



HEKTAR REAL ESTATE INVESTMENT TRUST

BOARD CHARTER

25 MAY 2023

DEFINITION

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| Board | Board of Directors of the Company |
| Bursa / Bursa Securities | Bursa Malaysia Securities Berhad Registration No: 200301033577 (635998-W) |
| Bursa Malaysia Securities Berhad Main Market Listing Requirements | Main Market Listing Requirements of Bursa Malaysia Securities, including its Practice Notes, FAQs and Guidelines |
| CA | Companies Act, 2016 |
| CMSA | Capital Markets & Services Act, 2007 |
| Hektar REIT / REIT | Hektar Real Estate Investment Trust |
| MCCG | Malaysian Code on Corporate Governance (revised 28 April 2021) |
| Manager / Company | Hektar Asset Management Sdn. Bhd. Registration No: 20060101251 (732261-T) |
| Management | Senior Management of the Company |
| Memorandum and Articles | Memorandum and Articles of Association of the Company |
| Property Manager | Hektar Property Services Sdn. Bhd. Registration No: 200901025275 (868376-K) |
| SC | Securities Commission of Malaysia |
| SCA | Securities Commission Malaysia Act, 1993 |
| SC / REIT Guidelines | Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018 (revised 28 November 2022) |
| Trust Deed / Deed | The Trust Deed dated 5 October 2006 and as amended by two Supplemental Trust Deeds dated 20 March 2012 and 23 November 2016 respectively (which was amended and restated on 8 February 2021 between Trustee and the Manager. |
| Trustee | MTrustee Berhad Registration No: 198701004362 (163032-V) |
| Unit holder(s) | Holder(s) of unit(s) in Hektar REIT |

PURPOSE OF THIS BOARD CHARTER

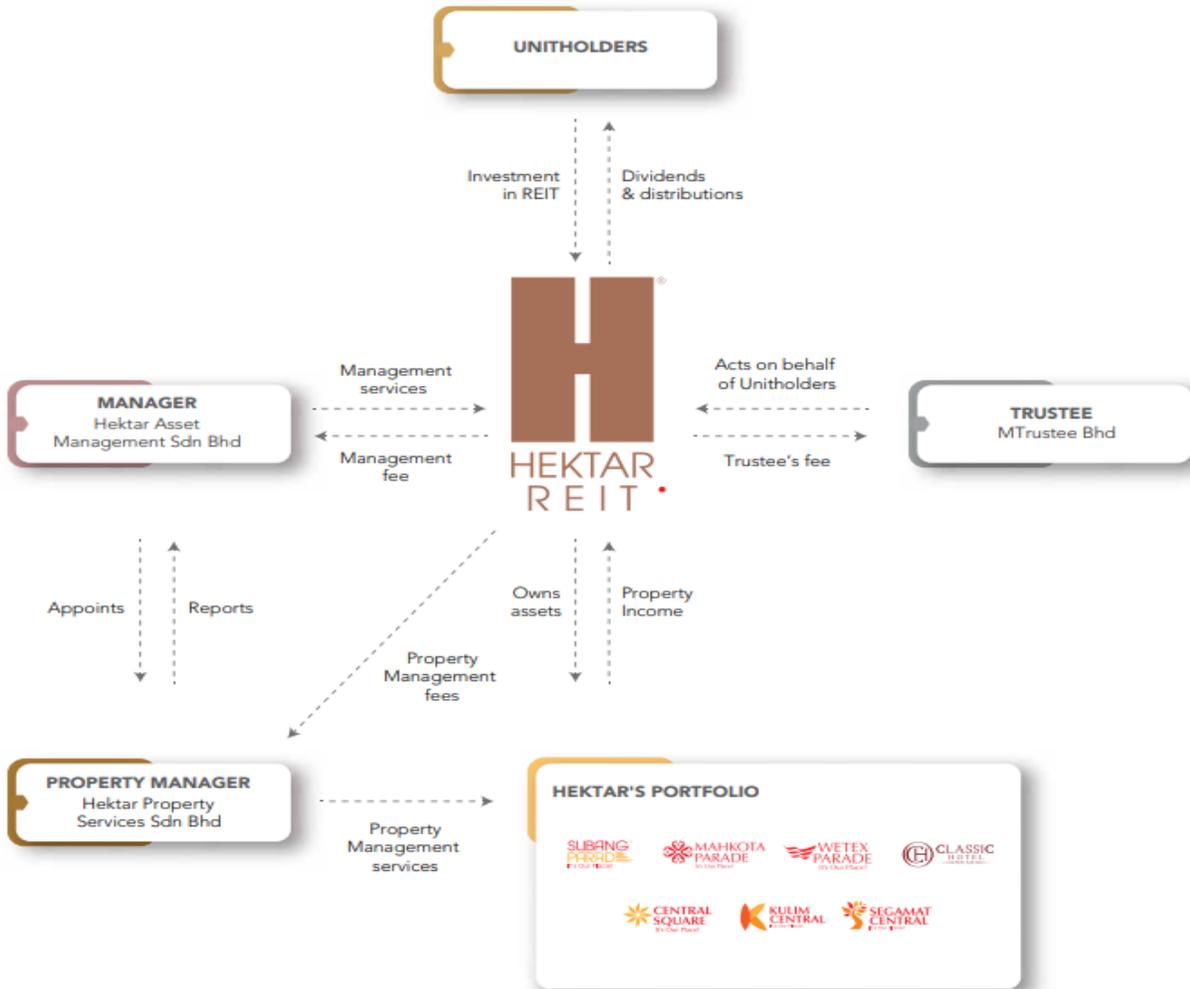
This Board Charter outlines the principal roles of the Board, covering its functions, responsibilities and powers, including those of its Committees, as well as the policies and practices of the Board.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Chief Executive Officer and the Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of all stakeholders of the REIT, comprising unit holders of the REIT and shareholders of the Company.

REVIEW

The Board shall review this Charter at least once every three (3) years or as and when the need arises to keep it current with changing regulations and guidelines.

CORPORATE STRUCTURE AND THE VARIOUS ACTIVITIES



HEKTAR REIT

Hektar REIT is a Malaysian-based real estate investment trust established on 5th October 2006, with the investment objective of owning and investing in income-producing real estate and real estate related assets which are primarily used for retail purposes.

1. The Manager

The Manager, Hektar Asset Management Sdn. Bhd., is the company established to manage and administer Hektar REIT in accordance with the objectives and investment policies of Hektar REIT, in compliance with the Trust Deed, applicable laws and regulations, including the CMSA, REIT Guidelines and Bursa Securities Listing Requirements and the Memorandum and Articles. The Manager also considers the various Practices and Guidance of the MCCG to enhance its governance standards in running the REIT operations.

