

Unless stated otherwise, all abbreviations and defined terms contained in this Rights Issue Prospectus are defined in the "Definitions" section of this Rights Issue Prospectus.

THIS RIGHTS ISSUE PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your Units, you should hand this Rights Issue Prospectus, together with the NPA and RSF at once to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser(s) and/or transferee(s). All enquiries concerning the Rights Issue should be addressed to the Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Documents are only despatched to Unitholders whose names appear in the Record of Depositors of Hektar REIT at 5.00 p.m. on 31 July 2017 and who have a registered address in Malaysia or who have provided the Registrar with a registered address in Malaysia in writing on or before 5.00 p.m. on 31 July 2017. The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that either the Rights Issue or the Documents comply with the laws related to public offerings of any country or jurisdiction where action for such purpose is required, other than the laws of Malaysia. Entitled Unitholders and/or their renounee(s) and/or transferee(s) (if applicable) who are resident in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of the Provisional Rights Units, application for Excess Rights Units or the subscription, offer, sale, resale, pledge or other transfer of the Provisional Rights Units would result in the contravention of any laws of such countries or jurisdictions. The Manager, the Trustee and Maybank IB shall not accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) by any Entitled Unitholders and/or their renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Unitholders and/or their renounee(s) and/or transferee(s) (if applicable) are residents.

The Unitholders have approved, among others, the Rights Issue at the Meeting held on 13 June 2017. Approval has also been obtained from Bursa Securities on 18 May 2017 for the listing and quotation of the Rights Units on the Main Market of Bursa Securities. The approval for the listing and quotation of the Rights Units on the Main Market of Bursa Securities is not an indication that Bursa Securities recommends the Rights Issue. The listing and quotation of the Rights Units is in no way reflective of the merits of the Rights Issue. The listing and quotation of the Rights Units will commence after, among others, receipt of confirmation from Bursa Depository that the CDS Accounts of the successful Entitled Unitholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited with the Rights Units allotted to them and notices of allotment have been despatched to them.

A copy of this Rights Issue Prospectus has been registered with the SC. The registration of this Rights Issue Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Rights Issue Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the SC who takes no responsibility for the contents.

The Board has seen and approved the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

Maybank IB, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, the Rights Issue Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.



HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under the trust deed dated 5 October 2006 (as amended by the supplemental trust deed dated 20 March 2012 and the second supplemental trust deed dated 23 November 2016) entered into between Hektar Asset Management Sdn Bhd and MTrustee Berhad (formerly known as AmTrustee Berhad))

RENOUNCEABLE RIGHTS ISSUE OF 60,966,061 NEW UNITS IN HEKTAR REAL ESTATE INVESTMENT TRUST ("HEKTAR REIT") ("RIGHTS UNITS") AT AN ISSUE PRICE OF RM1.11 PER RIGHTS UNIT ON THE BASIS OF 7 RIGHTS UNITS FOR EVERY 46 EXISTING UNITS HELD AT 5.00 P.M. ON 31 JULY 2017

Manager



Hektar Asset Management Sdn Bhd (732261-T)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016 ("Act"))

Principal Adviser, Managing Underwriter and Joint Underwriter



Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Trustee

MTrustee Berhad (163032-V)

(formerly known as AmTrustee Berhad)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Act)

Joint Underwriter

kenanga

Kenanga Investment Bank Berhad
Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Monday, 31 July 2017 at 5.00 p.m.
Last date and time for the sale of the Provisional Rights Units	:	Monday, 7 August 2017 at 5.00 p.m.
Last date and time for the transfer of the Provisional Rights Units	:	Thursday, 10 August 2017 at 4.00 p.m.
Last date and time for the acceptance of and payment for the Provisional Rights Units	:	Tuesday, 15 August 2017 at 5.00 p.m.
Last date and time for the application and payment for the Excess Rights Units	:	Tuesday, 15 August 2017 at 5.00 p.m.

This Rights Issue Prospectus is dated 31 July 2017

UNLESS STATED OTHERWISE, ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS RIGHTS ISSUE PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS RIGHTS ISSUE PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE MANAGER AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS RIGHTS ISSUE PROSPECTUS. THE SC MAKES NO REPRESENTATION ON THE ACCURACY OR COMPLETENESS OF THIS RIGHTS ISSUE PROSPECTUS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THIS RIGHTS ISSUE PROSPECTUS.

INVESTORS/UNITHOLDERS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS/UNITHOLDERS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION UTILISED FOR THE PURPOSE OF THE PROPOSED ACQUISITION SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE 1SEGAMAT PROPERTY.

INVESTORS/UNITHOLDERS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THIS RIGHTS ISSUE PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS RIGHTS ISSUE PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO HEKTAR REIT.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. THE MANAGER AND THE ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE MANAGER AND THE ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF THE RIGHTS ISSUE BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE RIGHTS UNITS IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. THE MANAGER AND THE ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. THE MANAGER AND THE ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

The following definitions shall apply throughout this Rights Issue Prospectus unless the context requires otherwise:

1Segamat Property	: A land measuring approximately 169,284 sqf/15,727 sqm on which the Building is erected thereon which forms part of two (2) pieces of leasehold land held under the Subdivided Titles
Acquisition Fee	: Acquisition fee of 1% of the Purchase Consideration which amounts to RM1.04 million
Act	: Companies Act, 2016
Authority	: Authority to allot and issue the Management Fee Units as part payment of the management fee to the Manager
Board	: Board of Directors of the Manager
Building	: A three (3)-storey retail mall building and one (1) basement car park together with a total of 398 car park bays (located at the basement, roof top and outdoor parking areas) known as "1Segamat Shopping Centre" (including all on-site fittings, machinery, equipment, fixtures and moveable chattels of any kind which are material to TDSB's current ownership, maintenance, use, leasing, service or operation of the 1Segamat Shopping Centre)
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
Car Park Lease Area	: Such part of land held under Lot 236, in Bandar and Daerah Segamat, Negeri Johor measuring approximately 65,340.00 sqf/6,070.28 sqm
Car Park Rights	: The rights to operate and maintain a car park operation on the following lease areas: <ul style="list-style-type: none">(i) the Car Park Lease Area pursuant to the lease agreement dated 6 January 2016 between TDSB and Kelab Sukan Kebajikan Majlis Daerah Segamat in relation to the lease of the Car Park Lease Area for a tenure of ten (10) years commencing from 1 March 2014 with an option to renew of one (1) term of five (5) years; and(ii) the External Road Reserve pursuant to the lease agreement to be entered into between TDSB and Majlis Daerah Segamat in relation to the lease of the External Road Reserve
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	: A securities account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor

DEFINITIONS *(Cont'd)*

Central Square	: One hundred and twenty (120) strata parcels (out of a total two hundred and fifty three (253) strata parcels) within a six (6)-storey mall building comprising a shopping mall known as Central Square Shopping Centre together with all the accessory parcels thereto, which includes approximately 477 car park bays erected on freehold land held under Geran 145068, Lot 134 Seksyen 56, Bandar Sungai Petani, District of Kuala Muda, State of Kedah
CIS Prospectus Guidelines	: Prospectus Guidelines for Collective Investment Schemes issued by the SC
Closing Date	: 15 August 2017 at 5.00 p.m., being the last date and time for the acceptance, application and payment for the Provisional Rights Units and the Excess Rights Units
CMSA	: Capital Markets and Services Act, 2007
Corporate Exercises	: Collectively, the Rights Issue, the Issuance to the Manager, the Authority and the Increase in Fund Size
Deed	: The trust deed constituting Hektar REIT dated 5 October 2006 (as amended by the supplemental trust deed dated 20 March 2012 and the second supplemental trust deed dated 23 November 2016) between the Manager and MTrustee
Director(s)	: Any person occupying the position of a director of the Manager as defined in the Act
DJAH	: The personal representative of Dato' Jaafar bin Abdul Hamid (deceased), pursuant to the demise of Dato' Jaafar bin Abdul Hamid on 24 January 2017
Documents	: The Rights Issue Prospectus together with the NPA and the RSF issued for the purpose of the Rights Issue
DPU	: Distribution per Unit
Entitled Unitholders	: Unitholders of Hektar REIT whose names appear in the Record of Depositors of Hektar REIT on the Entitlement Date in order to be entitled to the Rights Issue
Entitlement Date	: 31 July 2017 at 5.00 p.m., being the date and time on which the names of Unitholders must appear in the Record of Depositors of Hektar REIT in order to be entitled to the Rights Issue
EPU	: Earnings per Unit
Excess Rights Units	: Rights Units which are not taken up or not validly taken up by the Entitled Unitholders and/or their renounee(s) (if applicable) prior to excess application
Excess Rights Units Application	: Application for additional Rights Units in excess of the Provisional Rights Units, the procedures of which are set out in Section 12.6 of this Rights Issue Prospectus
External Road Reserve	: Such part of the land comprising in the Master Titles having a total of 86 car park bays which was surrendered to Majlis Daerah Segamat pursuant to the subdivision of the Master Titles into the Subdivided Titles

DEFINITIONS (Cont'd)

FCAM	: Frasers Centrepoint Asset Management Limited, being the manager of FCT
FCL	: Frasers Centrepoint Limited
FCT	: Frasers Centrepoint Trust
Foreign Addressed Unitholders	: Entitled Unitholders who have not provided an address in Malaysia for the service of the Documents
FPE	: Financial period ended/ending, as the case may be
FYE	: Financial year ended/ending, as the case may be
HAMSB or Manager	: Hektar Asset Management Sdn Bhd, being the manager of Hektar REIT
HBSB	: Hektar Black Sdn Bhd
Hektar REIT	: Hektar Real Estate Investment Trust
Hektar REIT Properties	: Collectively, Subang Parade, Mahkota Parade, Wetex Parade, Central Square and Landmark Central, which form the property portfolio of Hektar REIT as at the date of this Rights Issue Prospectus, and " Hektar REIT Property " means either one of them
Henry Butcher	: Henry Butcher Malaysia (Kluang) Sdn Bhd, the independent valuer appointed by the Manager to undertake the valuation of the 1Segamat Property
Increase in Fund Size	: Increase in the existing approved fund size of Hektar REIT of 400,634,117 Units to up to 475,494,117 Units pursuant to the Rights Issue, Issuance to Manager and Authority
Issuance to Manager	: Issuance of the Manager's Units at an issue price of RM1.31, being the TERP of the Unit calculated based on the five (5)-day VWAMP of the Units up to and including 13 July 2017, being the last trading day prior to the Price-Fixing Date, of RM1.34, to the Manager amounting to RM471,600 as part of the Acquisition Fee due to the Manager
Issue Price	: RM1.11 per Rights Unit
ITA	: Income Tax Act, 1967
Joint Underwriters	: Collectively, Maybank IB and Kenanga IB
Kenanga IB	: Kenanga Investment Bank Berhad
Landmark Central	: All that piece of freehold land held under GM 14677, Lot No. 4015 (formerly known as H.S. (M) 13459, Lot No. PT 286) Seksyen 44, Bandar Kulim, District of Kulim, State of Kedah measuring approximately 291,917 sqf on which is erected a three (3)-storey mall building (including six hundred and ten (610) car park bays) comprising a shopping mall known as Landmark Central Shopping Centre
LPD	: 11 July 2017, being the latest practicable date prior to the date of this Rights Issue Prospectus

DEFINITIONS (Cont'd)

Mahkota Parade	: A leasehold land measuring approximately 570,815 sqf (13.1 acres) in area together with a three (3)-storey shopping complex with one (1) level of basement car park. The commercial/retail complex comprises four (4) floors of shopping/commercial area on the basement, ground, first and second floors having a postal address at No. 1, Jalan Merdeka, 75000 Melaka and held under master title PN 28957, Lot 1337, Kawasan Bandar XLII, District of Melaka Tengah, Melaka and is an existing property of Hektar REIT, save and except for such individual units or lots which have been sold by the developer to various purchasers
Management Fee Units	: Up to 13,500,000 new Units to be issued to the Manager pursuant to the Authority
Manager's Units	: 360,000 new Units to be issued to the Manager pursuant to the Issuance to Manager
Market Day	: A day on which Bursa Securities is open for trading of securities
Market Value of the 1Segamat Property	: Market value of RM105.0 million dated 2 May 2016 as duly appraised by Henry Butcher as set out in the Valuation Certificate in respect of the 1Segamat Property and subsequent updates dated 30 November 2016 and 31 May 2017.
Master Titles	: H.S.(D) 37321 No. PTD 1468 in Mukim Gemereh, Daerah Segamat, Negeri Johor and H.S.(D) 37323 No. PTB 1283 in Bandar and Daerah Segamat, Negeri Johor
Maybank IB or Principal Adviser or Managing Underwriter	: Maybank Investment Bank Berhad
Meeting	: Unitholders' meeting in relation to the Corporate Exercises
MFRS	: Malaysian Financial Reporting Standard
MTrustee or Trustee	: MTrustee Berhad (<i>formerly known as AmTrustee Berhad</i>), the trustee of Hektar REIT
NAV	: Net asset value
NLA	: Net lettable area
NPA	: Notice of provisional allotment of the Rights Units
NPI	: Net property income
Price-Fixing Date	: 14 July 2017, being the date on which the Board determined the Issue Price
Proposed Acquisition	: Proposed acquisition by MTrustee, on behalf of Hektar REIT, of the Subject Property for the Purchase Consideration
Provisional Rights Units	: Rights Units provisionally allotted to the Entitled Unitholders
Purchase Consideration	: Cash consideration of RM104.0 million
Record of Depositors	: A record of securities holders established by Bursa Depository pursuant to the rules of Bursa Depository

DEFINITIONS (Cont'd)

Registrar	: Mega Corporate Services Sdn Bhd
REIT(s)	: Real estate investment trust(s)
REIT Guidelines	: Guidelines on Real Estate Investment Trusts issued by the SC
Reporting Accountants	: SJ Grant Thornton
Rights Issue	: Renounceable rights issue of 60,966,061 Rights Units at the Issue Price on the basis of 7 Rights Units for every 46 existing Units held on the Entitlement Date
Rights Issue Prospectus	: This abridged prospectus dated 31 July 2017 in relation to the Rights Issue
Rights Unit(s)	: New Units to be issued pursuant to the Rights Issue
RSF	: Rights subscription form for the Rights Issue
Rules of Bursa Depository	: The rules of Bursa Depository as issued pursuant to the Securities Industries (Central Depositories) Act, 1991
SC	: Securities Commission Malaysia
Solicitors	: Zul Rafique & Partners
SPA	: Conditional sale and purchase agreement dated 10 June 2016 between MTrustee and TDSB for the Proposed Acquisition
sqf	: Square feet
sqm	: Square meters
Subang Parade	: A freehold land measuring approximately 475,021.80 sqf (10.905 acres) in area together with a three (3)-storey shopping complex with two (2) basement levels erected thereon. The commercial/retail complex comprises three (3) floors of shopping/commercial area on the lower ground, ground and first floors, one level of basement car park and another level of basement service tunnel having a postal address at No. 5, Jalan SS 16/1, 47500 Subang Jaya, Selangor and held under master title Geran 313558, Lot 72020 (<i>formerly known as Geran 55365, Lot 14193</i>), Bandar Subang Jaya, District of Petaling, Selangor and is an existing property of Hektar REIT, save and except for such individual units or lots which have been sold by the developer to various purchasers
Subdivided Titles	: H.S.(D) 55835 No. PTD 1991 in Mukim Gemereh, Daerah Segamat, Negeri Johor and H.S.(D) 55836 No. PTB 1537 in Bandar and Daerah Segamat, Negeri Johor, resulting from the subdivision of the Master Titles
Subject Property	: Collectively, 1Segamat Property and Car Park Rights
Substantial Unitholders	: Collectively, HBSB and FCT
TDSB or Vendor	: Tashima Development Sdn Bhd
TERP	: Theoretical ex-rights price

DEFINITIONS (Cont'd)

Undertakings	: Irrevocable and unconditional written undertakings dated 3 May 2017 from the Substantial Unitholders to subscribe in full their respective entitlements to the Rights Units under the Rights Issue
Underwriting Agreement	: Underwriting agreement dated 14 July 2017 between the Manager, the Trustee and the Joint Underwriters in relation to the underwriting of 17,517,678 Rights Units which are not covered by the Undertakings
Unit(s)	: Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units
Valuation Report	: Valuation report dated 8 June 2016 on the 1Segamat Property prepared by Henry Butcher as updated by the updated valuation certificates in respect of the 1Segamat Property dated 7 December 2016 and 22 June 2017
VWAMP	: Volume weighted average market price
Wetex Parade	: A five (5)-storey shopping complex podium known as Wetex Parade and a three (3) star category ten (10)-storey hotel tower with one hundred and fifty six (156) rooms known as Hotel Classic and one (1)-level of basement car park erected on freehold land held under HS (D) 19633, No. Lot PTB 10586 & Geran 84560, Lot No. 3675, both located in Bandar Maharani, District of Muar, Johor measuring approximately 52,829 sq. ft. (1.2128 acres) in land area and having a postal address at 69, Jalan Ali, Off Jalan Sulaiman, 84000 Muar, Johor and is an existing property of Hektar REIT

CURRENCY

RM	: Ringgit Malaysia
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All references to **"you"** in this Rights Issue Prospectus are to the Entitled Unitholders and/or where the context otherwise requires, their renounee(s) and/or transferee(s).

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Rights Issue Prospectus to any legislation, statute, enactment, code, rules and regulations is a reference to that legislation, statute, enactment, code, rules and regulations as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Rights Issue Prospectus between the amounts listed and the totals thereof are due to rounding.

