

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under the Trust Deed dated 5 October 2006 (as amended by the Supplemental Trust Deed dated 20 March 2012, Second Supplemental Deed to the Trust Deed dated 23 November 2016 and Amended and Restated Trust Deed dated 8 February 2021) entered into between Hektar Asset Management Sdn Bhd and MTrustee Berhad)

CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED ESTABLISHMENT OF AN INCOME DISTRIBUTION REINVESTMENT PLAN WHICH WILL PROVIDE UNITHOLDERS OF HEKTAR REAL ESTATE INVESTMENT TRUST ("HEKTAR REIT") WITH AN OPTION TO ELECT TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS IN HEKTAR REIT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No. 199001003423 (194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Hektar REIT, which will be conducted on a fully virtual basis at the Broadcast Venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1-U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 15 December 2022 at 10.00 a.m., or at any adjournment thereof, together with the Proxy Form is enclosed herewith. The Notice of EGM and the Proxy Form can be downloaded from our website at www.hektarreit.com.

You are requested to complete the Proxy Form and deposit it at the office of our Poll Administrator for the EGM, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on or before the date and time indicated below if you are unable to participate at the EGM. The lodging of the Proxy Form shall not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 13 December 2022 at 10.00 a.m.

Date and time of the EGM : Thursday, 15 December 2022 at 10.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Board	:	Board of Directors of the Manager
Books Closure Date	:	Date to be determined and announced later by the Board, on which Unitholders' names must appear in the Record of Depositors of Hektar REIT in order to be eligible to participate in the Proposed IDR P
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
Circular	:	This circular dated 30 November 2022
CMSA	:	Capital Markets and Services Act, 2007
Deed	:	Trust Deed dated 5 October 2006 (as amended by the Supplemental Trust Deed dated 20 March 2012, Second Supplemental Deed to the Trust Deed dated 23 November 2016 and Amended and Restated Trust Deed dated 8 February 2021) entered into between the Manager and the Trustee, constituting Hektar REIT
Director(s)	:	Directors of the Manager
EGM	:	Extraordinary general meeting of Hektar REIT
Electable Portion	:	Whole or part of the Income Distribution to which the Board, at its absolute discretion, determines that the Reinvestment Option applies
Expiry Date	:	Due date (which will be a date to be fixed and announced by the Board and which shall be at least 14 days from the date of Notice of Election is despatched or such other period as may be prescribed by the Listing Requirements) by which an election to be made by the Unitholders in relation to their Electable Portion must be received by the Share Registrar or at such address as may be determined by the Manager from time to time
Foreign Addressed Unitholders	:	Unitholders whose address in the Record of Depositors are outside of Malaysia
FYE	:	Financial year ended/ending, as the case may be
Hektar REIT	:	Hektar Real Estate Investment Trust
Income Distribution(s)	:	Cash income distribution(s) declared by Hektar REIT (whether interim, final, special or any other types of cash distribution)
Issue Price	:	Issue price of the new Units to be determined and fixed by the Board on the Price-Fixing Date, and which shall be not more than 10% discount to the 5-day VWAMP of Units immediately preceding the Price-Fixing Date. The 5-day VWAMP shall be adjusted ex-Income Distribution before applying the aforementioned discount
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

LPD	:	23 November 2022, being the latest practicable date prior to the printing of this Circular
Major Unitholder(s)	:	A person who has an interest or interests in Hektar REIT of 10% or more of the total number of issued units in Hektar REIT, or 5% or more of the total number of issued units in Hektar REIT if such person is the largest Unitholder
Manager	:	Hektar Asset Management Sdn Bhd, being the management company of Hektar REIT
Market Day(s)	:	Any day between Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
NAV	:	Net asset value
Non-Selectable Portion	:	Portion of the Income Distribution to which the Reinvestment Option does not apply
Notice of Election	:	Notice of election (in such form as the Board may approve) by which the Unitholders elect to participate in the Reinvestment Option
Participating Unitholder(s)	:	Unitholder(s) who elect to exercise the Reinvestment Option pursuant to the Proposed IDRP
Price-Fixing Date	:	Date on which the Board determines and announces the Issue Price, upon procuring all the relevant approvals
Proposed IDRP	:	Proposed establishment of an income distribution reinvestment plan which will provide Unitholders of Hektar REIT with an option to elect to reinvest their Income Distribution in new Units
Record of Depositors	:	Record of depositors established by Bursa Depository under the rules of Bursa Depository issued pursuant to the Securities Industry (Central Depositories) Act, 1991
Reinvestment Option	:	Option given to the Unitholders pursuant to the Proposed IDRP to reinvest in whole or in part of the Selectable Portion of their Income Distribution in new Units
RM	:	Ringgit Malaysia, being the lawful currency of Malaysia
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia
Share Registrar	:	Share registrar of Hektar REIT
Substantial Unitholder(s)	:	Unitholder(s) with unitholding of 5% or more of the total issued units in Hektar REIT
Trustee	:	MTrustee Berhad, being the trustee of Hektar REIT
Unit(s)	:	An undivided interest(s) in Hektar REIT
Unitholder(s)	:	Unitholder(s) of Hektar REIT

DEFINITIONS (CONT'D)

UOBKH or the Adviser : UOB Kay Hian Securities (M) Sdn Bhd

VWAMP : Volume weighted average market price

All references to "**you**" and "**your**" in this Circular are made to Unitholders who are entitled to attend and vote at the forthcoming EGM.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed IDRP. Unitholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed IDRP before voting at the EGM.

Key information	Description	Reference to Circular
Overview	<p>The Proposed IDRP will provide Unitholders with an opportunity to reinvest in whole or in part, their Income Distribution in new Units, in lieu of receiving cash.</p> <p>In relation to any future Income Distribution declared, the Board may determine whether to pay such Income Distribution in cash or to offer Unitholders the Reinvestment Option and in the event the Reinvestment Option is applied, to declare the size of the Electable Portion.</p>	Section 2.1
Election	<p>Unitholders will have the following options in respect of the Reinvestment Option under the Proposed IDRP:-</p> <ol style="list-style-type: none">i. to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date;ii. to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date, and to receive the balance of the Electable Portion and Non-Electable Portion in cash; oriii. to elect not to participate in the Reinvestment Option and thereby receive their entire Income Distribution (both Electable Portion and Non-Electable Portion) in cash.	Section 2.2
Pricing	<p>The Issue Price shall not be more than 10% discount to the 5-day VWAMP of the Units immediately prior to the Price-Fixing Date. The 5-day VWAMP shall be adjusted ex-Income Distribution(s) before applying the aforementioned discount.</p>	Section 2.3
Utilisation of proceeds	<p>The cash reinvested will be utilised for future working capital requirements of Hektar REIT's existing portfolio of properties.</p>	Section 2.8
Taxation	<p>The election for the Reinvestment Option does not relieve the Unitholder from any income tax obligations (if applicable) and there is no tax advantage to be gained by Unitholders when exercising any of the options.</p>	Section 2.9
Rationale and justifications	<ol style="list-style-type: none">i. Provides an opportunity for Unitholders to exercise the Electable Portion into new Units at a discount to the market price in lieu of receiving cash;ii. Provides the Manager with flexibility in managing and strengthening its capital position; andiii. Potentially improve the liquidity of Units through the enlarged unit capital base.	Section 3
Approvals required	<p>The establishment of the Proposed IDRP is conditional upon the following approvals being obtained from:-</p> <ol style="list-style-type: none">i. the Unitholders for the establishment of the Proposed IDRP at the forthcoming EGM; andii. any other relevant authorities, or such other approvals, waivers and/or consents, if required.	Sections 6 and 9

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>In respect of the implementation of any future Income Distribution to which the Reinvestment Option is applied, the new Units to be issued pursuant to the exercise of the Reinvestment Option by Unitholders shall be conditional upon the following approvals being obtained from:-</p> <ol style="list-style-type: none">i. the Unitholders at Hektar REIT's annual general meeting on an annual basis;ii. Bursa Securities for the listing of and quotation for the new Units to be issued pursuant to the Proposed IDRP on the Main Market of Bursa Securities; andiii. any other relevant authorities, or such other approvals, waivers and/or consents, if required. <p>The Proposed IDRP is not conditional upon any other proposals undertaken or to be undertaken by Hektar REIT.</p>	
Interested parties	<p>None of the Directors of the Manager, major shareholders of the Manager, major Unitholders of Hektar REIT and/or persons connected to them have any interest, whether direct or indirect, in the Proposed IDRP, save for their respective entitlements as Unitholders, for which all Unitholders are entitled.</p>	Section 7
Board's recommendation	<p>The Board recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposed IDRP to be tabled at the forthcoming EGM.</p>	Section 10



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Registered Office

Unit 419, Block A
Kelana Business Centre
No. 97, Jalan SS7/2
Kelana Jaya
47301 Petaling Jaya
Selangor

30 November 2022

Board of Directors

Johari Shukri bin Jamil (*Executive Director and Chief Executive Officer*)
Zarina Halim (*Executive Director and Chief Corporate Officer*)
Richard Ng (*Non-Independent Non-Executive Director*)
Tan Loo Ming (*Non-Independent Non-Executive Director*)
Mahusni bin Hasnan (*Independent Non-Executive Director*)
Philip Eng Heng Nee (*Independent Non-Executive Director*)
Hasli bin Hashim (*Independent Non-Executive Director*)
Pauline Lim Poh Noy (*Alternate Director to Richard Ng*)

To: Our Unitholders

Dear Sir/Madam,

PROPOSED IDRП

1. INTRODUCTION

On 10 November 2022, UOBKH had, on behalf of the Board, announced that the Manager proposed for Hektar REIT to undertake the Proposed IDRП.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED IDRП AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED IDRП TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED IDRП TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED IDRП

2.1 Overview

The Proposed IDRП will provide Unitholders with an opportunity to reinvest in whole or in part, their Income Distribution in new Units, in lieu of receiving cash.

In relation to any future Income Distribution declared, the Board may, at its sole and absolute discretion, determine whether to pay such Income Distribution in cash or to offer Unitholders the Reinvestment Option and in the event the Reinvestment Option is applied, to declare the size of the Electable Portion. Unitholders should note that the Board is not obligated to undertake the Proposed IDRП for every Income Distribution declared.

In this respect, the Electable Portion may encompass the whole Income Distribution declared or only a portion of the Income Distribution. In the event the Electable Portion is only applicable for a portion and not the whole Income Distribution declared, the Non-Electable Portion will be paid in cash.

Unless the Board has determined that the Reinvestment Option will apply to a particular Income Distribution declared (whether in whole or in part), all Income Distribution as may be declared by the Board will be paid wholly in cash to the Unitholders in the usual manner. An immediate announcement will be made if the Board has determined that the Reinvestment Option will apply to a particular distribution (whether in whole or in part).

