

HEKTAR REAL ESTATE INVESTMENT TRUST
Managed by
HEKTAR ASSET MANAGEMENT SDN BHD (“HAMSBB”)
(Company No: 732261-T)

MINUTES OF THE 13TH ANNUAL GENERAL MEETING OF HEKTAR REAL ESTATE INVESTMENT TRUST (“HEKTAR REIT”) HELD ON WEDNESDAY, 21 MAY 2025 AT 10.00 AM AT THE STATEROOM 2, LEVEL G, M RESORT & HOTEL, JALAN DAMANSARA, BUKIT KIARA, 60000 KUALA LUMPUR AND VIA ONLINE

- PRESENT** : En Zainal Iskandar bin Ismail (Chairman/CEO)
SR Zulazman Bin Zulkifli (Independent Non-Executive Director)
En Wan Kamaruddin bin Wan Mohamed Ali (Independent Non-Executive Director)
Mr Chong Kai Wooi (Independent Non-Executive Director)
Ms Sandra Tan Pei Ing (Independent Non-Executive Director)
Unitholders as per Registrar’s record of attendance
- IN ATTENDANCE** : Dato’ Muhammad Hafidz bin Nuruddin (Joint Company Secretary)
Ms Lim Seck Wah (Joint Company Secretary)
- OTHERS BY INVITATION** : Representatives of MTrustee Berhad, Trustee
Representatives of BDO PLT, Auditors
Representatives of Messrs Zul Rafique & Partners; and Messrs Han & Partners, External Legal Advisors
Representatives of Management including:-
Pn Nor Sabrina Binti Halim (CCO)
Mr Lim Kek Siang (Senior GM, Finance)
Mr Martin Chen (GM, Legal & Corporate Affairs)
En Muhammad Fahmi Rasni (Senior Manager, Business Strategy)
Representatives of Property Manager (Hektar Property Services Sdn Bhd) including:-
Pn Aldela Puspa Binti Nordin (CEO of HPSSB)
Ms Genevieve Gan Li Li (Centre Manager of Wetex Parade)
Mr Loong Jee Yung (Centre Manager of Central Square)
En Mohammad Sahir Johari (Centre Manager, Mahkota Parade)

OPENING OF MEETING

The Chairman, En Zainal Iskandar bin Ismail, welcomed everyone to the 13th AGM of Hektar Real Estate Investment Trust. He informed that pursuant to the Amended and Restated Trust Deed made between Hektar Asset Management Sdn Bhd (“HAMSB” or “Management Company”) and MTrustee Berhad, Clause 18.4.2 (b) (2) 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. He then presided and chaired the meeting. Hektar REIT had chosen a hybrid AGM which included physical and virtual attendance to ensure broader unitholders’ participation; to maintain compliance with regulatory requirement; and also to accommodate unitholders’ preferences.

CHAIRMAN’S WELCOME NOTE

En Zainal Iskandar welcomed the unitholders, proxies and others present and introduced the Members of the Board . He went on to introduce the Auditors, the External Legal Advisors and the representative of the MTrustee Berhad, the members of the Management of HAMSB, the representatives of Hektar Property Services Sdn Bhd (‘HPPSB’), who were all seated together at a designated sections of the floor.

QUORUM

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

CHAIRMAN’S BRIEFING ON THE MEETING PROCEDURE

The Chairman gave a brief explanation on the hybrid meeting and voting procedures. For the Q & A session, the Chairman would address the questions submitted online first followed by the questions from the floor. After that, the resolutions would be voted by way of poll in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the results would be announced by the Chairman.

Amethyst Destiny Sdn Bhd was appointed as Poll Administrator whilst AI Smartual Learning Sdn Bhd was appointed as Independent Scrutineer to verify the results of the poll voting. The step-by-step guide together with a short audio clip on the online voting module within the e-Portal was shown to the Unitholders.

A power-point presentation made by the Senior Management on the business of Hektar REIT had been made to the unitholders which inter alia touched on key achievements and milestones over the past 12 months.

