for questions to be posted to the Chairman or Board of Directors electronically by email or via real time submission of typed texts through a text box within SS e-Portal before the start or during the live streaming of the Meeting.

The Chairman informed the Unitholders that the resolution tabled before the Meeting would be voted by poll using the online polling system via the RPV Facility. Hektar REIT has appointed SS E Solutions Sdn Bhd as the Poll Administrator and Commercial Quest Sdn Bhd as Independent Scrutineers to verify the poll result of the Meeting.

The Meeting was informed that the voting module had been made accessible to all Unitholders and proxies to submit their votes from the start of this Meeting and an additional 10 minutes after all the questions transmitted to the Poll Administrator during this Meeting have been dealt with, to cast and submit their votes.

He then requested the Poll Administrator to show a video clip on how Unitholders and proxies could cast their votes via the online voting platform.

**AGM 2021/1 AUDITED FINANCIAL STATEMENTS OF HEKTAR REIT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE
TRUSTEE'S REPORT TO THE UNITHOLDERS, STATEMENT BY THE
MANAGER AND THE INDEPENDENT AUDITORS' REPORT THEREON**

The Chairman informed the Unitholders that Audited Financial Statements did not require formal approval from the Unitholders and were meant for discussion only. Hence, it shall not be put forward for voting. The Unitholders were, however, welcomed to submit questions or seek clarifications during the Q&A session of the Meeting. The Board and the Management would address all the questions on a first-come, first-serve basis.

**AGM 2021/2 PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT
TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED AUTHORITY)**

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 ordinary resolution to allow the issuance of new Hektar REIT units.

He explained that in the last AGM, the Manager had sought a mandate from the Unitholders to authorise the Manager to issue new units of up to 92,392,036 units, which represents 20% of the existing fund size of Hektar REIT at any point in time, in its absolute discretion that it deems fit and in the best interest of Hektar REIT. Notwithstanding, the issuance of new units was also conditional on the approvals from any relevant regulatory authorities.

Unless revoked or varied by Hektar REIT at a General Meeting, the authority would expire at the conclusion of the next AGM, which was today. Therefore, the same mandate from the Unitholders was sought at this AGM to authorise the Manager to issue new units of up to 92,392,036 units, representing 20% of the existing fund size of Hektar REIT.

The Unitholders were welcomed to submit questions or seek clarifications during the Q&A session of the Meeting. The Board and the Management would address all the questions on a first come first serve basis.

AGM 2021/3 Q&A SESSION

The Chairman declared the commencement of the Q&A session, which began with a presentation of the answers to pre-submitted questions by Unitholders via email, followed by questions submitted by remote participants at the AGM, which were moderated to avoid repetition.

Questions, clarifications, and comments submitted via text box within SS e-Portal by remote participants at the AGM were addressed by the Chief Executive Officer, Chief Corporate Officer, and Senior General Manager, Finance. The questions and answers are annexed as Annexure I.

At the conclusion of the Q&A session, the Chairman requested the Poll Administrator to again show a video clip on how Unitholders and proxies could cast their votes via the online voting platform and advised the Unitholders and proxies to submit their vote via the RPV facility.

AGM 2021/4 POLLING SESSION

The Chairman then announced a final 10 minutes voting session for the Unitholders who have yet to submit their votes.

After 10 minutes, the Chairman announced the closure of the online voting session.

AGM 2021/5 POLL RESULT

The Chairman called the Meeting to order for the declaration of the poll result. The Chairman informed that there were further questions received during the verification of poll results and were addressed by the Senior General Manager, Finance.

The Chairman requested the Poll Administrator to project out the poll result of the Meeting to the Unitholders. He announced that the results of the poll voting have been verified by the Scrutineer and based on the outcome of the verified poll votes, declared that the following Ordinary Resolution was duly carried:

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 Requirements 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 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 92,392,036 representing 20% of the existing 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 maybe 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 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 such 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.

AGM 2020/6 CLOSURE OF MEETING

There being no other business to be transacted, the Meeting concluded at 11:00 am with a vote of thanks to the Chairman, the Board, the invitees and the Unitholders and proxies who participated in the Meeting.