The Manager of Hektar REIT has general powers of management over the assets and liabilities of the REIT for the benefit of its unit holders. The Manager administers the assets of Hektar REIT with a focus on generating sustainable rental income and increasing the REIT's assets over time, to enhance the returns from the investments and ultimately, the distribution to unit holders.

Primary roles of the Manager are as follows:

- **Investment Strategy** - formulate Hektar REIT's investment strategy, including determining the location, sub-sector, type and other characteristics of Hektar REIT's property portfolio;
- **Acquisition and Disposal** - make recommendations to the Trustee on the acquisition and sale of properties by Hektar REIT;
- **Planning and Reporting** - formulate periodic property plans, including budgets and reports, relating to the performance of Hektar REIT properties;
- **Financing** - formulate plans for equity and debt financing for Hektar REIT's property acquisitions, distribution payments, expenses payments and property maintenance payments;
- **Administrative and Advisory Services** - perform day-to-day administrative services as Hektar REIT's representative, including providing administrative services relating to meetings of unit holders when such meetings are convened;
- **Investors Relations** - communicating and liaising with unit holders and investors;

- **Compliance Management** - make all regulatory filings on behalf of Hektar REIT, and ensure Hektar REIT is in compliance with applicable provisions of the Bursa Securities Listing Requirements, CMSA, SC Guidelines, Trust Deed and all relevant contractual obligations; and
- **Accounting Records** - keep books and prepare financial statements and annual reports.

Other functions and responsibilities of the Manager include:

- Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for, the REIT at arms' length;
- Preparing property plans on a regular basis which may contain proposals and forecast on net income before tax, capital expenditure, revenues and valuations, explanation of major variances to previous forecast, written commentary on key issues and underlying assumptions on inflation, moving annual turnover, occupancy costs and any other relevant assumptions;
- Attending to all communications with unit holders; and
- Supervising the Property Manager which performs the day-to-day property management functions in relation to the REIT's properties (including leasing, accounting, marketing and promotion).

2. **The Trustee**

The Trustee is appointed for the unit holders and acts as custodian for all the assets of Hektar REIT. The Trustee, therefore, must act to ensure that the Manager adheres strictly to the provisions of the Trust Deed, particularly with regard to the creation of units, the exercise of investment powers of the REIT, collection and distribution of income, proper record keeping of administrative, investment and unit holders' transactions and in upholding unit holders' interests.

The Trustee's powers, duties and obligations are set out principally in the Trust Deed.

3. Roles of the Board

- 3.1 The Board is responsible for the stewardship of Hektar REIT's business and affairs on behalf of shareholders of the Company and unit holders of the REIT with a view to enhancing long term shareholder and unit holder value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity. To assist in the discharge of its stewardship roles and responsibilities, the Board has established Board Committees, namely the Audit and Risk Management Committee and the Nomination and Remuneration Committee with specific terms of reference set out under Appendices I and II of this Charter.
- 3.2 The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company's and the REIT's business are firmly in its hands. Details of these matters are set out in Appendix IV of this Charter.
- 3.3 The Board shall establish an internal audit function, which is independent of the activities it audits, and identify a head of internal audit who reports directly to the Audit and Risk Management Committee.
- 3.4 The principal responsibilities of the Board are:
- together with Senior Management, promote good corporate governance culture within the Company and REIT which reinforces ethical, prudent and professional behaviour;
 - to review and adopt a strategic plan, ensuring the plan supports long-term value creation, including strategies on economic, environmental and social considerations underpinning sustainability of the Company's and REIT's business;
 - to review, challenge and decide on Management's proposals for the Company and REIT, and monitor its implementation by Management;
 - to oversee the conduct of the Company's and REIT's business and Management performance, evaluating whether or not the businesses are being properly managed;
 - to understand and identify the principal risks, recognising that business decisions involve the taking of appropriate risk, including setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks faced in the businesses of the Company and the REIT;

- to ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management members;
- to develop and implement an investor relations programme or shareholder communications policy for the REIT; and
- to review the adequacy and the integrity of the Company's and REIT's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

3.5 The Board in reaffirming the importance of bribery, fraud and corruption prevention, has adopted and implemented the Anti-Bribery and Anti-Corruption Policy which reflects the stand of zero tolerance policy against all forms of bribery, fraud and corruption in all business conduct.

4. **Board Structure**

4.1 **Board balance and mix**

4.1.1 The Board is helmed by a Chairman who provides strong leadership quality to objectively steward the Board in meeting the Company's and REIT's strategic objectives. At least two (2) Directors or one-third (1/3) of the Board members, whichever is higher, shall consist of Independent Non-Executive Directors. The criteria of independence are set out in Paragraph 1.01 (including Practice Note 13) of the Bursa Securities Listing Requirements.

4.1.2 The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company and REIT to promote accountability and facilitate the division of responsibility. Given the importance and nature of the Chairman's role, the position of Chief Executive Officer ("CEO") is separate from the Chairman as recommended by the Malaysian Code on Corporate Governance ("MCCG"). The Board also places importance on the appointment and participation of Independent Non-Executive Directors in order to provide a balanced and independent view on Board deliberations, where the Independent Non-Executive Directors are able to convey their concerns in relation to the Company and the REIT. The Board is of the view that the composition of the Independent Non-Executive Directors, coupled with the adoption of the Board Charter which formally sets out the schedule of matters reserved solely for the Board for decision making, provides the relevant checks and balances to ensure no one person in the Board has unfettered powers to make major decisions for the Company and the REIT businesses unilaterally.

4.1.3 The Board recognises the need for its composition to reflect a range of skills and expertise to meet the needs of the Company and REIT. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the REIT's business; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of unit holders and achievement of the Company's and REIT's goals. In addressing this, the Board shall consider recommendations by the Nomination and Remuneration Committee pertaining to nominees for directorship in the Company, including the re-election of retiring Directors as well as the continuance of Independent Directors beyond 9 and 12 years.