Any reference to a time of day in this Rights Issue Prospectus is a reference to Malaysian time.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS OF THE MANAGER

Name (Designation)	Address	Nationality	Profession
Michael Lim Hee Kiang <i>Independent Non-Executive Chairman</i>	131 Jalan Ara Bangsar Baru 59100 Kuala Lumpur	Malaysian	Lawyer
Dato' Hisham bin Othman <i>Executive Director and Chief Executive Officer</i>	AM-26 Jalan Bakubang 2 Taman Setapak, Gombak 53000 Kuala Lumpur	Malaysian	Chief Executive Officer
Zalila binti Mohd Toon <i>Executive Director and Chief Financial Officer</i>	No. 132A Jalan Duta Villa 1 Duta Villa, Setia Alam Seksyen U13 40170 Shah Alam Selangor	Malaysian	Chief Financial Officer
Dr Chew Tuan Chiong <i>Non-Independent Non-Executive Director</i>	97 Jalan Dermawan Singapore 669048	Singaporean	Chief Executive Officer of FCAM
Christopher Tang Kok Kai <i>Non-Independent Non-Executive Director</i>	26 Faber Terrace Singapore 129021	Singaporean	Chief Executive Officer of Frasers Centrepoint
Mahusni bin Hasnan <i>Independent Non-Executive Director</i>	No. 2, Jalan P18C 1/1 Presint 18 62100 Putrajaya W.P. Putrajaya	Malaysian	Company Director
Philip Eng Heng Nee <i>Independent Non-Executive Director</i>	53C Jalan Lim Tai See Singapore 268383	Singaporean	Independent Chairman of FCAM
Rahanawati binti Ali Dawam <i>Independent Non-Executive Director</i>	No. 8, Jalan 28A Cheras Baru 59100 Kuala Lumpur Wilayah Persekutuan	Malaysian	Lawyer
Alex Chia Soon Ren <i>Alternate Director to Dr Chew Tuan Chiong</i>	Block 14 Upper Boon Keng Road #07-957 Singapore 380014	Singaporean	Head, Investment of FCAM
Tay Hwee Pio <i>Alternate Director to Christopher Tang Kok Kai</i>	381 Tanglin Road #12-03 Singapore 247965	Singaporean	Financial Controller of FCAM

AUDIT COMMITTEE

Name	Designation	Directorship
Mahusni bin Hasnan	Chairman	Independent Non-Executive Director
Philip Eng Heng Nee	Member	Independent Non-Executive Director
Rahanawati binti Ali Dawam	Member	Independent Non-Executive Director

EXECUTIVE COMMITTEE

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Hisham bin Othman	Chairman	Executive Director and Chief Executive Officer
Zalila binti Mohd Toon	Member	Executive Director and Chief Financial Officer
Dr Chew Tuan Chiong	Member	Non-Independent Non-Executive Director

MANAGER : Hektar Asset Management Sdn Bhd

Principal place of business:

D1-U3-10, Block D1
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Telephone No. : +603 6205 5570
Facsimile No. : +603 6205 5571
Website : www.hektarreit.com

Registered office:

Unit 419, Block A, Kelana Business Centre
No. 97, Jalan SS 7/2, Kelana Jaya
47301 Petaling Jaya, Selangor

JOINT COMPANY SECRETARIES OF THE MANAGER : Dato' Muhammad Hafidz Bin Nuruddin (MAICSA 7005820)
c/o H&C Consultancy

Unit 419, Block A, Kelana Business Centre
No. 97, Jalan SS 7/2, Kelana Jaya
47301 Petaling Jaya, Selangor
Telephone No. : +603 7492 7090
Facsimile No. : +603 7492 7099
Email: mhnconsult@gmail.com

Lim Seck Wah (MAICSA 0799845)
c/o Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : +603 2692 4271
Facsimile No. : +603 2732 5388
Email: cindylin@megacorp.com.my

TRUSTEE : MTrustee Berhad (*formerly known as AmTrustee Berhad*)
Level 15, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya
Selangor
Telephone No. : +603 7954 6862
Facsimile No. : +603 7954 3712

PROPERTY MANAGEMENT COMPANY : Hektar Property Services Sdn Bhd
Lot A, Basement
Subang Parade
No. 5, Jalan SS 16/1
47500 Subang Jaya
Selangor
Telephone No. : +603 5032 9778
Facsimile No. : +603 5633 8079

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL ADVISER AND
MANAGING UNDERWRITER** : Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : +603 2059 1888
Facsimile No. : +603 2078 4194
- JOINT UNDERWRITERS** : Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : +603 2059 1888
Facsimile No. : +603 2078 4194
- Kenanga Investment Bank Berhad
17th Floor, Kenanga Tower
No. 237, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Telephone No. : +603 2172 2888
Facsimile No. : +603 2172 2999
- SOLICITORS** : Messrs. Zul Rafique & Partners
D3-3-8, Solaris Dutamas
No 1, Jalan Dutamas 1
50480 Kuala Lumpur
Telephone No. : +603 6209 8228
Facsimile No. : +603 6209 8221/8331/8381
- REGISTRAR** : Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : +603 2692 4271
Facsimile No. : +603 2732 5388
- AUDITORS** : BDO
Level 8, BDO@Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Telephone No. : +603 2616 2888
Facsimile No. : +603 2616 3195
- REPORTING ACCOUNTANTS** : SJ Grant Thornton
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail P.O. Box 12337
50774 Kuala Lumpur
Telephone No. : +603 2692 4022
Facsimile No. : +603 2732 5119
- TAXATION ADVISER** : BDO Tax Services Sdn Bhd
Level 8, BDO@Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Telephone No. : +603 2616 2888
Facsimile No. : +603 2616 3195

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKER** : Malayan Banking Berhad
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : +603 2059 1888
Facsimile No. : +603 2301 1377
- INDEPENDENT VALUER** : Henry Butcher Malaysia (Kluang) Sdn Bhd
No. 18, Tingkat 1
Jalan Haji Manan
86000 Kluang, Johor
Telephone No. : +607 775 1500
Facsimile No. : +607 775 1501
- STOCK EXCHANGE LISTED** : Main Market of Bursa Securities



HEKTAR ASSET MANAGEMENT SDN BHD

(Company No. 732261-T)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Act)

Registered Office

Unit 419, Block A,
Kelana Business Centre
No. 97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor

31 July 2017

Board of Directors

Michael Lim Hee Kiang *(Independent Non-Executive Chairman)*
Dato' Hisham bin Othman *(Executive Director and Chief Executive Officer)*
Zalila binti Mohd Toon *(Executive Director and Chief Financial Officer)*
Dr Chew Tuan Chiong *(Non-Independent Non-Executive Director)*
Christopher Tang Kok Kai *(Non-Independent Non-Executive Director)*
Mahusni bin Hasnan *(Independent Non-Executive Director)*
Philip Eng Heng Nee *(Independent Non-Executive Director)*
Rahanawati binti Ali Dawam *(Independent Non-Executive Director)*
Alex Chia Soon Ren *(Alternate Director to Dr Chew Tuan Chiong)*
Tay Hwee Pio *(Alternate Director to Christopher Tang Kok Kai)*

To: Unitholders

Dear Sir/Madam,

RIGHTS ISSUE

1. INTRODUCTION

On 10 June 2016, on behalf of the Board, Maybank IB announced that the Manager proposes to undertake, among others, the Rights Issue.

On 22 May 2017, on behalf of the Board, Maybank IB announced that Bursa Securities has, via its letter dated 18 May 2017, approved the listing and quotation of, among others, the Rights Units on the Main Market of Bursa Securities, subject to the conditions set out in Section 11.1 of this Rights Issue Prospectus.

At the Meeting held on 13 June 2017, the Corporate Exercises were approved by the Unitholders. A certified true copy of the extract of the resolutions relating to the Corporate Exercises passed at the Meeting is set out in **Appendix I** of this Rights Issue Prospectus.

On 14 July 2017, on behalf of the Board, Maybank IB announced the following:

- (i) the Entitlement Date; and
- (ii) the Issue Price which was fixed at RM1.11 per Rights Unit, and the entitlement basis for the Rights Issue of 7 Rights Unit for every 46 existing Units held on the Entitlement Date.

On 14 July 2017, on behalf of the Board, Maybank IB announced that the Manager, the Trustee, Maybank IB and Kenanga IB have entered into the Underwriting Agreement. The details of the underwriting arrangement are set out in Section 3.2 of this Rights Issue Prospectus.

No person is authorised to give any information or make any representation not contained in this Rights Issue Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by the Board, Principal Adviser, Managing Underwriter or Joint Underwriters.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. RIGHTS ISSUE

2.1 Details of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the relevant authorities and the Unitholders and subject to the terms of the Documents, the Board will provisionally allot 60,966,061 Rights Units on the basis of 7 Rights Units for every 46 existing Units held on the Entitlement Date.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Unitholders can subscribe for and/or renounce their entitlements to the Rights Units in full or in part.

Any fractional entitlement of the Rights Units will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and in the best interest of Hektar REIT.

Rights Units which are not taken up or not validly taken up by the Entitled Unitholders and/or their transferee(s) and/or their renounee(s) (if applicable) shall be made available for Excess Rights Units Application. It is the intention of the Board to allot the Excess Rights Units, if any, in a fair and equitable manner in the order of priority as set out in Section 12.6 of this Rights Issue Prospectus.

Any remaining unsubscribed Rights Units (after allocating the Excess Rights Units in accordance to the above, will be subscribed by the Joint Underwriters in accordance with the terms and conditions of the Underwriting Agreement.

2.2 Basis and justification for the Issue Price

The Issue Price of RM1.11 per Rights Unit was determined by the Board after taking into consideration the TERP of RM1.31 per Unit based on the five (5)-day VWAMP of the Units up to and including 13 July 2017, being the last trading day prior to the Price-Fixing Date, of RM1.34, representing a discount of 15.27% to the TERP of the Units.

The Board is of the opinion that the discount will provide the Entitled Unitholders with an equal and attractive opportunity to increase their participation in Hektar REIT as well as reward the Entitled Unitholders for their continuous support to Hektar REIT.

2.3 Ranking of the Rights Units

The Rights Units will, upon allotment and issuance, rank equally in all respects with the then existing Units, save and except that the Rights Units will not be entitled to participate in any income distribution, rights and/or other distributions which may be declared, made or paid, the entitlement date of which is before the date of allotment of the Rights Units.

2.4 Other corporate exercise/scheme

Save for the Corporate Exercises and Proposed Acquisition, Hektar REIT does not have other corporate exercise/scheme which has been announced but is pending completion as at the LPD.

3. UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

The Rights Issue will be undertaken on a full subscription basis.

3.1 Undertakings

The Substantial Unitholders have provided irrevocable and unconditional written undertakings to subscribe in full their respective entitlements to the Rights Units. The Substantial Unitholders' entitlement under the Rights Issue based on their unitholdings in Hektar REIT as at the LPD are as follows:

Name	As at the LPD		Entitlement under the Rights Issue	
	No. of Units	% ⁽¹⁾	No. of Rights Units	% ⁽²⁾
HBSB	160,625,000	40.09	24,442,934	40.09
FCT	124,892,950	31.17	19,005,449	31.17

Notes:

(1) Based on the Unitholders' capital of Hektar REIT as at the LPD.

(2) Based on 60,966,061 Rights Units to be issued pursuant to the Rights Issue.

The Substantial Unitholders have confirmed via their respective undertaking letters dated 3 May 2017 that they have sufficient financial resources to subscribe in full their respective entitlements under the Rights Issue and will make full payment for their respective entitlements to the Rights Units. Maybank IB has verified that the Substantial Unitholders have the financial resources to fulfil their commitments pursuant to the Undertakings.

3.2 Underwriting arrangement

The Manager and the Trustee have entered into the Underwriting Agreement with the Joint Underwriters for the underwriting of 17,517,678 Rights Units ("**Underwritten Rights Units**"), representing 28.74% of the total Rights Units, in the following proportions, subject to the terms and conditions of the Underwriting Agreement.

Joint Underwriters	Agreed Proportions	Maximum no. of Rights Units underwritten	Value of Underwritten Rights Units at the Issue Price
			RM
Maybank IB	50%	8,758,839	9,722,311
Kenanga IB	50%	8,758,839	9,722,311
Total	100%	17,517,678	19,444,622

In the event of fractional allocations, the Board shall be entitled (at its absolute discretion) to round-up or round-down the fractional allocations of the Underwritten Rights Units. Notwithstanding anything to the contrary, the actual number of Underwritten Rights Units be taken up by each of the Joint Underwriters shall not exceed the number of Underwritten Rights Units set out above.

The managing underwriting commission is 0.25% and the underwriting commission is 1.50% of the value of the Underwritten Rights Units, subject to the terms and conditions of the Underwriting Agreement. The underwriting commission payable to the Joint Underwriters and all other costs in relation to the Underwriting Agreement will be fully borne by Hektar REIT.

Any of the Joint Underwriters ("**Terminating Underwriter**") may by notice in writing to the Manager terminate the Underwriting Agreement ("**Termination Notice**") if in the opinion of the Joint Underwriter, any of the following circumstances ("**Termination Events**") has occurred and (where capable of being remedied) continues to subsist unremedied within five (5) Market Days from the date that the Manager is notified by the Joint Underwriter of such event at any time on or prior to the date of the listing and quotation of the Rights Units on the Main Market of Bursa Securities ("**Trading Date**"):

- (i) there shall have been any prospective, change, or any development in the local, national or international monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market in Malaysia or elsewhere), political, industrial, legal, regulatory or monetary conditions, taxation or exchange controls (including any disruption to trading generally, on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls in any jurisdiction or economic conditions which in the opinion of the Joint Underwriters may or is likely to (a) have a material adverse effect; (b) result in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; or (c) be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in this Rights Issue Prospectus and any documents accompanying the same, including the application forms for the application for the Rights Units accompanying this Rights Issue Prospectus (collectively, the "**Rights Issue Documents**"), and the Underwriting Agreement; or
- (ii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Underwriters by reason of Force Majeure which in the opinion of the Joint Underwriters may, or is likely to (a) have a material adverse effect; (b) result in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; or (c) be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in the Rights Offer Documents and the Underwriting Agreement. In this clause, "**Force Majeure**" means an event or cause which is unpredictable and beyond the reasonable control of the party claiming the same, and which could not have been avoided or prevented by reasonable foresight, planning and/or implementation, and includes (without limitation) war, hostilities, riot, uprising, flood, fire, storm, epidemic, explosion, disease, earthquake, hijacking, sabotage, crimes, and acts of God; or
- (iii) the imposition of any moratorium, suspension or limitation on trading in securities generally on Bursa Securities or trading in the Units shall have been suspended by Bursa Securities or limited or minimum or maximum prices for securities shall have been established on Bursa Securities or by order of any governmental authority or a general moratorium on commercial banking activities or foreign exchange rating or securities settlement or clearing services in or affecting Malaysia by the relevant authorities for a period exceeding one (1) Market Day; or

- (iv) any stop-order, injunction, direction, investigation, or action having similar effect, being issued or announced by Bursa Securities, the SC or any other judicial, governmental or regulatory authority in relation to the Rights Issue; or
- (v) any, or any prospective, change in or introduction of, any law, legislation, regulation, directive, policy, guideline, ruling, or interpretation or application thereof by any court or other competent authority in any relevant jurisdiction which in the opinion of the Joint Underwriters may or is likely to (a) have a material adverse effect; (b) result in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; or (c) be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in the Rights Offer Documents and the Underwriting Agreement; or
- (vi) the obligations of the Joint Underwriters to subscribe for and/or procure subscriptions for the Underwritten Rights Units is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction; or
- (vii) any relevant government requisition or occurrence of any nature whatsoever which would or is likely to have a material adverse effect; or
- (viii) the Manager has not fulfilled any of the conditions or has committed a breach of any of the representations, warranties, undertakings, covenants or other provisions of the Underwriting Agreement; or
- (ix) any event which would have rendered any of the warranties contained in the eighth schedule of the Underwriting Agreement untrue or incorrect had it occurred before the date of the Underwriting Agreement, occurs after the date of the Underwriting Agreement and on or prior to the Trading Date; or
- (x) the Manager withholds any information of a material nature from the Joint Underwriters which:
 - (a) would have or can reasonably be expected to have, a material adverse effect; or
 - (b) if capable of remedy, is not remedied within such number of days as stipulated in the notice requesting for such information from the Manager, and would have or can reasonably be expected to have, a material adverse effect; or
- (xi) the date of the listing of and quotation for the Rights Units on the Main Market of Bursa Securities does not take place within sixty (60) Market Days from the date of the Underwriting Agreement or such other extended date as may be mutually agreed between the Joint Underwriters and the Manager; or
- (xii) if the registration of this Rights Issue Prospectus with the SC, necessary approval of Bursa Securities required for the listing of and quotation for the Rights Units on the Main Market of Bursa Securities is revoked, suspended or withdrawn or lapses or if any of the conditions for such registrations, consents or approvals have not been fulfilled to the satisfaction of the SC, Bursa Securities or waived by it; or

- (xiii) the FTSE Bursa Malaysia KLCI (“**Index**”) to be at the close of normal trading on any Market Day:
 - (a) on or after the date of the Underwriting Agreement; and
 - (b) prior to the date on which Hektar REIT allots and issues the Rights Units and where such Rights Units are credited to the CDS Account of the Entitled Unitholders, their renouncee(s) or any other parties, as the case may be, who have accepted their Rights Units (or who have applied for and have been allocated Excess Rights Units) and/or of the Joint Underwriters (or their nominees or such persons as the Joint Underwriters may have procured), which date shall be no later than eight (8) Market Days after the Closing Date, or such other period as may be prescribed or allowed by Bursa Securities,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days; or

- (xiv) there shall have occurred any change, in the condition (financial or otherwise), prospects, management, results of operations, properties or assets of the Manager or Hektar REIT since the date of the Underwriting Agreement, which, in the opinion of the Joint Underwriters may or is likely to (a) have a material adverse effect (b) result in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; or (c) be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in the Rights Offer Documents and the Underwriting Agreement; or
- (xv) the registration or lodgement of any amendment, supplement or replacement to this Rights Issue Prospectus, as the case may be, with the SC for any of the following reasons:
 - (a) the Rights Issue Prospectus contains a material statement or information that is false or misleading;
 - (b) the Rights Issue Prospectus contains a statement or information from which there is a material omission;
 - (c) there has been a significant change affecting a matter disclosed in the Rights Issue Prospectus; or
 - (d) a matter has arisen and information in respect of that matter would have been required by Sections 235 and 236 of the CMSA or any other requirement under the CMSA (including any applicable guidelines issued by the SC) or the Main Market Listing Requirements of Bursa Securities, at the time this Rights Issue Prospectus was prepared,

provided always that such change, matter or information, as the case maybe, is material and adverse and makes it, in the opinion of the Joint Underwriters, commercially impracticable to proceed with the Rights Issue on the terms and in the manner contemplated in the Rights Offer Documents and the Underwriting Agreement; or

- (xvi) (a) the Substantial Unitholders’ obligations under the Undertakings becomes unlawful, impossible or unenforceable for whatever reason;
- (b) any of the Substantial Unitholders fails to fully perform its obligations under the Undertakings; or

- (c) any of the Undertakings is (1) terminated or rescinded in accordance with its terms thereof; (2) void or unenforceable or ceased to have any effect whatsoever; or (3) varied or supplemented upon terms and such variation or supplementation would have or is likely to have a material adverse effect.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable Hektar REIT to raise funds to part-finance the Proposed Acquisition. The Board considers the Rights Issue as the most appropriate method to raise funds for the Proposed Acquisition for the following reasons:

- (i) the Rights Issue will involve the issuance of new Units which will increase the number of Units in circulation and may lead to an improvement in the trading liquidity of the Units; and
- (ii) the Rights Issue will provide an opportunity for the existing Unitholders to further increase their participation in Hektar REIT via the subscription of the Rights Units at a discount to the prevailing market price without diluting the existing Unitholders' percentage unitholdings assuming all Entitled Unitholders fully subscribe for their respective entitlements.

As at 31 December 2016, Hektar REIT's gearing level stood at 44.94%. If the Rights Issue is not implemented and the Proposed Acquisition is fully funded by debt, this will increase its gearing level to 49.82% of its enlarged total assets, which is close to the 50% threshold as stipulated under Clause 8.37 of the REIT Guidelines, limiting its flexibility to fund future acquisitions.

5. USE OF PROCEEDS

The proceeds from the Rights Issue are to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation from the listing of the Rights Units	RM'million
Part-finance the Proposed Acquisition	Within 3 months	(1)64.52
Defray estimated expenses relating to the Corporate Exercises and Proposed Acquisition ⁽²⁾	Within 3 months	3.15
Total		67.67

Notes:

- (1) *The balance of the Purchase Consideration is to be financed via bank borrowings of RM39.48 million.*
- (2) *The estimated expenses in relation to the Corporate Exercises and Proposed Acquisition comprise of the cash portion of the Acquisition Fee, professional fees, underwriting commission, fees payable to the authorities, printing costs and other incidental expenses. In the event the actual expenses in relation to the Corporate Exercises and Proposed Acquisition are lower than RM3.15 million, the excess shall be utilised for working capital purposes.*

Pending utilisation, the proceeds will be placed in interest-bearing deposits with financial institutions or short-term money market instruments as the Board deems fit. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be utilised for working capital.

6. PROPOSED ACQUISITION

6.1 Information on the 1Segamat Property and Car Park Rights

The 1Segamat Property is the only purpose-built mall in Segamat, Johor, which offers both retail and entertainment components. The 1Segamat Property is easily accessible via public transportation due to it being physically connected to the main bus terminal of Segamat and close proximity to the Segamat railway station. In addition, the 1Segamat Property is also easily accessible by road via Jalan Genuang, which is a main artery road that joins to Jalan Muar-Segamat and Lebuhraya Segamat-Kuantan. The 1Segamat Property is within close proximity to two (2) tertiary institutions, namely the Segamat campus of Universiti Teknologi Mara and the Johor campus of Tunku Abdul Rahman University College.