2.2 Election to reinvest Income Distribution in the new Units

Unitholders will have the following options in respect of the Reinvestment Option under the Proposed IDRП:-

- i. to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date;
- ii. to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date, and to receive the balance of the Electable Portion and Non-Electable Portion in cash; or
- iii. to elect not to participate in the Reinvestment Option and thereby receive their entire Income Distribution (both Electable Portion and Non-Electable Portion) in cash.

The election to reinvest Income Distribution in new Units can be made via the Notice of Election which will be despatched to Unitholders after the Books Closure Date.

Instructions will be provided in the Notice of Election in respect of the action to be taken by Unitholders should they wish to exercise the Reinvestment Option. The Notice of Election will also state, amongst others, the Expiry Date.

For further information on the administration of the Proposed IDRП, please refer to Section 2.11 and Appendix I of this Circular.

Unitholders will receive the entire Income Distribution in cash if they do not expressly elect in writing to exercise the Reinvestment Option in accordance with the instructions set out in the Notice of Election by the Expiry Date. As such, Unitholders who wish to receive their Income Distribution wholly in cash need not take any action with regards to the Notice of Election.

Unitholders who wish to receive the entire or part of the Electable Portion in new Units must complete and return the Notice of Election before the Expiry Date.

The percentage unitholding of a Unitholder may be diluted should he/she decides not to exercise his/her Reinvestment Option. However, the extent of the dilution will depend on the number of new Units issued by Hektar REIT pursuant to the exercise level of the Reinvestment Option by other Unitholders, which cannot be ascertained at this juncture.

2.3 Pricing of the new Units

Hektar REIT will issue new Units to Unitholders who elect to exercise the Reinvestment Option. The Issue Price, which will be determined and fixed by the Board on the Price-Fixing Date, shall not be more than 10% discount to the 5-day VWAMP of the Units immediately prior to the Price-Fixing Date. For avoidance of doubt, the 5-day VWAMP shall be adjusted ex-Income Distribution(s) before applying the aforementioned discount in fixing the Issue Price.

There are no brokerage fees and other related transaction costs payable by Unitholders on new Units allotted, unless otherwise provided by any statute, law or regulation. However, Participating Unitholders are required to pay RM10.00 for stamp duty.

2.4 Ranking and listing of the new Units

The new Units will, upon allotment and issuance, rank equally in all respects with the existing Units, save and except that the holders of new Units shall not be entitled to any distributable income, rights, benefits, entitlements and/or any other forms of distributions that may be declared, made or paid to Unitholders where the entitlement date of such distributions precedes the relevant date of allotment and issuance of the new Units.

Approval will be sought from Bursa Securities for the listing of and quotation for the new Units on the Main Market of Bursa Securities pursuant to each Income Distribution to which the Reinvestment Option is made available by the Board. The new Units will be listed on the Main Market of Bursa Securities.

2.5 Eligibility to participate in the Proposed IDRP

All Unitholders of Hektar REIT are eligible to participate in the Proposed IDRP provided that such participation will not result in a breach of any restrictions applicable to such Unitholder's holdings in Hektar REIT which may be imposed by any contractual obligations, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts).

Unitholders without a valid and subsisting CDS account should take note of the following:-

As the new Units to be issued pursuant to the Proposed IDRP are prescribed securities, the new Units will be credited directly into the respective CDS accounts of the Unitholders who have elected to reinvest their Electable Portion. No physical certificates will be issued. In this regard, it is important for Unitholders to have a valid and subsisting CDS account in order to receive their entitled new Units should they wish to participate in the Proposed IDRP.

Foreign Addressed Unitholders should take note of the following:-

The Proposed IDRPs will only be offered for subscription in Malaysia. No action has been and will be taken to ensure that the Proposed IDRPs comply with the laws of any countries or jurisdictions other than the laws of Malaysia. Accordingly, the documents relating to the Proposed IDRPs including the Notice of Election will not be sent to Foreign Addressed Unitholders to avoid any violation on the part of Hektar REIT, the Manager or the Trustee of any securities laws applicable outside Malaysia.

Foreign Addressed Unitholders who receive or come to have in their possession a Notice of Election and/or any other documents relating to the Proposed IDRPs may not treat the same as being applicable to them (unless where the documents have been collected from the appointed share registrar in the manner specified below). In any event, such Unitholders are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Proposed IDRPs as may be applicable to them.

Foreign Addressed Unitholders who wish to participate in the Proposed IDRPs are strongly advised to collect the documents relating to the Proposed IDRPs from the appointed share registrar identified in the Notice of Election or at such address in Malaysia as may be announced by Hektar REIT from time to time and the appointed share registrar may in such an event be entitled to satisfy itself as to the identity and authority of the person collecting the documents relating to the Proposed IDRPs.

Alternatively, the Foreign Addressed Unitholders who wish to participate in the Proposed IDRPs may provide the share registrar their respective address in Malaysia not later than 3 Market Days before the relevant Books Closure Date in respect of any particular distribution to which the Board has determined that the Proposed IDRPs shall apply.

The Foreign Addressed Unitholders who wish to permanently change their address for service of documents to an address in Malaysia should inform their respective stockbrokers to effect the change of address. Such notification should be done no later than 3 Market Days before the Books Closure Date if they wish to participate in the Proposed IDRPs.

Foreign Addressed Unitholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subjected to, and participation by such Foreign Addressed Unitholders in the Proposed IDRPs will be on the basis that they may lawfully so participate without Hektar REIT, the Manager, the Board, the Trustee, employees and advisers being in breach of the laws of any jurisdiction.

2.6 Odd lots and fractional units

Unitholders who exercise the Reinvestment Option may be allotted new Units in odd lots depending on his/her entitlement of new Units. Unitholders who receive odd lots of new Units and who wish to trade such odd lots may do so via the odd lots market of Bursa Securities, which allows the trading of odd lots with a minimum of 1 Unit.

Unitholders who do not wish to receive new Units in odd lots may round down the number of new Units elected such that he/she will receive new Units in multiples of 100 new Units. Where a Unitholder's entitlement of new Units is less than 100 Units, the Unitholder can elect to receive his/her entire Income Distribution entitlement in cash in the usual manner or new Units in odd lots.

Fractional new Units will not be allotted. Any amount of a distribution payment that is insufficient for the issuance of 1 whole new Unit will be received in cash by Unitholders in the usual manner together with the Non-Electable Portion (if any).

2.7 Maximum number of new Units

The maximum number of new Units to be issued under the Proposed IDRP will depend on, amongst others:-

- i. the quantum of the Income Distribution;
- ii. the Board's decision on the proportion/size of the Electable Portion;
- iii. the number of Unitholders who elect to exercise the Electable Portion and the extent of their election;
- iv. the Issue Price of the new Units;
- v. applicable withholding tax rates of the Unitholders; and
- vi. any necessary downward adjustment by the Board to the final number of new Units to be allotted and issued to any of the Unitholders as referred to in Section 2.12 of this Circular.

The new Units to be issued pursuant to the Proposed IDRP will not be underwritten.

2.8 Utilisation of proceeds

The Proposed IDRP will potentially result in cash retention for Hektar REIT if Unitholders elect to reinvest their Income Distribution in new Units. The amount of cash reinvested into Hektar REIT arising from the Proposed IDRP can only be ascertained on or after the relevant Expiry Date. Therefore, the time frame for the utilisation of such cash proceeds can only be determined later.

Nonetheless, the net cash reinvested into Hektar REIT arising from the Proposed IDRP (after deducting related expenses) will be utilised for future working capital requirements of Hektar REIT's existing portfolio of properties to fund daily operations, general administrative and other operating expenditure as well as capital expenditure for asset enhancement initiatives for its properties. Such cash to be utilised for each component of working capital and capital expenditure are subject to Hektar REIT's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

The estimated expenses in relation to the establishment of the Proposed IDRP amount to approximately RM150,000 comprised, amongst others, professional and regulatory fees.

2.9 Taxation

For income tax purposes, where the Unitholders elect to reinvest their Income Distribution in new Units, the Unitholder will be deemed to have received the Income Distribution and reinvested it with Hektar REIT. For avoidance of doubt, all gross distribution with respect to the Electable Portion and Non-Electable Portion will be subject to the usual withholding tax. The net distribution (net of withholding tax) will either be paid in cash and/or reinvested in new Units at its equivalent amount (as the case may be).

Hence, the election for the Reinvestment Option does not relieve the Unitholder from any income tax obligations (if applicable) and there is no tax advantage to be gained by Unitholders when exercising any of the options mentioned in Section 2.2 of this Circular.

2.10 Modification, suspension and termination of the Proposed IDRP

Subject to any statute, law or regulation currently in force in Malaysia, as the case may be, the Proposed IDRP may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit and such development shall be communicated through an announcement to Bursa Securities, notwithstanding any other provision or the terms and conditions of the Proposed IDRP stating the contrary and irrespective of whether an election to exercise the Reinvestment Option has been made.

2.11 General

The following shall be applicable to any future Income Distribution to which the Reinvestment Option is applied.

Subject to all the relevant approvals for the Proposed IDRP being obtained, the Issue Price shall be announced on or before the announcement of a Books Closure Date. Approval for the listing of and quotation for the new Units on the Main Market of Bursa Securities will be sought from Bursa Securities and the announcement of the Books Closure Date will be made after the receipt of the said approval from Bursa Securities and such approval from other relevant authorities, if any.

Subsequent to the Books Closure Date, a Notice of Election will be despatched to Unitholders. Should Unitholders wish to exercise the Reinvestment Option, there will be instructions provided in the Notice of Election in respect of the action to be taken by Unitholders. The Expiry Date will also be stated in the Notice of Election and shall be at least 14 days from the despatch of the Notice of Election or such other period as may be prescribed by the Listing Requirements.

After the Expiry Date, Hektar REIT shall transfer funds amounting to the total net distribution (after the deduction of any distribution reinvested in new Units and the deduction of withholding tax) payable to Unitholders from Hektar REIT's account to a designated account opened to facilitate the payment of the said distribution held in trust for Unitholders.

An announcement in respect of the day on which the new Units will be listed and quoted on the Main Market of Bursa Securities will also be made accordingly.

In accordance with Paragraph 6.09 of the Listing Requirements, Hektar REIT will within 8 Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the new Units and despatch notices of allotment to Unitholders who have elected to exercise the Reinvestment Option. The cash payment in respect of the Non-Electable Portion and any remaining portion of the Electable Portion not reinvested will be paid to Unitholders in the usual manner.

Further in accordance with Paragraphs 9.19(2)(a)(ii) and 8.26(2) of the Listing Requirements, a distribution must be paid within 1 month from the Books Closure Date and in any event, within 3 months from the date of the declaration of the distribution. Other than the funds to be reinvested by the Unitholders, there will be no new funds to be raised under the Proposed IDRP.

The process flow chart in relation to the administration of the Proposed IDRP is set out in Appendix I of this Circular.

For avoidance of doubt, the specific approval to be obtained from Unitholders for the issuance of new Units arising from the Proposed IDRP is in addition to the general mandate, i.e. the Unitholders' approval for the proposed authority to allot and issue new Units pursuant to Paragraph 6.59 of the Listing Requirements for general purpose, where the Units to be issued during the preceding 12 months, shall not exceed 20% of the total number of issued Units for the time being sought at Hektar REIT's annual general meeting on an annual basis.