Confirmed as a correct record,

CHAIRMAN

Q&A SESSION	
1.	Is there a door gift for Unitholders who attend this virtual AGM?
	Yes, there is. The Unitholders who attended the AGM and voted during the AGM may collect vouchers worth RM70.00 from Subang Parade's customer service counter on the ground floor starting from 6 pm on 9 April 2021 until 9 May 2021. Each unitholder must bring along his/her IC for validation and if a representative were collecting on behalf, then he/she ought to bring a copy of the Unitholders' IC for verification.
2.	Can Hektar REIT give the printed hard copy of the Annual Report 2020?
	Requests for hard copies of the Annual Report 2020 by unitholders can be made to the IR department contact details of which is shown on Hektar REIT's website at www.HektarREIT.com
3.	How much doe Hektar REIT spend on this virtual AGM?
	Hektar REIT optimised the cost for this virtual AGM and of course, it is cheaper than holding a physical meeting like in previous years. There are pros and cons in holding a virtual AGM and the main advantage is the lower cost along with compliance of SOPs implemented by the authorities.
4.	What is the meaning of stating Subang Parade's refurbishments to be on track at every annual AGM?
	In recent years, the Management had carried out several substantial asset enhancement initiatives (AEI) in Subang Parade. One of the main initiatives which was in line with Hektar REIT's sustainability initiatives is the energy-saving in Subang Parade, which involved the ACMV (Air Conditioning and Mechanical Ventilation system) refurbishment. The Management had upgraded the system resulting in much better quality air in Subang Parade as well as saving energy costs. Overall there were savings of about 19% in 2020 compared to 2019. Another AEI involved the refurbishment at the Market Place, now known as the Food Garden. Reroofing works done at Subang Parade saw a new roof layer that solved the mall's leaking issues. Another AEI carried out was revamping washroom facilities with additional new toilets and brightening up some of the common areas, including the car park area with LED lighting, which will contribute to energy savings in the long term. There was also some changes made to the access roads to Subang Parade to improve accessibility, the introduction of cashless car park transactions and repainting of the external walls. Despite the challenging retail environment, the Management had managed to do some rejuvenation works in Subang Parade. Parkson, a long standing tenant had also refurbished its lower floor amid the pandemic situation, which the Management appreciated as it reflected Parkson's confidence in the long term prospects of Subang Parade. Over 86,000 square feet of space had been renovated for anchor tenants, representing about 16% of the NLA of Subang Parade. The electrical store, Best Denki, had

Q&A SESSION	
	also been allocated to a new area with bigger space. The highly anticipated Village Grocer, the premium supermarket, opened in the 3 rd quarter of 2020 and this helped with the decline in footfall traffic during the MCO. Overall the upgrading and updating works done at Subang Parade would continue as there were still improvements to be done.
5.	The trust realised net income was RM 14.2 million in the financial year 2020, out of which only RM4.2 million was distributed, representing 29.6%. How did this comply with the stipulated regulatory requirement of a minimum 90% distribution rate of income for that year of assessment?
	In the basis period for the year assessment 2020, Hektar has distributed in aggregate more than 90% of taxable income for 2020 and remains qualified for tax-exempt status under Section 16A (1) of Income Tax 1967. The total distribution to Unitholders is a total of RM 13.4 million for the year of assessment 2020 and RM 9.2 million was paid on 9 April 2020 while RM 4.2 million was paid on 26 February 2021.
6.	Why has Mahkota Parade overtaken Subang Parade in crown jewel status?
	This is a matter of opinion but it seems unfair to make a statement that Subang Parade lost its crown jewel status to Mahkota Parade as these two malls are in two different places and operating in different market environments. Admittedly, the market in Klang Valley is very challenging with the current oversupply of retail space. Still, the Management is doing its best to ensure that Subang Parade remains the leading mall in the neighbourhood of Subang Jaya. All the mentioned AEIs done and continuing at Subang Parade should provide assurance of this. Management is also happy with the performance of Mahkota Parade, which was recently recognised by the Association of Valuers, Property Managers, Estate Agents & Property Consultants (PEPS) as a well-located and well-managed regional mall in their Property Market Outlook 2020 report.
7.	Is there an e-voucher for this AGM?
	We thank you for your feedback. Hektar REIT could consider the e-vouchers for future AGMs.
8.	How was the ROI of solar power?
	The Management is currently working on solar power initiatives for the installation, commissioning and maintaining the solar PV panels for 5 out of 6 malls and is expected to complete by end of the year. In terms of ROI, it is anticipated that there will be huge savings due to the differential between the solar output rate and TNB electricity rate. In terms of green environment and commitment to ESG, the whole solar PV system, once commissioned, is estimated to generate a total output of about 157 million kilowatts hour of energy for a period of 20 years and this will lead to carbon emission reduction, which at that point of time is about 109 million kilograms of carbon dioxide or equivalent to planting

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	nearly 654,000 trees. Hektar REIT will save from the reduction of the cost of energy at the mall in addition to the environmental benefit.
9.	What is the latest occupancy rate for Hektar REIT assets?
	As at 31 December 2020, the portfolio occupancy rate is at 88%. As at March 2021, overall occupancy remains stable at 88% as well. For pre-pandemic or at least for the last 13 years, the portfolio occupancy had been above 90% on an average and Hektar REIT will try to achieve that occupancy again. With the vaccination in progress, there will be an overall improvement in the retail environment which will help to increase footfall thus improve occupancy further.
10.	With the take-over of MBO Cinemas in Subang Parade by GSC Movies will these enhance the image and improve the business in the mall?
	The Management is optimistic of the successful outcome after the sale of MBO business and assets to GSC. The deal is expected to be completed in the 2 nd half of 2021. The Management is hopeful that this will elevate the entertainment experience by the strong GSC branding in Malaysia.
11.	The year 2020 registered a loss. What is the result for Q1 ended 31 March 2021 and the overall result for the year 2021? Is it going to be better than 2020?
	For the year 2021, it will be more challenging due to the continuing COVID-19 pandemic and the MCO 2.0 faced earlier. The Management is optimistic that the situation will be turned around once the vaccination is accelerated.
12.	Will the Board consider having an option for the Unitholders to post the voucher to those who do not stay in Klang Valley due to the restricted MCO?
	Yes, the Board understands that the Unitholders cannot travel interstate. The Unitholders would need to contact the IR Dept for the arrangement by calling 03-6205 5570 or email at IR@hektarreit.com .