A brief description of the 1Segamat Property is as follows:

Details	Description
Postal address	: Jalan Kolam Air, 85000 Segamat, Johor Darul Takzim
Land titles	: H.S.(D) 55835 No. PTD 1991 in Mukim Gemereh, Daerah Segamat, Negeri Johor and H.S.(D) 55836 No. PTB 1537 in Bandar and Daerah Segamat, Negeri Johor
Tenure	: Leasehold 99 years expiring on 3 July 2116
Registered owner	: TDSB
Category of land use	: Building
Property use	: Retail mall
Approximate age of building as at the LPD	: 5 years and 8 months
Gross floor area (sqf/sqm)	: 486,788.99/45,224.18
NLA (sqf/sqm)	: 223,438.71/20,758.14
Land area (sqf/sqm)	: 169,284/15,727
Date of certificate of fitness for occupation	: 2 December 2011
Occupancy rate as at the LPD (%)	: 95.93
Tenancy term	: Two (2) to three (3) years
Major tenants (more than 10% of total NLA)	: UO Superstore and Lotus Five Star Cinemas
NPI for the FYE 31 May 2016 (RM'000)	: 8,007
Audited net book value as at 31 May 2016 (RM'000)	: 101,601
Market Value of the 1Segamat Property (RM'000)	: 105,000
Encumbrances as per land search dated 12 July 2017	: Nil

Details	Description
Express conditions as per land search dated 12 July 2017	<p>(i) <i>"Tanah ini hendaklah digunakan untuk tujuan Kompleks Perdagangan tiga tingkat dibina mengikut pelan yang diluluskan oleh pihak Berkuasa Tempatan yang berkenaan."</i> This land shall be used for a 3-storey commercial complex constructed according to the plan approved by relevant Local Authority.</p> <p>(ii) <i>"Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa berkenaan."</i> All waste and pollution resulting from this activity shall be transmitted/ disposed to the location designated by the Relevant Authority.</p> <p>(iii) <i>"Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa berkenaan hendaklah dipatuhi."</i> Every policy and condition that have been prescribed and enforced from time to time by the Relevant Authority shall be complied with.</p>
Restrictions-in-interest as per land search dated 12 July 2017	<p>(i) <i>"Tuan punya tanah tidak dibenarkan menawarkan atau menjual unit-unit (parcels) bangunan yang akan dibina tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan."</i> The proprietor of the land shall not offer or sell any units (parcels) of the building that is to be constructed on the land save and except where the construction of the building has commenced according to the plan approved by the relevant Local Authority.</p> <p>(ii) <i>"Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."</i> The parcels within the building erected on this land upon being transferred to a Bumiputera/ Bumiputera Company, shall not be sold, leased or transferred in any way whatsoever to a Non-Bumiputera/ Non-Bumiputera Company without consent from the State Authority.⁽¹⁾</p> <p>(iii) <i>"Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada Bukan Warganegara/Syankat Asing tanpa persetujuan Pihak Berkuasa Negeri."</i> The parcels within the building erected on this land shall not be sold or transferred in any way whatsoever to a non-citizen/ foreign company without consent from the State Authority.⁽¹⁾</p>

Note:

(1) The 1Segamat Property is not a strata mall.

The Proposed Acquisition also entails the acquisition of the rights to operate and maintain a car park operation on the following lease areas:

- (i) the Car Park Lease Area, the lease payment of which shall be calculated based on 70:30 profit sharing basis where thirty percent (30%) of the income generated from the Car Park Lease Area will be payable to Kelab Sukan Kebajikan Majlis Daerah Segamat and the remaining seventy percent (70%) is payable to Hektar REIT; and
- (ii) the External Road Reserve, the lease payment of which has not been determined pending the execution of the lease agreement to be entered into between TDSB and Majlis Daerah Segamat. However, TDSB has proposed to Majlis Daerah Segamat to lease back the External Road Reserve at the rental calculation based on 70:30 profit sharing basis where thirty percent (30%) of the income generated from the External Road Reserve will be payable to Majlis Daerah Segamat and the remaining seventy percent (70%) is payable to Hektar REIT.

6.2 Salient terms of the SPA

6.2.1 Agreement to sell and purchase the Subject Property

TDSB agrees to sell and the Trustee agrees to purchase the Subject Property at the Purchase Consideration free from all encumbrances but subject to all conditions express or implied in the Subdivided Titles and with the benefit of the tenancies in respect of the 1Segamat Property upon the terms and conditions of the SPA.

6.2.2 Payment of the Purchase Consideration

The Purchase Consideration shall be settled in the following manner:

- (i) refundable earnest deposit of RM2,080,000, equivalent to 2% of the Purchase Consideration ("**Earnest Deposit**") which has been paid to TDSB's solicitors as stakeholders ("**Stakeholders**") prior to the execution of the SPA, and which shall be applied towards the Purchase Consideration upon completion of the SPA;
- (ii) a further sum of RM8,320,000, equivalent to 8% of the Purchase Consideration ("**Balance Deposit**") which has been paid to the Stakeholders upon signing of the SPA. The Earnest Deposit and Balance Deposit are collectively referred to as "**Deposit**"; and
- (iii) the balance of the Purchase Consideration of RM93,600,000 shall be paid in cash to TDSB or the Stakeholders within thirty (30) days after the date on which all the conditions precedent to the Proposed Acquisition as set out in the SPA ("**SPA Conditions Precedent**") have been fulfilled and with an extension of thirty (30) days therefrom, if applicable, with interest.

TDSB may deliver to the Trustee a valid "on demand" unconditional and irrevocable bank guarantee in favour of the Trustee to guarantee the sum of RM10,978,286 (being the sum equivalent to the Deposit, a fifteen (15) month bank guarantee interest, Earnest Deposit interest and differential interest) in exchange for the release of the Deposit together with the interest earned on the Deposit to TDSB by the Stakeholders.

6.2.3 SPA Conditions Precedent

The Proposed Acquisition is conditional upon the following SPA Conditions Precedent being fulfilled within 7 months from the date of the SPA (“**Conditional Period**”) together with its status as at the LPD are as follows:

No.	SPA Condition Precedent	Status
(i)	TDSB shall have obtained the approval from its shareholders and the appropriate authority (if any) for the conveyance or the disposal of the Subject Property by TDSB to the Trustee	Fulfilled
(ii)	TDSB shall have obtained issuance of the Subdivided Titles from the Pentadbir Tanah Daerah Pejabat Tanah Segamat with the terms of the express conditions and restrictions-in-interest no worse off than the Master Titles and delivered a duly executed memorandum of transfer	Fulfilled
(iii)	TDSB shall have secured the leases from Kelab Sukan Kebajikan Majlis Daerah Segamat and Majlis Daerah Segamat in relation to the Car Park Lease Area and External Road Reserve upon terms acceptable between the Trustee and TDSB	To be fulfilled
(iv)	TDSB shall have deposited with the Trustee all drawings pertaining to the Subject Property including as-built, civil and structural, mechanical and electrical plans and drawings as per the list set out in the SPA	Fulfilled
(v)	TDSB shall have procured and delivered to the Trustee’s solicitors (i) the redemption statement from the Existing Chargee setting out the amount payable for the full redemption of the Subject Property against the Existing Chargee’s undertaking to release the original Subdivided Titles, the duly executed and stamped duplicate charge and the duly executed discharge of charge to the Trustee or Trustee’s solicitors upon receipt of the redemption sum and to refund the redemption sum received in the event the discharge cannot be registered at the Pendaftar Tanah Negeri Johor or registry for any reason whatsoever; and (ii) the redemption statement from Orix Credit Malaysia Sdn Bhd (“ Orix ”) in respect of the sum of money outstanding and owing by TDSB to Orix pursuant to the hire purchase agreement dated 7 April 2015 granted by Orix to TDSB	To be fulfilled
(vi)	TDSB shall, at its own cost and expense, rectify, repair, replace and/or make good the defects in accordance with the manner set out in the SPA	Fulfilled
(vii)	TDSB shall have deposited with its solicitors the original copy of the certificate of fitness for the Building	Fulfilled
(viii)	TDSB shall have achieved an average tenancy rental and car park collection of not less than RM1,050,000 only per month for the last three (3) months prior to the expiry of the Conditional Period or Second Extended Conditional Period (as defined herein), whichever is later	To be fulfilled
(ix)	TDSB shall have executed in escrow the duly executed assignment and notices in respect of the existing tenancies, novation agreements and consent letters and deposited the same together with the occupation agreements with TDSB’s solicitors who shall have the right to release them to the Trustee on the completion date of the SPA (“ Completion Date ”)	Fulfilled
(x)	TDSB shall have settled all the sums owing to Lim Nyuk Wah @ Ng Peng Wah and Lim Kim Bee (“ Claimants ”) under the settlement agreement dated 22 February 2016 entered into between TDSB and the Claimants and a deed of revocation is duly entered and stamped between the parties thereof	Fulfilled

No.	SPA Condition Precedent	Status
(xi)	the Trustee shall have obtained the approval of the SC, Bursa Securities and the Unitholders in relation to the equity funding exercise and acquisition of the Subject Property	Fulfilled
(xii)	the Trustee or its agent is in receipt of the proceeds raised from any equity funding exercise and/or loan/financing agreement between the Trustee and the Trustee's financiers for the debt facilities to part-finance the Proposed Acquisition have been duly executed	To be fulfilled

The SPA shall become unconditional on the date when all the SPA Conditions Precedent are satisfied or waived, as the case may be. The Trustee shall be entitled at its own discretion to waive any of the SPA Conditions Precedent to be satisfied by TDSB by giving written notice to TDSB.

In the event TDSB is unable to fulfil the condition stipulated in Section 6.2.3(ii) above within the Conditional Period, TDSB is entitled to an automatic extension of six (6) months or such other extended period as may be mutually agreed between the Trustee and TDSB ("**First Extended Conditional Period**")*, subject to payment by TDSB to the Trustee of an interest at 6% per annum on the Deposit calculated on a daily basis in accordance with the terms of the SPA. In addition, the Trustee is entitled to an automatic extension of two (2) months from the expiry of the Conditional Period or the First Extended Conditional Period, whichever is later, or such other extended period as may be mutually agreed between the Trustee and TDSB ("**Second Extended Conditional Period**") to fulfil its SPA Conditions Precedent.

Note:

* *The Manager and the Vendor had mutually agreed to the First Extended Conditional Period from 10 January 2017 up to 9 August 2017.*

TDSB agrees that upon termination where:

- (i) TDSB fails to satisfy the SPA Conditions Precedent under Section 6.2.3(ii) or 6.2.3(iii) above by the expiry of the First Extended Conditional Period and the Trustee is not agreeable to extend the First Extended Conditional Period; or
- (ii) The Trustee fails to satisfy the SPA Conditions Precedent under Section 6.2.3(xi) above or fails to obtain proceeds raised from any equity funding exercise under the first part of Section 6.2.3(xii) above due to economic downturn or force majeure circumstance or material adverse overall market condition which are beyond the control of the Trustee and not caused or contributed by the Trustee by the expiry of the Conditional Period or the Second Extended Conditional Period, as the case may be,

and in consideration of a sum of Ringgit Malaysia Ten (RM10.00) to be paid by the Trustee to TDSB, TDSB shall grant the Trustee the first right of refusal to purchase the Subject Property or any part thereof in the event TDSB intends to sell and/or dispose of such Subject Property or any part thereof to a third party. Such right of first refusal shall be exercisable by the Trustee within a period of three (3) years from the termination of the SPA and the terms to be offered to the Trustee shall not be less favourable than the terms offered to the third party.

6.2.4 Anti-competition

TDSB undertakes with the Trustee that TDSB, EcoFirst Consolidated Berhad ("**EcoFirst**") and any of EcoFirst's subsidiaries shall not enter into any arrangement, agreement or undertaking (including developing or managing) of a retail mall business located within twenty (20) kilometres radius from the Subject Property within fifteen (15) years from the date of the SPA.

6.2.5 Default and termination

(i) Default by Trustee

In the event:

- (a) the Trustee shall fail to pay the balance Purchase Consideration of RM93,600,000 or any part thereof in accordance with the provisions of the SPA; or
- (b) of any breach of representations and warranties on the part of the Trustee, which is a fundamental breach,

TDSB shall be entitled to either (i) a remedy of specific performance of the SPA against the Trustee or (ii) by notice in writing to terminate the SPA whereupon the Deposit together with the accrued interest thereon shall be forfeited by TDSB as agreed liquidated damages. All other monies paid by the Trustee towards account of the Purchase Consideration (if any) shall be refunded by TDSB free of interest to the Trustee in exchange for the Trustee redelivering the legal possession of the Subject Property to TDSB (if the same has already been delivered) and accounting and paying to TDSB any income accrued on the Subject Property during the period of possession by the Trustee and the Trustee simultaneously causing the Trustee's solicitors to forthwith return to TDSB all documents forwarded to them including but not limited to the duly executed withdrawal of private caveat form by the Trustee together with the necessary registration fees (if not already withdrawn).

Thereafter, the SPA shall be terminated and become null and void and be of no further effect and neither party shall have any further claims, action or proceedings against the other in respect of or arising out of the SPA save and except the right of TDSB to claim against the Trustee for any other losses and damages, expenses and costs incurred or suffered by TDSB as a result of other antecedent breaches by the Trustee, i.e. the occurrence of any breaches to the terms and conditions of the SPA by the Trustee before the date of termination. TDSB shall be entitled to dispose of or deal with the Subject Property at its absolute discretion.

For the avoidance of doubt, a fundamental breach is:

- (i) any breach which results in damages of an amount of more than RM10,400,000; or
- (ii) any breach which is not capable of being remedied.

(ii) Default by TDSB

In the event of default by TDSB to complete the sale of the Subject Property pursuant to the terms and conditions of the SPA or in the event of any breach of representations and warranties on the part of TDSB which is a fundamental breach, the Trustee shall be entitled to either:

- (a) the remedy of specific performance of the SPA against TDSB; or
- (b) terminate the SPA and upon such termination, TDSB shall refund and pay to the Trustee within seven (7) business days, all monies paid thereunder towards the Purchase Consideration with the accrued interest, earnest deposit interest and differential interest (if any), together with a further sum equivalent to the Deposit sum as agreed liquidated damages, and the Trustee simultaneously causing the Trustee's solicitors to forthwith return to TDSB all documents forwarded to them including but not limited to the duly executed withdrawal of private caveat form by the Trustee together with the necessary registration fees.

After the Trustee has received the refund of the Purchase Consideration, the accrued interest, earnest deposit interest and differential interest (if any) plus the agreed liquidated damages, the SPA shall be terminated and become null and void and be of no further effect and neither party shall have any further claims, action or proceedings against the other in respect of or arising out of the SPA save and except the right of either party to claim against the other for any other losses and damages, expenses and costs incurred or suffered by that party as a result of other antecedent breaches by the other party, i.e. the occurrence of any breaches to the terms and conditions of the SPA by the other party before the date of termination. And thereafter, TDSB shall be entitled to dispose of or deal with the Subject Property at its absolute discretion.

For the avoidance of doubt, a fundamental breach is:

- (i) any breach which results in damages of an amount of more than RM10,400,000;
- (ii) any breach which is not capable of being remedied; or
- (iii) a breach of TDSB's warranty that no units of retail space within the Building or any part thereof has been sold, assigned, transferred or disposed by TDSB to any person as at the date the SPA becomes unconditional and the Completion Date.

6.2.6 Non-registration of transfer

Save for defects and/or omissions in the memorandum of transfer or stamp duty proforma which the parties undertake to rectify within fourteen (14) business days of receipt of notice of the same from the land office/registry, in the event the memorandum of transfer cannot be registered by any reason attributable to any default, neglect or omission of TDSB which TDSB cannot rectify within one (1) month of receipt of notice of non-registration or such additional time as the Trustee may allow at its sole discretion, the Trustee shall be entitled by writing to TDSB or TDSB's solicitors as the case may be to terminate the SPA and TDSB shall refund the full Purchase Consideration to the Trustee with interest in exchange for possession of the Building, assignment of all existing tenancies to TDSB (if applicable), rental revenues and security deposits received by the Trustee as from the Completion Date free of interest and return all documents given to the Trustee under the SPA and the document of the Master Titles with TDSB's interest intact.

6.3 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the Market Value of the 1Segamat Property.

Henry Butcher, the independent valuer who was appointed on 14 March 2016 by the Manager to undertake the valuation of the 1Segamat Property, had adopted the investment approach as the principal valuation methodology in arriving at the market value of the 1Segamat Property as at the date of valuation of 2 May 2016 of RM105.0 million and had counter-checked against the comparative approach. Two update valuations were carried out on 30 November 2016 and 31 May 2017 and the market value of the 1Segamat Property remained unchanged at RM105.0 million. The investment approach entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net annual income at an appropriate current market yield to arrive at the market value. As a check, the comparative approach is adopted in which recent transactions and asking prices of similar properties within the same location or other comparable localities are analysed for comparison purposes, with adjustments made for differences in location, factor of time, size of NLA, quality of the building, number of car parks and other relevant characteristics to arrive at the market value.

The Purchase Consideration represents a discount of approximately 1.0% to the Market Value of the 1Segamat Property.

The valuation certificate and the updated valuation certificates in respect of the 1Segamat Property prepared by Henry Butcher are set out in **Appendix III(A)**, **Appendix III(B)** and **Appendix III(C)** of this Rights Issue Prospectus respectively.

6.4 Source of funding

The Purchase Consideration will be fully satisfied via the net proceeds from the Rights Issue of RM64.52 million and bank borrowings of RM39.48 million.

6.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by Hektar REIT pursuant to the Proposed Acquisition.

However, there will be lease payments to be made for the Car Park Rights as set out in Section 6.1 of this Rights Issue Prospectus.

6.6 Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with the investment objectives of the Manager to:

- (i) invest in real estate assets predominantly involved in retail and/or shopping centres to further diversify and expand its current portfolio of properties and be less reliant on any individual property in Malaysia;
- (ii) provide the Unitholders with a long-term and sustainable distribution of income and potential capital growth by acquiring earnings accretive real estate assets with strong recurring rental income;
- (iii) enhance the long-term value of the property portfolio of Hektar REIT to further strengthen its position as a sizeable and geographically well-diversified retail real estate investment trust in Malaysia; and
- (iv) to acquire assets with opportunities for value creation via potential asset enhancement initiatives (“**AEI**”) which include, among others, refurbishments.

The strategic location of the 1Segamat Property, in addition to it being the only purpose-built mall in Segamat, enables it to enjoy good traffic flow of shoppers and commuters which creates business potential. In addition, Segamat is a fast-developing town with an estimated population of 198,000 in 2016 as projected by the Department of Statistics, Malaysia which is expected to further enhance the prospects of the 1Segamat Property.

The 1Segamat Property is well-positioned to cater to all age groups from children to families, as well as a broad spectrum of income levels from the lower-middle to the upper-income group with its diverse offering of food and beverages (“**F&B**”), fashion, daily necessities, services and entertainment options. The 1Segamat Property, with an occupancy rate of 95.93% as at the LPD, houses an established mix of retailers which includes UO Superstore, Lotus Five Star Cinemas, Watsons and Guardian, as well as F&B offerings such as Old Town White Coffee, Big Apple Donuts and Coffee, Tutti Frutti and Kentucky Fried Chicken. In terms of tenancy mix, the 1Segamat Property has the widest range of merchandise vis-à-vis other retail centres in Segamat, mainly grocery and convenience shopping.

The Manager views the 1Segamat Property as an asset with further potential and intends to adopt the same successful approach as in the case of Wetex Parade which had involved a repositioning exercise and extensive market research to aid its portfolio management and the introduction of best practices in property management. The Manager’s systematic approach had resulted in a remarkable increase in the occupancy rate and average rental rates of Wetex Parade by approximately 15% and 30% respectively.

The Proposed Acquisition represents yet another positive milestone in Hektar REIT’s objectives of greater income and geographical diversification. Upon completion of the Proposed Acquisition, Hektar REIT will own six (6) retail malls with locations spanning from Kedah in the north all the way to Johor in the south. The diversification allows for cross subsidisation between assets in the enlarged portfolio, which will engender better resilience.