Amendments to the Deed will not be required under the Proposed IDRPs as the Deed already provides for the implementation of a distribution reinvestment plan.

2.12 Implications of the Rules and other unitholding limits

2.12.1 The Rules

Pursuant to Paragraph 4.01, Part B of the Rules and Sections 217 and 218 of the CMSA, a Unitholder may be under an obligation to extend a mandatory take-over offer for all the remaining Units not already owned by him/her and persons acting in concert with him/her (collectively, the "**Affected Parties**") if by participating in the Proposed IDRPs in relation to the reinvestment of the Electable Portion:-

- i. the Affected Parties have obtained control in Hektar REIT via the acquisition or holding of, or entitlement to exercise or control the exercise of voting Units or voting rights of more than 33% in Hektar REIT or such other amount as may be prescribed in the Rules, howsoever effected; or
- ii. the Affected Parties have acquired more than 2% of the voting Units or voting rights in Hektar REIT in any period of 6 months and the Affected Parties hold more than 33% but not more than 50% of the voting Units or voting rights in Hektar REIT during the said 6 months period.

In the event an obligation to undertake a mandatory take-over offer is expected to arise resulting from a Unitholder's participation in the Proposed IDRPs, the Affected Parties may wish to consult their professional advisers at the earliest opportunity in relation to:-

- i. any obligation to make a mandatory take-over offer under the Rules as a result of any subscription of new Units through his/her participation in the Proposed IDRPs; and
- ii. whether or not to make an application to the Securities Commission Malaysia to obtain an exemption from undertaking a mandatory take-over offer pursuant to the Rules prior to exercising his/her Reinvestment Option.

However, should the Board be aware of or be informed in writing of any expected mandatory take-over offer obligation by any Unitholders as a result of their participation in the Proposed IDRPs, the Board shall, at the request of such Unitholder, reduce or limit the number of new Units to be issued to such Unitholder and pay the remaining portion of the Electable Portion in cash.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Rules or other relevant legislation or regulations.

2.12.2 Other unitholding limits

All Unitholders are responsible for ensuring that their participation in the Proposed IDRPs will not result in a breach of any restrictions on their respective holding of Units which may be imposed by any of the Unitholders' contractual obligations, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts), or as prescribed in the Deed.

In view of the above, notwithstanding anything to the contrary, should the Board be aware of or be informed in writing of any expected breach of such unitholding limits as a result of the exercise of the Reinvestment Option by such Unitholder, the Board shall be entitled, but not obligated (save and except where required by law), to reduce or limit the number of new Units to be issued to such Unitholder. In such a case, the Board reserves the right to pay the remaining portion of the Electable Portion in cash.

2.13 Illustration

For Unitholders' information, the illustration in this section is to demonstrate the entitlements of the Participating Unitholders in each of the following scenarios:-

- (i) if all Unitholders decide to reinvest the entire Electable Portion;
- (ii) if all Unitholders decide to reinvest part of the Electable Portion; or
- (iii) If none of the Unitholders decide to reinvest the Electable Portion.

Reference is made to Hektar REIT's latest Income Distribution for the second quarter ended 30 June 2022 and the following parameters/assumptions are adopted strictly for illustrative purposes only:-

- i. illustrative distribution of 2.70 sen per Unit based on the interim distribution for the second quarter ended 30 June 2022, which was paid on 26 September 2022 ("**2022 Interim Distribution**");
- ii. illustrative Issue Price of RM0.555, calculated based on the 5-day VWAMP of the Units up to and including the LPD of RM0.643, after deducting for the 2022 Interim Distribution and thereafter applying a discount of 10%;
- iii. assumption that the Reinvestment Option applies to the entire 2.70 sen ("**2022 Electable Portion**"). Hence, there will be no Non-Electable Portion for the 2022 Interim Distribution; and
- iv. assumption that all Unitholders are subject to a 10% withholding tax.

Premised on the above, the 2022 Electable Portion (net of withholding tax) is assumed to be RM11.45 million, calculated in the following manner:-

Number of issued Units as at the LPD	(i)	471,260,178
2022 Interim Distribution per Unit (gross)		2.70 sen
2022 Interim Distribution per Unit (net of withholding tax)	(ii)	2.43 sen
2022 Electable Portion (net of withholding tax)	(i) * (ii)	RM11,451,622

Examples

Scenario I: If all Unitholders decide to reinvest the entire Electable Portion

The maximum number of new Units to be issued pursuant to the Proposed IDRPs is as follows:-

2022 Electable Portion (net of withholding tax)	(A)	RM11,451,622
Reinvestment Option	(B) = (A) * 100%	RM11,451,622
Issue Price	(C)	RM0.555
Number of new Units to be issued	(B) / (C)	20,633,553*

* Representing 4.38% of the number of issued units as at the LPD

In addition, there will be no cash balance payable to Unitholders.

Scenario II: If all Unitholders decide to reinvest part of the Electable Portion

The number of new Units to be issued pursuant to the Proposed IDRP is as follows:-

2022 Electable Portion (net of withholding tax)	(A)	RM11,451,622
Reinvestment Option	(B) = (A) * 50%	RM5,725,811
Issue Price	(C)	RM0.555
Number of new Units to be issued	(B) / (C)	10,316,776*

* Representing 2.19% of the number of issued units as at the LPD

In addition, the cash balance payable to Unitholders shall be:-

	RM
2022 Electable Portion (net of withholding tax)	11,451,622
(less): Reinvestment Option	5,725,811
Cash balance of the Electable Portion	<u>5,725,811</u>

Scenario III: If none of the Unitholders decide to reinvest the Electable Portion

The entire 2022 Electable Portion (net of withholding tax) shall be paid in cash to Unitholders in the usual manner.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED IDRP

The Proposed IDRP is intended to:-

- i. provide an opportunity for Unitholders to exercise the Electable Portion into new Units in lieu of receiving cash. Unitholders are expected to benefit from their participation in the Proposed IDRP as the new Units may be issued at a discount. Further, their subscription of such new Units will be free from any brokerage fees and other related transaction costs (unless otherwise provided by any statute, law or regulation). However, Participating Unitholders are required to pay RM10.00 for stamp duty;
- ii. provides the Manager with flexibility in managing its capital position as well as strengthen its capital position as any cash retained within Hektar REIT that would otherwise be made payable by way of Electable Portion, will be preserved to fund the working capital requirements of Hektar REIT; and
- iii. potentially improve the liquidity of Units currently listed on the Main Market of Bursa Securities through the issuance of new Units pursuant to the Proposed IDRP resulting in an enlarged unit capital base.

4. EFFECTS OF THE PROPOSED IDRП

4.1 Issued Unit capital

The Proposed IDRП will not have any immediate effect on the issued Unit capital of Hektar REIT until such time when new Units are issued pursuant to the Proposed IDRП. However, the issued unit capital of Hektar REIT will increase progressively pursuant to any exercise by Unitholders of the Reinvestment Option whenever the Reinvestment Option is made available by the Board.

4.2 Substantial Unitholders' unitholding

The Proposed IDRП is not expected to have any immediate effect on the unitholding of the substantial Unitholders of Hektar REIT until such time as and when the Reinvestment Option pursuant to the Proposed IDRП is exercised.

Any potential effect on the substantial Unitholders' unitholding in Hektar REIT will depend on the extent to which the substantial Unitholders and other Unitholders elect to reinvest the Electable Portion and their applicable withholding tax rates.

4.3 Distributable income

The establishment of the Proposed IDRП will not have any effect on the distributable income of Hektar REIT for FYE 31 December 2022 and is not expected to have any material effect on Hektar REIT's distributable income policy. Due to the progressive increase in the number of Units as a result of Unitholders' exercise of the Reinvestment Option whenever the Reinvestment Option is offered by the Board, Hektar REIT's future distribution per Unit may be diluted. The decision to declare and pay distributable income in the future would depend on the financial performance and cash flow position of Hektar REIT and the prevailing economic conditions.

4.4 Earnings per Unit

The effect of the Proposed IDRП on earnings per Unit will depend on the extent the Unitholders elect to reinvest the Electable Portion into new Units. However, such reinvestment amount will be retained to fund future working capital and capital expenditure requirements of Hektar REIT and is expected to contribute positively to its future earnings.

4.5 NAV, NAV per Unit and gearing

The Proposed IDRП will not have any immediate effect on the consolidated NAV, NAV per Unit and gearing of Hektar REIT until such time when such Reinvestment Option under the Proposed IDRП is exercised.

As compared to paying Income Distribution wholly in cash which results in a decrease of Hektar REIT's available cash and bank balances, the exercise of the Reinvestment Option under the Proposed IDRП by Unitholders will preserve cash in Hektar REIT and improve Hektar REIT's NAV and gearing position to the extent of the exercise of the Reinvestment Option (excluding the effect of related expenses for the Proposed IDRП and the issuance of new Units) since the Income Distribution are being reinvested into Hektar REIT's Unitholders' capital.

Subject to the extent of the Reinvestment Option being exercised by the Unitholders, the exercise of the Reinvestment Option will also dilute Hektar REIT's NAV per Unit due to the increase in the aggregate number of Units issued.

4.6 Convertible securities

Hektar REIT does not have any convertible securities.

5. HISTORICAL UNIT PRICES

The monthly highest and lowest market prices of the Units for the past 12 months preceding the date of this Circular are set out below:-

	High RM	Low RM
2021		
November	0.526	0.453
December	0.526	0.498
2022		
January	0.471	0.408
February	0.483	0.430
March	0.483	0.421
April	0.488	0.445
May	0.531	0.464
June	0.593	0.521
July	0.583	0.545
August	0.602	0.569
September	0.615	0.520
October	0.575	0.500
Last transacted market price on 9 November 2022 (being the latest trading day prior to the announcement on the Proposed IDRPs)		0.560
Last transacted market price as at the LPD		0.655

(Source: Bloomberg)

6. APPROVALS REQUIRED/TO BE OBTAINED

- a. The establishment of the Proposed IDRPs is conditional upon the following approvals being obtained from:-
 - i. the Unitholders for the establishment of the Proposed IDRPs at the forthcoming EGM; and
 - ii. any other relevant authorities, or such other approvals, waivers and/or consents, if required.
- b. In respect of the implementation of any future Income Distribution to which the Reinvestment Option is applied, the new Units to be issued pursuant to the exercise of the Reinvestment Option by Unitholders shall be conditional upon the following approvals being obtained from:-
 - i. the Unitholders at Hektar REIT's annual general meeting on an annual basis. For information, the first Unitholders' approval for the issuance of new Units pursuant to the exercise of the Reinvestment Option by Unitholders will be sought at the forthcoming EGM referred to in Section 6(a)(i) above;
 - ii. Bursa Securities for the listing of and quotation for the new Units to be issued pursuant to the Proposed IDRPs on the Main Market of Bursa Securities; and
 - iii. any other relevant authorities, or such other approvals, waivers and/or consents, if required.

7. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors of the Manager, major shareholders of the Manager, major Unitholders of Hektar REIT and/or persons connected to them have any interest, whether direct or indirect, in the Proposed IDRPs, save for their respective entitlements as Unitholders, for which all Unitholders are entitled, subject to Section 2.5 of this Circular.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed IDRPs is expected to be established in the fourth quarter of 2022.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed IDRPs (which is the subject matter of this Circular), the Board is not aware of any other outstanding corporate exercises which have been announced but not yet completed as at the LPD.

The Proposed IDRPs is not conditional upon any other corporate exercises undertaken or to be undertaken by Hektar REIT.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Proposed IDRPs, including but not limited to the rationale and effects of the Proposed IDRPs, is of the opinion that the Proposed IDRPs is in the best interest of Hektar REIT and its Unitholders.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed IDRPs to be tabled at the forthcoming EGM.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis at the Broadcast Venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1-U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 15 December 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed IDRPs.

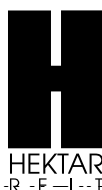
If you are unable to participate at the EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions provided therein as soon as possible, so as to arrive at the office of our Poll Administrator for the EGM, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan no later than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Unitholders are advised to refer to the appendices set out in this Circular for further information.

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

JOHARI SHUKRI BIN JAMIL
Executive Director and Chief Executive Officer



(Established in Malaysia under the Trust Deed dated 5 October 2006 (as amended by the Supplemental Trust Deed dated 20 March 2012, Second Supplemental Deed to the Trust Deed dated 23 November 2016 and Amended and Restated Trust Deed dated 8 February 2021) entered into between Hektar Asset Management Sdn Bhd and MTrustee Berhad)

INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT

(Abbreviations and definitions, unless where the context requires otherwise, shall be as set out in Section 2 of the Terms and Conditions governing this Income Distribution Reinvestment Plan Statement)

This Income Distribution Reinvestment Plan Statement contains the Terms and Conditions of the Income Distribution Reinvestment Plan of Hektar REIT under which the Unitholders may, in relation to any Income Distribution declared, be given the Reinvestment Option as the Board may, at its sole and absolute discretion, apply to a particular distribution (whether in whole or in part).

SUMMARY OF MAIN FEATURES OF THE INCOME DISTRIBUTION REINVESTMENT PLAN

The Income Distribution Reinvestment Plan will provide Unitholders with an option to elect to reinvest in whole or in part, their Income Distribution in new Units, in lieu of receiving cash.

In relation to any future Income Distribution declared, the Board may, at its absolute discretion, determine whether to pay such Income Distribution in cash or to offer the Unitholders the Reinvestment Option and if the Reinvestment Option is elected, to declare the size of the Electable Portion. Unitholders should note that the Board is not obliged to undertake the Income Distribution Reinvestment Plan for every Income Distribution declared.

In this respect, the Electable Portion may encompass the whole of the Income Distribution declared or only a portion of Income Distribution. In the event the Electable Portion is only applicable for a portion and not the whole Income Distribution declared, the Non-Electable Portion will be paid in cash.

Unless the Board has determined that the Reinvestment Option will apply to a particular Income Distribution declared (whether in whole or in part), all future Income Distribution as may be declared by Hektar REIT will be paid wholly in cash to Unitholders in the usual manner through an Income Distribution Payment Account.

Hektar REIT will issue new Units to Participating Unitholders who elect to exercise the Reinvestment Option under the Income Distribution Reinvestment Plan. The Issue Price which will be determined and fixed by the Board on the Price-Fixing Date, shall not be more than ten percent (10%) discount to the five (5)-day VWAMP of Units immediately prior to the Price-Fixing Date. The five (5)-day VWAMP shall be adjusted ex-Income Distribution before applying the aforementioned discount in fixing the Issue Price.

Approval will be sought from Bursa Securities for the listing of and quotation for the new Units on the Main Market of Bursa Securities pursuant to each Income Distribution to which the Reinvestment Option applies. An announcement of the Books Closure Date will be made, after receipt of the said approval from Bursa Securities and such approval from other relevant authorities, where applicable. The Issue Price shall be announced either on the same day as or before the announcement of the Books Closure Date in relation to an Income Distribution to which the Reinvestment Option applies or such other periods as prescribed by the Listing Requirements.

Subsequent to the Books Closure Date, a Notice of Election (together with the DRF attached thereto) will be despatched to all Unitholders. Unitholders may elect to reinvest in new Units through submission of hardcopy of the DRF contained in the Notice of Election. Please refer to Section 6 of the Terms and Conditions herein for further instructions. Instructions will be provided in the Notice of Election in respect of the action to be taken by the Unitholders should they wish to exercise the Reinvestment Option. The Notice of Election will also state, amongst others, the Expiry Date.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

The Income Distribution Reinvestment Plan will allow Unitholders to have the following options in respect of the Reinvestment Option:-

- i. to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date;
- ii. to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in new Units at the Issue Price to be determined on the Price-Fixing Date, and to receive the balance of the Electable Portion and Non-Electable Portion in cash; or
- iii. to elect not to participate in the Reinvestment Option and thereby receive their entire Income Distribution (both Electable Portion and Non-Electable Portion) in cash.

There are no brokerage fees and other related transaction costs payable by the Participating Unitholders on the new Units allotted, unless otherwise provided by any statute, law or regulation. However, Participating Unitholders are required to pay RM10.00 for stamp duty in respect of each DRF submitted.

In addition, Hektar REIT shall transfer funds amounting to the total net Income Distribution declared (after deduction of any applicable withholding tax) from its account to the Income Distribution Payment Account held in trust for the Unitholders.

In accordance with Paragraph 6.09 of the Listing Requirements, Hektar REIT will, within eight (8) Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities, allot and issue the new Units and despatch notices of allotment to Participating Unitholders. The new Units to be issued pursuant to the Income Distribution Reinvestment Plan will not be underwritten.

Further, in accordance with Paragraphs 8.26(2) and 9.19(2)(a)(ii) of the Listing Requirements, on the Allotment Date (which will be within one (1) month from the Books Closure Date and in any event, within three (3) months from the date of declaration of the Income Distribution), the Non-Electable Portion and/or the balance of the Electable Portion not reinvested will be paid in cash to the respective Unitholders in the usual manner through an Income Distribution Payment Account. For avoidance of doubt, Income Distribution for the Unitholders who do not exercise their Reinvestment Option will also be paid concurrently on the Allotment Date, in cash, in the usual manner.

Hektar REIT will also release an announcement in respect of the Market Day on which the new Units will be listed and quoted on the Main Market of Bursa Securities.

The new Units will, upon allotment and issuance, rank equally in all respects with the existing Units, save and except that the holders of new Units shall not be entitled to any distributable income, rights, benefits, entitlements and/or any other forms of distributions that may be declared, made or paid to Unitholders, where the entitlement date of such distributions precedes the relevant date of allotment and issuance of the new Units.

The new Units will be prescribed securities and credited directly into the respective CDS account(s) of Participating Unitholders. No physical certificates will be issued.

HOW TO PARTICIPATE

Participation in the Income Distribution Reinvestment Plan is optional and not transferable. A Unitholder wishing to reinvest in new Units in respect of any Electable Portion to which a Notice of Election received by him/her relates must complete the DRF and return it to the office of the Share Registrar as stated in the Notice of Election or at such address as may be determined by Hektar REIT from time to time in accordance with the instructions as prescribed therein.

Unitholders who receive more than one (1) Notice of Election and wish to reinvest in new Units in respect of all or part of his/her entitlement to the Electable Portion arising from his/her entire holding of Units must complete all the DRFs received by him/her (to the extent of the entitlement to the Electable Portion in which he/she intends to reinvest in new Units) and return the completed DRFs to the office of the Share Registrar as stated in the Notice of Election or at such address as may be determined by Hektar REIT from time to time in accordance with the instructions as prescribed therein not later than the Expiry Date. Unitholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in new Units.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

Where any particular Notice of Election is not elected upon, the Income Distribution relating thereto will be paid in cash by Hektar REIT to the Unitholders in the usual manner through an Income Distribution Payment Account.

To be effective in respect of any Electable Portion to which a Notice of Election relates, such duly completed and signed DRF must be received by the Share Registrar or at such address as may be determined by Hektar REIT from time to time no later than the Expiry Date stated in the Notice of Election in respect of that particular Reinvestment Option.

A stamp duty of RM10.00 will be levied on each DRF submitted by the Participating Unitholders.

All Unitholders are eligible to participate in the Income Distribution Reinvestment Plan, provided that:-

- i. such participation will not result in a breach of any restrictions on their respective holding of Units which may be imposed by any of their contractual obligations, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts); or
- ii. there are no restrictions for such participation as prescribed in the Deed.

Unitholders should however note that the Notice of Election will not be sent to Foreign Addressed Unitholders to avoid any violation on the part of Hektar REIT, the Manager or the Trustee of any securities laws applicable outside Malaysia.

Foreign Addressed Unitholders who wish to participate in the Income Distribution Reinvestment Plan may collect the Notice of Election and/or other documents relating to the Income Distribution Reinvestment Plan from the Share Registrar or at such address as may be determined by Hektar REIT from time to time, and the Share Registrar may in such event be entitled to request for documentary evidence to satisfy itself as to the identity and authority of the person collecting the Notice of Election and/or other documents relating to the Income Distribution Reinvestment Plan.

Alternatively, Foreign Addressed Unitholders who wish to participate in the Income Distribution Reinvestment Plan may provide the Share Registrar with their respective address in Malaysia not later than three (3) Market Days prior to the relevant Books Closure Date in respect of any Income Distribution to which the Board has determined that the Reinvestment Option shall apply.

Unitholders should note that under the Income Distribution Reinvestment Plan:-

- i. in exercising the Reinvestment Option, they are at their liberty to reinvest the entire Electable Portion or a part thereof to which a Notice of Election relates; and
- ii. their right to exercise the Reinvestment Option is non-transferable.

