



HEKTAR REAL ESTATE INVESTMENT TRUST

Managed by

HEKTAR ASSET MANAGEMENT SDN BHD (“HMSB”)

Registration No: 200601012511 (732261-T)

MINUTES OF THE 10TH ANNUAL GENERAL MEETING OF HEKTAR REAL ESTATE INVESTMENT TRUST (“HEKTAR REIT”) HELD AS A FULLY VIRTUAL MEETING FROM THE BROADCAST VENUE AT THE BOARDROOM, HEKTAR ASSET MANAGEMENT SDN BHD, D1-U3-10, SOLARIS DUTAMAS, NO 1 JALAN DUTAMAS 1, 50480 KUALA LUMPUR ON MONDAY, 25 APRIL 2022 AT 10.00 AM.

PRESENT

BOARD OF DIRECTORS OF HEKTAR ASSET MANAGEMENT SDN BHD (“MANAGER”) : Dato’ Hisham bin Othman (Chairman)
Puan Zarina Halim
Mr Richard Ng
Ms Tan Loo Ming
En Johari Shukri bin Jamil
Mr Philip Eng Heng Nee
En Mahusni bin Hasnan
En Hasli bin Hashim
Ms Pauline Lim (Alternate Director to Mr Richard Ng)

JOINT COMPANY SECRETARY OF THE MANAGER : Ms Lim Seck Wah

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

INVITEES : Representatives of the Management:
Mr Lim Kek Siang (Senior General Manager, Finance of the Manager)
En Mohamad Othman Mail (Deputy General Manager, Finance of the Manager)
Representative of Auditors:
Mr Lum Chiew Mun, BDO PLT

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

PRE-MEETING PRESENTATION BY THE DEPUTY GENERAL MANAGER, FINANCE

Prior to the commencement of the Annual General Meeting (“AGM”), the emcee invited En Mohamad Othman Mail, the Deputy General Manager, Finance of the Manager, briefed the Unitholders on the highlights of the financial performance and achievements of Hektar REIT for the last financial year ended 31 December 2021 as well as prospects of Hektar REIT moving forward.

OPENING OF MEETING

The Company Secretary welcomed all present to the fully virtual 10th AGM of Hektar REIT. The Meeting was informed that pursuant to Clause 18.4.2 (b) (2) of the Trust Deed made between the Manager and MTrustee Berhad that if the meeting was convened at the instance of the Management Company, the meeting shall be chaired by a person appointed by the Management Company. The meeting was chaired by Dato’ Hisham bin Othman, Executive Director and CEO of the Manager. Dato’ Hisham bin Othman was invited to preside the meeting.

CHAIRMAN’S WELCOME NOTE

The Chairman welcomed all those who were present and participated in the Meeting and informed that in view of the ongoing COVID-19 pandemic and in the best interest of all Unitholders and participants, the Board of Directors had decided that this 10th AGM be conducted via live stream webcast and voting to be done remotely using the RPV facilities without physical attendance by Unitholders and proxies.

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

QUORUM

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

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

NOTICE AND PROCEDURES FOR MEETING

The notice convening the Meeting, having been circulated earlier to all the Unitholders of Hektar REIT on 28 February 2022, was taken as received and read.

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

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

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

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

AGM 2022/1 AUDITED FINANCIAL STATEMENTS OF HEKTAR REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH THE TRUSTEE'S REPORT TO THE UNITHOLDERS, STATEMENT BY THE MANAGER AND THE INDEPENDENT AUDITORS' REPORT THEREON

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

AGM 2022/2 PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PROPOSED AUTHORITY)

The Chairman proceeded with the next agenda being a special business of the Meeting, which was to consider and if thought fit, to pass with or without any modification the ordinary resolution to allow the issuance of new Hektar REIT units.

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

Unless revoked or varied by Hektar REIT at a General Meeting, the authority would expire at the conclusion of the next AGM, which was today. Therefore, a similar mandate from the Unitholders was sought at this AGM to authorise the Manager to issue new units of up to 94,252,036 units, representing 20% of the existing fund size of Hektar REIT.

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

AGM 2022/3 Q&A SESSION

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

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

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

AGM 2022/5 POLLING SESSION

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

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

AGM 2022/5 POLL RESULT

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

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

Description	Proposed authority to allot and issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	
Voted	For	Against
No. of Unitholders	289	49
No. of Units	289,007,494	926,673
% of Voted Units	99.6804	0.3196
Result	Accepted	

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

That pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of any relevant regulatory authorities, where such approval is required, the Manager be and is hereby authorised to allot and issue new units in Hektar REIT from time to time to such persons and for such purposes as the Manager may in its absolute discretion deem fit and in the best interest of Hektar REIT, provided that the number of new Units to be allotted and issued pursuant to this resolution does not exceed 94,252,036 representing 20% of the existing issued units of Hektar REIT.

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

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

whichever occurs first (Validity Period);