4.1.4 For the assessment and selection of Directors, the Nomination and Remuneration Committee shall consider each prospective Director's character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge and expertise;
- professionalism;
- diversity;
- contribution and performance; and
- in the case of candidates for the position of an Independent Non-Executive Director, the Board, via the Nomination and Remuneration Committee, shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

4.2 Roles of the Chairman

The Chairman carries out a leadership role in the conduct of the Board's activities and its relations to shareholders and unit holders. The Chairman is primarily responsible for:

- representing the Board to shareholders, unit holders and other stakeholders, ensuring appropriate steps are taken to provide effective communication with these stakeholders and that their views are communicated to the Board as a whole;
- leading the Board in establishing and monitoring good corporate governance practices in the Company and REIT;

- functioning as a facilitator at meetings of the Board to ensure that no member, whether Executive or Non-Executive, dominates discussion; that appropriate discussions take place; and that relevant opinions amongst members are forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes;
- ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- ensuring that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
- managing the interface between the Board and Management;
- guiding and mediating the Board's actions with respect to organisational priorities and governance concerns;
- undertaking the primary responsibility for organising the information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- performing other responsibilities as assigned by the Board, from time to time.

4.3 Roles of the Executive and Non-Executive Directors

Executive Directors are employees and are involved in the day-to-day management of the Company and REIT. Non-Executive Directors are as:

- those who have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their "permitted" holdings of shares in the Company and the REIT, i.e. Independent Non-Executive Directors; and
- those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but have pecuniary interest in the Company and the REIT, either as shareholders, unitholders or otherwise and whether direct or indirect, i.e. Non-Executive Directors.

Non-Executive Directors act as a bridge linking with Management, shareholders of the Company, unitholders of the REIT and other stakeholders. They provide the relevant checks and balances, focusing on shareholders' and unit holders' interests and ensuring that high standards of corporate governance are applied. Letters of appointment for Non-Executive Directors do not set out a fixed time commitment for board duties as the Board believes that the time required by the Non-Executive Directors may fluctuate depending on demands of the business and other events. However, it is expected that Non-Executive Directors shall allocate sufficient time to the Company and Hektar REIT to perform their duties effectively.

4.4 Roles of Independent Non-Executive Directors

Independent Non-Executive Directors (also known as "Independent Directors") are essential for protecting the interests of shareholders of the Company and unit holders of the REIT, and can make significant contributions to corporate decision making by bringing in the quality of detached impartiality.

The Bursa Securities Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company and the REIT.

The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

4.5 Roles of the Chief Executive Officer and Chief Financial Officer

4.5.1 The position of the Chief Executive Officer ("CEO"), in essence, is to ensure the effective implementation of the Manager's and the REIT's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operations.

4.5.2 The CEO is accountable to the Board for the achievement of the Manager's and the REIT's goals and objectives and he is accountable to the Board for the observance of Management's limits.

4.5.3 At each of its scheduled meetings, the Board shall receive from, or through, the CEO:

- summary reports on the performance and activities of the Manager and the REIT and specific proposals for capital expenditure acquisitions and disposals; and
- such assurance as the Board considers necessary to confirm that the Management's limits are being observed.

4.5.4 The CEO is expected to act within all specific authorities delegated to him by the Board.

4.5.5 Generally, the CEO is responsible to the Board for the following:

- executive management of the Manager's and the REIT's business, covering, inter alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
- developing long-term strategic and short-term profit plans, designed to ensure that the Company's and REIT's requirements for growth, sustainability, profitability and return on capital are achieved;
- directing and controlling all aspects of the business operations in a cost-effective manner;
- effectively overseeing the human resource of the organisation with respect to key positions in the Manager's hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Management personnel and issues pertaining to discipline of all employees;
- effectively representing the interest of the REIT and the Manager with major stakeholders, governments and their agencies, and industries at large, to ensure general goodwill towards the REIT and cooperation in planned development;
- providing assistance to members of the Audit and Nominating Committees or other relevant Board Committees, as required, in discharging their duties; and

- assisting the Board Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.

In discharging the above responsibilities, the CEO may, in writing, delegate appropriate functions to any level of Management.

4.5.6 The CEO will also work with the other key personnel of the Management team to manage and operate the Company and the REIT in achieving their objectives, in accordance with the Trust Deed, CMSA, SC Guidelines and Bursa Securities Listing Requirements. The key personnel shall include:

- the Compliance/ Legal Manager, who is responsible in ensuring :
 - a) compliance with the terms of the Deed, prospectus and all related regulations and guidelines; and
 - b) the legal matters relating to both Hektar REIT and the Manager, which include overseeing the preparation of legal documents in relation to property acquisition, disposal, tenancy, leasing and borrowings, and the REIT's compliance to all relevant laws when entering into any contract; and
- the Investor Relations Manager, who is responsible for communication and liaison with the investing community.

In addition, the CEO's responsibilities include planning for future strategic development and growth of the Company and the REIT. The CEO, together with the Board, will identify and evaluate potential acquisitions with a view to achieve an attractive level of return as well as to maximise the long-term capital growth of the Company and the REIT.

4.5.7 Chief Financial Officer ("CFO")

The CFO is mainly responsible for financial matters relating to both the REIT and the Manager, in particular the financial performance and indicators of the investments of the Company and the REIT. The CFO also serves as the communication liaison with the unit holders, analysts and potential investors.

The CFO's roles include:

- developing and overseeing the investment strategy of the Company and the REIT;
- being the main liaison person with current and potential investors;
- ensuring adherence to all regulatory and statutory requirements; and
- maintaining continuous disclosure and communication to shareholders, unit holders, public and potential investors.

Together with the officers of the Manager, the CFO is to actively promote and market Hektar REIT to investors and the media through regular communications and roadshows.

4.5.8 Chief Corporate Officer ("CCO")

The CCO is mainly in charge of all aspects and matters relating to both the REIT and the Manager particularly to oversee the corporate and commercial affairs and regulatory functions.

The CCO's roles include:

- Assisting the CEO in all aspects of the Company's business and responsible for the overall corporate and commercial affairs of the Company, leading the Legal, Secretarial & Compliance and Human Resource portfolio and supporting the Finance function;
- Assisting the CEO to oversee and monitor the Asset management and Property management of Hektar REIT's portfolio including assisting the CEO to chart a growth plan for Hektar REIT including the identification of assets for potential acquisition/sale.
- Effectively overseeing the human resource of the organisation with respect to key positions in the Manager's hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Management personnel and issues pertaining to discipline of all employees.

4.6 Tenure of Directors

4.6.1 Pursuant to the Manager's Articles of Association, one-third (1/3) of the Directors (excluding the CEO), or if the number is not a multiple of 3, then the number nearest to one-third shall retire from office.

The Directors to retire every year shall be the Directors who have been longest in office since their last election but as between persons who become Directors on the same day, the Directors who shall retire, unless they otherwise agree among themselves, be determined by lot.