AGM 2025/1**THE AUDITED FINANCIAL STATEMENTS OF HEKTAR REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

The Chairman clarified that the Audited Financial Statements for the financial year ended 31 December 2024, together with the Directors' and Auditors' Reports thereon had been duly audited and approved by the HAMSB Board of Directors and the Hektar REIT Trustee. The Agenda was meant for discussion only, in accordance with Para 10.10 of the REIT Guidelines, on Listed Real Estate Investment Trusts, and no approval or voting from the unitholders was required. Thus, the Chairman confirmed that the Audited Financial Statements, together with the Trustee's Report to the Unitholders, Statement by the Manager and the Independent Auditor's Report were declared received. The unitholders were however welcomed to ask questions or seek clarifications at a later part of the meeting during the Q&A session.

AGM 2025/2**SPECIAL BUSINESS**

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

- i) ORDINARY RESOLUTION 1
PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED AUTHORITY")
- ii) ORDINARY RESOLUTION 2
PROPOSED RENEWAL OF THE AUTHORITY, TO ALLOT AND ISSUE NEW UNITS, PURSUANT TO THE INCOME DISTRIBUTION REINVESTMENT PLAN ("IDRP"), THAT PROVIDES UNITHOLDERS WITH AN OPTION, TO ELECT TO REINVEST THEIR INCOME DISTRIBUTION, IN NEW UNITS IN HEKTAR REIT ("PROPOSED RENEWAL OF IDRP AUTHORITY")

The Chairman and the Management would respond to questions on this business during the Q&A session.

AGM 2025/3**Q&A SESSION**

The Chairman read out the questions raised by the Unitholders and the Management provided the answers as summarized in the list annexed hereto.

As there was no other business to be dealt with, the Chairman announced the adjournment of the meeting for 30 minutes to allow time for voting and announcement of its outcome.

CONTINUATION OF AGENDA AGM 2025/2 UNFINISHED BUSINESS

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

RESOLUTIONS	Vote For	%	Vote Against	%
<u>Ordinary Resolution 1:</u> Proposed authority to allot and issue new units pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Authority")	167,807,755	39.4380	257,689,675	60.5619
<u>Ordinary Resolution 2:</u> Proposed renewal of the authority to allot and issue new units pursuant to the Income Distribution Reinvestment Plan ("IDRP") that provides unitholders with an option to elect to reinvest their income distribution in new units in Hektar REIT ("Proposed Renewal of IDRP Authority")	167,817,554	39.4403	257,680,225	60.5597

Consequently, the Chairman declared that the above ordinary resolutions were not carried.

AGM 2025/4 CLOSURE OF MEETING

There being no other business, the meeting was closed at 1.20 pm with a vote of thanks to the Chair.

Confirmed as a correct record,

ZAINAL ISKANDAR BIN ISMAIL
CHAIRMAN

Summary of Hektar REIT 13th AGM Q&A

Topic	Points of Query	Answers
Portfolio Performance	High lease expiry in 2025, falling occupancy (84%), and decline in visitor traffic (-1.9%). Queries on renewal progress, rental reversion, and overall outlook.	The current occupancy rate of 84% reflected ongoing tenancy remixing and space reconfiguration exercises aimed at curating a better tenant mix aligned with consumer demand. Renewal discussions for expiring leases are initiated six months in advance to ensure retention and timely renewals. The Weighted Average Lease Expiry (WALE) of 1.1 years remains healthy against the market average, allowing agility in adapting to market conditions. With the inclusion of non-retail assets, the overall portfolio WALE has improved to 6 years, strengthening recurring income. The Management targets to achieve above 90% occupancy, positive single-digit rental reversion, and a 5–7% increase in footfall for FY2025 through enhanced marketing and leasing strategies.
Individual Asset Performance – Segamat Central	Questions on occupancy, negative NPI (-RM1.8m), visitor traffic, and leasehold tenure risk.	Segamat Central implemented the Occupancy First strategy during the pandemic, which sustained income but required repositioning post-recovery. Underperforming tenants have been replaced with stronger brands such as The Store and new attractions like pickleball courts, leading to a 20% increase in footfall. The mall's smaller trade area explains lower traffic, but its strategic location near a transport hub presents long-term growth potential. Management expects occupancy to exceed 80% in FY2025 with a new anchor tenant secured. Leasehold tenure poses no immediate concern as the remaining lease period is lengthy, and necessary actions will be taken at the appropriate time.
Asset Challenges – Central Square	Decline in occupancy and negative rental reversion	Central Square operates within a competitive retail landscape in Sungai Petani, which has over ten retail centers. Its strata structure limits tenant flexibility, but corrective actions are underway. These include introducing new family-oriented tenants such as Dadi Cinema with Malaysia's first Kids Hall in the northern region, creative use of vacated spaces for pickleball courts and edutainment concepts, and more community-based marketing events. Innovative leasing packages combining base rent and turnover rent have been offered to attract quality tenants. These measures are expected to lift both occupancy and rental performance progressively in FY2025.