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

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

AGM 2022/6 CLOSURE OF MEETING

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

Confirmed as a correct record,

CHAIRMAN

Q&A SESSION	
1.	Is there a door gift for unitholders who attend this virtual AGM?
	We are pleased to announce that this time, for our valuable unitholders who attend and vote today, we will be giving a total of RM70 worth of vouchers consisting of RM50 worth of Parkson vouchers and RM20 worth of McDonald's vouchers. These vouchers can be collected from Subang Parade's Customer Service Counter, on the Ground Floor, starting from 6 pm today for a period of 1 month until 25th May. You are requested to bring your IC when collecting the vouchers for verification of identity. If a representative is collecting the vouchers on your behalf, he or she is requested to bring a copy of your IC for verification purposes. If you have any problems regarding the collection, you may contact our IR department at 03-6205 5570 or email ir@hektarreit.com.
2.	Can Hektar REIT give Touch n' Go eWallet as door gift for AGM?
	We thank you for your feedback. Hektar REIT would consider the e-vouchers for future AGMs.
3.	Subang Parade's so-called refurbishment has been only talk at each AGM. Please provide more details and timelines and the challenges.
	We have deferred our AEI due to the pandemic the past 2 years. We plan to reinstate the AEI for our malls which are in planning. These would include initiatives to refurbish the facilities at Subang Parade such as the lifts and escalators. Please be assured we are very much committed to turn around our portfolio. We had before the pandemic revamped over 80,000 sq. ft. of space at Subang Parade including bringing in a new grocer, Village Grocer in September 2020. We are cautiously optimistic that this revamp will deliver long-term value to the REIT.
4.	Hektar REIT has been paying annual income distribution for the financial years 2020 and 2021. I would like to know if the management plans to resume quarterly income distribution for the financial year 2022 in tandem with the recovery in Malaysia's economy?
	2020 and 2021 were severely affected by the pandemic and cashflow conservation was key during that period. We hope to be able to reinstate our quarterly distribution subject to our financial performance and available cash.
5.	Can Hektar REIT send me a printed Annual Report to my registered address?
	We take note of your request. Our IR Department will arrange the delivery of the printed Annual Report to your registered address.

Q&A SESSION	
6.	What is the footfall of each of our malls over the past few months of this year?
	Visitor footfall traffic was badly affected during 2020 and 2021 due to the implementation of various MCOs & mobility restrictions imposed by the Government. However, we have seen a gradual recovery from Q4 2021 in the footfall at all of our malls due to the relaxation of SOPs and allowing all economic & retail sectors to operate. The visitor footfall remains lower compared to pre-pandemic. However, we continue to engage with our loyal shoppers & patrons via marketing initiatives to increase our visitor footfall.
7.	Share price and dividend have been declining over the years. What is the management going to do differently moving forward to arrest this? Any plans to dispose of some properties to realise its value or redevelop the property into a housing project, which could provide more yield?
	The share price is driven by market forces and is beyond Management's control. Nevertheless, Management strives to improve the profitability of the REIT and return to the unitholders. We have deferred our AEI due to the pandemic the past 2 years. However, we plan to reinstate the AEI for our malls which are in planning. These would include initiatives to refurbish the facilities at Subang Parade such as the lifts and escalators. Please be assured we are very much committed to turn around our portfolio. We will also continue to engage with our loyal shoppers & patrons via marketing initiatives to increase our visitor footfall.
8.	What is the total rental assistance given to tenants in the financial year 2020 and 2021 respectively? Does management expect to further extend this assistance?
	Hektar REIT as a supportive landlord had offered rental reductions, rebates, instalment plans & late fee waivers to our eligible tenants that have been severely affected due to the pandemic and the implementation of various MCOs in 2020 and 2021. We continue to help and promote our tenants by increasing their social media presence on our marketing platforms such as Facebook and Instagram.
9.	Why does Hektar REIT need to issue new units up to 92 million units and for whom are these units intended?
	The issuance of units would allow us to raise funds for working capital and capital work in progress to fund the cost of our existing day-to-day operations as a whole by providing more flexibility in terms of cash flow management. It will also strengthen the capital base of Hektar REIT and allow Hektar REIT to have greater focus on prioritizing its business strategy to overcome the economic and business challenges in light of the current economic situation brought about by the COVID-19 pandemic.

Q&A SESSION	
10.	With rising bank rates, will this affect Hektar REIT's gearing? Or is Hektar REIT's bank gearing at a fixed rate?
	Hektar REIT's gearing ratio of 47.2% is currently below the 60% gearing limit announced by the Securities Commission which is effective until 31 December 2022. The rate of the borrowings is on floating rates, the effective rates are ranging from 2.98% to 3.69% for year 2021. We plan to undertake active capital management to sustain future development of the Trust which includes active capital management and the review of the financing portfolio, paring down short-term borrowings and undertaking a private placement, if required to further strengthen our capital base.
11.	What is the cost factor between a live streaming AGM and the usual live AGM?
	The costs for Virtual AGMs including vouchers (RM30K) are generally significantly cheaper compared to Live AGMs (RM80k-100k) organised in a convention hall. We are hoping the pandemic subsides and we can meet face-to-face for our next AGM.
12.	Why does the door gift have to be collected at Subang Parade, instead of sending it to unitholders? This can be very inconvenient for unitholders who are staying far away or living in other states. Please consider sending the door gift by mail.
	We understand the concern of unitholders living in other states. Please contact our IR Dept for the delivery of vouchers by calling 03-6205 5570 or email at IR@hektarreit.com.
13.	For the financial year 2021, Hektar REIT has reported a revenue of RM96 million and a loss of RM28 million (or negative EPS of 6.16 cents). Kindly explain the sharp drop in revenue generated, when the occupancy rate for the corresponding period has only dropped from 88% to 85%.
	Generally, the performance of Hektar REIT was adversely affected by the unprecedented impact of COVID-19 outbreak and implementation of the various phases of movement control orders from 18 March 2020 until 31 December 2021. The loss for the financial year 2021 was due to a massive fair value loss of RM44.2 million. Excluding this one-off fair value adjustment, Hektar REIT reported an Earnings Before Interest, Tax and Depreciation and Amortisation ("EBITDA") of RM31.4million (RM35.1 million in 2020). The one-off fair value loss was mainly contributed by decline in valuation for Subang Parade, Segamat Central and Mahkota Parade on the back of lower overall income and lower occupancy, rental assistance offered to tenants as part of tenant support program and the drop in visitor traffic which affected tenant sales/turnover rent and car park income.