4.6.2 The assessment criteria for the independence of Directors should also include tenure. The tenure for an Independent Director to serve on the Board is nine (9) years.

4.6.3 The nine (9) years can be consecutive or cumulative service of nine (9) years. Independent Directors, who have served the Manager for nine (9) years, may continue to serve the Manager in the capacity of a Non-Independent Non-Executive Director.

4.7 Company Secretary

4.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary shall be suitably qualified in accordance with Sections 235 and 238 of the Companies Act 2016 and capable of carrying out the duties required of the position.

4.7.2 The key role of the Company Secretary is to provide sound governance advice to the Directors, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices to enhance the effective functioning of the Board and to ensure regulatory compliance.

4.7.3 The roles and responsibilities of the Company Secretary comprise:

- Manage all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings, ensuring conclusions are accurately recorded and facilitate Board communications;
- Advise the Board on its roles and responsibilities;
- Facilitate the orientation of new Directors and assist in Director training and development;
- Advise the Board on corporate disclosures and compliance with company and securities regulations and Bursa Securities Listing Requirements;
- Manage processes pertaining to the annual shareholder and unit holders meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues;
- Maintain records of the Board and its meetings as well as ensuring effective management of the Company's and REIT's records; and
- Carrying out other functions as deemed appropriate by the Board from time to time.

4.8 Board Committees

4.8.1 The Board has the power to establish Committees from time to time to assist in the discharge of the Board's duties and responsibilities. Where a Committee is formed, specific terms of reference of the Committee shall be established in writing to cover matters such as the purpose, composition and functions of the Committee.

4.8.2 A number of standing Committees, with written terms of reference, has been established, namely the following:

- **Audit and Risk Management Committee**

The Audit and Risk Management Committee assists and supports the Board's responsibility to oversee the Company's and REIT's operations by providing a means for review of the Company's and REIT's processes for producing financial information, internal controls, risk management activities and independence of the REIT's external and internal auditors. The terms of reference of the Audit and Risk Management Committee are attached under **Appendix I**;

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee oversees matters relating to the nomination of new Directors; annual review of the required mix of skills, experience, assessment of Independent Directors; reviews succession plans and Board diversity; oversees training courses for Directors and other requisite qualities of Directors, the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director; and remuneration structure for Directors and Senior Management, including policies and procedures thereof. The terms of reference of the Nomination and Remuneration Committee are attached under **Appendix II**;

- **Executive Committee**

The Executive Committee is tasked with the responsibilities of the day-to-day management and operations of the Company. The terms of reference of the Executive Committee are attached under **Appendix III**.

4.9 The Board's Relationship with Shareholders, Unitholders and Stakeholders

- 4.9.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders of the Company, unit holders of the REIT, other stakeholders and the general public.

4.9.2 It is the role of the Board to ensure that the Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) of the Company and REIT are conducted in an efficient manner and serve as crucial mechanisms in unit holders’ and shareholders’ communications. Key ingredients behind this include the supply of comprehensive and timely information to unit holders and shareholders and the encouragement of active participation at the AGM and EGM. The Board shall focus its efforts on the following practices to enhance the effectiveness of General Meetings:

- notice for an Annual General Meeting should be given to the shareholders and unit holders at least 28 days prior to the meeting;
- ensure all Directors attend General Meetings, where the Chair of the Audit and Nominating Committees may provide meaningful response to questions addressed to them;
- ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
- for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for re-appointment or re-election, with a brief description, including matters such as age, relevant experience, list of directorships, date of appointment to the Board, details of participation in Board Committees and whether a particular Director is independent;
- ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the enquirer with a written response to any significant question which cannot be answered immediately;
- ensure that substantive resolutions, including, but not limited to, non-recurrent related party transactions, acquisitions and disposals of assets (where applicable), are considered by poll and announce the detailed results of the votes cast for and against each resolution. The Chairman shall also inform shareholders and unit holders of their right to demand a poll vote at the commencement of the General Meeting;

- ensure that there is a channel of communication through the Company Secretary on feedback and queries from shareholders and unit holders;
- ensure the Chairman of the Board is the Chairman for all General Meetings; and
- ensure that the Manager publishes the measures listed above on the Company's and REIT's corporate website on a dedicated Corporate Governance section.

5.0 Board Processes

5.1 Board meetings

5.1.1 Meetings will be conducted at least on a quarterly basis. The Company Secretary shall prepare in advance and distribute to all Directors a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman and CEO in developing the annual meeting timetable.

5.1.2 If additional meetings are to be convened, a Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting.

5.1.3 In the event the Chairman is absent from, and his alternate (if any) is not able to attend, any meeting of the Board, a member of the Board nominated by the single largest shareholder of the Manager will replace him in that capacity in respect of that meeting.

5.1.4 Board members are required to attend the Board meetings. However, other senior officers may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Resolutions of any meeting of the Directors shall be decided by a majority of votes with the exception of items detailed in the Formal Schedule of Matters (see **Appendix IV**) reserved for the unanimous approval of the Board.

In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolutions in writing subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.

In relation to matters detailed in the Formal Schedule of Matters, the circular resolution shall be duly circulated to all Directors and signed and returned by all Directors. For matters other than as aforesaid, the circular resolution must be signed by a majority of Directors. A circular resolution shall be considered duly signed by a Director if signed or approved by letter, telex, facsimile or telegram by such Director.

5.1.5 The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication and the Directors need not be in the physical presence of another Director(s), and participation in the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.

5.1.6 A Director shall abstain from voting on contracts or proposed contracts or arrangements in which he has direct or indirect interests. A Director shall also not vote on contracts or proposed contracts or arrangements with any other company in which he is interested either in his capacity as an officer of the company or as a shareholder of the company.

5.1.7 The notice of a Directors' meeting shall be given in writing at least seven (7) days, or such shorter notice period in respect of any particular meeting as may be agreed by the majority of Directors, where it is unavoidable, prior to the meeting. The Chairman, in conjunction with the CEO and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other things, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

5.1.8 The agenda shall address high-priority strategic and operational issues, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Manager's and/or REIT's context, including its existing situation, aspiration and priorities.

5.2 Meeting papers

- 5.2.1 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 5.2.2 Minutes are prepared following a Board meeting and are circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

5.3 Access to information

- 5.3.1 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with minutes of meetings, and is accessible to Directors.
- 5.3.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Manager, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such a request.

5.4 Independent Professional Advice

- 5.4.1 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the REIT and the Manager or to his/her responsibility as a Director.
- 5.4.2 If a Director considers such advice necessary for the discharge of his/her duties and responsibilities as Director and, for the benefit of the REIT, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- 5.4.3 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Manager or the REIT, where applicable, but the Director will ensure, so far as is practicable, that the cost is reasonable.