7. RISK FACTORS

In addition to the other information contained in this Rights Issue Prospectus, you should carefully consider the following risk factors before making your decision on whether to subscribe for the Rights Issue.

7.1 Risks relating to the property industry

7.1.1 Uncertainties and instability in general economic and real estate market conditions

Hektar REIT's operations are closely linked to the economic performance of Malaysia. Any adverse developments in the political and economic environment and uncertainties in Malaysia which include, among others, changes in the general economic, business and credit conditions, government legislations and policies affecting the real estate industry, inflation, interest rates, taxation, fluctuation in foreign exchange rates and political or social developments could materially and adversely affect the financial performance of Hektar REIT.

In addition, the Malaysian economy is affected by the global economic conditions. Global credit markets have experienced, and may continue to experience volatility and liquidity disruption, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. Such events have a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole, and could materially and adversely affect the financial performance of Hektar REIT, as follows:

- (a) inability of tenants to settle rents in a timely manner and/or continue with the existing tenancies, which reduces Hektar REIT's revenue and/or cash flows;
- (b) downward pressure/revision of rental rates;
- (c) downward revaluation of the properties; and
- (d) a higher probability that the lenders do not continue to extend credit facilities to Hektar REIT.

Furthermore, the revenue of the Government is derived mainly from the sale of commodities such as crude palm oil and oil and gas and as such, would be substantially dependent upon the prevailing prices of, and demand for, crude palm oil and oil and gas. The decline in commodity prices have led to a decrease in the revenue of the Government as well as various commodity businesses in Malaysia which have resorted to various cost-cutting measures such as reduced scale of operations, deferring expansion plans and retrenchment of staff. This would affect the purchasing power of consumers in Malaysia and may affect the business of Hektar REIT's tenants.

7.1.2 Compulsory acquisition

Pursuant to the Land Acquisition Act, 1960, the Government has the power to compulsorily acquire any land in Malaysia. If all or any of the Hektar REIT Properties are compulsorily acquired by the Government, there can be no assurance that the amount of compensation paid to Hektar REIT for any of the Hektar REIT Properties may be equal or more than their acquisition price or current market value.

7.2 Risks relating to the performance of the business of Hektar REIT

7.2.1 Non-renewal of expiring tenancies and loss of tenants

Hektar REIT's business, financial conditions, results of operations and cash flows may be materially and adversely affected by the bankruptcy and/or insolvency of tenants or downturn in the businesses of tenants which will lead to non-renewal of leases or termination of leases before they expire.

Most of the tenancies for the Hektar REIT Properties are typically for periods of 3 years. As a result, there will be a number of tenancies subject to renewal each year according to their respective tenancy cycles. Such renewals make Hektar REIT susceptible to rental fluctuations which, in a declining market, may lead to higher vacancies and lower rents, and may have a material and adverse impact on the revenue of Hektar REIT.

7.2.2 Competition from other properties

There is keen competition for tenants between the Hektar REIT Properties and other existing and new shopping malls and/or retail properties. Whenever competing properties in the vicinity of the Hektar REIT Properties are developed or substantially upgraded and refurbished, the attractiveness of the Hektar REIT Properties to prospective tenants may be affected. Factors that affect the ability of shopping malls and/or retail properties to attract or retain tenants include the attractiveness of the building and its surrounding areas to prospective tenants and the tenants' customers/clients as well as the quality of the building's existing tenants.

The rental income and market value of the Hektar REIT Properties are largely dependent on the ability of the Hektar REIT Properties to compete against other shopping malls and/or retail properties in the relevant localities in attracting and retaining tenants. Historical operating results of the Hektar REIT Properties may not be indicative of future operating results and historical market values of the Hektar REIT Properties may not be indicative of future market values of the Hektar REIT Properties.

7.2.3 Increasing property and operating expenses

Any increase in property and operating expenses without a corresponding increase in rental income could adversely affect Hektar REIT's distribution to the Unitholders. Factors that increase property and operating expenses include the following:

- (i) increase in energy costs;
- (ii) increase in contractor/service provider costs;
- (iii) increase in insurance premium;
- (iv) increase in land assessment and other statutory charges;
- (v) increase in property management cost;
- (vi) changes in statutory laws, regulations and/or government policies which correspondingly increase the cost of compliance; and
- (vii) defects affecting the Hektar REIT Properties which need to be rectified, leading to unforeseen major repair and capital expenditure.

7.2.4 Inability of the Manager to successfully implement its investment strategy

The Manager's investment strategy includes, *inter-alia*, expanding Hektar REIT's portfolio of properties and providing regular and stable distributions to the Unitholders. However, there can be no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand Hektar REIT's portfolio at all, or at any specified rate or to any specified size. Further, the Manager may not be able to make investments or acquisitions on favourable terms or within a desirable timeframe.

In addition, Hektar REIT's growth strategy and asset selection process may not ultimately be successful and may not provide the necessary expected returns to the Unitholders. Further, the acquired asset and/or property may turn out to be less comparable to Hektar REIT's growth strategy than initially anticipated, which could adversely affect the financial conditions and results of operations of Hektar REIT.

There may also be significant competition for attractive investment opportunities from other real estate investors which include, among others, commercial property investment companies, private investment funds and other REITs whose investment strategy is also to invest in commercial properties. There can be no assurance that Hektar REIT will be able to compete effectively against such entities.

7.2.5 Inability of the Manager to successfully implement AEI

One of the Manager's growth strategies is to increase yields and total returns through a combination of the addition and/or optimisation of retail space and enhancement of shopping experience at the relevant shopping mall. The Manager has undertaken various AEI for Central Square and Mahkota Parade during the FYEs 31 December 2014 and 31 December 2015, which successfully increased the revenue of Hektar REIT by attracting new retailers to the revitalised malls despite the gloomy economy backdrop. However, any AEI are subject to known and unknown risks, uncertainties and other factors which may lead to the outcomes of any of such AEI being materially different from the original projections or plans.

There can be no assurance that the Manager will be able to implement or continue to implement any of its AEI successfully and/or obtain approvals of the relevant authorities for the implementation of the AEI (where required). In addition, the Manager may not be able to implement the AEI within a desired timeframe and hence, any expected benefit or return from such AEI may be lost or impacted. In addition, there can also be no assurance that Hektar REIT will achieve its intended benefit or return from the AEI although such AEI are successfully implemented.

7.2.6 Reliance on senior management team and certain key senior personnel of the Manager

The success of Hektar REIT depends, to a significant extent, upon the expertise and experience of the Manager's senior management team and certain key senior personnel. The inability to retain any of these individuals or failure to recruit suitable candidates equipped with relevant expertise and experience as replacement may impede Hektar REIT from further expanding its portfolio of properties and/or managing its portfolio of properties effectively.

7.2.7 Uninsured or under-insured losses

The Hektar REIT Properties may face the risk of suffering physical damage caused by fire, acts of God such as natural disasters or other causes, as well as potential public liability claims from customers, contractors and tenants. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases, contamination or other damages caused by breaches of environmental law) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk.

Currently, Hektar REIT has in place insurance coverage on the Hektar REIT Properties against, among others, fire, consequential losses and public liability. Should an uninsured or under-insured loss occur, Hektar REIT could be required to pay compensation and/or lose capital invested in the affected Hektar REIT Property as well as anticipated future income from such Hektar REIT Property as it may not be able to rent out or sell the said property. There can be no assurance that uninsured and under-insured losses will not occur.

Further, Hektar REIT's insurance policies and terms of coverage will be subject to renewal and negotiations on a periodic basis in the future and there can be no assurance as to the nature and extent of coverage that will be available on commercially reasonable terms in the future. Any material increase in insurance rates or decrease in available coverage in future will adversely affect Hektar REIT's business, results of operations and financial condition.

7.2.8 Potential downward revaluation of the Hektar REIT Properties may adversely impact gearing and trigger breach of loan covenants or affect ability to refinance or secure additional borrowings

The Hektar REIT Properties will be revalued annually pursuant to MFRS 140 and once in every three (3) years from the date of last valuation pursuant to Clause 10.03 of the REIT Guidelines. There can be no assurance that the Hektar REIT Properties will not be subject to any downward revaluations in future. Factors such as a decline in market rental and occupancy rates, a decrease in NPI generated may result in downward revaluation of the Hektar REIT Properties. Any further downward revaluation of the Hektar REIT Properties could negatively impact gearing which in turn could trigger the breach of loan covenants and/or affect Hektar REIT's ability to refinance its existing bank borrowings or secure additional borrowing in future.

7.2.9 Inability to meet the requirements to enjoy tax exemption under Section 61A(1) of the ITA by virtue of, amongst others, tax adjustments or changes in tax laws

Under the current tax regime, a REIT is treated as unit trust which is governed principally by Sections 61 and 63C of the ITA. Under Section 61A(1) of the ITA, where in the basis period for a year of assessment ("YA"), 90% or more of the total taxable income of the REIT is distributed, total taxable income of the REIT for that YA shall be exempted from tax.

Where the abovementioned condition pursuant to Section 61A(1) of the ITA is met, Hektar REIT will be exempted from Malaysian income tax. However, Hektar REIT is required to withhold tax on taxable income distributed to certain Unitholders.

The Malaysian tax laws may be subject to change. For instance, the pre-requisites for tax exemption may become more difficult to meet such that Hektar REIT would be more likely to be subject to tax or the tax exemption for Malaysian REITs may be removed altogether. Any other tax exemptions, such as stamp duty, which Malaysian REITs currently enjoy, may also be removed in future.

The current preferential withholding tax rate on taxable income distribution to certain unitholders by a Malaysian REIT has been extended for another 3 years until 31 December 2019.

7.3 Risks relating to the Rights Issue

7.3.1 Delay in or cancellation of the Rights Issue

The Rights Issue is exposed to delays or cancellation if there is a material adverse change of events or circumstances which is beyond the control of the Manager, the Principal Adviser or the Joint Underwriters prior to the completion of the Rights Issue. In addition, the Joint Underwriters may terminate the Underwriting Agreement on occurrence of any of the Termination Events. These include, among others, events which, in the opinion of the Joint Underwriters, would materially prejudice the success of the Rights Issue or likely to have a material adverse effect on the financial condition, contractual commitments, prospects, properties or results of operations of Hektar REIT or the ability of Hektar REIT to perform its obligations with regards to the transaction to which Hektar REIT is a party as contemplated in the Documents as well as events which as a result of it be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in the Documents and the Underwriting Agreement.

Notwithstanding the above, the Manager will use its best endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or cancellation of the Rights Issue.

In the event the Rights Issue is cancelled, the Trustee will repay without interest all monies received from the applicants in respect of any application for the subscription of the Rights Units including the Excess Rights Units within 14 days after the Trustee becomes liable to do so, in accordance with the provisions of the CMSA. If such monies are not repaid within 14 days after the Trustee becomes liable, the Trustee will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

7.3.2 Potential dilution

Entitled Unitholders who do not or are unable to accept their Provisional Rights Units will have their proportionate ownership and voting interests in Hektar REIT reduced, and the percentage of the enlarged issued Unitholders' capital represented by their unitholdings in Hektar REIT will also be reduced accordingly.

7.3.3 Capital market risk

The market price of the Units are influenced by, among others, the prevailing market sentiments, the demand and supply of the Units for trading purposes, the volatility of the stock market, movements in interest rates, the outlook of the industry in which Hektar REIT operates, the financial performance of Hektar REIT, changes in regulatory requirements or market conditions and announcement of developments relating to the business of Hektar REIT. In view of this, there can be no assurance that the market price of the Units (together with the Rights Units) will trade at or above the TERP upon or subsequent to the completion of the Rights Issue. In addition, the market price of the Rights Units may not trade at a level that meets the specific investment objectives or targets of any subscriber of the Rights Units.

7.4 Risks relating to the Proposed Acquisition

7.4.1 Completion risk

The Proposed Acquisition is subject to completion risk as the Proposed Acquisition is conditional upon the fulfilment and/or waiver (as the case may be) of the SPA Conditions Precedent or occurrence of any of the termination events as set out in Section 6.2.5 of this Rights Issue Prospectus. There can be no assurance that the SPA Conditions Precedent will be satisfied and/or waived (as the case may be) or that any of the termination events will not occur.

7.4.2 Competition risk

The 1Segamat Property may be affected by, among others, increased competition from other shopping malls and retail properties including any new proposed commercial development involving retail/shopping centres in Segamat with higher quality specifications, diminished attractiveness as the building ages, non-renewal of tenancies following expiry of tenancy agreements and the Manager's ability to collect rental on a timely basis, which in turn may have a material and adverse effect on Hektar REIT's financial position, result of operations and prospects.

7.4.3 Non-renewal/termination of key tenancies

Based on the committed leases of the retail lots as at the LPD, the top five (5) tenants of the 1Segamat Property (in terms of contribution to gross rental income) accounted for approximately 38.6% of the gross rental income of the 1Segamat Property. In the event one or more of these key tenants decide not to renew their tenancies and/or decide on early termination of their leases, this may have a material and adverse impact on the NPI of the 1Segamat Property.

In addition, Hektar REIT may face challenges in securing replacement tenants following sudden loss of existing major tenants, with a possibility that the terms on which the new leases are agreed upon may be less favourable.

7.4.4 Due diligence risk

The due diligence on the 1Segamat Property may not identify all defects, deficiencies, breaches and/or non-compliance of any relevant laws, regulations, rules and requirements governing the 1Segamat Property which could result in unpredictable business interruption and additional expenses on material repairs and rectifications being incurred.

7.4.5 Financing risk

Hektar REIT will raise debt financing to part-finance the Proposed Acquisition. As such, its ability to pay distributions to the Unitholders in the future may be affected by interest rate fluctuations as a result of the additional debt.

7.4.6 Operational risk

The 1Segamat Property may need to undergo renovation or asset enhancement works from time to time to retain its competitiveness and attractiveness, as well as unforeseen maintenance in respect of defects or problems that may develop from time to time. In addition, the renovation and maintenance costs tend to increase over time as the building ages.

Further, any renovations or asset enhancement works carried out may result in disruptions to the normal operations of the 1Segamat Property and this could have a material and adverse impact to the NPI of the 1Segamat Property in view that it may not be possible for the Manager to collect the full rate of, or, as the case may be, any rental income on the retail lots affected by such renovation or asset enhancement works.

7.5 Other risk

7.5.1 Forward-looking statements

This Rights Issue Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Rights Issue Prospectus, including, without limitation, those regarding the financial position, business strategies, prospects, plans and objectives for future operations of Hektar REIT, are forward-looking statements. Such forward-looking statements are made based on estimates and assumptions made by the Manager, and although believed to be reasonable as at the LPD, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Rights Issue Prospectus should not be regarded as a representation or warranty by the Manager, Principal Adviser or Joint Underwriters in relation to the Rights Issue that the plans and objectives of Hektar REIT will be achieved.

8. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

8.1 Overview of the Malaysian economy

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (4Q 2016: 4.5%). Private sector activity was higher and remained as the main driver of growth. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure. Private consumption grew by 6.6% (4Q 2016: 6.1%). Household spending remained supported by continued expansion in employment and wage growth. The implementation of selected Government measures, including the higher amount of Bantuan Rakyat Malaysia cash transfers, also provided additional impetus to household spending.

Public consumption recorded a stronger growth of 7.5% (4Q 2016: -4.2%) attributed to higher spending on both emoluments and supplies and services. Private investment grew at a robust pace of 12.9% (4Q 2016: 4.9%), following continued capital spending in the services and manufacturing sectors. Investments in machinery and equipment were higher during the quarter, supported by the implementation of several large-scale projects in the manufacturing sector.

Business sentiments improved during the quarter amid the better international economic environment and more stable financial markets. Public investment registered a higher growth of 3.2% (4Q 2016: -0.4%), driven mainly by higher spending on fixed assets by public corporations.

On the supply side, most economic sectors expanded at a faster pace. The improvement in the overall growth was contributed primarily by the turnaround in the agriculture sector and higher growth in the manufacturing and services sectors.

The ringgit and most regional currencies appreciated against the US dollar during the quarter amid the broad weakening of the United States ("US") dollar. Despite reaching the highest level in 14 years in early January, the dollar index went on a downward trend during the quarter. The weaker US dollar sentiments were driven mainly by market uncertainties on the direction and implication of policies in the US. Regional currencies were also supported by renewed investor interest in financial assets of regional countries following the Federal Reserve's decision to maintain the path of interest rate normalisation in March. In addition, the ringgit showed more stability during the quarter compared to the previous quarter following the measures announced by the Financial Market Committee of Bank Negara Malaysia in December 2016.

(Source : Economic and financial developments in Malaysia in the 1st quarter of 2017, Bank Negara Malaysia)

8.2 Overview of the Malaysian and Johor retail sector

8.2.1 Malaysian retail sector

The wholesale and retail trade subsector grew 5.9% during the first half of 2016 (January – June 2015: 7.8%) following continued household spending in the retail segment. The retail segment rose 6.3% (January – June 2015: 7.5%) with sales at specialised stores expanding 8.4% to RM129.6 billion (January to June 2015: 8.7% to RM119.6 billion) contributed by sales of household products as well as information and communication equipment. Meanwhile, sales at non-specialised stores increased 8.3% to RM66.1 billion (January to June 2015: 11.1% to RM61 billion). The strong growth of retail segment also benefited from sales campaigns such as Buy Malaysian Products Campaign, Price Reduction Campaign and Kempen Jom Beli Barang Raya@Putrajaya.

The wholesale segment expanded 8.4% supported by fee or contract basis, food, beverages and tobacco, and other specialised wholesale (January to June 2015: 9%). However, the motor vehicles segment declined 3.9% partly due to advance purchases made during the final quarter of 2015 in anticipation of higher car prices in 2016 (January to June 2015: 4.7%). For 2016, the wholesale and retail trade subsector is envisaged to grow 6.2% (2015: 6.9%).

(Source : Economic Report 2016/2017, Ministry of Finance Malaysia)

8.2.2 Johor retail sector

As at end of 2015, Johor has a total of 139 retail centres (inclusive of shopping centres, arcades and hypermarkets) offering retail space of approximately 18.3 million sqf, which translates to a retail space provision of 4.69 sqf per capita based on the projected population of Johor in 2016 of 3,910,400, being the fourth (4th) highest after Kuala Lumpur, Selangor and Putrajaya, and Penang.

There are a total of six (6) retail centers in Segamat with an aggregate NLA of approximately 515,439 sqf where the 1Segamat Property is the only purpose-built shopping centre whilst the others are either retail warehouses (which includes a wet market and retail stores) or departmental stores or a combination of both. The 1Segamat Property is also the biggest retail centre in Segamat with the highest NLA and a high occupancy rate of more than 95%.

(Source : Independent market research report prepared by RNDC Retail Solutions Sdn Bhd)

8.3 Prospects of Hektar REIT

Hektar REIT was listed on the Main Market of Bursa Securities on 4 December 2006 with the objective of effectively growing and managing its portfolio of assets while providing sustainable income to its Unitholders. Given that Hektar REIT's growth strategy includes, among others, acquisitions in monopolistic tier two markets, the Proposed Acquisition is in line with Hektar REIT's mission and strategy.

The Subject Property will increase Hektar REIT's asset base and net income base and as such, the Manager believes that the long-term prospect of the Subject Property will be beneficial to Hektar REIT and will contribute positively to the future performance of Hektar REIT.

After the Proposed Acquisition, the Manager intends to undertake, among others, the following measures to enhance the value of the Subject Property:

- (i) replace local retailers with more reputable national and international retailers to be able to command higher rental rates;
- (ii) improve tenancy mix to appeal to broader spectrum of shoppers;
- (iii) assist retailers with their sales by offering to promote their products in strategic locations in the mall;
- (iv) embark on more aggressive marketing and promotional activities to increase shopper traffic;
- (v) introduce percentage rent provisions in the tenancy agreements to vary income stream; and
- (vi) upgrade services in the mall such as parent room, gift counter, stroller/wheelchairs rental, revitalised *surau* and toilets to maximise time spent by shoppers in the mall.