Subang Parade & Portfolio Strategy	Queries on Subang Parade's rental yield (RM5.60 psf), potential divestment, and focus on existing assets over new acquisitions.	Subang Parade's faces intense competition within the Klang Valley retail market, which has an oversupply of retail space. Active enhancement works and major Asset Enhancement Initiatives (AEIs) are being carried out to reposition Subang Parade as a preferred neighborhood mall with improved amenities and tenant mix. Monetisation or divestment of any asset remains an open consideration, though each case is assessed based on its strategic and financial merits. Concurrently, the Manager is executing a dual strategy of optimising existing assets while pursuing yield-accretive acquisitions to diversify and stabilise income streams.
Turnaround Strategy & Capital Allocation	Requests to prioritise capital on existing assets and queries on expected turnaround timeline.	Significant efforts are ongoing to optimise and enhance existing assets through active leasing, marketing, and operational efficiency programs. AEIs across key malls, particularly Subang Parade, are expected to complete by Q4 2026, which should drive sustainable improvement in occupancy, rental income, and asset value. Tangible progress has already been observed in occupancy and rental reversion trends, and Management remains confident that the overall portfolio turnaround will continue gradually over the next 12–24 months.
Shareholder & Governance Matters	Questions on unitholder's trading activities.	Management stated that investment or divestment decisions by individual unitholders are beyond the REIT's control. However, the REIT remains committed to engaging constructively with all stakeholders to strengthen governance, strategy execution, and transparency. Management welcomes collaborative input from experienced investors to support long-term value creation and portfolio recovery.
Acquisition Matters & Diversification	Concerns on short-term EPS dilution from new industrial and education asset acquisitions, and gearing level	The acquisitions of the education and industrial assets are strategic moves to diversify income sources beyond retail and build a more resilient portfolio. While short-term EPS and DPU may be temporarily impacted due to one-off acquisition costs and share dilution, the long-term contribution is expected to be positive as these assets carry strong lease structures, built-in rental escalations, and high yields averaging 7–8%. The Manager continues to maintain a prudent gearing level below the regulatory threshold, ensuring financial flexibility for future growth.