5.5 Appointment, Vacation of Office and Removal of Directors

5.5.1 Upon the appointment of a Director, the said Director shall provide to Bursa an undertaking prescribed by Bursa immediately and in any event not later than fourteen (14) days.

5.5.2 Any Director of the Company shall not be considered fit for directorship if he or she:

- a) is an undischarged bankrupt or of unsound mind;
- b) has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation or REIT;
- c) has been convicted by a court of law involving fraud or dishonesty where the conviction involved a finding that he acted fraudulently or dishonestly; or
- d) has been convicted by a court of law of an offence under the securities laws of Malaysia or the CA or has been disqualified by the Court under the CA;

within a period of 5 years from the date of conviction or, if sentenced to imprisonment, from the date of release from prison.

5.5.3 The office of the said Director shall become vacant if the Director:

- a) ceases to be or is prohibited or disqualified from being a Director by virtue of the CA, the CMSA and the REIT Guidelines; or
- b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- c) becomes prohibited from being a Director by reason of any order made under the CA, the CMSA and the REIT Guidelines; or
- d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; or
- e) resigns from his office by notice in writing to the Company; or

- f) is absent from more than fifty percent (50%) of the total Board meetings held during a financial year, unless an exemption or waiver is obtained from Bursa Securities; or
- g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of the Chief Executive Officer or manager; or
- h) is adversely discredited following an inquiry/ investigation being carried out against him by any governmental authority or body; or
- i) has been convicted for fraud or dishonesty or any other offences punishable with imprisonment of one (1) year or more or any offences anywhere in the world; or
- j) becomes unfit to be a Director of a public company as a result of any unethical practice or activity; or
- k) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the CA, the CMSA and the REIT Guidelines.

5.5.4 Where a Director is removed from office, the Company must forward to Bursa and the SC a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders and Management of the Company under Section 207 (2) and (3) of the CA.

5.6 Induction process and training programme

5.6.1 The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Manager and the REIT as well as keep them abreast with development in the market place pertaining to the fiduciary duties and oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

5.6.2 Induction of Directors may include the following:

- time with other Directors to enable further insights and knowledge of the Manager and the REIT, in particular the Chairman and the Company Secretary;

- furnishing of a copy of the previous Board minutes for at least the past six (6) months;
- visits to key sites;
- additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the particulars of the REIT's business is vital for each Director, Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/business activities in the Board meetings); and
- a formal one (1) to two (2) day induction programme focusing on the elements above, and also presentations by Management personnel.

5.6.3 Directors are required to undergo the mandatory accreditation programme under the requirements of Bursa. In addition, Directors are required to attend relevant training courses or seminars at periodic intervals to keep abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, changes to regulatory requirements, etc. the Nomination and Remuneration Committee, in association with the Chairman, shall decide on the continuous education training programme for Directors.

5.6.4 At the start of each year, the Board shall, collectively, discuss to assess the training needs of each Director and to decide on the types of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.

5.6.5 The costs of the induction, mandatory accreditation programme and/ or continuing education program shall be borne by the Manager.

5.7 Directors' external commitments and Conflict of Interest

5.7.1 The Manager's Articles of Association, the CA, the CMSA and the REIT Guidelines stipulate that a Director, who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the REIT, shall declare his/her interest in accordance with the provisions of the CA. The Directors shall state the fact and the nature, the character and extent of any office or possession of any property that may directly or indirectly be in conflict with his/her duties as a Director. The Director concerned shall not participate in deliberations and shall abstain from casting his/her votes in any matter arising thereof unless otherwise as provided for in the Manager's Articles of Association.

5.7.2 Should there be an actual, potential or perceived conflict of interest between the REIT/ Manager or a related corporation with a Director, or with an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Manager and the REIT.

5.7.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

5.7.4 Directors shall devote sufficient time to carry out their responsibilities. Directors shall notify the Chairman before accepting any new directorships, whether in a listed issuer or otherwise, and the notification shall provide for an indication of time that will be spent on the new appointment.

A Director of the Manager shall not hold more than five (5) directorships in listed issuers or such lesser number as required under the Bursa Securities Listing Requirements.

A Director of the Manager shall not hold office as a Director of more than one (1) management company in Malaysia at any one time, or as a member of the investment committee of funds operated by another management company in Malaysia.

The Company Secretary shall facilitate the Directors' annual independence and conflict of interest declarations, which will allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors).

5.8 Representation of the REIT

- 5.8.1 The Board looks to Management to speak on behalf of Hektar REIT and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements. The Board authorises 2 of its members to be determined by the Board from time to time to be the official spokespersons for Hektar REIT.
- 5.8.2 The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Bursa Securities Listing Requirements.
- 5.8.3 The REIT shall consider the use of information technology, where applicable, in communicating with stakeholders, including a dedicated section for Investor Relations on the REIT's website. This section shall provide information which includes this Board Charter and the Annual Report of the REIT.

5.9 The Manager's Memorandum and Articles of Association and Management's Limits

- 5.9.1 The Board operates pursuant to the powers and is subject to rules in the Memorandum and Articles of Association as adopted by the shareholders in general meeting.
- 5.9.2 Management is expected to act within all specific authorities delegated to it by the Board.
- 5.9.3 Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

5.10 Directors' Code of Ethics

The Board shall ensure that the Manager and the REIT uphold high standards of ethics and corporate behaviour. A governing Board is in a position of trust. It holds in trust not only the REIT's physical and intellectual assets but also the efforts of preceding Directors and Management team. It preserves and grows these things for the current and future generations. Its stewardship will protect the organisation from jeopardy and steer it towards positive achievement.

In that light and in the performance of his duties, a Director of the Manager is first and foremost held accountable in demonstrating the following:

Corporate Governance

- (i) a clear understanding of the aims and purpose, capabilities and capacity of the Manager and the REIT;
- (ii) devote time and efforts to attend meetings and to know what are required of the Board and each of its Directors, and to discharge those functions;
- (iii) ensure at all times that the Manager and the REIT are properly managed and effectively controlled;
- (iv) stay abreast of the affairs of the Manager and the REIT and kept informed of both the Manager's and the REIT's compliance with the relevant legislation and contractual requirements;
- (v) insist on being kept informed on all matters of importance to the Manager and the REIT in order to be effective in corporate management;
- (vi) limit his/her directorship of companies to a number in which he/she can best devote time and effectiveness - each Director is his/her own judge of his/her abilities and how best to manage his/her time effectively in the organisations in which directorships are held;
- (vii) have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- (viii) at all times exercise his/her powers for the purposes they were conferred, for the benefit and prosperity of the Manager and the REIT;
- (ix) disclose immediately all contractual interests, whether directly or indirectly, with the Manager;
- (x) not divert to his/her own advantage any business opportunity that the Manager and the REIT is pursuing, or misuses confidential information obtained by reason of his/her office for his/her own advantage or that of others;
- (xi) at all times act with utmost good faith towards the Manager and the REIT in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her duties; and

- (xii) be willing to exercise independent judgment and, if necessary, openly oppose if the vital interests of the Manager and the REIT are at stake.