The Manager also plans to look into the viability of carrying out AEI on the Subject Property to increase its NLA as well as improve the aesthetics of the Subject Property.

Over the last 10 years, Hektar REIT has continuously carried out AEI on its portfolio of malls on a timely basis which has seen the increase in the value of its malls. The Manager will be carrying out AEI on 2 of the malls, namely Landmark Central and Subang Parade, with a total combined budget of RM 62 million. The AEI on Landmark Central and Subang Parade are expected to be completed by the third (3rd) quarter of 2017 and the third (3rd) quarter of 2018 respectively and would increase the NLAs in the aforementioned malls, which is expected to result in additional income after completion.

8.4 Prospects of 1Segamat Property

As mentioned in Section 6.1 of this Rights Issue Prospectus, the 1Segamat Property is strategically located with good traffic flow and easy accessibility to the main bus terminal of Segamat and the Segamat railway station, and is within close proximity to two (2) tertiary institutions. Furthermore, Segamat is a fast-developing town which is expected to experience increasing population.

Given its strategic location, easy accessibility, increasing population and the Manager's strengths and experience in retail mall operations, the Manager expects to be able to enhance the overall performance of the 1Segamat Property by adopting the same successful approach as in the case of Wetex Parade which had involved a repositioning exercise and extensive market research to aid its portfolio management and the introduction of best practices in property management.

With an estimated population of 198,000 in 2016 as projected by the Department of Statistics, Malaysia, the current retail provision per capita for Segamat is estimated to be only 2.60 sqf, which is much lower than the retail provision per capita of 4.69 sqf for the State of Johor. This indicates that Segamat does not have an oversupply of retail provision and therefore, is able to enjoy a high capture rate amongst the population, as well as an opportunity to continuously expand and dominate the retail landscape of Segamat in the future.

(Source : Management of HAMS B and independent market research report prepared by RND Retail Solutions Sdn Bhd)

9. EFFECTS OF THE RIGHTS ISSUE

9.1 Unitholders' capital

	<u>No. of Units</u>	<u>RM</u>
As at the LPD	400,634,117	425,738,255
To be issued pursuant to the Rights Issue	60,966,061	67,672,328
	<u>461,600,178</u>	<u>493,410,583</u>
To be issued pursuant to the Issuance to Manager	360,000	471,600
Enlarged issued Unitholders' capital	<u>461,960,178</u>	<u>493,882,183</u>

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9.2 NAV per Unit and gearing

For illustration purposes only, based on the audited statement of financial position of Hektar REIT as at 31 December 2016 and on the assumption that the Rights Issue, Proposed Acquisition and Issuance to Manager had been completed on that date, the proforma effects of the Rights Issue, Proposed Acquisition and Issuance to Manager on the NAV per Unit and gearing of Hektar REIT are as follows:

	(i)	(ii)	(iii)
	Audited as at 31 December 2016	After the Rights Issue	After (i) and the Proposed Acquisition
	RM'000	RM'000	RM'000
Unitholders' capital	425,738	493,410	(1)491,491
Undistributed income – realised	43,476	43,476	43,476
Undistributed income – unrealised	116,254	116,254	116,254
NAV	585,468	653,140	651,221
No. of Units in circulation ('000)	400,634	461,600	461,600
NAV per Unit (RM)	1.46	1.41	1.41
Total borrowings	508,200	508,200	(2)547,676
Total assets	1,130,809	1,198,481	1,236,038
Gearing ratio (times) ⁽³⁾	0.45	0.42	0.44

Notes:

- (1) After taking into consideration the estimated expenses relating to the Corporate Exercises and Proposed Acquisition of approximately RM3.15 million, of which RM1.92 million is set-off against the Unitholders' capital and the remaining RM1.23 million is capitalised into investment properties.
- (2) After taking into consideration bank borrowings of RM39.48 million to part-finance the Proposed Acquisition.
- (3) Computed as interest-bearing borrowings over total assets.

Any issuance of new Units pursuant to the Authority is expected to affect the NAV per Unit, the extent of which would depend on the total number of new Units to be issued and the issue price which will be determined based on the five (5)-day VWAMP of the Units for the relevant period in which the management fee accrues. Further, assuming there is no change in borrowings, any issuance of new Units pursuant to the Authority will result in a decline in gearing, the extent of which would depend on the amount of cash being preserved by Hektar REIT.

9.3

Substantial Unitholders' unitholdings

Any issuance of new Units under the Authority will dilute the percentage of unitholdings of the substantial Unitholders.

Based on the Record of Depositors of Hektar REIT as at the LPD, the proforma effects of the Rights Issue and Issuance to Manager on the Substantial Unitholders' unitholdings are as follows:

Name	(I)						(II)								
	As at the LPD			After the Rights Issue ⁽¹⁾			Direct			*Indirect			After (I) and the Issuance to Manager		
	Direct	%	*Indirect	Direct	%	*Indirect	Direct	%	*Indirect	Direct	%	*Indirect	Direct	%	*Indirect
No. of Units		No. of Units	No. of Units		No. of Units	No. of Units		No. of Units	No. of Units		No. of Units	No. of Units		No. of Units	%
HBSB	160,625,000	40.09	-	185,067,934	40.09	-	185,067,934	40.06	-	185,067,934	40.06	-	-	-	-
FCT	124,892,950	31.17	-	143,898,399	31.17	-	143,898,399	31.15	-	143,898,399	31.15	-	-	-	-
DJAH	-	-	⁽²⁾ 161,257,867	-	-	⁽²⁾ 185,797,107	-	-	40.25	-	-	⁽²⁾ 186,157,107	40.30	-	-
FCL	-	-	⁽³⁾ 125,525,817	-	-	⁽³⁾ 144,627,572	-	-	31.33	-	-	⁽³⁾ 144,987,572	31.39	-	-

Notes:

* For illustrative purposes, the deemed interests are ascertained by extending the application of Section 8 of the Act to the Units.

(1) Assuming all the Entitled Unitholders fully subscribe for their entitlements under the Rights Issue.

(2) Deemed interest by virtue of his shareholding of more than 15.0% in HBSB and the Manager.

(3) Deemed interest by virtue of its unitholding of more than 15.0% in FCT and by virtue of its shareholding of more than 15.0% in the Manager.

9.4 Distributable income

Notwithstanding the additional interest expense arising from the new bank borrowings, the Proposed Acquisition is expected to contribute positively to the distributable income of Hektar REIT for the FYE 31 December 2017. The decision to declare and pay distributable income in the future would depend on, among others, the financial performance, cash flow position and future financing requirements of Hektar REIT, and the prevailing market conditions.

The issuance of new Units pursuant to the Rights Issue and Issuance to Manager will dilute the distribution per Unit, the quantum of which would depend on the number of new Units to be issued which in turn would depend on the actual issue price. Nevertheless, the Proposed Acquisition is expected to be yield accretive for Unitholders, after taking into consideration the additional NPI to be received from the 1Segamat Property following the Proposed Acquisition and distributable income and distribution policy of Hektar REIT.

For illustration purposes only, based on the audited statement of profit or loss and other comprehensive income of Hektar REIT for the FYE 31 December 2016 and on the assumption that the Rights Issue, Proposed Acquisition and Issuance to Manager had been completed on 1 January 2016, being the beginning of the FYE 31 December 2016, the proforma effects of the Rights Issue, Proposed Acquisition and Issuance to Manager on the EPU of Hektar REIT are as follows:

		(I)	(II)	(III)
	Audited as at 31 December 2016	After the Rights Issue	After (I) and the Proposed Acquisition	After (II) and the Issuance to Manager
Net realised income (RM'000)	41,546	41,546	⁽²⁾ 49,553	49,553
No. of Units in circulation ('000)	⁽¹⁾ 400,634	461,600	461,600	461,960
EPU – realised (sen)	10.37	9.00	10.74	10.73

Notes:

- (1) After taking into consideration the bonus element in respect of the Rights Issue in accordance with the Malaysian Financial Reporting Standard 133 – Earnings per Share, the number of Units in circulation will be adjusted to 409,808,944, resulting in an adjusted realised EPU of 10.14 sen per Unit.
- (2) After taking into account the NPI of the 1Segamat Property for the FYE 31 May 2016.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

The Board is of the opinion that after taking into consideration the cash in hand, the proceeds from the Rights Issue, banking facilities available to Hektar REIT and the funds generated from its operations, Hektar REIT will have sufficient working capital available for a period of twelve (12) months from the date of this Rights Issue Prospectus.

10.2 Borrowings

As at 30 June 2017, the total borrowings of Hektar REIT, all of which are in RM and interest-bearing, is as follows:

	<u>RM'000</u>
Non – current liabilities (amounts due in more than a year):	
Cash Line-i / Murabahah overdraft	473,375
Term loan	24,661
	<u>498,036</u>
Current liabilities (amounts due in less than a year):	
Short term revolving credit	15,000
Total borrowings	<u>513,036</u>

There has been no default on payments of interest and/or principal sums on any of the above borrowings during the FYE 31 December 2016 and up to the LPD.

10.3 Contingent liabilities

As at the LPD, there are no contingent liabilities, which upon becoming enforceable, may have a material impact on the financial position of Hektar REIT.

10.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by Hektar REIT which may have a material impact on the financial position of Hektar REIT:

	<u>RM'000</u>
Approved and contracted for:	
Refurbishment of investment properties	16,485

The material commitments of Hektar REIT is expected to be funded via bank borrowings.

11. APPROVALS AND CONDITIONS

11.1 Approval and conditions

Bursa Securities has, via its letter dated 18 May 2017, approved the listing and quotation of, among others, the Rights Units on the Main Market of Bursa Securities, subject to, among others, the following conditions:

No.	Condition	Status of compliance
1.	Hektar REIT and Maybank IB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Corporate Exercises	To be complied
2.	Hektar REIT and Maybank IB to inform Bursa Securities upon the completion of the Corporate Exercises	To be complied
3.	Hektar REIT to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed	To be complied
4.	Hektar REIT to furnish Bursa Securities with a certified true copy of the resolutions passed by the Unitholders at the Unitholders' Meeting approving the Corporate Exercises	To be complied
5.	Payment of additional listing fee based on the final issue price of the Rights Units, Manager's Units and Management Fee Units together with the copy of the computation of the amount of listings fees payable, if relevant	To be complied

11.2 Reliefs granted by the SC

The SC has, via its letter dated 14 December 2016, granted the following reliefs in respect of compliance with the CIS Prospectus Guidelines:

No.	Relevant clause of the CIS Prospectus Guidelines	Details of the reliefs granted
1.	Clause 3.08(b), Part V – Registration and Lodgement of a Prospectus	Relief from having to prepare the Rights Issue Prospectus in Bahasa Malaysia
2.	Clause 3.08(o), Part V – Registration and Lodgement of a Prospectus	Relief from having to prepare the RSF in Bahasa Malaysia
3.	Clause 3.08(q), Part V – Registration and Lodgement of a Prospectus	Relief from having to prepare a summary advertisement of the Rights Issue Prospectus in Bahasa Malaysia as well as publish the summary advertisement in a widely-distributed Bahasa Malaysia newspaper
4.	Clause 4.01(b), Part V – Registration and Lodgement of a Prospectus	Relief from having to lodge the Rights Issue Prospectus and RSF in Bahasa Malaysia
5.	Clause 3.03, Part V – Registration and Lodgement of a Prospectus	Variation to the requirement such that the registrable file is submitted to the SC 7 market days prior to the intended registration date

12. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS RIGHTS UNITS APPLICATION

FULL INSTRUCTIONS FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS UNITS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER OF ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THE RSF. YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ THIS RIGHTS ISSUE PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS RIGHTS ISSUE PROSPECTUS.

ACCEPTANCE, APPLICATION AND/OR PAYMENT WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS RIGHTS ISSUE PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

12.1 General

As you are an Entitled Unitholder, your CDS Account will be duly credited with the number of Rights Units, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Rights Issue Prospectus, the NPA notifying you of the crediting of such Provisional Rights Units into your CDS Account and a RSF to enable you to subscribe for such Rights Units that you have been provisionally allotted as well as to apply for Excess Rights Units if you choose to do so. The RSF is also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

12.2 Last date and time for acceptance and payment

The last date and time for acceptance of the Rights Units and payment for the subscription of the Rights Units is **on Tuesday, 15 August 2017 at 5.00 p.m.**

12.3 Procedures for full acceptance

If you wish to accept your entitlements provisionally allotted to you in full or in part, please complete Parts I and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelope provided to the Registrar at the following address, entirely at your own risk, by the Closing Date:

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No.: +603 2692 4271
Facsimile No.: +603 2732 5388

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>) or the Registrar or at the Manager's registered address at Unit 419, Block A, Kelana Business Centre, No. 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor.

One (1) RSF can only be used for acceptance of the Provisional Rights Units standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Units standing to credit of more than one (1) CDS Accounts. If successful, the Rights Units subscribed by you will be credited into the respective CDS Accounts where the Provisional Rights Units are standing to the credit.

Each completed RSF must be accompanied by the appropriate remittance in RM for the **FULL** and **EXACT** amount payable for the Rights Units accepted in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**HEKTAR REIT RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters, contact number and your CDS Account number. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or any other modes of payment are not acceptable.

If acceptance of the Rights Units and payment for the Rights Units in the manner specified in the RSF (whether in full or in part, as the case may be) are not received by the Registrar by the Closing Date, the said Rights Units provisionally allotted to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. The Board will then have the right to allot such Rights Units in the manner set out in **Section 12.6** of this Rights Issue Prospectus.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF HEKTAR REIT AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

12.4 Procedures for part acceptance

Entitled Unitholders are entitled to accept part of their entitlements that can be subscribed for. In determining an Entitled Unitholder's entitlement, any fractional entitlement of the Rights Units shall be disregarded. Fractional entitlement, if any, shall be dealt with in such a manner as the Board in its absolute discretion deems fit or expedient and in the best interest of Hektar REIT. However, applicants should take note that a trading board lot comprises of 100 Rights Units.

Entitled Unitholders have to complete Parts I and II of the RSF by specifying the number of Rights Units which the Entitled Unitholders is subscribing for and deliver the completed RSF together with the relevant payment to the Registrar in the same manner as set out in **Section 12.3** of this Rights Issue Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Rights Units that has not been accepted will be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Rights Unit and the balance, if any, will be allotted to applicants applying for Excess Rights Units.

12.5 Procedures for sale/transfer of Provisional Rights Units

The Rights Issue is renounceable in full or in part. Accordingly, as an Entitled Unitholder, if you wish to sell or transfer all or part of your entitlements to the Rights Units to one (1) or more person, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Units standing to the credit of your CDS Account. To sell/transfer all or part of your Provisional Rights Units, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS UNITS, YOU NEED NOT DELIVER ANY DOCUMENT, INCLUDING THE RSF, TO YOUR STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS UNITS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT(S) THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

The purchaser/transferee/renouncee may obtain a copy of the Rights Issue Prospectus and the RSF for the acceptance of his rights from the Registrar. The Rights Issue Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of your Provisional Rights Units, you may still accept the balance of your Provisional Rights Units by completing Parts I and II of the RSF and forwarding the RSF together with the **FULL** and **EXACT** amount payable for the balance of the Provisional Rights Units accepted to the Registrar in accordance with the procedures of acceptance and payment as described in **Section 12.3** of this Rights Issue Prospectus.

YOU AND/OR YOUR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

12.6 Procedures for Excess Rights Units application

If you wish to apply for additional Rights Units in excess of those provisionally allotted to you, you may do so by completing Parts I and II of the RSF and forwarding it together with a **separate** remittance for the **FULL** and **EXACT** amount payable in respect of the Excess Rights Units applied for to the Registrar, so as to arrive not later than **5.00 p.m. on Tuesday, 15 August 2017**.

Payment for the Excess Rights Units applied for should be made in the same manner described in **Section 12.3** of this Rights Issue Prospectus except that the Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia should be made payable to "**HEKTAR REIT EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters, contact number and your CDS Account number. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or any other modes of payment are not acceptable.

It is the intention of the Board to allot the Excess Rights Units, if any, in a fair and equitable manner in the following order of priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Unitholders who have applied for the Excess Rights Units on a pro-rata basis and in board lots, calculated based on their unitholdings as at the Entitlement Date; and

- (iii) thirdly, for allocation to Entitled Unitholders who have applied for the Excess Rights Units on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Units applied for; and
- (iv) fourthly, for allocation to the renouncee(s) and/or transferee(s) of the Entitled Unitholders who have applied for the Excess Rights Units on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Units applied for.

In the event of any Excess Rights Units balance after steps (i), (ii), (iii) and (iv) are carried out, steps (ii), (iii) and (iv) will be repeated to allocate the balance Excess Rights Units until such balance is exhausted.

Nevertheless, the Board reserves the right to allot the Excess Rights Units applied for in such manner as the Board deems fit or expedient and in the best interest of Hektar REIT, subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in steps (i) to (iv) above is achieved.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF HEKTAR REIT AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH THE REGISTRAR.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS UNITS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF HEKTAR REIT AT HIS OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

12.7 Procedures for acceptance by renouncee(s) and/or transferee(s)

A renouncee and/or transferee who wishes to accept the Provisional Rights Units renounced or transferred to him must obtain a copy of the RSF from his stockbroker or the Registrar or at the Manager's registered office or from Bursa Securities' website (<http://www.bursamalaysia.com>). He must complete the RSF, submit the same together with the requisite remittance in accordance with the notes and instructions printed therein.

The procedures for application, acceptance and payment as well as sale/transfer applicable to the Entitled Unitholders as set out in **Section 12** of this Rights Issue Prospectus also apply to renouncees and/or transferees who wish to accept the renounced/transferred Rights Units.

RENOUNCEES AND/OR TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

12.8 CDS Account

The acceptance of the Rights Units by you or the renounce shall mean consent to receiving such Rights Units as deposited securities which will be credited directly into the respective CDS Accounts.

If you have more than one (1) CDS Accounts, which were credited with the Provisional Rights Units, you are required to use separate RSFs to make an application for acceptance for each CDS Account. You may not request for the Rights Units accepted/applied for acceptance for in a particular CDS Account to be credited into more than one (1) CDS Account.

No physical Rights Units' certificates will be issued to the Entitled Unitholders and/or their renounee(s) (if applicable) under the Rights Issue. The Rights Units will be credited directly into the respective CDS Accounts of successful Entitled Unitholders and/or their renounee(s) if applicable and notices of allotment shall be despatched to them at their own risk to their addresses shown in the Record of Depositors of Hektar REIT within eight (8) Market Days after the Closing Date.

12.9 Foreign Addressed Unitholders

The Documents have not been, and will not be made to comply with the laws of any country or jurisdiction other than Malaysia. Accordingly, the Documents have not been (and will not be) lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction.

The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed to be made or offered in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Rights Issue Prospectus relates is only available to persons receiving the Documents within Malaysia.

Accordingly, the Documents have not been and will not be sent to Entitled Unitholders who do not have a registered address in Malaysia as stated in the Record of Depositors of Hektar REIT on the Entitlement Date. However, if you are a Foreign Addressed Unitholder, you may collect the Documents from the Registrar, in which event, the Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

Hektar REIT will not make or bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in the Record of Depositors of Hektar REIT as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not an enquiry or investigation is made in connection therewith. The Board will assume the Rights Issue and the acceptance thereof by you would not be in breach of the laws of any jurisdiction. The Board will further assume that you have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

You and/or your renounee(s) may only accept or renounce all or any part of your entitlement and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so, and Hektar REIT, the Board and officers of HAMSB, Maybank IB and/or other experts ("**Parties**"), in connection with the Rights Issue, would not be in breach of the laws of any jurisdiction or country to which that you and/or your renounee(s) is or might be subject to. You and/or your renounee(s) shall be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the countries or jurisdictions to which you and/or renounee(s) are or might be subject to. The Parties shall not accept any responsibility and liability whatsoever to any party in the event that any acceptance or renunciation made by you and/or renounee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

By signing any of the forms accompanying this Rights Issue Prospectus, you and/or your renounee(s) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that Foreign Addressed Unitholders and/or their renounee(s) are or may be subject to;
- (ii) you and/or your renounee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your renounee(s) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject;
- (iv) you and/or your renounee(s) are aware that the Rights Units can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) you and/or your renounee(s) have received a copy of this Rights Issue Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to representatives of the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Units; and
- (vi) you and/or your renounee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Units, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Units.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he/she/it/they must not seek to accept the offer unless he/she/it/they has/have complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and the Board reserves the rights to reject a purported acceptance of the Rights Units from any such application by the Foreign Addressed Unitholder and/or his renounee(s) in any jurisdiction other than Malaysia.