Corporate Exercise – Private Placement & Use of Proceeds	Dilution impact arising from issuance of up to 20% new units and clarity on fund utilisation.	The proposed private placement serves as a proactive measure to provide capital flexibility for asset enhancement initiatives (AEIs) and paying down gearing level. Although dilution impact may be felt in the short term, the long-term benefits from improved property performance, reduced finance costs, and enhanced asset value are expected to outweigh the temporary effect. The initiative supports future DPU stability and strengthens the REIT's balance sheet for sustainable growth.
Financial Health & Debt Management	Queries on rising finance costs, one-off acquisition fees, and plans to reduce gearing.	The REIT's gearing ratio has improved consistently over the years—from 47.2% in 2021 to 41.7% in 2024—through disciplined refinancing and partial repayments. Average financing costs stand at around 5.03%. The Manager continues to explore refinancing opportunities and strategic asset divestments to further optimise the capital structure and reduce debt exposure while maintaining operational liquidity.
Operational Efficiency & Cost Optimisation	Questions on lower NPI yields and rising property maintenance costs.	Some properties experienced lower NPI due to higher electricity tariffs, minimum wage adjustments, and ongoing AEIs. In response, Management has launched cost control initiatives including contract renegotiations, preventive maintenance programme, and energy-saving measures such as rooftop solar installations and upgraded cooling systems. These actions are expected to reduce operational costs by RM5 million annually and improve margins once AEIs are completed in FY2025.
Share Price & Dividend Outlook	Concerns on low share price, below-IPO NTA, and modest dividend (3.15 sen).	Management reaffirmed its focus on enhancing long-term value through AEIs, strategic leasing, and yield-accretive acquisitions that will strengthen recurring income. Short-term volatility in share price does not reflect the underlying asset value or strategic repositioning efforts in progress. The Manager expects DPU growth to improve as enhancement projects reach maturity and cost savings from solar and facility upgrades are realised.
REIT Manager & Performance Fee Structure	Suggestions to revise the 5% performance fee and tie management incentives to share price or dividend yield.	The Manager clarified that the fee structure has remained unchanged since the REIT's inception and is in line with industry benchmarks and prior unitholder approval. It ensures fair compensation while attracting and retaining competent professionals to drive performance recovery. Nonetheless, Management remains focused on achieving operational turnaround and delivering sustainable returns to justify unitholders.

Talent & Marketing Strategy	Suggestions to strengthen marketing team to rejuvenate malls and attract tenants.	Management confirmed that continuous efforts are underway to enhance marketing capabilities and attract high-quality tenants. The leasing and marketing teams are being reinforced with skilled professionals and new digital marketing initiatives to drive footfall and reposition malls as vibrant community destinations.
Portfolio & Performance Strategy	Clarification on measures undertaken since the appointment of the new CEO to revive portfolio performance.	Management highlighted diversification into industrial assets yielding 7.5%, sustainability initiatives such as rooftop solar, and strategic leasing and AELs which have contributed to improving occupancy and positive rental reversions in key malls.
Capital Management	Rationale of private placements instead of rights issues, citing potential dilution of existing unitholders.	Management clarified that the choice of funding depends on transaction speed and capital efficiency. Funding decisions are therefore based on transaction timing, cost efficiency, and expected returns to unitholders. Private placements may be preferred when rapid execution is required, whereas rights issues typically involve longer timelines that may not align with market opportunities.
Acquisitions & Disclosures	Queries on whether there had been unannounced acquisitions.	Management affirmed that all acquisitions require Trustee's approval and are disclosed to Bursa Malaysia upon signing of SPA. No deals where SPAs have been signed were in progress at the time. The REIT emphasised adherence to due process and regulatory disclosure timelines.
Financials	Reduction in the REIT's cash and bank balances from RM63 million in 2023 to RM18 million in 2024 and sought clarification on the utilisation of funds.	Management explained that funds were deployed toward the education asset acquisition and related asset enhancements.
	Queries on whether the REIT's available cash was sufficient to meet potential tenant deposit refund obligations amounting to RM26.7 million and sought clarification on the REIT's ability to honour such commitments if required.	Referring to the Audited Financial Accounts, Management responded cash is sufficient.
	Clarification on the total bonus paid to the Manager's senior management in 2024, given the REIT's weaker performance during the year.	Management clarified that salaries and bonuses are borne by the Manager, not the REIT, and are unrelated to base and performance fees payable under the trust deed. The Board reiterated that performance of the manager was assessed holistically including NPI growth, occupancy, and revenue stability-not merely share price movement.

	Increase of approximately RM10 million in property operating expenses for 2024 and requested clarification on the factors contributing to the rise, as well as further details on the charges by the property manager	The RM10 million increase was attributed to deferred maintenance and rising utility costs post-COVID, now normalised in the 2025 budget
Discount to NAV & Market Valuation	Large discount between Hektar's unit price and its NAV.	Management responded that efforts focus on improving gearing, portfolio yield, and acquisition returns, though equity issuance remains constrained by market sentiment. The Board recognised the challenge and reaffirmed commitment to long-term value creation and sustainable DPU growth.