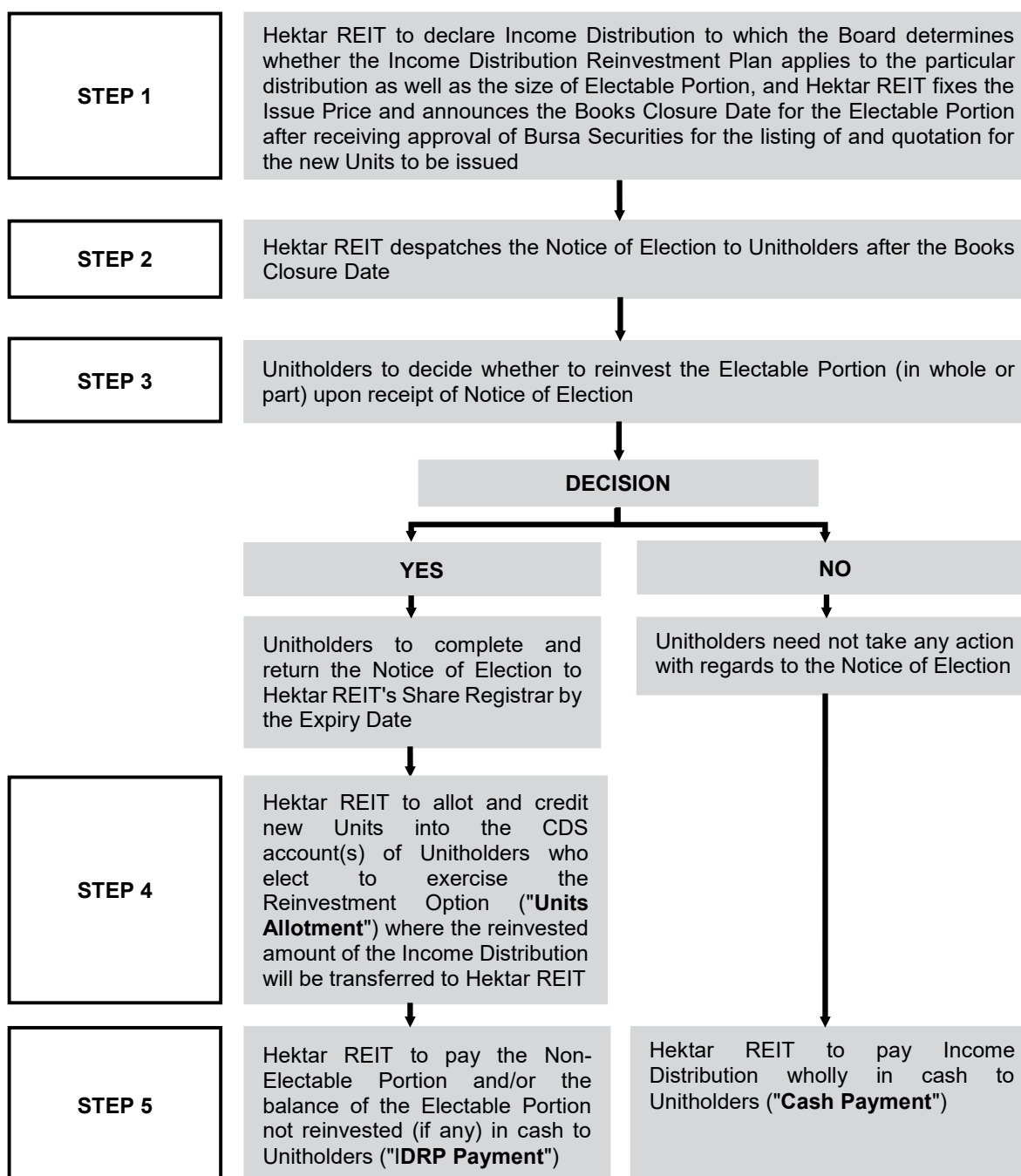
Unitholders will receive the entire Income Distribution in cash if they do not expressly elect in writing to exercise the Reinvestment Option in accordance with the instructions set out in the Notice of Election by the Expiry Date. As such, Unitholders who wish to receive their Income Distribution wholly in cash need not take any action with regards to the Notice of Election.

Unitholders who wish to receive the entire or part of the Electable Portion in new Units must complete and return the Notice of Election before the Expiry Date.

The percentage unitholding of a Unitholder may be diluted should he/she decides not to exercise his/her Reinvestment Option. However, the extent of the dilution will depend on the number of new Units issued by Hektar REIT pursuant to the exercise level of the Reinvestment Option by other Unitholders, which cannot be ascertained at this juncture.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

A brief process flow chart in relation to the administration of the Income Distribution Reinvestment Plan is shown below:-



Note:-

In respect of Steps 4 and 5, Unitholders should take note that the Units Allotment, IDRP Payment and Cash Payment will occur on the same day, which will be a date falling within one (1) month from the Books Closure Date and in any event, within three (3) months from the date of declaration of the Income Distribution

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

TERMS AND CONDITIONS OF THE INCOME DISTRIBUTION REINVESTMENT PLAN**1. Establishment**

The Income Distribution Reinvestment Plan has been established by the Board and the administration of the plan, including the Reinvestment Option and the Electable Portion shall be determined by the Board at its absolute discretion.

2. Definition

In these Terms and Conditions, the following definitions shall apply:-

Allotment Date	:	Date of the allotment and issuance of new Units which falls within eight (8) Market Days from the Expiry Date or such date as may be prescribed by Bursa Securities
Board	:	Board of Directors of the Manager
Books Closure Date	:	Date to be determined and announced later by the Board, on which Unitholders' names must appear in the Record of Depositors of Hektar REIT in order to be eligible to participate in the Income Distribution Reinvestment Plan
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007 and any amendments from time to time
Control	:	Acquisition or holding of, or entitlement to exercise or control the exercise of, voting units or voting rights of more than thirty-three percent (33%), or such other amount as may be prescribed in the CMSA and Rules, howsoever effected
Deed	:	Trust Deed dated 5 October 2006 (as amended by the Supplemental Trust Deed dated 20 March 2012, Second Supplemental Deed to the Trust Deed dated 23 November 2016 and Amended and Restated Trust Deed dated 8 February 2021) entered into between the Manager and the Trustee, constituting Hektar REIT
DRF	:	Distribution reinvestment form (in such form as the Board may approve) issued in connection with the Income Distribution Reinvestment Plan and contained in the Notice of Election
Electable Portion	:	Whole or part of the Income Distribution(s) to which the Board, at its absolute discretion, determines that the Reinvestment Option applies
Expiry Date	:	Due date (which will be a date to be fixed and announced by the Board and which shall be at least fourteen (14) days from the date of Notice of Election is despatched or such other period as may be prescribed by the Listing Requirements) by which an election to be made by the Unitholders in relation to their Electable Portion must be received by the Share Registrar or at such address as may be determined by the Manager from time to time

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

Foreign Addressed Unitholders	:	Unitholders whose address in the Record of Depositors are outside of Malaysia
Hektar REIT	:	Hektar Real Estate Investment Trust
Income Distribution(s)	:	Cash income distribution(s) declared by Hektar REIT (whether interim, final, special or any other types of cash distribution)
Income Distribution Payment Account	:	Non-interest bearing account opened by Hektar REIT to facilitate the payment of Income Distribution
Income Distribution Reinvestment Plan	:	Income distribution reinvestment plan that provides the Unitholders with the Reinvestment Option in accordance with the Terms and Conditions
Issue Price	:	Issue price of the new Units to be determined and fixed by the Board on the Price-Fixing Date, and which shall be not more than ten percent (10%) discount to the five (5)-day VWAMP of Units immediately preceding the Price-Fixing Date. The five (5)-day VWAMP shall be adjusted ex-Income Distribution before applying the aforementioned discount
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and any amendments from time to time
Manager	:	Hektar Asset Management Sdn Bhd, being the management company of Hektar REIT
Market Day(s)	:	Any day between Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
Non-Selectable Portion	:	The portion of the Income Distribution to which the Reinvestment Option does not apply
Notice of Election	:	Notice of election (in such form as the Board may approve) by which the Unitholders elect to participate in the Reinvestment Option through the DRF contained therein
Participating Unitholder(s)	:	Unitholder(s) who elect to exercise the Reinvestment Option pursuant to the Income Distribution Reinvestment Plan
Price-Fixing Date	:	Date on which the Board determines and announces the Issue Price, upon procuring all the relevant approvals
Record of Depositors	:	Record of depositors established by Bursa Depository under the rules of Bursa Depository issued pursuant to the Securities Industry (Central Depositories) Act 1991
Reinvestment Option	:	Option given to the Unitholders pursuant to the Income Distribution Reinvestment Plan to reinvest in whole or in part of the Selectable Portion of their Income Distribution in new Units
RM	:	Ringgit Malaysia, being the lawful currency of Malaysia
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia and any amendments from time to time
Share Registrar	:	Share registrar of Hektar REIT

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

Terms and Conditions	:	Terms and conditions of the Income Distribution Reinvestment Plan as may be amended, modified and supplemented from time to time
Trustee	:	MTrustee Berhad, being the trustee of Hektar REIT
Unit(s)	:	An undivided interest(s) in Hektar REIT
Unitholder(s)	:	Unitholder(s) of Hektar REIT
VWAMP	:	Volume weighted average market price

3. Eligibility

All Unitholders are eligible to participate in the Income Distribution Reinvestment Plan, provided that:-

- i. such participation will not result in a breach of any restrictions on their respective holding of Units which may be imposed by any of their contractual obligations, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts); or
- ii. there are no restrictions for such participation as prescribed in the Deed.

4. Foreign Addressed Unitholders

To avoid any violation on the part of Hektar REIT, the Manager or the Trustee of any securities laws applicable outside Malaysia, the Income Distribution Reinvestment Plan will not be offered for subscription in any country other than Malaysia. Accordingly, all documents relating to the Income Distribution Reinvestment Plan, including the Notice of Election, will not be sent to the Foreign Addressed Unitholders. No Foreign Addressed Unitholder shall have any claim whatsoever against Hektar REIT, the Manager or the Trustee as a result of the documents relating to the Income Distribution Reinvestment Plan not being sent to such Foreign Addressed Unitholder.

Foreign Addressed Unitholders who receive or come to have in their possession a Notice of Election and/or any other documents relating to the Income Distribution Reinvestment Plan may not treat the same as being applicable to them (except where the documents have been collected from the Share Registrar in the manner specified below). In any event, such Unitholders are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the Income Distribution Reinvestment Plan as may be applicable to them.

Foreign Addressed Unitholders who wish to participate in the Income Distribution Reinvestment Plan may collect the Notice of Election and/or other documents relating to the Income Distribution Reinvestment Plan from the Share Registrar or at such address as may be determined by Hektar REIT from time to time, and the Share Registrar may in such event be entitled to request for documentary evidence to satisfy itself as to the identity and authority of the person collecting the Notice of Election and/or other documents relating to the Income Distribution Reinvestment Plan.

Alternatively, Foreign Addressed Unitholders who wish to participate in the Income Distribution Reinvestment Plan may provide the Share Registrar with their respective address in Malaysia not later than three (3) Market Days prior to the relevant Books Closure Date in respect of any Income Distribution to which the Board has determined that the Reinvestment Option shall apply.

Foreign Addressed Unitholders who wish to change their addresses for service of documents to an address in Malaysia should inform their respective stockbrokers to effect the change of address. Such notification should be done not later than three (3) Market Days prior to the Books Closure Date.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

Foreign Addressed Unitholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subjected to, and participation by Foreign Addressed Unitholders in the Income Distribution Reinvestment Plan will be on the basis that they may lawfully so participate without Hektar REIT, the Trustee, the Manager, the Board, employees and advisers being in breach of the laws of any jurisdiction.

5. Level of participation

Participating Unitholder(s) may elect to participate in the Income Distribution Reinvestment Plan to the extent of the Electable Portion in respect of his/her holding of the Units as at each Books Closure Date to which each Notice of Election received by him/her.