The Board reserves the right, in absolute discretion, to treat any acceptance as invalid if the Board believes that such acceptance may violate any applicable legal or regulatory requirements.

13. TERMS AND CONDITIONS

The offer of the Rights Units pursuant to the Rights Issue is governed by the terms and conditions set out in the Documents.

14. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully


For and on behalf of the Board of
HEKTAR ASSET MANAGEMENT SDN BHD

A handwritten signature in black ink, appearing to read 'Michael Lim Hee Kiang', with a stylized flourish at the end.

MICHAEL LIM HEE KIANG
Independent Non-Executive Chairman

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017

CERTIFIED TRUE COPY


 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

HEKTAR REAL ESTATE INVESTMENT TRUST 18 JUL 2017

Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust ("Hektar REIT") held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

- PRESENT** : Mr. Michael Lim Hee Kiang (Independent Non-Executive Chairman)
 Dato' Hisham Bin Othman (Chief Executive Officer and Executive Director)
 Puan Zalila Binti Mohd Toon (Chief Financial Officer & Executive Director)
 Dr. Chew Tuan Chiong (Non-Executive Director)
 Encik Mahusni Bin Hasnan (Independent Non-Executive Director)
 Cik Rahanawati Binti Ali Dawam (Independent Non-Executive Director)
 Ms. Tay Hwee Pio (Alternate Director to Christopher Tang Kok Kai)
- IN ATTENDANCE** : Dato' Muhammad Hafidz Bin Nuruddin (Company Secretary)
- BY INVITATION** : As per invitation list
- SHAREHOLDERS** : As per attendance list

CHAIRMAN

The Company Secretary, Dato' Muhammad Hafidz Bin Nuruddin ("Dato' Hafidz") welcomed the unitholders to the Extraordinary General Meeting ("EGM") of Hektar REIT. He informed that Dato' Hisham Bin Othman ("Dato' Hisham") was cordially invited by the Board members to chair the Meeting pursuant to Section 18.4.2(2) of the Trust Deed made between Hektar Asset Management Sdn Bhd and MTrustee Berhad (*formerly known as AmTrustee Berhad*).

QUORUM

The Secretary confirmed receiving a total of 155 unitholders/proxies made up to 301,004,730 units representing 75.13% of the total issued units. Pursuant to Section 18.4.1 of the Trust Deed, 5 unitholders present in person or by proxy representing at least 10% of the total issued units shall constitute the quorum. He further confirmed that there is a quorum for the EGM.

The Secretary informed that pursuant to Bursa Listing Requirement, all resolutions in all general meetings will be voted by way of poll.


The Poll Administrator, Mega Corporate Services Sdn Bhd confirmed that each and every eligible member/proxy holder has given the wrist band upon their registration.

For those who do not have the wrist band, please identify yourself with the personnel of Mega Corporate Services Sdn Bhd.

That all resolutions be voted by way of e-polling. For administration purposes, all resolution be voted only after the end of the discussion of all agenda.

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

CERTIFIED TRUE COPY


 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

HEKTAR REAL ESTATE INVESTMENT TRUST

18 JUL 2017

Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust (Hektar REIT) held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

NOTICE

Notice convening the Meeting having been circulated to all members was taken as read.

Dato' Hisham proceeded to brief on meeting procedure to be followed in tabling and approving resolutions at the Meeting.

1. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 61,000,000 NEW UNITS IN HEKTAR REIT TO RAISE GROSS PROCEEDS OF UP TO RM75,000,000 – ORDINARY RESOLUTION 1

1.1 The following motion was duly proposed by Martin Chen (proxyholder) and seconded by Eunice Ling (proxyholder) :-

“THAT subject to the passing of ordinary Resolution 4 and the relevant approvals being obtained, renounceable rights issue of up to 61,000,000 new units in Hektar REIT to raise gross proceeds of up to RM75,000,000”.

1.2 The Q & A of the above resolution is as per Appendix I attached.

2. PROPOSED ISSUANCE OF UP TO 360,000 NEW UNITS TO HEKTAR ASSET MANAGEMENT SDN BHD AMOUNTING TO RM520,000 AS PART OF THE ACQUISITION FEE DUE TO THE MANAGER – ORDINARY RESOLUTION 2

2.1 The Chairman confirmed that the interested Major Shareholders of the Manager which are Frasers Centrepoint Asset Management (Malaysia) Pte Ltd, Frasers Centrepoint Limited (FCL), Hektar Klasik Sdn Bhd and the personal representative of the demised Chairman, Dato' Jaafar Bin Abdul Hamid as well as Interested Major Unitholders which are Frasers Centrepoint Trust (FCT), Frasers Centrepoint Limited (FCL), Hektar Black Sdn Bhd as well as Interested Directors had undertaken to ensure that the persons connected with them have abstained from any deliberations and voting in the meeting in relation to the Proposed Issuance to the Manager at this EGM.


2.2 The following motion was duly proposed by Jason Lee (unitholder) and seconded by Chow Wong Hoong (proxyholder) :-

“THAT subject to the passing of Ordinary Resolution 4 and the relevant approvals being obtained, issuance of up to 360,000 new units to Hektar Asset Management Sdn Bhd amounting to RM520,000 as part of the acquisition fee due to the Manager”.

2.3 The Q & A of the above resolution is as per Appendix I attached.

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

CERTIFIED TRUE COPY


 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

HEKTAR REAL ESTATE INVESTMENT TRUST

18 JUL 2017

Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust (Hektar REIT™) held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

3. PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 13,500,000 NEW UNITS AS PART PAYMENT OF THE MANAGEMENT FEE TO THE MANAGER IN THE FORM OF NEW UNITS - ORDINARY RESOLUTION 3

3.1 The Chairman confirmed that the interested Major Shareholders of the Manager which are Frasers Centrepoint Asset Management (Malaysia) Pte Ltd, Frasers Centrepoint Limited (FCL), Hektar Klasik Sdn Bhd and the personal representative of the demised Chairman, Dato' Jaafar Bin Abdul Hamid as well as Interested Major Unitholders which are Frasers Centrepoint Trust (FCT), Frasers Centrepoint Limited (FCL), Hektar Black Sdn Bhd as well as Interested Directors had undertaken to ensure that the persons connected with them have abstained from any deliberations and voting in the meeting in relation to the Proposed Authority at this EGM.

3.2 The following motion was duly proposed by Jason Lee (unitholder) and seconded by Chow Wong Hoong (proxyholder) :-

"THAT subject to the passing of ordinary Resolution 4 and the relevant approvals being obtained, authority to allot and issue up to 13,500,000 new units as part payment of the management fee to the Manager in the form of new units".

3.3 The Q & A of the above resolution is as per Appendix I attached.

4. PROPOSED INCREASE IN THE EXISTING APPROVED FUND SIZE OF HEKTAR REIT FROM 400,634,117 UNITS UP TO 475,494,117 UNITS – ORDINARY RESOLUTION 4

4.1 The following motion was duly proposed by Martin Chen (proxyholder) and seconded by Zalina Musa (proxyholder) :-

"THAT the approval fund size of Hektar REIT be and is hereby increase in the existing approved fund size of Hektar REIT of 400,634,117 units up to 475,494,117 units".

4.2 The Q & A of the above resolution is as per Appendix I attached.

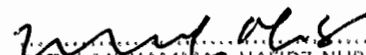
5. CONCLUSION

The Chairman adjourned the meeting for 10 minutes for members/proxies to exercise the voting rights.

The Chairman resume the meeting upon receiving the poll results, duly verified and validated by the scrutineers.

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

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 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

18 JUL 2017

HEKTAR REAL ESTATE INVESTMENT TRUST

Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust (Hektar REIT™) held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

The poll results were as tabled below:-

ORDINARY RESOLUTIONS	VOTE FOR		VOTE AGAINST		RESULT
	NO. OF SHARES	%	NO. OF SHARES	%	
1. Proposed Rights Issue	300,363,562	99.96	110,900	0.04	CARRIED
2. Proposed Issuance to Manager	14,212,745	99.23	110,900	0.77	CARRIED
3. Proposed Authority	14,212,645	99.23	111,000	0.77	CARRIED
4. Proposed Increase in Fund Size	300,363,562	99.96	110,900	0.04	CARRIED

There being no further business, the Chairman declared the Meeting concluded at 12.10 p.m. with a vote of thanks to the Chair.

CONFIRMED TRUE RECORD

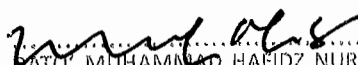


DATO' HISHAM BIN OTHMAN
CHAIRMAN OF THE MEETING

/Hektar EGM Minutes(13062017)/azi

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

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 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

18 JUL 2017

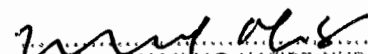
APPENDIX I

The unitholders, Mr. Venkatachalam Alagappan and Mr. Ting Kien Hwa raised some questions to which the Chairman, Dato' Hisham Bin Othman and the Executive Director & Chief Financial Officer, Puan Zalila Binti Mohd Toon responded. The salient Questions ("Q") and Answers ("A") are summarized as follows:-

- Q1) What is the rationale to purchase 1Segamat Property as the current market is quite challenging and could it be postponed to another time?
- A1) The Board feels that it is an opportunity to acquire 1Segamat Property now as it meets with all the criteria such as yield, strategic location and a good catchment area. The Management team is confident that they will achieve success in 1Segamat Mall and achieve positive returns in future.
- Q2) Are there any other malls coming-up nearby?
- A2) At current, none that we are aware of.
- Q3) Is the rental issue in Wetex Parade in Muar forthcoming?
- A3) It is still manageable.
- Q4) What is the average rental lease expiry period?
- A4) Average lease is for 3 years but for anchor tenants it is for 15 years on a 3 plus 3 etc. basis with an option to renew.
- Q5) When will the subscription forms of the Rights Issue be issued?
- A5) Targeted by end of July 2017.
- Q6) Building efficiency is less than 50% and there is a lot of common areas to grow and generate more income. What will be the action taken by the Management and why is the outgoing rental income per square foot high?
- A6) For the purpose of this valuation, the Management team has considered recent rental renewals and rentals of similar comparable malls in determining the rentals adopted. The Management team is of the opinion that the rentals adopted are within the market range of similar shopping malls in comparable location.
- Q7) How to derive higher income in future as it was not stated in the Circular?
- A7) The Management team had done a lot to review and research the acquisition potentials and is confident that it could be improved based on the expertise that Hektar possesses in mall management.

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

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 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

18 JUL 2017

HEKTAR REAL ESTATE INVESTMENT TRUST

Extract Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust (Hektar REIT") held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

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- 2.1 The Chairman confirmed that the interested Major Shareholders of the Manager which are Frasers Centrepoint Asset Management (Malaysia) Pte Ltd, Frasers Centrepoint Limited (FCL), Hektar Klasik Sdn Bhd and the personal representative of the demised Chairman, Dato' Jaafar Bin Abdul Hamid as well as Interested Major Unitholders which are Frasers Centrepoint Trust (FCT), Frasers Centrepoint Limited (FCL), Hektar Black Sdn Bhd as well as Interested Directors had undertaken to ensure that the persons connected with them have abstained from any deliberations and voting in the meeting in relation to the Proposed Issuance to the Manager at this EGM.

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CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTIONS RELATING TO THE CORPORATE EXERCISES PASSED AT THE MEETING HELD ON 13 JUNE 2017 (Cont'd)

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 DATO' MUHAMMAD HAFIDZ NURUDDIN
 (MAICSA 7005820)
 Secretary

HEKTAR REAL ESTATE INVESTMENT TRUST

18 JUL 2017

Minutes of the Extraordinary General Meeting of Unitholders of Hektar Real Estate Investment Trust (Hektar REIT) held on Tuesday, 13 June 2017 at 11.00 a.m. at the Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

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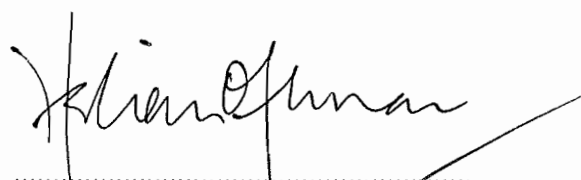
"THAT subject to the passing of ordinary Resolution 4 and the relevant approvals being obtained, authority to allot and issue up to 13,500,000 new units as part payment of the management fee to the Manager in the form of new units".


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"THAT the approval fund size of Hektar REIT be and is hereby increase in the existing approved fund size of Hektar REIT of 400,634,117 units up to 475,494,117 units".

We hereby certify that the above to be a true extract of the Minutes of the Unitholders' Meeting.

Chairman : 
 DATO' HISHAM BIN OTHMAN

Secretary : 
 DATO' MUHAMMAD HAFIDZ BIN NURUDDIN
 MAICSA NO. 7005820

INFORMATION ON HEKTAR REIT

1. HISTORY AND BUSINESS

Hektar REIT was established on 5 October 2006 pursuant to the Deed and was listed on the Main Market of Bursa Securities on 4 December 2006.

The principal activity of Hektar REIT is to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide the Unitholders with stable distribution of income and potential growth.

In December 2006, Hektar REIT acquired Subang Parade and Mahkota Parade in conjunction with its initial public offering, while Wetex Parade was acquired in May 2008. Central Square and Landmark Central were subsequently acquired by Hektar REIT in October 2012.

Hektar REIT is managed by HAMSMB while its trustee is MTrustee.

2. INVESTMENT OBJECTIVE, OVERALL STRATEGIES AND PERMITTED INVESTMENTS AND INVESTMENT LIMITS**2.1 Investment objective**

The Manager's principal investment objective is to invest in income-producing real estate in Malaysia, which is primarily used for retail purposes. The Manager also strives to provide the Unitholders with a secure income distribution and to enhance the long-term value of Hektar REIT.

Should there be any material changes to the primary investment objectives of Hektar REIT, the prior approval of the Unitholders is required by way of a resolution of not less than two-thirds (2/3) of all Unitholders (or such other majority as may be required under the REIT Guidelines) given at a meeting duly convened and held.

2.2 Overall strategies

The Manager aims to achieve Hektar REIT's primary objectives which are to invest in real estate assets predominantly involved in retail and/or shopping centres, to provide the Unitholders with a secure income distribution and to enhance the long-term value of Hektar REIT's property portfolio. The Manager's three (3) key strategies to achieve Hektar REIT's investment objectives are as below:

- (i) portfolio strategy;
- (ii) investment strategy; and
- (iii) capital management strategy.

2.2.1 Portfolio strategy

Portfolio strategy or operating strategy involves the optimisation of the financial performance on the Hektar REIT Properties and 1Segamat Property to achieve optimal returns through the combination of increasing gross revenue and minimising operating expenses to generate organic or internal growth. The Manager has developed a framework known as "Hektar Retail Management System", which is benchmarked against international best practices and covers the activities as described below:

INFORMATION ON HEKTAR REIT (Cont'd)

(i) Consumer-focused tenant mix

The Manager ensures the relevance of the Hektar REIT Properties tenant mix and amenities to its respective customer base by periodically performing studies of the consumers within the surrounding trade area. The Manager also periodically studies and analyses the traffic footfall report, competition review of competing shopping centres and third-party market research on consumer trends as they pertain to the Hektar REIT Properties' market position. In turn, these studies and their various analyses allow the Manager to review the respective Hektar REIT Properties' tenant, trade sector and diversify mix.

(ii) Active leasing

The Manager continuously aims to maximise occupancy, minimise vacancy allowance, mitigate rent arrears risk and maintain occupancy rental rate growth by employing a leasing review system designed to assist management decision-making in leasing activities. The leasing review involves analysis of the tenants' credit-worthiness, business plan, projections review, concept and layout review, occupancy costs, history of turnover performance and so forth. In line with typical practices in Malaysia, tenancy rates are fixed in advance for the tenure of the tenancy term, with the typical term extending to three (3) years. The Manager ensures that rent reviews and negotiations commence prior to the expiry of the lease, or typically within six (6) months of tenancy expiry.

(iii) Leasing provisions – step-up and turnover rent

The Manager uses step-up provisions, which include a negotiated fixed quantum base rent increase at specified periods over the tenancy term, usually every year. This ensures that the tenant pays an increasing rent over the term of the tenancy agreement and overall, provides the Hektar REIT Properties (and the 1Segamat Property after the completion of the Proposed Acquisition) with gradual increases in rental income. In addition, the Manager uses a turnover rent provision in the tenancy agreement in addition to the base rent. The turnover rent is typically fixing a percentage of a tenant's monthly or periodic sales turnover, usually with a specific sales threshold, also known as the breakeven point and requires that the tenant provide monthly turnover sales reports. Turnover rent reporting is an effective real-time management tool in gauging tenant performance, market conditions and future rent reviews. The competitive advantage of turnover rent is that successful implementation allows us to increase rental income without increasing base rental rates.

(iv) Tenant coordination services

The Manager recognises tenants as partners and considers strong tenant relationships as a key attribute towards building a successful shopping centre in the long term. The Manager has practised a set of tenant coordination strategies designed to promote tenants' interests over the long term. These tenant support services include but are not necessarily limited to training, education on service standards and finance. From time to time, the Manager offers consultation and advice to tenants to improve their performance or adopt mutually-beneficial promotions and marketing campaigns which may tie in with the tenants' offerings.

INFORMATION ON HEKTAR REIT (Cont'd)

(v) Retailer relationships

The Manager recognises that refreshing the tenant mix is an important element in maintaining the consumer relevancy over time. The Manager will continue to establish relationships with over five hundred (500) national and international retailers and will constantly look for retailers, nationally and worldwide, with innovative and different retailing concepts. In addition, the Manager maintains an open door policy to third parties and franchise agents to collaborate on new retailing concepts.

(vi) Asset enhancement

The Manager has continuously looked into improving the Hektar REIT Properties and actively assesses opportunities for asset enhancement which may range from rehabilitation to refurbishment (modernisation or reconfiguration to original plan). Typical asset enhancement projects include the creation of additional or new rental space from common areas, the reconfiguration of large low-yielding lots and spaces into smaller, higher yielding lots or the refurbishment of lot space to provide for desired amenities. Asset enhancement also includes tenant relocation to facilitate improvements in customer traffic distribution throughout the property or sector re-zoning to increase the trade segment appeal.

(vii) Marketing

The Manager carries out marketing campaigns to improve Hektar REIT Properties' profile, brand, customer traffic and tenant turnover. The Manager has developed customised marketing plans for each of the Hektar REIT Properties and the same will be applied to 1Segamat Property to reflect its specific market characteristics. The marketing plans may include promotional activities such as product exhibitions, prize competitions, live entertainment, community events, charitable campaigns and special events.

2.2.2 Investment strategy

The Manager's investment strategy is to study the external investment opportunities with the potential to generate overall growth prospects or improvements of the long-term value of Hektar REIT.