Relationship with Unit holders, Shareholders, Employees, Creditors and Stakeholders

- (xiii) be conscious of the interest of unit holders, shareholders, employees, creditors and stakeholders of the Manager and the REIT;
- (xiv) at all times promote professionalism and improve the competency of Management and employees; and
- (xv) ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

Social responsibilities and the Environment

- (xvi) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- (xvii) ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- (xviii) be proactive to the needs of the community and to assist in society-related programmes; and
- (xix) ensure that the activities and the operations of the Manager and the REIT do not harm the interest and well-being of society at large.

This Board Charter has been approved by the Board to provide guidance to Board members in the discharge of their fiduciary duties and stewardship roles in the Manager and the REIT.

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Amendments: N/A

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER
(TERMS OF REFERENCE)

(A) Membership

- (1) The Audit and Risk Management Committee (“ARMC”) shall comprise at least three (3) Directors, the majority of whom are Independent. All members of the Committee shall be Non-Executive Directors.
- (2) At least one (1) member of the ARMC:
 - 2.1 must be a member of the Malaysian Institute of Accountants;
 - 2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and:
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - 2.3 fulfils such other requirements as prescribed or approved by Bursa Securities.
- (3) No alternate Director shall be appointed as a member of the ARMC.
- (4) The Board shall review, via the Nomination and Remuneration Committee, the terms of office and performance of the ARMC and each of its members annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.
- (5) In the event of any vacancy in the ARMC resulting in non-compliance of clauses 1 and 2 above, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

(6) Any former key audit partner of the Manager and the REIT shall observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. For the purpose of the foregoing, a former key audit partner means the engagement partners, the individuals responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

(7) The members of the ARMC shall elect a Chairman from amongst themselves who shall be an Independent Director.

(B) **Secretary**

The Company Secretary shall be the Secretary of the ARMC. The Secretary shall organise the proceedings of the ARMC meetings, including the calling of meetings, the notice to be given of such meetings (including the papers supporting the agenda items), the recording and circulation of minutes and the custody, production and inspection of such minutes, if required.

(C) **Meetings and Attendance**

(1) The ARMC shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

(2) In the event the ARMC Chairman is absent or unable to attend any of the ARMC meetings, the remaining members, who are present at that ARMC meeting shall elect a Chairman amongst themselves who shall be an Independent Director as Chairman of the meeting.

(3) Non-member Directors and employees of the Manager shall not attend any ARMC meetings unless specifically invited by the ARMC.

(4) The ARMC shall meet the External Auditors at least twice a year without the presence of the Management or Executive Directors.

(5) The ARMC shall report to the Board on matters relating to its terms of reference.

(6) Decision of the ARMC shall be determined by a majority of votes of members present. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Save for where only two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present or where only two (2) members are competent to vote on the matters deliberated, shall not have a casting vote.

(7) Any member of the ARMC may participate in any meeting of the ARMC via telephone conferencing, video conferencing or by any means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

(D) **Authority**

(1) The ARMC has the authority to investigate any matter within its terms of reference, at the cost of the Manager or the REIT, and the following:

(a) the resources which are required to perform its duties;

(b) full and unrestricted access to any information and/or personnel pertaining to the Manager and the REIT;

(c) direct communication channels with the External Auditors and the persons carrying out the internal audit function or activity;

(d) ability to obtain independent professional or other advice; and

(e) ability to convene meetings with the External Auditors, the Internal Auditors or both, at any time, excluding the attendance of other Directors and employees of Manager, whenever deemed necessary.

(2) The Internal Auditor shall report directly to the ARMC and shall have direct access to the Chairman of the ARMC on all matters of governance, risk management, internal controls and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditor of the REIT shall require prior approval of the ARMC. Any inappropriate restrictions on audit scope are to be reported to the ARMC.

(E) **Functions and Duties**

- (1) To review the quarterly and annual financial statements of the REIT, before the approval of the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) significant adjustments arising from the audits;
 - (d) compliance with accounting standards and other legal requirements; and
 - (e) the going concern assumption.
- (2) To review any related party transaction and conflict of interest situation that may arise within the Manager and the REIT, including any transaction, procedure or course of conduct that raises questions of Management integrity.
- (3) To review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- (4) To ensure that the system of governance, risk management and internal control is soundly conceived and in place, effectively administered and regularly monitored.
- (5) To review the extent of compliance with established internal policies, standards, plans and procedures.
- (6) To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Manager or REIT.
- (7) To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the REIT.

Specifically:

- (a) to review the internal audit plans and to be satisfied with their consistency of results of the risk assessment made, the adequacy of coverage and the audit methodologies employed;

- (b) to be satisfied that the internal audit function within the REIT has the proper resources and authority to enable them to complete their mandates and approved audit plans; the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively; and that the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively;
 - (c) to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
 - (d) to review the effectiveness of the Internal Auditor and to approve the re-appointment, termination or replacement of the incumbent and the appointment of any other Internal Auditor;
 - (e) to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
 - (f) to request and review any special audit which the Audit Committee deems necessary.
- (8) To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and audit report.
- (9) To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the External Auditor and Internal Auditor, including whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for re-appointment. In recommending the appointment of External Auditors, the ARMC shall consider the adequacy of the experience and resources of the accounting firm; the persons assigned to the audit; the accounting firm's audit engagements; the size and complexity of the audit; and the number and experience of supervisory and professional staff assigned to the audit.
- (10) To review and evaluate factors related to the independence of the External Auditors.
- (11) To be advised of significant use of the External Auditors or their affiliates in performing non-audit services, considering both the types of services rendered and the fees, such that their independence and objectivity as External Auditors are not deemed to be compromised.