6. Notice of Election to participate

Subsequent to the Books Closure Date, the Manager will send to each Unitholder one (1) or more Notices of Election in relation to each CDS account held by the Unitholder. The Notice of Election will state the instructions in relation to the action that is required to be taken by the Unitholders to exercise their respective Reinvestment Option and will also specify the Expiry Date. For avoidance of doubt, the Expiry Date shall be at least fourteen (14) days from the date the Notice of Election is despatched.

In addition, the Manager shall transfer funds amounting to the total net Income Distribution declared (after deduction of any applicable withholding tax) from its account to the Income Distribution Payment Account held in trust for the Unitholders.

To be effective in respect of any Electable Portion, the DRF contained in a Notice of Election must be duly completed and executed by the Unitholder as to the confirmation of his/her election to reinvest in new Units and must be received by the Share Registrar or at such address as may be determined by Hektar REIT from time to time, no later than the Expiry Date.

Unitholders who receive more than one (1) Notice of Election and wish to reinvest in new Units in respect of all of his/her entitlement to the Electable Portion arising from his/her entire holding of Units must complete all DRFs received by him/her and return the completed DRFs to the office of the Share Registrar as stated in the Notice of Election or at such address as may be determined by Hektar REIT from time to time, no later than the Expiry Date. Unitholders who receive more than one (1) Notice of Election may elect to reinvest in new Units in respect of his/her entitlement to which one (1) Notice of Election relates and may decline to reinvest in new Units in respect his/her entitlement to which any other Notice of Election relates. Unitholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in new Units.

Where any particular Notice of Election is not elected upon, the Income Distribution relating thereto will be paid in cash by Hektar REIT in the usual manner through an Income Distribution Payment Account.

Notwithstanding the date of receipt by the Share Registrar of the completed DRF, in accordance with Paragraph 6.09 of the Listing Requirements, Hektar REIT will allot and issue the new Units and despatch notices of allotment to Unitholders who have elected to exercise the Reinvestment Option within eight (8) Market Days from the Expiry Date or such other date as may be prescribed by Bursa Securities, provided that the completed DRF has been received by the Share Registrar no later than the Expiry Date. A DRF to participate in the Income Distribution Reinvestment Plan in any other form will not be accepted by the Manager.

A DRF in respect of any Electable Portion once submitted is irrevocable and shall not be withdrawn or cancelled by the Participating Unitholders.

The Manager has the discretion and right to accept or reject any DRF that is incomplete, contains errors or is otherwise defective. The Manager is under no obligation to correct any invalid DRF on behalf of any Unitholder or to provide any reason for rejecting any DRF. Any DRF received after the Expiry Date shall be invalid.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

By electing to exercise the Reinvestment Option under the Income Distribution Reinvestment Plan, the Participating Unitholders, unconditionally and irrevocably:-

- i. warrants to the Manager and the Trustee that he/she has the legal right, full power and authority to participate in the Income Distribution Reinvestment Plan and that his/her participation in the Income Distribution Reinvestment Plan will not result in a breach of any statute, law or regulation or contractual obligation by which he/she is bound;
- ii. acknowledges that the Manager may at any time determine whether the Participating Unitholder's DRF is valid, even if the DRF is incomplete, contains errors or is otherwise defective;
- iii. acknowledges that the Manager may accept or reject the DRF from the Participating Unitholders, and the decision of the Manager is final and conclusive and agrees that the Manager need not provide any reason therefor;
- iv. acknowledges that the Manager and the Trustee has not provided the Participating Unitholders with investment advice or any other advice;
- v. agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the Income Distribution Reinvestment Plan;
- vi. submits to the jurisdiction of the courts of Malaysia, in each case, at all times until the termination of the Income Distribution Reinvestment Plan.

Irrespective of whether an election is made by a Unitholder, a tax voucher will be despatched to all Unitholders. For income tax purposes, a Unitholder shall be treated as having received cash distribution equivalent to the amount of the Income Distribution declared, notwithstanding that the Unitholder may elect to exercise the Reinvestment Option (in whole or in part). Hence, the election for the Reinvestment Option does not relieve the Unitholder of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

7. Extent of application of Income Distribution Reinvestment Plan to each Electable Portion

In relation to any future Income Distribution declared, the Board may, at its absolute discretion, determine in respect of any Income Distribution, whether the Income Distribution Reinvestment Plan shall apply and if so, whether the Electable Portion is for the whole or a portion of the Income Distribution declared. If, in its absolute discretion, the Board has not determined that the Income Distribution Reinvestment Plan is to apply to a particular Income Distribution declared, such Income Distribution shall be paid in cash to the Unitholders in the usual manner.

8. Unit entitlement

By electing to participate in the Income Distribution Reinvestment Plan in respect of any Notice of Election received by him/her, a Participating Unitholder elects to reinvest the whole or part of the Electable Portion, to which such Notice of Election relates, in the new Units.

In respect of any Electable Portion, the number of new Units to be allotted and issued to the Participating Unitholder electing to reinvest the whole or part of the Electable Portion in new Units for of a Notice of Election shall be calculated in accordance with the following formula:-

$$N = \frac{S \times D}{V}$$

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

Where:-

- N : is the maximum number of new Units (*rounded down to the nearest whole number*) to be allotted and issued as fully paid up to the Participating Unitholder in respect of such Notice of Election
- S : is the number of Units held by the Participating Unitholder as at the Books Closure Date to which a Notice of Election relates
- D : is the Electable Portion or part thereof (after deduction of applicable withholding tax)
- V : is the Issue Price

Any fractional entitlement of new Units computed in accordance with the above formula will be paid in cash to the Participating Unitholders in the usual manner.

9. Terms of allotment

Unless the Board otherwise determines, all new Units allotted under the Income Distribution Reinvestment Plan will be allotted as fully paid-up. All such new Units will, upon allotment and issuance, rank equally in all respects with the existing Units, save and except that the holders of new Units shall not be entitled to any distributable income, rights, benefits, entitlements and/or any other forms of distribution that may be declared, made or paid to Unitholders where the entitlement date of the said distributions precedes the relevant date of allotment and issuance of the new Units.

As the new Units to be issued pursuant to the Income Distribution Reinvestment Plan are prescribed securities, the new Units will be credited directly into the respective CDS account(s) of Participating Unitholders and no physical certificates will be issued.

10. Odd lots and fractional units

Participating Unitholders may be allotted new Units in odd lots depending on his/her entitlement of new Units. Participating Unitholders who receive odd lots of new Units and who wish to trade such odd lots may do so via the odd lots market of Bursa Securities, which allows the trading of odd lots with a minimum of one (1) Unit.

Unitholders who do not wish to receive new Units in odd lots may round down the number of new Units elected such that he/she will receive new Units in multiples of one hundred (100) new Units. Where a Unitholder's entitlement of new Units is less than 100 Units, the Unitholder can elect to receive his/her entire Income Distribution entitlement in cash in the usual manner or new Units in odd lots.

It should be noted that since fractional new Units will not be allotted, Participating Unitholders shall receive any amount of the distribution payment that is insufficient for the issuance of one (1) new Units, in cash, in the usual manner together with the Non-Electable Portion (if any).

11. Notification letters to Participating Unitholders

In accordance with Paragraph 6.09 of the Listing Requirements, Hektar REIT will within eight (8) Market Days from the Expiry Date or such other date as may be prescribed by Bursa Securities, allot and issue the new Units and despatch notices of allotment to the Participating Unitholders.

Concurrently on the Allotment Date, the Non-Electable Portion and any remaining portion of the Electable Portion not reinvested will be paid in cash to the respective Unitholders in the usual manner through an Income Distribution Payment Account. For avoidance of doubt, the Income Distribution for Unitholders who do not exercise their Reinvestment Option will also be paid concurrently on the Allotment Date, in cash, in the usual manner.

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

An announcement will also be made in respect of the Market Day on which the new Units will be listed and quoted on the Main Market of Bursa Securities.

12. Cost to Participating Unitholders

There are no brokerage fees and other related transaction costs payable by Unitholders on the new Units allotted and issued, unless otherwise provided by any statute, law or regulation. However, a stamp duty of RM10.00 will be levied on each DRF submitted by the Participating Unitholders.

13. Cancellation of application of the Income Distribution Reinvestment Plan

Notwithstanding any other provisions, the Terms and Conditions set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made, if the Board shall consider that by reason of any event or circumstances (whether arising before or after the Board has determined that the Income Distribution Reinvestment Plan shall apply to any Income Distribution and before the allotment and issuance of new Units in respect of the Electable Portion) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Income Distribution Reinvestment Plan in respect of the Electable Portion, the Board may, at its absolute discretion and as it deems fit in the interest of Hektar REIT and without assigning any reason thereto, cancel the application of the Income Distribution Reinvestment Plan to the Electable Portion subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be.

In the event the Board decides to cancel the application of the Income Distribution Reinvestment Plan to the Electable Portion, the Unitholders shall receive the Electable Portion in cash in the usual manner through an Income Distribution Payment Account.

14. Modification, suspension and termination of the Income Distribution Reinvestment Plan

Subject to any statute, law or regulation in force in Malaysia, as the case may be, the Income Distribution Reinvestment Plan may be modified, suspended (in whole or in part) or terminated at any time by the Board as it deems fit and such development shall be communicated through an announcement to Bursa Securities, notwithstanding any other provision of these Terms and Conditions stating to the contrary and irrespective of whether an election to exercise the Reinvestment Option has been made by any Unitholder.

In the case of a suspension, the Income Distribution Reinvestment Plan will be suspended (in whole or in part, as the case may be) until such time as the Board may resolve at its absolute discretion, to recommence or terminate the Income Distribution Reinvestment Plan. If the Income Distribution Reinvestment Plan is recommenced, Participating Unitholders' Notice of Election confirming their participation under the previously suspended Income Distribution Reinvestment Plan will be valid and have full force and effect in accordance with these Terms and Conditions and any directions, terms and conditions for such recommencement of the Income Distribution Reinvestment Plan which may be notified to all Unitholders.

15. General administration of the Income Distribution Reinvestment Plan

The Board may implement the Income Distribution Reinvestment Plan in the manner as it deems fit at its absolute discretion. The Board has the power to:-

- i. determine procedures, rules and regulations for administration of the Income Distribution Reinvestment Plan which are consistent with these Terms and Conditions, as may be amended or modified from time to time;

APPENDIX I – INCOME DISTRIBUTION REINVESTMENT PLAN STATEMENT (CONT'D)

- ii. settle in such manner as it thinks fit, any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the Income Distribution Reinvestment Plan) which may arise in connection with the Income Distribution Reinvestment Plan, whether generally or in relation to any Participating Unitholder or any Unit and the determination of the Board will be conclusive and binding on all Unitholders and other persons to whom the determination relates;
- iii. delegate to any one (1) or more persons, for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretion under or in respect of the Income Distribution Reinvestment Plan and references to a decision, opinion or determination of the Board include a reference to the decision, opinion or determination of the person or persons to whom the Board has delegated its authority to, for the purposes of administering the Income Distribution Reinvestment Plan; and
- iv. waive strict compliance by Hektar REIT, the Trustee, the Manager or any Unitholder with any of these Terms and Conditions.