(i) Acquisition

The Manager will actively study acquisition opportunities for shopping centres and properties designed primarily for retail purposes. The Manager seeks to acquire assets which provide yield accretion potential and for increasing the overall growth prospects of Hektar REIT. The preferred holding period for investment properties is for the long term. The process of acquiring acquisition candidates would include but not be limited to, the identification of value-creation opportunities for the target property (potential asset enhancement), the analysis of forecast financials, the overall risk assessment and the impact analysis on the existing portfolio. The criteria for acquisitions candidates would include but not limited to:

- (a) location characteristics and catchment potential;
- (b) prospective net yield with the potential to exceed Hektar REIT's weighted average cost of capital;

INFORMATION ON HEKTAR REIT (Cont'd)

- (c) the facilities' condition and their specifications with respect to building and zoning codes as well as their value to replacement cost;
- (d) occupancy and average rental rates relative to prevailing market conditions;
- (e) redevelopment potential and unutilised plot ratio;
- (f) synergistic potential to the existing portfolio;
- (g) quality real estates which are temporarily below market value and will result in NAV improvements within the medium to long-term periods.

(ii) Divestments

The Manager intends to hold the Hektar REIT Properties and the 1Segamat Property for long term. From time to time, the Manager may contemplate divestment of an asset of property if it is decided that a property has matured to a stage where growth prospects are limited and will consider a sale if the then present market condition is conducive. In the event of a divestment, the Manager may use the portion of the proceeds to invest in new real estate or other acquisition with better yield and growth potential. The remaining portion of the proceeds attributable to the capital gains due to the disposal may be distributed to the Unitholders.

2.2.3 Capital management strategy

The Manager's capital management strategy is to provide funding for Hektar REIT's operations and investment under an optimal structure and cost of capital.

(i) Debt gearing and structure

The Manager has adopted a debt structure which provides flexibility for Hektar REIT in terms of funding operations, acquisitions, future capital expenditures and other liquidity requirements. The Manager will strive to structure the debt at the best prevailing rates and optimise on the security collateral, restrictive covenants and conditions.

(ii) Risk management

The Manager adopts a proactive risk management review system to monitor market conditions and manage risks associated with changes of interest rates and other economic factors over the short to long-term. The review tracks variable and total debt exposure of Hektar REIT and monitors its respective variable and fixed debt exposure with respect to market conditions and its relative cost competitiveness.

2.3 Permitted investments and investment limits

Under the Deed and subject to the provisions of the REIT Guidelines, Hektar REIT is allowed to invest in any of the following:

- (i) real estate;
- (ii) single-purpose companies being unlisted companies whose principal assets comprise real estate;

INFORMATION ON HEKTAR REIT *(Cont'd)*

- (iii) real estate-related assets which include units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and mortgage backed securities;
- (iv) liquid assets which include cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits, or any other instrument capable of being converted into cash within seven (7) days as approved by the Trustee;
- (v) non-real estate-related assets being listed shares issued by non-property companies;
- (vi) asset-backed securities; or
- (vii) any other investment not covered by items (i) to (vi) above but specified as a permissible investment in the REIT Guidelines or as otherwise permitted by the SC.

Hektar REIT invests primarily in retail properties and will continue to look for opportunities in these types of properties.

In the event Hektar REIT diversifies its investment portfolio to other authorised investments (other than real estate assets), the basis of valuation of such investment shall be carried out in accordance with the provisions of the Deed and the REIT Guidelines.

As prescribed by the REIT Guidelines, Hektar REIT's investments are limited to the following:

- (i) at least 50% of Hektar REIT's total asset value must be invested in real estate and/or single-purpose companies at all times; and
- (ii) Hektar REIT's investment in non-real estate-related assets and/or cash, deposit and money market instruments must not exceed 25% of Hektar REIT's total asset value,

provided that investments in both real estate-related assets and non-real estate-related assets are limited as follows:

- (i) the value of Hektar REIT's investments in securities issued by any single issuer must not exceed 5% of Hektar REIT's total asset value;
- (ii) the value of Hektar REIT's investment in securities issued by any group of companies must not exceed 10% of Hektar REIT's total asset value; and
- (iii) Hektar REIT's investment in any class of securities must not exceed 10% of the securities issued by any single issuer; or

such other limits and investments as may be permitted by the Deed and the REIT Guidelines.

2.4 Investor profile

Investment in REITs is generally less risky than direct investments in real estate, shares and financial derivatives. However, investment in REITs is generally riskier than investments in bonds or fixed deposits. As such, REIT may appeal to a conservative and/or moderate investor with a long-term investment horizon who seeks regular distribution of income and long-term capital growth.

INFORMATION ON HEKTAR REIT (Cont'd)
3. BRIEF INFORMATION ON THE HEKTAR REIT PROPERTIES

As at the LPD, Hektar REIT has five (5) properties in its investment portfolio as set out below:

	Subang Parade	Mahkota Parade	Wetex Parade	Central Square	Landmark Central
Location	Subang Jaya	Bandar Melaka	Muar	Sungai Petani	Kulim
Land title	Geran 313558, Lot PN 28957, Lot 1337, HS (D) 19633, Lot PTB 10586 72020, Bandar Subang Kawasan Bandar XLII, & Geran 84560, Lot No. 3675, Sungai Petani, District of Petaling, District of Melaka Tengah, Melaka	Jaya, District of Petaling, District of Melaka Tengah, Melaka	both located in Maharani, District of Muar, Johor	Geran 145068, Lot 134 Seksyen 56, Bandar Sungai Petani, District of Kuala Muda, State of Kedah	GM 14677, Lot No. 4015, District of Bakar Bata State of Kedah
Type of building	Retail mall	Retail mall	Retail mall and hotel	Retail mall	Retail mall
Existing use	Commercial and retail mall	Commercial and retail mall	Commercial and retail mall	Commercial and retail mall	Commercial and retail mall
Tenure	Freehold	Leasehold 99 years expiring on 18 July 2101 (84 years remaining)	Freehold	Freehold	Freehold
Age of building (years)	29	23	21	20	8
Year opened	1988	1994	1996	1997	2009
Month and year acquired	December 2006	December 2006	May 2008	October 2012	October 2012
NLA (sq. ft.)	507,254	519,542	159,056	311,230	278,897
No. of car park	1,288	1,079	175	477	610
Average occupancy rate (%)	92.2	97.1	100.0	95.5	91.7
Visitor traffic in the FYE 31 December 2016 (million)	9.2	9.4	4.6	3.9	3.0
Acquisition cost (RM'million)	280.0	232.0	117.5	83.0	98.0
Market value (RM'million)	427.2	322.4	135.2	95.7	112.0

INFORMATION ON HEKTAR REIT (Cont'd)

	Subang Parade	Mahkota Parade	Wetex Parade	Central Square	Landmark Central
Encumbrances	1st, 2nd, 3rd & 4th legal charges registered in favour of Maybank Islamic Berhad	1st legal charge registered in favour of Maybank Islamic Berhad and 2nd, 3rd, and 4th legal charge registered in favour of Malaysian Banking Berhad	(i) 1st and 2nd legal charge registered in favour of Maybank Islamic Berhad and (ii) Lease registered in favour of Wetex Realty Sdn. Bhd.	Nil	1st legal charge registered in favour of Maybank Islamic Berhad
Revaluation surplus/(deficit) (as compared to the previous valuation) (RM'000)	(96)	1,756	(231)	390	606
Date of valuation/revaluation	27 December 2016	27 December 2016	27 December 2016	27 December 2016	27 December 2016
Restriction-in-interest	Nil	The land cannot be transferred or leased unless with the consent of the State Authority	The land proprietor is not permitted to sell the parcel units which are to be built on this land unless the building has been built in accordance with the plan approved by the local authorities. In the event the subsidiary titles have been subdivided and transferred to a Bumiputera, the said title cannot subsequently be sold, leased, charged or transferred in any manner to a non-Bumiputera without the consent from the State Authority.		The land owner is prohibited from undertaking any dealing on the land that is to be developed as a residential site unless the land owner has built and maintained the road reserves with proper road surface in compliance with the Public Works Department's specifications and to the full satisfaction of the local enforcement officer and the Public Works Department.

The subdivided subsidiary title cannot be sold or transferred in any manner to a non-citizen without the consent from the State Authority.

(The above is not applicable as the land has not been developed for residential purposes.)

INFORMATION ON HEKTAR REIT (Cont'd)
4. APPROVED FUND SIZE AND MOVEMENTS IN TOTAL UNITS IN CIRCULATION

The details of the approved size of fund and issued Units in circulation as at the LPD are as follows:

	<u>No. of Units</u>
Total Units in circulation	400,634,117
Approved fund size	475,494,117

There has been no change in Hektar REIT's total Units in circulation for the past three (3) years up to the LPD. The total Units in circulation will increase to 461,960,178 Units upon allotment and issuance of the Rights Units and Manager's Units. Upon allotment and issuance of the Management Fee Units, the total Units in circulation will increase further to 475,460,178 Units.

5. SUBSTANTIAL UNITHOLDERS

The details of the Substantial Unitholders and the proforma effects of the Rights Issue on the Substantial Unitholders' unitholdings based on the Record of Depositors of Hektar REIT as at the LPD are set out in Section 9.3 of this Rights Issue Prospectus.

6. FINANCIAL INFORMATION

The summary financial information based on the audited financial statements of Hektar REIT for the past 3 FYEs 31 December 2014 to 2016 and the unaudited quarterly results of Hektar REIT for the 3-month FPE 31 March 2017 are as follows:

	<u>Audited FYE 31 December</u>			<u>Unaudited</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>3-month FPE</u> <u>31 March 2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Gross revenue	121,991	125,511	124,571	30,857
Property expenses	(48,714)	(49,028)	(50,236)	(13,170)
NPI	73,277	76,483	74,335	17,687
Interest income	318	272	318	48
Other income	15	26	9	2
Sundry income	-	283	-	-
Change in fair value of investment properties	6,126	(39,934)	2,426	-
Allowance for doubtful debts no longer required	69	149	18	-
Total income	79,805	37,279	77,106	17,737
Trust expenses	(9,805)	(10,449)	(9,918)	(2,778)
Change in fair value of derivatives financial instrument	-	-	(814)	300
Interest expenses	(19,613)	(22,071)	(23,216)	(5,637)
Net income before taxation	50,387	4,759	43,158	9,622
Taxation	-	-	-	-
Net income for the year/period	50,387	4,759	43,158	9,622
EPU - Total (sen)	12.58	1.19	10.77	2.40
EPU - Realised (sen)	11.05	11.16	10.37	2.33
DPU (sen)	10.50	10.50	10.50	2.30

INFORMATION ON HEKTAR REIT (Cont'd)

7. HISTORICAL UNIT PRICES

The monthly high and low prices of the Units as traded on the Main Market of Bursa Securities for the past twelve (12) months from July 2016 to June 2017 are as follows:

	High	Low
	RM	RM
2016		
July	1.56	1.51
August	1.68	1.53
September	1.57	1.55
October	1.67	1.58
November	1.70	1.60
December	1.61	1.55
2017		
January	1.66	1.57
February	1.67	1.59
March	1.65	1.60
April	1.64	1.59
May	1.58	1.48
June	1.49	1.35
Last transacted market price of the Units on 9 June 2016, being the last full trading day prior to the announcement of the Corporate Exercises and Proposed Acquisition on 10 June 2016		1.52
Last transacted market price of the Units as at the LPD		1.33
Last transacted market price of the Units on 26 July 2017, being the last trading day prior to the ex-date for the Rights Issue on 27 July 2017		1.33

(Source : Bloomberg)

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VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Your Ref. :
Our Ref. : V/J (KS) – 03 – 2016/0012

June 8, 2016

THE DIRECTORS

HEKTAR ASSET MANAGEMENT SDN BHD
(as the Manager of Hektar Real Estate Investment Trust)
D1-U3-10 (Block D1), Solaris Dutamas
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Dear Sirs

CERTIFICATE OF VALUATION OF A LAND MEASURING APPROXIMATELY 174,534.21 SQUARE FEET (16,214.76 SQUARE METERS) ON WHICH A THREE STOREY RETAIL MALL BUILDING AND ONE BASEMENT CAR PARK TOGETHER WITH A TOTAL OF FOUR HUNDRED AND TWELVE (412) CAR PARK BAYS (LOCATED AT THE BASEMENT, ROOF TOP AND OUTDOOR PARKING AREAS) KNOWN AS "1SEGAMAT SHOPPING CENTRE" ("SUBJECT PROPERTY").

We have been instructed by Hektar Asset Management Sdn Bhd, as the Manager of Hektar Real Estate Investment Trust to ascertain the Market Value of the Subject Property for the purpose of for inclusion in the abridged prospectus to the unitholders of Hektar Real Estate Investment Trust ("Hektar REIT") in relation to the right issue undertaken by Hektar REIT to part finance the proposed acquisition of the Subject Property ("Proposed Acquisition"). This valuation certificate has been prepared for inclusion in the circular to the shareholders of Hektar Real Estate Investment Trust in relation to the proposed acquisition. The full details of the valuation are included in our Valuation Report bearing reference no. V/J (KS) – 03 – 2016/0012 dated June 8, 2016.

We have also been instructed by Tashima Development Sdn. Bhd. (Vendor), which is a wholly owned subsidiary of EcoFirst Consolidated Berhad to conduct a valuation on the Subject Property for disposal purposes.

The Subject Property was inspected on April 1, 2016. The material date of valuation is at May 2, 2016.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in compliance with the Asset Valuation Guidelines issued by the SC and Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia as well as the Guidelines on Due Diligence Conduct for Corporate Proposals issued by the SC.

The basis of valuation adopted is the "Market Value" which is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

1

HENRY BUTCHER MALAYSIA (KLUANG) Sdn Bhd (237829-M)

No.18 (Tingkat 1), Jalan Haji Manan, 86000 Kluang, Johor, Malaysia

t • +607-775 1500 f • +607-775 1501 e • henrybm@streamyx.com w • www.henrybutcherproperty.com

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Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

Property Description

**Property Type/
Interest Valued**

A land measuring approximately 174,534.21 sq. ft. (16,214.76 sq. m.) on which a three storey retail mall building and one basement car park together with a total of four hundred and twelve (412) car park bays (located at the basement, roof top and outdoor parking areas) known as "1Segamat Shopping Centre" is erected thereon which forms part of two pieces of contiguous leasehold land ("**Titled Land**").

The vendor also has to secure the rights to operate and maintain a car park operation on the following lease area ("**Car Park Rights**").

- i) such part of the land held under Lot 236 in Bandar and Daerah Segamat, Negeri Johor measuring approximately 65,340 sq. ft (6,070.28 sq. m) pursuant to the lease agreement dated June 6, 2016 between Tashima Development Sdn Bhd and Kelab Sukan Kebajikan Majlis Daerah Segamat in relation to the lease of the car park lease area
- ii) such part of the land comprising in the Master Titles having a total of seventy two (72) car park bays (subject to changes on the car park bays pursuant to the terms and conditions set out in the SPA) pursuant to the lease agreement to be entered into between Tashima Development Sdn Bhd and the relevant authority in relation to the lease of the external road reserve.

However, for the purpose of this valuation, we have not included the valuation of the **Car Park Rights**.

**Name and Address of
the Subject Property**

1Segamat Shopping Centre which is located at Jalan Kolam Air, 85000 Segamat, Johor.

Location

The Subject Property is sited along Jalan Station of Bandar Segamat and linked to the Segamat bus and taxi terminal within the Central Business District ("**CBD**") area of Segamat town.

It is easily accessible from the CBD area of Segamat town via Jalan Genuang, a left turn onto Jalan Sultan and finally a right turn onto Jalan Station which leads to the Subject Property. The 1Segamat Shopping Centre is sited at the end of Jalan Station, immediately after the Segamat bus and taxi terminal.

Surrounding developments within the immediate vicinity comprise mainly commercial developments with some residential detached lots rezoned for commercial developments. The commercial developments comprise of double and three storey shophouses along the main roads whilst the residential development comprises mainly of detached houses.

Age of Building

As of the date of inspection, the Subject Property's building is about 4 years and 5 months old from the date of Certificates of Fitness for Occupation that was issued on December 2, 2011.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

Building Description The building is generally constructed on reinforced concrete framework resting on deep piled foundation with brick infill rendered externally and plastered internally. The floor finishes of the building is floor tiles and cement rendered. The gross floor area of the building is 486,788.99 sq. ft. (45,224.18 sq. m.).

Existing Use Of The Subject Property Retail mall

Occupancy Rate The occupancy rate for the past two financial years ended May 31, 2014 to 2015, and as at May 2, 2016 are as follows :

Year	2014	2015	As at May 2, 2016
Average Occupancy Rate	98.85%	98.86%	96.35%*

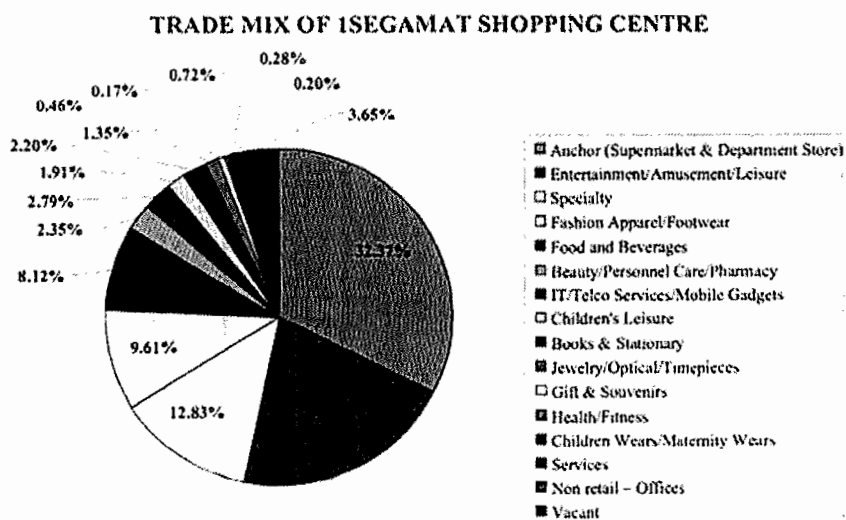
(Source: Management of the 1Segamat Shopping Centre)

* The occupancy rate as at May 2, 2016 does not include the units where rental offer letters have already been issued to the potential new tenants. The occupancy rate would increase to 97.13% if the potential new tenants are included.

Term of Tenancy The mall is tenanted to various tenants with a gross rental ranging from RM1.45 per sq. ft. to RM32.14 per sq. ft.. The type of trade sectors are supermarket & department store, entertainment, telecommunication, fashion apparel, food and beverages, health and wellness, and services.

Majority of the tenancies are 2 - 3 years with the option to renew of between 1 to 3 years.

Overall, the retail mall trade mix of the 1Segamat Shopping Centre can be summarised as follows:-



(Source : Management of the 1Segamat Shopping Centre)

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

The anchor tenants for the 1Segamat Shopping Centre are UO Superstore and Lotus Five Star Cinemas.

The average monthly gross term rental as per tenancy list as at May 2, 2016 is RM3.29 per sq. ft., calculated as monthly rent divided by the net lettable area.

Title Particulars

Master Titles No. HS(D) 37323, PTB 1283, Bandar and Daerah Segamat and HS(D) 37321, PTD 1468, Mukim Gemereh, Daerah Segamat, Negeri Johor.

Tenure 99 years leasehold land expiring on July 4, 2100 for both Master Titles. The unexpired term of approximately 84 years.

Category of land use Building (*Bangunan*)

Land Area^{(1), (2)} An aggregate area of 267,752.26 sq. ft. (24,875 sq. m.).

However, a portion of the Titled Land measuring 19,602.05 sq. ft. (1,821.09 sq. m.) has been developed into a commercial development which consists of 3 and 4 storey shopoffices whilst another portion of the Titled Land measuring 73,616.00 sq. ft. (6,839.15 sq. m.) will be surrendered for road access to the local authority of Majlis Daerah Segamat via planning approval of the amended approved layout plan vide Reference No. MDS/PBDS-KM271/12/A dated November 1, 2012.

The net aggregate area after deducting the portions mentioned above will be 174,534.21 sq. ft. (16,214.76 sq. m.) and this area has been adopted for this valuation exercise.

Floor Area	Total Gross Floor Area (GFA)	486,788.99 sq. ft. (45,224.18 sq. m.)
	Total Net Lettable Area (NLA)	223,438.71 sq. ft. (20,758.14 sq. m.)