- (12) To review the External Auditors' findings arising from audits, particularly any comments and responses in Management Letters as well as the assistance given by the employees of the Manager in order to be satisfied that appropriate action is being taken.
- (13) To recommend to the Board steps to improve the system of governance, risk management and internal control derived from the findings of the Internal Auditor from internal audit assessments or investigation, and External Auditors and from the consultations of the Audit Committee itself, including monitoring whether appropriate action is taken on the recommendations by Management.
- (14) To prepare the annual ARMC Report to the Board which includes the composition of the ARMC, its terms of reference, number of meetings held, a summary of its activities for the financial year and the existence of an internal audit function and summary of the activities of that function for inclusion in the Annual Report of the REIT.
- (15) To review the Board's Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the REIT.
- (16) To review ordinary and extraordinary dividend payments.
- (17) To review the assistance given by employees of the Manager to the External Auditors.
- (18) To recommend the nomination of a person or persons as External Auditors.
- (19) To consider and approve the non-audit service(s) to be provided by external auditors or their affiliates subject to the confirmation from the External Auditors that such non-audit service(s) pose no threat to the independence of the External Auditors.
- (20) To review the adequacy and effectiveness of risk management and internal control systems.
- (21) To undertake the following risk management activities:
 - (a) determine the overall risk management processes;
 - (b) establish effectiveness of risk management process;
 - (c) ensure that risk management processes are integrated into all core business processes;
 - (d) establish risk reporting mechanism, including risk appetite; and
 - (e) act as steering committee for the Group-wide risk management programme.

- (22) To promptly report to Bursa Securities on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of Bursa Securities Listing Requirements.
- (23) To carry out any other functions that may be mutually agreed upon by the ARMC and the Board of Directors which will ensure the effective discharge of the ARMC's duties and responsibilities.

Appendix II

NOMINATION AND REMUNERATION COMMITTEE CHARTER (TERMS OF REFERENCE)

(A) Overall objective

The Nomination and Remuneration Committee (“the NRC”) is delegated by the Board of Directors (“Board”) to carry out the following:

- (i) To identify and recommend candidates for new appointments, whilst managing the orientation and the provision of continuous training for Directors;
- (ii) To assess the effectiveness of the Board (and the Board Committees) as a whole and the individual Directors, including the Independent Directors; and
- (iii) To assist the Board in the remuneration matters of Directors in line with good corporate governance principles and practices.

(B) Membership

- (1) The NRC shall comprise exclusively Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The NRC shall be chaired by an Independent Director. Appointment of a member of the NRC is the prerogative of the Board, after having considered his/ her integrity and objectivity.
- (2) Removal of a member of the NRC is the prerogative of the Board as a whole.

(C) Meetings

- (1) The NRC shall meet at least once a year and as and when necessary.
- (2) In the event the NRC Chairman is absent or unable to attend any of the NRC meetings, the remaining members who are present at that NRC meeting shall elect a Chairman amongst themselves who shall be an Independent Director as Chairman of the meeting.
- (3) A member of the NRC shall abstain from participating in discussions and decisions on matters directly involving him/her to avoid any conflict of interest.

- (4) Decision of the NRC shall be determined by a majority of votes of members present by show of hand. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Save for where only two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present or where only two (2) members are competent to vote on the matters deliberated, shall not have a casting vote.
- (5) Any member of the NRC may participate in any meeting of the NRC via telephone conferencing, video conferencing or by any means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

(D) Secretary

The Company Secretary shall be the Secretary of the NRC. The Secretary shall organise the proceedings of the NRC meetings, including the calling of meetings, the notice to be given of such meetings, the recording and circulation of minutes and the custody, production and inspection of such minutes, if required.

(E) Duties and Responsibilities of NRC

Nomination Matters

- (1) Identify and recommend candidates to the Board based on their character, skills, knowledge and experience, professionalism, integrity and time availability. In the case of Independent Directors, the NRC shall evaluate the candidate's ability to discharge such responsibilities as expected from Independent Directors.
- (2) Assess on an annual basis, the effectiveness of the Board as a whole and its Board Committees, in the light of the needs of the Manager and the REIT and its operating environment.
- (3) Assess on an annual basis, the contribution of each individual Director.
- (4) Conduct a training needs analysis and recommend a continuous education programme for Board members to enhance their effectiveness.
- (5) Conduct an orientation/ induction training for new Directors of the Manager.
- (6) Work together with the Board to develop an effective development and succession plan for Directors and Management members.

- (7) Collaborate to share the results on the Directors assessment with Board for effective determination and deliberation of Directors' remuneration packages.
- (8) To review and determine on an annual basis, the independence of Independent Directors.
- (9) To re-assess the Independent Directors who have served the Board beyond 9 years and who wish to continue to serve as Independent Directors, based on the annual Director Assessment and other criteria, such as their ability to remain critical and independent in thinking.

Remuneration Matters

- (1) To establish a remuneration framework and terms of office for all Directors and Senior Management for the Board's ultimate approval. The remuneration package should be aligned with the business strategy and long-term objective of the Company and the REIT.

The framework shall:

- (a) Support talent attraction and retention in association with the Manager's and REIT's strategies and long-term vision; and
 - (b) Provide motivational incentives to Executive and Non-Executive Directors (including the Independent Directors'), taking into consideration factors such as prevailing better practices, stakeholders' view, industry trends and the performance of the individuals.
- (2) To formulate or review the remuneration policies, basis and remuneration packages for all Directors and Senior Management of the Manager.
 - (3) To evaluate each individual's remuneration payable taking into consideration factors such as his/her individual performance and contribution to the success of the Manager and REIT.
 - (4) To consider remuneration in all forms.
 - (5) To advise on, and monitor, a suitable performance related formula, i.e. whether the formula is based on individual performance, organisation profit performance, earnings per share, etc., or a combination of the criteria.

(6) To develop an effective succession plan for Directors and Senior Management of the Manager.

(7) To recommend, where necessary, the engagement of external professional advisors to advise on remuneration matters.

(F) **Authority**

(1) The NRC has the authority to investigate any matter within its terms of reference, at the cost of the Manager or the REIT and is entitled to the following:

(a) the resources which are required to perform its duties;

(b) full and unrestricted access to any information pertaining to the Manager and the REIT; and

(c) ability to obtain independent professional or other advice, as it considers necessary.

**Appendix III
EXECUTIVE COMMITTEE
(TERMS OF REFERENCE)**

(A) Overall objective

1) Appointments and removals

All appointments and removals shall be made by notice in writing given by such Party having a representative member on the Executive Committee of the Company (“EXCO”) (as the case may be) making the same to the other and shall take effect on the date specified in the notice or, if no such date is specified, on the date when the notice is given.