16. Implications of the Rules and other unitholding limits**(a) The Rules**

Pursuant to Paragraph 4.01, Part B of the Rules and Sections 217 and 218 of the CMSA, a Unitholder may be under an obligation to extend a mandatory take-over offer for all the remaining Units not already owned by him/her and persons acting in-concert with him/her (collectively, the "**Affected Parties**"), if by participating in the Income Distribution Reinvestment Plan in relation to the reinvestment of the Electable Portion:-

- i. the Affected Parties, have obtained Control in Hektar REIT; or
- ii. the Affected Parties have acquired, more than two percent (2%) of the voting Units or voting rights in Hektar REIT in any period of six (6) months and that Affected Parties hold more than thirty-three percent (33%) but not more than fifty percent (50%) of the voting Units or voting rights in Hektar REIT during the said six (6) month period, or such other unitholding percentage as may be prescribed in the Rules, howsoever effected.

In the event an obligation to undertake a mandatory take-over offer is expected to arise resulting from the exercise of the Reinvestment Option, the Affected Parties are advised to consult their professional advisers at the earliest opportunity including (but not limited) in relation to:-

- a. any obligation to make a mandatory take-over offer under the Rules as a result of any subscription of new Units through his/her participation in the Income Distribution Reinvestment Plan; and
- b. whether or not to make an application to the Securities Commission Malaysia to obtain an exemption from the obligation to undertake a mandatory offer pursuant to the Rules prior to exercising his/her Reinvestment Option.

However, should the Board be aware of or be informed in writing of any expected mandatory take-over offer obligation by any Unitholders as a result of their participation in the Income Distribution Reinvestment Plan, the Board shall, at the request of such Unitholder, reduce or limit the number of new Units to be issued to such Unitholder and pay the remaining portion of the Electable Portion in cash.

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Rules or other relevant legislation or regulations.

(b) Other unitholding limits

All Unitholders are responsible to ensure that their participation in the Income Distribution Reinvestment Plan will not result in a breach of any restrictions on their respective holding of Units which may be imposed by their contractual obligations, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities, as the case may be (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts), or as prescribed in the Deed.

In view of the above, notwithstanding anything to the contrary, should the Board be aware of or be informed in writing of any expected breach of such unitholding limits as a result of the exercise of the Reinvestment Option by such Unitholder, the Board shall be entitled but not obliged to (save and except where required by law), to reduce or limit the number of new Units to be issued to any Unitholder. In such a case, the Board reserves the right to pay the remaining portion of the Electable Portion in cash.

17. Disclaimer

Notwithstanding anything to the contrary, Hektar REIT, the Trustee, the Manager and the Board, including any of its subsidiaries and its respective directors, officers, employees, advisers, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising/incurred/suffered by any person including any Unitholder arising out of or in connection with the Income Distribution Reinvestment Plan including (but not limited to):-

- i. any obligation of any Unitholder to undertake a mandatory take-over offer as a result of the Income Distribution Reinvestment Plan;
- ii. a breach of any restrictions on any Unitholder's holding of Units which may be imposed by the Unitholders' contractual obligations, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities; and
- iii. any losses suffered by any Unitholders due to changes in prices of the Units or the quantum of future Income Distribution after the implementation of the Income Distribution Reinvestment Plan.

18. Governing law

This Income Distribution Reinvestment Plan Statement, these Terms and Conditions and the Income Distribution Reinvestment Plan shall be governed by, and construed in accordance with the laws of Malaysia.

19. Notices and statements

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by Hektar REIT to a Participating Unitholder shall be given in accordance with the applicable provisions of the Deed.

APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposed IDRPs, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there are no situations of conflict of interest that exist or is likely to exist in relation to its role as the Adviser to Hektar REIT for the Proposed IDRPs.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, Hektar REIT is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of Hektar REIT and to the best of the Board's knowledge and belief, the Board confirmed that there are no proceedings pending or threatened against Hektar REIT, or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of Hektar REIT:-

i. Writ of summons against 3 tenants & Tashima Development Sdn Bhd
(Civil Suit No. JD-B52NCVC-01-01/2019; JD-B52NCVC-02-01/2019 and JD-B52NCVC-03-01/2019)

On 16 August 2018, Hektar REIT filed a writ of summons action at the Muar Sessions Court against 3 tenants at Segamat Central Shopping Centre, namely Agenda Fokus Sdn Bhd ("**Agenda**"), Tirai Prospektif Sdn Bhd ("**Tirai**") and Dazzling Density Sdn Bhd ("**Dazzling**"), (collectively, "**3 tenants**") and their guarantor, Tashima Development Sdn Bhd ("**Tashima**") to seek, amongst others, the following:-

- a. a declaration that the termination of tenancy agreement all dated 28 July 2015 and the tenancy renewal letter by the tenants through their notices of termination was invalid and unlawful;
- b. an order for vacant possession of the demised premises be returned to Hektar REIT in its original state and condition or alternatively, if the demised premises is not returned in such state and condition, the tenants shall compensate Hektar REIT for the reinstatement cost which shall be assessed by the court;
- c. compensation for loss of rental for the remaining unexpired term of the tenancy and compensation for double rental to be assessed by the court; and
- d. payment of RM425,971.98, RM808,799.32 and RM465,613.99 respectively being the outstanding rental and other charges owing under the tenancy agreements and tenancy renewal letters, calculated as at July 2018.

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 3 October 2018, the 3 tenants and Tashima have filed their respective defences to the writ of summons action and the 3 tenants had also filed counter claim against Hektar REIT, to claim, amongst others, refund of the rentals paid claiming a mistaken belief of their rights under the tenancy agreement by Agenda and Tirai and loss of profits and general damages purportedly suffered by Dazzling.

The trial for the three (3) cases had proceeded and was heard concurrently on 27 and 29 May 2019 and on 10 July 2019 and the trial continued for assessment of damages on 14 October 2019.

On 30 June 2020, the Sessions Court delivered their judgment which allowed Hektar REIT's claims against the 3 tenants whereby Hektar REIT is entitled to a total judgment sum of RM3,673,470.59, with costs to Hektar REIT of RM54,000.00. However, the Sessions Court disallowed the following claims from Hektar REIT in all three (3) cases:-

- a. the declaration that the 3 tenants' notices of termination of the tenancy were invalid;
- b. the claim for double rent against all 3 tenants; and
- c. Hektar REIT's claim against Tashima with costs of RM15,000.00 in total to Tashima (RM5,000.00 for each case).

Subsequently, Hektar REIT had filed the respective notices of appeal to the High Court to appeal against the decisions of the Sessions Court on 13 July 2020. At the same time, winding up notices have been issued against the 3 tenants on 12 October 2020 and on 2 March 2022, the winding up orders were obtained against the 3 tenants.

Due to the presiding judge is no longer in service prior to the decision is delivered, this matter has been directed for a re-hearing before a new judge. This matter has been fixed for case management on 10 November 2022 pending the 3 tenants to obtain sanction from its official receiver to continue with this appeal.

During the case management on 10 November 2022, the 3 tenants and Tashima's solicitors informed the court that they will file an application to discharge themselves from representing the 3 tenants and Tashima in this suit on the ground that they are unable to obtain the proper instructions from them. The court has now fixed this matter for further case management on 28 November 2022.

In so far as the three (3) main appeals are concerned, the solicitors are of the view that there is a reasonable prospect of success in the appeals on the following broad grounds:-

- a. the learned Sessions Court Judge erred in law and/or in fact, in failing to follow established precedent and misapplied the law as to the facts in dismissing the Hektar REIT's claim for damages for double rental;
- b. the learned Sessions Court Judge erred in law and/or in fact, in failing to judicially appreciate the fact that the computation of damages was unchallenged, not contradicted;
- c. the learned Sessions Court Judge erred in law and/or in fact, in dismissing the claims for a declaration that the notice of termination dated 7 June 2018 is invalid and unlawful; and
- d. the learned Sessions Court Judge erred in law and/or in fact, in allowing the counterclaim for a declaration that the letter of undertaking dated 14 September 2017 is void and unlawful.

APPENDIX II – FURTHER INFORMATION (CONT'D)

In so far as the cross-appeal is concerned, the solicitors are of the view that there is no merit in the cross-appeal on the basis that the cross-appeal is not confined and/or related to the matters raised in the notice of appeal but was used as an instrument to set-aside, appeal and/or vary the decision of the learned Sessions Court Judge.

Notwithstanding the above, the solicitors are unable to ascertain the outcome of proceedings at this stage as the appeal has not been fixed for a re-hearing.

ii. Writ of Summons by Eng Hiap Seng (Rengit) Sdn Bhd against Hektar REIT & Hektar Property Services Sdn Bhd
(Civil Suit No. JB-22NCvC-15-03/2019)

On 14 March 2019, Eng Hiap Seng (Rengit) Sdn Bhd ("**EHS**") had filed a writ of summons at the Muar High Court against Hektar REIT and Hektar Property Services Sdn Bhd ("**HPS**") seeking, amongst others, the following:-

- a. a declaration that Hektar REIT and HPS are not entitled to enter or cross into EHS land known as GRN 95172, Lot 229, Bandar Maharani, Daerah Muar, Negeri Johor ("**Neighbouring Property**");
- b. an injunction against Hektar REIT and HPS, its tenants, agents, employees, servants, representatives, contractors or visitors from entering, trespassing or crossing the Neighbouring Property;
- c. specific performance for Hektar REIT and HPS to demolish any part of Wetex Parade which trespassed or crossed into the Neighbouring Property; and
- d. general damages.

Subsequently, EHS had on 8 July 2019, filed an application for summary judgment of this case and on the hearing date on 25 November 2019, the High Court dismissed EHS's summary judgment application and awarded costs of RM4,500.00 to be paid by EHS to Hektar REIT.

On 13 January 2020, Hektar REIT's lawyers informed the High Court of Hektar REIT's intention to file an application for leave to issue a third party notice. The notice of application for leave to issue a third party notice against Wetex Realty Sdn Bhd (the previous proprietor of Classic Hotel and Wetex Parade) was filed on 24 January 2020 and on 17 February 2020, the High Court granted an order allowing for the issuance of the said third party notice.

During the further case management session on 8 June 2022, the High Court gave the following directions:-

- a. both parties to file and exchange witness statements on 31 March 2023; and
- b. the trial is fixed for three (3) days from 10 April 2023 to 12 April 2023.

The solicitors are of the view that Hektar REIT and HPS as the defendants in the main action have reasonable prospects of success in defending the claim filed by EHS for trespass. The defendants have since filed an Order 40A Affidavit annexing an expert's report. The expert's report will show that the land allegedly trespassed upon had been earmarked for and/or intended to be utilised as a road reserve and as such, EHS has no right to bring this action.