(Source : The GFA was according to architect plan whilst the NLA was based on the tenancy list as at May 2, 2016 provided by the management of the 1Segamat Shopping Centre)

No. of Car Park Bays 412

Registered Owner Tashima Development Sdn. Bhd.

Notes:

- (1) Verbal confirmation with the management of the 1Segamat Shopping Centre revealed that the separate issue documents of title ("Subdivided Titles") for the Titled Land have not been issued yet. However, an application for the subdivision of the Master Titles for the purpose of the issuance of Subdivided Titles has been submitted to the relevant authorities on May 31, 2016 by Tashima Development Sdn. Bhd., the existing owner of the Subject Property.
- (2) The Subject Property is not a strata mall.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

Planning Approvals

Planning Approval

The Subject Property is situated within an area zoned for commercial purposes.

Date of Certificate of Fitness for Occupation

Certificate of Fitness for Occupation for the Subject Property's building was issued by the local authority of Majlis Daerah Segamat on December 2, 2011 via certificate no 38/2011 vide Pres. No. MDS/B : PB. 6/96/PA/A9 (DUP).

Rental Incomes

The details of the gross rental income, outgoings and net income of the Subject Property for the past three financial years ended May 31, 2013 to 2015 as per are as follows :

Years	2015	2014	2013
Gross Rental Income (Include rental revenue, car park revenue, promotion revenue and other revenue) (RM)	10,067,769	9,678,510	7,573,367

The rental income received from 2013 has been gradually increased to 2015 since its opening in the year 2012.

Outgoings

The historical average outgoings for the past three financial years ended May 31, 2013 to 2015 analysed from the audited income and expenses statements of Tashima Développement Sdn. Bhd. are as follows:-

Year	2015	2014	2013
Outgoings (RM/sq. ft)	1.77	1.64	1.49

Outgoings are the expenses incurred in maintaining the 1Segamat Shopping Centre which include staff costs, operational costs, insurances, general expenses and maintenance cost. We noted that the average outgoings increase annually from year 2013 to 2015 due to the increase in staff costs, property maintenance and utilities.

Based on this, we have adopted average outgoings of RM1.80 per sq. ft. for the current term and RM1.95 for the reversionary period which we consider as a fair representation of the 1Segamat Shopping Centre. The increase of 8% in outgoings for the reversionary period reflects the percentage increase in actual historical outgoings from year 2014 to 2015.

BASIS OF VALUATION

We have adopted the "Investment Method" and cross-checked with the "Comparison Approach" in formulating our opinion of the Market Value of the Subject Property.

INVESTMENT METHOD

Under this method, the capital value of the Subject Property is derived from an estimate of the market rental in which the Subject Property can reasonably be let for. Outgoings, such as assessment and quit rent, repair and maintenance, insurance and utilities, are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its capital value.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

In this instance, we have relied on information extracted from the tenancy list as at May 2, 2016 provided by the management of the 1Segamat Shopping Centre for the Investment Method.

A) Rental Revenue

Description	Retail lots	Remark
Average Gross Term Rental	RM3.29 per sq. ft.	We have adopted current passing rent. *Note: Exclusive of car park revenue, promotion revenue and other revenue.
Average Reversionary Gross Rental	RM 3.79 per sq. ft. or RM3.60 after void factor of 5.0%	For the purpose of this valuation exercise, we have considered recent rental renewals and rentals of similar comparable malls in determining the rentals adopted in the reversion period. We are of the opinion that the rentals adopted are within the market range of similar shopping malls in comparables location.
Term Monthly Outgoings	RM 1.80 per sq. ft.	Adopted the analysed outgoings based on historical data and also considered other retail malls at between RM1.80 per sq. ft. to RM3.42 per sq. ft..
Reversionary Monthly Outgoings	RM 1.95 per sq. ft.	The increase of 8% in outgoings for the reversionary period reflects the percentage increase in actual historical outgoings from year 2014 to 2015.
Void Allowance	5.0%	Void allowance is for vacancy periods, marketing and rent free periods offered to new tenants. This is based on the historical average occupancy rate of the 1Segamat Shopping Centre of more than 95% and also the occupancy rate of other comparable malls such as Kluang Mall (94.8%), AEON Bukit Indah (98.0%), AEON Tebrau City (99.0%), ANGSANA JB Mall (99.3%) and WETEX Parade (98.7%).
Term Capitalization Rate	6.50%	Based on the transactions of retail malls within the comparables areas, the net property yield ranges from 5.74% to 7.60%. We have adopted the capitalization rate of 6.50% for the term period to reflect that the 1Segamat Shopping Centre is relatively new and is located in the district of Segamat.
Reversionary Capitalization Rate	7.00%	A higher rate of 7.00% capitalization rate was adopted for reversionary period to reflect risk due to future uncertainty during the reversionary period.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

B) Others

Car Park Revenue

Currently, 500 car parks are leased to Dazzling Density Sdn Bhd for car park operation at a monthly rental of RM87,000 based on three separate lease agreements including one agreement for Lot 236. Lot 236 is not part of the 1Segamat Shopping Centre and is leased from Kelab Sukan Dan Kebajikan Majlis Daerah Segamat. Subsequently, Tashima Development Sdn. Bhd., had further sub-leased the 150 parking bays to Dazzling Density Sdn Bhd for the purpose of providing extra parking bays to the 1Segamat Shopping Centre. For the purpose of this valuation, we have excluded the car park revenue generated by these 150 parking bays in our valuation computation.

We also noted that a total of 97 units of car park will be surrendered for road access to the local authority of Majlis Daerah Segamat via planning approval of the amended approved layout vide Pres. No. MDS/PBDS-KM271/12/A dated November 1, 2012. As such, we adopt a total of 403 car parks and a monthly rental of RM77,710.69 per month or RM932,528 per annum (after deducting the loss of income arising from the surrender of 97 units of car parks to the local authority of Majlis Daerah Segamat and rental on Lot 236) in our valuation exercise.

We also noted that the other 9 parking bays are leased to Top Auto Car Care Services Sdn Bhd for car wash operation. The monthly rental is RM5,000.00 or equivalent to an annual rental of RM60,000.00. The 9 parking bays are located at the basement floor of the 1Segamat Shopping Centre.

As such, the total car park revenue is RM992,528 per annum.

No outgoings have been considered for car park revenue as it was maintained by the lessee.

The total capital value for the parking area is RM13,651,756 or RM33,135 per bay.

Promotion Revenue

The promotion revenue for the past three financial years ended May 31, 2013 to 2015 are as follows :

Year	2015	2014	2013
Rental Per Annum	RM1904,701.08	RM584,342.55	RM434,824.60

(Source : Management of the 1Segamat Shopping Centre)

The promotion revenue largely increased from 2014 to 2015 due to the 5 month rental received from Agenda Fokus Sdn. Bhd. and Tirai Prospektif Sdn. Bhd. in year 2015, in which the tenancy agreements commence from January 1, 2015 to December 31, 2017 for a total monthly rental of RM140,000.

Therefore, we have adopted RM1,680,000 per annum for long term promotion revenue.

The total capital value for the promotion revenue is RM23,107,610.

Other Revenue

The other revenue from leasing out the common area for the past two financial years ended May 31, 2014 to 2015 are as follows :

Year	2015	2014	2013
Rental Per Annum	RM382,356	RM410,256	Not available

(Source : Management of the 1Segamat Shopping Centre)

From the tenancy list dated May 2, 2016 as provided by the management of the 1Segamat Shopping Centre, the total monthly revenue for other revenue is RM26,364.00 or equivalent to RM316,368.00 annually. Therefore, we have adopted RM316,368.00 per annum for long term other revenue.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

We have adopted a higher capitalization rate of 7.25% for car park revenue, promotion revenue and other revenue for tendency of such revenue to fluctuate more.

Outgoings for promotion revenue and other revenue have been reflected in the valuation under the retail lots portion.

The total capital value for the other revenue is RM4,351,493.

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VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

COMPARISON APPROACH

This approach is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In the selection of and making comparison to the comparable properties, due consideration is given to value-based factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

Our findings from the data of the Bursa Securities Announcement revealed that there are few transactions involving similar retail malls. For the purpose of this valuation, we have adopted the following comparables.

Comparables	1	2	3
Property	@Mart Kempas Hypermarket	AEON Taman Universiti	Landmark Central
Location	Taman Cempaka, Johor Bahru	Taman Universiti, Skudai	Kulim Kedah
Source	Bursa Securities Announcement	Bursa Securities Announcement	Bursa Securities Announcement
Tenure	99 years leasehold expiring on January 23, 2106	Freehold	Freehold
NLA	98,083 sq. ft. (9,112.21 sq. m)	261,765 sq. ft. (24,318.76 sq. m)	281,716 sq. ft. (26,172.27 sq. m)
No. of Parking Bays	680	658	610
Consideration	RM 65,000,000	RM20,000,000 (18.18% share) (RM110,011,000 at full share)	RM 98,000,000
Transaction Date	June 1, 2015	October 21, 2013	October 2, 2012
Vendor	Damansara Assets Sdn. Bhd.	AEON CO (M) Berhad	Sri Awona Sdn. Bhd.
Purchaser	Amanahraya Trustees Berhad (For Al - Salam REIT)	AEON REIT Investment Corporation	AmTrustee Berhad as trustee of Hektar REIT
Consideration (RM per sq. ft.)	RM663	RM420	RM348
Adjustments Made	Time, Location, Size Of NLA, Quality Of Building and Car Park Provisions		
Final Adjusted Value (RM per sq. ft.)	RM 487	RM 351	RM 369

After final adjustment, we have arrived at a range of **RM351 per sq. ft. to RM487 per sq. ft.** Having taken the above into consideration, we placed a greater emphasis on **Comparable 1 - @Mart Kempas Hypermarket** for it being transacted recently in 2015 and its location (both located within the State of Johor). It is therefore we have adopted **RM487 per sq. ft.** reflects the fair and reasonable market value for the Subject Property.

VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 8 JUNE 2016
(Cont'd)

The value summaries from both methods of valuation and the reconciliation rationale are as follows:-

Investment Method

RM105,000,000 (RM470 per sq. ft over NLA)

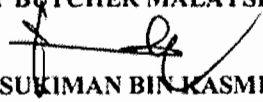
Comparison Method

RM108,000,000 (RM487 per sq. ft over NLA)

We have adopted the Investment Method as the main method in arriving at our opinion of the Market Value. We are of the opinion that this is the best method as the Subject Property is an income generating commercial property.

It is our opinion that the Market Value of the unencumbered leasehold interest in the Subject Property in its existing physical condition and tenancies is **RM105,000,000 (Ringgit Malaysia: One Hundred And Five Million Only)**

Yours faithfully,
HENRY BUTCHER MALAYSIA (KLUANG) SDN. BHD.


Sr. HJ. SUKIMAN BIN KASMIN
Dip. Urban Land Economics, MRISM
Registered Valuer (V - 41)



UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 7
DECEMBER 2016



Your Ref. :
Our Ref. : V/J (KS) – 03 – 2016/0012 December 7, 2016

THE DIRECTORS

HEKTAR ASSET MANAGEMENT SDN BHD
(as the Manager of Hektar Real Estate Investment Trust)
D1-U3-10 (Block D1), Solaris Dutamas
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Dear Sirs

UPDATE CERTIFICATE OF VALUATION OF A LAND MEASURING APPROXIMATELY 174,534.21 SQUARE FEET (16,214.76 SQUARE METERS) ON WHICH A THREE STOREY RETAIL MALL BUILDING AND ONE BASEMENT CAR PARK TOGETHER WITH A TOTAL OF FOUR HUNDRED AND TWELVE (412) CAR PARK BAYS (LOCATED AT THE BASEMENT, ROOF TOP AND OUTDOOR PARKING AREAS) KNOWN AS "1SEGAMAT SHOPPING CENTRE" ("SUBJECT PROPERTY").

This Update Valuation Certificate ("Update Valuation Certificate") has been prepared for inclusion in the abridged prospectus to the unitholders of Hektar Real Estate Investment Trust ("Hektar REIT") in relation to the right issue undertaken by Hektar REIT to part finance the Proposed Acquisition. The full details of the valuation are included in our Valuation Report bearing reference no. V/J (KS) – 03 – 2016/0012 dated June 8, 2016. This Update Valuation Certificate should be read in conjunction with the said Valuation Report.

We have re-inspected the Subject Property on December 7, 2016, as instructed and the material date of valuation is taken as at November 30, 2016, being the date of the latest tenancy schedule.

We have prepared and provided this Update Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of the market value of the Subject Property and reflects all information known by us and based on present market conditions.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia ("SC") and Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia as well as the Guidelines on Due Diligence Conduct for Corporate Proposals issued by the SC.

The basis of valuation adopted is the "Market Value" which is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

HENRY BUTCHER MALAYSIA (KLUANG) Sdn Bhd (237829 M)
No. 18 (Tingkat 1), Jalan Haji Manan, 86000 Kluang, Johor, Malaysia.
t • +607-775 1500 f • +607-775 1501 e • henrybm@streamyx.com w • www.henrybutcherproperty.com

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 7 DECEMBER 2016 (Cont'd)

TERMS OF REFERENCE

The update valuation is conducted based on same Terms of Reference as stated in our previous Valuation Report dated June 8, 2016.

TITLE PARTICULARS

We have carried out latest title searches on November 11, 2016 at Pejabat Tanah Dan Galian Johor and it was revealed that there are no changes in the title documents as reported in our Valuation Report dated June 8, 2016.

GENERAL DESCRIPTION

We would like to confirm that the physical state of the Subject Property generally remains unchanged since our last inspection and valuation.

OCCUPATION

Based on the tenancy schedule as at November 30, 2016, we noted that the occupancy rate has increased to 98.38% from 96.35% due to new tenancies filling up the vacant units since our last valuation.

MARKET CONDITION

According to the statement by Bank Negara Malaysia, the Malaysian economy registered a growth of 4.0% in the second quarter of 2016 compared to 4.2% in the first quarter due to the shrinking performance of the agriculture sector, particularly in palm oil output and exports due to El Nino. However, other sectors of the Malaysian economy have recorded growth.

Public consumption also grew at a higher rate of 6.5% compared with 3.8% growth in the first quarter. This was fuelled by higher spending on supplies and services. Bank Negara Malaysia also expects public consumption to remain on a steady growth path buoyed by higher salary for civil servants and minimum wages in the private sector, continued execution of infrastructure project and higher palm oil output as El Nino drought has tapered off.

We noted that the rental of retail and office space in this locality has remained stable since the last valuation.

UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 7 DECEMBER 2016 (Cont'd)

MARKET VALUE

Investment Method

We have reassessed the market value of the Subject Property with the updated details and have adopted the same parametres in the Investment Method of Valuation as per our previous Valuation Report dated June 8, 2016.

Comparison Method

We have adopted the same comparables of similar commercial buildings as per our previous Valuation Report dated June 8, 2016 as there were no similar new transactions.

Reconciliation of Value

The market value of the Subject Property derived from the Investment Method of Valuation is RM105,000,000 (RM470 per sq. ft over NLA) while the Comparison Method of Valuation is RM108,000,000 (RM487 per sq. ft over NLA).

We have adopted the market value derived from the Investment Method of Valuation as a fair representation of the market value of the Subject Property in view of the fact that the subject property is an income generating property.


The current market value has remained unchanged as compared to the last valuation.

VALUATION

Taking into consideration the above factors, it is our opinion that the market value of the unencumbered leasehold interest in the Subject Property in its existing physical condition and tenancies is RM105,000,000 (Ringgit Malaysia: One Hundred And Five Million Only)

Yours faithfully,

HENRY BUTCHER MALAYSIA (KLUANG) SDN. BHD.


Sr. HJ. SUKIMAN BIN KASMIN
 Dip. Urban Land Economics, MRISM
 Registered Valuer (V - 416)



UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 22
JUNE 2017



HENRY BUTCHER MALAYSIA

International Asset Consultants

Your Ref. :
Our Ref. : V/J (KS) – 03 – 2016/0012 June 22, 2017

THE DIRECTORS

HEKTAR ASSET MANAGEMENT SDN BHD
(as the Manager of Hektar Real Estate Investment Trust)
D1-U3-10 (Block D1), Solaris Dutamas
No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur.

Dear Sirs

UPDATE CERTIFICATE OF VALUATION OF A LAND MEASURING APPROXIMATELY 174,534.21 SQUARE FEET (16,214.76 SQUARE METERS) ON WHICH A THREE STOREY RETAIL MALL BUILDING AND ONE BASEMENT CAR PARK TOGETHER WITH A TOTAL OF FOUR HUNDRED AND TWELVE (412) CAR PARK BAYS (LOCATED AT THE BASEMENT, ROOF TOP AND OUTDOOR PARKING AREAS) KNOWN AS "1SEGAMAT SHOPPING CENTRE" ("SUBJECT PROPERTY").

We refer to your instruction to review our valuation of the Subject Property in conjunction with the proposed acquisition of the Subject Property ("Proposed Acquisition"). This Update Valuation Certificate ("Update Valuation Certificate") has been prepared for inclusion in the abridged prospectus to the unitholders of Hektar Real Estate Investment Trust ("Hektar REIT") in relation to the right issue undertaken by Hektar REIT to part finance the Proposed Acquisition. The full details of the valuation are included in our Valuation Report bearing reference no. V/J (KS) – 03 – 2016/0012 dated June 8, 2016. This Update Valuation Certificate should be read in conjunction with the said Valuation Report.

We have re-inspected the Subject Property on May 31, 2017, as instructed and the material date of valuation is taken as at May 31, 2017, being the date of the latest tenancy schedule.

We have prepared and provided this Update Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of the market value of the Subject Property and reflects all information known by us and based on present market conditions.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia ("SC") and Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia as well as the Guidelines on Due Diligence Conduct for Corporate Proposals issued by the SC.

The basis of valuation adopted is the "Market Value" which is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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HENRY BUTCHER MALAYSIA (KLUANG) Sdn Bhd (237829-M)

No.18 (Tingkat 1), Jalan Haji Manan, 86000 Kluang, Johor, Malaysia.

t • +607-775 1500 f • +607-775 1501 e • henrybm@streamyx.com w • www.henrybutcherproperty.com

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Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 22 JUNE 2017 (Cont'd)

TERMS OF REFERENCE

The update valuation is conducted based on same Terms of Reference as stated in our previous Valuation Report dated June 8, 2016.

TITLE PARTICULARS

We have carried out latest title searches on November 11, 2016 at Pejabat Tanah Dan Galian Johor and it was revealed that there are no changes in the title documents as reported in our Valuation Report dated June 8, 2016.

GENERAL DESCRIPTION

We would like to confirm that the physical state of the Subject Property generally remains unchanged since our last inspection and valuation.

OCCUPATION

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We noted that the rental of retail and office space in this locality has remained stable since the last valuation.

UPDATED VALUATION CERTIFICATE IN RESPECT OF THE 1SEGAMAT PROPERTY DATED 22 JUNE 2017 (Cont'd)

MARKET VALUE

Investment Method

We have reassessed the market value of the Subject Property with the updated details and have adopted the same parameters in the Investment Method of Valuation as per our previous Valuation Report dated June 8, 2016.

Comparison Method

We have adopted the same comparables of similar commercial buildings as per our previous Valuation Report dated June 8, 2016 as there were no similar new transactions.

Reconciliation of Value

The market value of the Subject Property derived from the Investment Method of Valuation is RM105,000,000 (RM470 per sq. ft over NLA) while the Comparison Method of Valuation is RM108,000,000 (RM487 per sq. ft over NLA).

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The current market value has remained unchanged as compared to the last valuation.

VALUATION

Taking into consideration the above factors, it is our opinion that the market value of the unencumbered leasehold interest in the Subject Property in its existing physical condition and tenancies is RM105,000,000 (Ringgit Malaysia: One Hundred And Five Million Only)

Yours faithfully,

HENRY BUTCHER MALAYSIA (KLUANG) SDN. BHD.


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