2) Alternates

Any Party having a representative member on the EXCO may appoint any person (including a person who is already a member of the EXCO) to act as the alternate of one or more of its representatives at any meeting of the EXCO, and may revoke any such appointment. All such appointments and revocations shall be made in the same manner as that specified in paragraph 1 above.

3) Quorum

The quorum for all meetings of the EXCO shall be any two (2) members of the EXCO present in person or by their alternates.

4) Decisions of the EXCO

No decisions of the EXCO shall be validly taken unless approved at a meeting of the EXCO by all those present at that meeting or by a written instrument unanimously approved by all those entitled to attend and vote at such meeting. Any such instrument may consist of one (1) or more written documents in identical form signed by those so entitled.

In addition to and without derogation to the preceding paragraph, no action shall be taken by the Company nor tabled at any meeting for the approval of the Board of the Company on any of the following matters, unless such matters have been first tabled for discussion and approval by the EXCO:

- i) Approval of the Company’s annual budget and business plans;

- ii) Commencement or carrying on of any type of business not being ancillary or incidental to or extension of the scope of operation or type of the business of the Company including, without limitation, the addition of new market, products and services;
- iii) Implementation and formulation of (subject to the Company obtaining required approval from, or providing any required notices to, the Trustee, or any relevant authority, if necessary) all investment policies in relation to Hektar REIT, including portfolio of properties, investment mandate, gearing levels, capital structure and distribution policy;
- iv) Entry into any transaction of a financial nature, including incurrence of any borrowing and granting of any guarantee, indemnity, performance bond, lien, pledge, charge (including fixed and floating charge), mortgage or other security other than in the ordinary course of business;
- v) Material change in the Company's accounting or reporting practices;
- vi) Declaration, recommendation, making and payment of any distribution (whether in cash or in kind);
- vii) Approval of all property management agreements, development agreements, development management agreements and asset management agreements.

5) **Votes**

At any meeting of the EXCO, each member (or his alternate) shall be entitled to one (1) vote.

6) **Meetings**

The EXCO shall meet once every three (3) months or more frequently as the EXCO may determine. The dates and times of the meetings of the EXCO shall be decided by it, provided that any member may call a meeting of the EXCO on seven (7) days' written notice to the other members. The EXCO shall report to the Board on a monthly basis.

7) **Chairman**

The Chairman and Deputy Chairman of the EXCO shall be appointed by the Board. If neither the Chairman nor the Deputy Chairman is in attendance at a meeting, the members (or their alternates) who are in attendance shall appoint one of their number to act as Chairman for that meeting. The Chairman at any meeting shall not have a casting vote.

8) **Secretary and Minutes**

The EXCO shall appoint a secretary who shall attend all its meetings and take minutes.

9) **Notices**

At least seven (7) days' written notice of any meeting may be given to any member of the EXCO in accordance with the relevant provisions of this Agreement, specifying the date, time and place of the meeting, and the business to be transacted thereat.

10) **Deadlock**

If the EXCO is unable to reach agreement on any material issue within the scope of the EXCO's responsibilities, any Party may refer the matter to the Board, which shall seek to resolve the position.

Appendix IV

FORMAL SCHEDULE OF MATTERS

1. The Board shall be vested with all general powers of management of the Company, including but not limited to the following matters:
 - a. full responsibility for supervising the activities of the Company and for determining and formulating the management policies of the Company;
 - b. full responsibility for the overall direction and control of Hektar REIT; and
 - c. approving the initial business plan and each subsequent business plan relating to the Company and Hektar REIT prepared by or under the direction of the EXCO.
2. All matters arising at any meeting of the Board shall be decided by a simple majority of votes of those present and voting, provided always that no resolution or action of the Board shall be passed or approved in respect of the matters set out in this Formal Schedule of Matters if not within determined discretionary authority limits (“DAL”) unless such resolution or action was unanimously passed with the affirmative votes of all the Directors:
 - a. Business Plan
 - i) Approval of Hektar REIT’s and the Company’s audited financial statements and any report or statement accompanying such financial statements;
 - ii) Total change in type and nature of business of the Company and Hektar REIT.
 - b. Corporate Development
 - i) Merger with any other entity and acquisition of any shares in any body corporate or participation in any partnership or joint venture arrangement by the Company;
 - ii) Consolidation, reconstruction or amalgamation of the Company with any other company, association, partnership or legal entity;
 - iii) Winding up or dissolution of the Company unless it shall have become insolvent.

c. Capital Markets

- i) Redemption or purchase of any shares or issue of further shares or other dilution of the interest of the shareholders of the Company.

d. Corporate Matters

- i) Appointment of (and any subsequent change in) the auditors, secretary and principal bankers and any subsequent change in the financial year end and the registered office of the Company.

e. Other Matters

- i) Amendment to the Memorandum and/ or Articles of Association of the Company;
- ii) Entry into any contract or arrangement with any Director or shareholder of the Company or any person connected with such person;
- iii) Change in number or method of appointing, nominating or designating Directors;
- iv) The dismissal of any Director elected to the Board;
- v) Change in quorum for meetings of the Board and the decisions thereof;
- vi) Issuance of guarantees, indemnities, bonds or powers of attorney by the Company other than in the Company's ordinary course of business;
- vii) Any acquisitions of shares in another company which would as a result of the acquisition become a subsidiary or associate of the Company;

- viii) Any investment or divestment of property under the Hektar REIT of a value which is equivalent to more than 10% of the Gross Asset Value of the Hektar REIT. For the purposes of this sub-paragraph, "Gross Asset Value" shall mean "as at the relevant time, the aggregate sum of (a) the value of all assets obtained or determined by the Company in accordance with the Trust Deed and (b) any other amounts which, in the opinion of the Company in consultation with the auditors of the Hektar REIT, if appropriate should be included for the purpose of making a fair and reasonable determination of the gross value of Hektar REIT on an undiscounted basis, having regards to approved accounting standards prescribed by the Financial Reporting Act, 1997;

- ix) Issue of shares, debentures or securities convertible into shares of the Company;

- x) Application for listing or quotation of the shares of the Company on any stock exchange;

- xi) Fees, remuneration, emoluments and other benefits to be paid or accorded to any member of the Board;

- xii) Delegation of authority and the determination of the DAL and any variations thereof and the revocation of authority delegated to Management personnel;

- xiii) Any change to the position of the Chief Executive Officer or Chief Financial Officer of the Company; and

- xiv) Commencement of any litigation or arbitration proceedings or the settlement, abandonment or compromise of any litigation, arbitration or governmental proceedings of any claim by or against the Company.