APPENDIX II – FURTHER INFORMATION (CONT'D)

Further, the solicitors are of the view that the Hektar REIT and HPS have reasonable prospect of success in third-party proceedings brought against Wetex Parade Sdn Bhd for an indemnity and/or contribution towards the satisfaction of any damages that the High Court may make in favour of EHS in respect of either or both Hektar REIT and HPS.

Notwithstanding the above, the solicitors are unable to ascertain the outcome of proceedings at this stage as the trial has not commenced.

iii. Writ of Summons against Mahkota Parade JMB & 5 Others

(Civil Suit No. 22 NCvC-22-06/2020)

On 2 March 2020, the Mahkota Parade JMB ("**JMB**") issued a Form 11 of the Strata Management (Maintenance and Management) Regulations 2015 ("**Form 11**") ("**Regulations**") to Hektar REIT, pursuant to Regulation 20 of the Regulations, which in essence was a notice to demand for payment of outstanding maintenance charges totalling RM 37,431,084 which was allegedly owed by Hektar REIT to the JMB.

Following the receipt of the Form 11 and having consulted Hektar REIT's solicitors, the following applications were filed at the Melaka High Court by Hektar REIT ("**Plaintiff**") on 19 June 2020:-

- a. Writ of Summons against the JMB and committee members (collectively "**Defendants**") for, amongst others:-
 - (i) a declaration that in issuing the Form 11, the Defendants have breached the Strata Management Act 2013 ("**SMA**") and/or the Regulations and the Form 11 is void and of no effect;
 - (ii) a declaration that the Form 11 statutory procedure has been employed by the Defendants not to recover a debt that is lawfully or legitimately due but represents an attempt by the Defendants to employ the SMA and the Regulations as an engine of fraud to serve their ulterior and extraneous purposes;
 - (iii) a declaration that the share unit computation performed by the JMB is in breach of, inter alia, paragraph 5(1) of the First Schedule to the SMA;
 - (iv) a declaration that the committee members have conspired to damage the interests (proprietary and otherwise) of Hektar REIT;
 - (v) a declaration that the JMB has abused the process of court as evident in the findings of the High Court on 21 August 2017;
 - (vi) an injunction to restrain the Defendants from taking out any proceedings against Hektar REIT premised on the Form 11; and
 - (vii) damages for breach of statutory duty by the JMB, conspiracy, abuse of court process, abuse of statutory power and process.
- b. Notice of Application against the Defendants for an interim injunction to restrain the Defendants from taking out any proceedings or in any acting on or proceeding against Hektar REIT premised on the Form 11 and to restrain the Defendants from denying or refusing Hektar REIT's right to vote at a general meeting.

APPENDIX II – FURTHER INFORMATION (CONT'D)

On 26 August 2020, the High Court granted an ad interim injunction in favor of Hektar REIT and subsequently extended the same until 17 December 2020.

On 17 December 2020, the High Court delivered its decision as follows:-

a. In relation to the Notice of Application for an interim injunction:-

An injunction is granted to restrain the JMB and its committee members from taking out any proceedings or in any way acting on or proceeding against the Plaintiff premised on the Form 11 until the disposal of the writ of summons action.

b. In relation to the Writ of Summons:-

The High Court fixed the matter for trial on 29 March 2021, 31 March 2021 and 28 May 2021.

On 17 January 2022, Hektar REIT entered into a consent judgment with the first defendant (i.e, the Mahkota Parade JMB). Pursuant to the terms of the consent judgment both Hektar REIT and the Mahkota Parade JMB withdrew their respective claims against each other. The Mahkota Parade JMB accepted that the outstanding maintenance charges totalling RM 37,431,084 was not computed in accordance with the law.

Notwithstanding the amicable settlement and consent judgment between Hektar REIT and JMB, the trial of the Writ of Summons action (as against the individual committee members) is ongoing. The continued trial has been fixed on 16 and 17 January 2023.

The solicitors are of the opinion that Hektar REIT has reasonable prospects of success. However, the solicitors are unable to ascertain the outcome of proceedings at this stage as the trial is ongoing.

5. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Hektar REIT which, upon becoming enforceable, may have a material impact on the financial results/position of Hektar REIT.

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Hektar REIT which, upon becoming enforceable, may have a material impact on the financial results/position of Hektar REIT.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Business Office of the Trustee at Level 15, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the forthcoming EGM:-

- i. the Deed;
- ii. the audited financial statements of Hektar REIT for the past two FYEs 31 December 2020 and 31 December 2021, and the latest unaudited condensed consolidated financial statements for the 9-month financial period ended 30 September 2022;
- iii. the letter of consent and declaration of conflict of interest referred to in Sections 2 and 3 above, respectively; and
- iv. the relevant cause papers for material litigations referred to in Section 4 above.



HEKTAR REAL ESTATE INVESTMENT TRUST

(Established in Malaysia under the Trust Deed dated 5 October 2006 (as amended by the Supplemental Trust Deed dated 20 March 2012, Second Supplemental Deed to the Trust Deed dated 23 November 2016 and Amended and Restated Trust Deed dated 8 February 2021) entered into between Hektar Asset Management Sdn Bhd and MTrustee Berhad)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Hektar Real Estate Investment Trust ("**Hektar REIT**") will be conducted on a fully virtual basis at the Broadcast Venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1-U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 15 December 2022 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN INCOME DISTRIBUTION REINVESTMENT PLAN THAT PROVIDES UNITHOLDERS WITH AN OPTION TO ELECT TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS IN HEKTAR REIT ("UNIT(S)") ("PROPOSED IDRPP")

"THAT subject to the approvals of all relevant authorities for the Proposed IDRPP being obtained, the Proposed IDRPP be and is hereby approved, and that the Board of Directors of the Hektar Asset Management Sdn Bhd ("**Board**"), being the management company of Hektar REIT, shall be and is hereby authorised:-

- i. to establish and implement the Proposed IDRPP based on the terms and conditions set out in the Income Distribution Reinvestment Plan Statement;
- ii. to determine, at its sole and absolute discretion, whether the Proposed IDRPP will apply to any income distribution declared by Hektar REIT (whether interim, final, special or any other types of cash distribution) ("**Income Distribution**"), and the portion of such Income Distribution to which the option to reinvest in new Units applies;
- iii. to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the Proposed IDRPP; and
- iv. to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of Hektar REIT, all such documents and impose such terms and conditions or delegate all or any part of its power as may be necessary and expedient in order to give full effect to the Proposed IDRPP, with full power to assent to any conditions, variations, modifications and/or amendments including amendments, modifications, suspension and termination of the Proposed IDRPP as the Board may, in its absolute discretion, deem fit and in the best interest of Hektar REIT and its unitholders and/or as may be required or permitted by any relevant authorities.

AND THAT the new Units will, upon allotment and issuance, rank equally in all respects with the existing Units, save and except that the holders of new Units shall not be entitled to any distributable income, rights, benefits, entitlements and/ or any other forms of distributions that may be declared, made or paid to unitholders where the entitlement date of such distributions precedes the relevant date of allotment and issuance of the new Units."

ORDINARY RESOLUTION 2

ISSUANCE OF UNITS PURSUANT TO THE PROPOSED IDRП ("ISSUANCE OF UNITS")

"**THAT** subject to the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to allot and issue such number of new Units from time to time as may be required to be allotted and issued pursuant to the Proposed IDRП until the conclusion of Hektar REIT's next annual general meeting, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient and in the best interest of Hektar REIT and its unitholders.

The issue price of the new Units, which will be determined by the Board on the price-fixing date to be announced later ("**Price-Fixing Date**"), shall be not more than a 10% discount to the 5-day volume weighted average market price of the Units immediately prior to the Price-Fixing Date.

AND THAT the Board be and is hereby authorised to do all such acts and enter into such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of Hektar REIT, all such documents and impose such terms and conditions or delegate all or any part of its power as may be necessary and expedient in order to give full effect to the Issuance of Units, with full power to assent to any conditions, variations, modifications and/or amendments including amendments, modifications, suspension and termination of the Issuance of Units as the Board may, in its absolute discretion, deem fit and in the best interest of Hektar REIT and its unitholders and/or as may be required or permitted by any relevant authorities."

By Order of the Board
HEKTAR ASSET MANAGEMENT SDN BHD

DATO' MUHAMMAD HAFIDZ BIN NURUDDIN (MAICSA 7005820)(SSM PC No.: 202008001132)
LIM SECK WAH (MAICSA 0799845)(SSM PC No.: 202008000054)
Joint Company Secretaries

Kuala Lumpur
30 November 2022

Notes:-

1. *A unitholder who is entitled to participate at the meeting is entitled to appoint not more than 2 proxies to participate instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.*
2. *Where a unitholder is a corporation, its duly authorised representative shall be entitled to participate at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to participate.*
3. *Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.*
4. *Where a unitholder is an exempt authorised nominee which holds units in Hektar REIT for multiple beneficial owners in one account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*
6. *The instrument appointing a proxy shall be deposited at the office of Hektar REIT's Poll Administrator for the EGM, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan no later than 48 hours before the time set for holding the EGM or at any adjournment thereof.*
7. *Only unitholders registered in the Record of Depositors as at 8 December 2022 shall be entitled to participate at the meeting or appoint proxy(ies) to participate on his behalf.*
8. *The meeting will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities available on Securities Services e-Portal at <https://sshshb.net.my/>. Please refer to the procedures provided in the Administrative Guide for registration, participation and remote voting via the RPV facilities.*



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PROXY FORM

(Before completing this form please refer to the notes below)

CDS Account No.	
No. of units held	

I/ We _____ Tel: _____
[Full name in block, NRIC/ Passport/ Company No.]

of _____

being unitholder(s) of Hektar Real Estate Investment Trust ("**Hektar REIT**") hereby appoint the following person(s):-

Full Name (in Block)	NRIC/ Passport No.	No. of units to be represented by proxy
Address		

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/ Passport No.	No. of units to be represented by proxy
Address		

as my/our proxy to attend on my/our behalf at the Extraordinary General Meeting to be conducted on a fully virtual basis at the Broadcast Venue at The Boardroom of Hektar Asset Management Sdn Bhd, D1-U3-10, Solaris Dutamas, No. 1 Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 15 December 2022 at 10.00 a.m. or at any adjournment thereof. My/our proxy is to vote as indicated below:-

Resolution	Description	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
Ordinary Resolution 1	Proposed IDRPs				
Ordinary Resolution 2	Issuance of Units				

Dated this _____ day of _____ 2022

Signature/Common Seal of Unitholder(s)

Notes:-

1. A unitholder who is entitled to participate at the meeting is entitled to appoint not more than 2 proxies to participate instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to participate at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to participate.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.



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5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.*
6. *The instrument appointing a proxy shall be deposited at the office of Hektar REIT's Poll Administrator for the EGM, SS E Solutions Sdn Bhd, at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan no later than 48 hours before the time set for holding the EGM or at any adjournment thereof.*
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AFFIX
STAMP

The Poll Administrator
SS E Solutions Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing
