



## 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)*

### 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 IDRf attached thereto) will be despatched to all Unitholders. Unitholders may elect to reinvest in new Units through submission of hardcopy of the IDRf contained in the Notice of Election to the Share Registrar or submission of e-IDRF through the Share Registrar's Online Investor Portal. 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.

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 IDRf or e-IDRF 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 IDRf and return it to the office of the Share Registrar as stated in the Notice of Election or complete the e-IDRF via the Online Investor Portal 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 IDRfs 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 IDRfs to the office of the Share Registrar as stated in the Notice of Election or complete all the e-IDRFs via the Online Investor Portal 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.

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 IDRf or e-IDRF must be received by the Share Registrar 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 IDRf or e-IDRF 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, 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:-

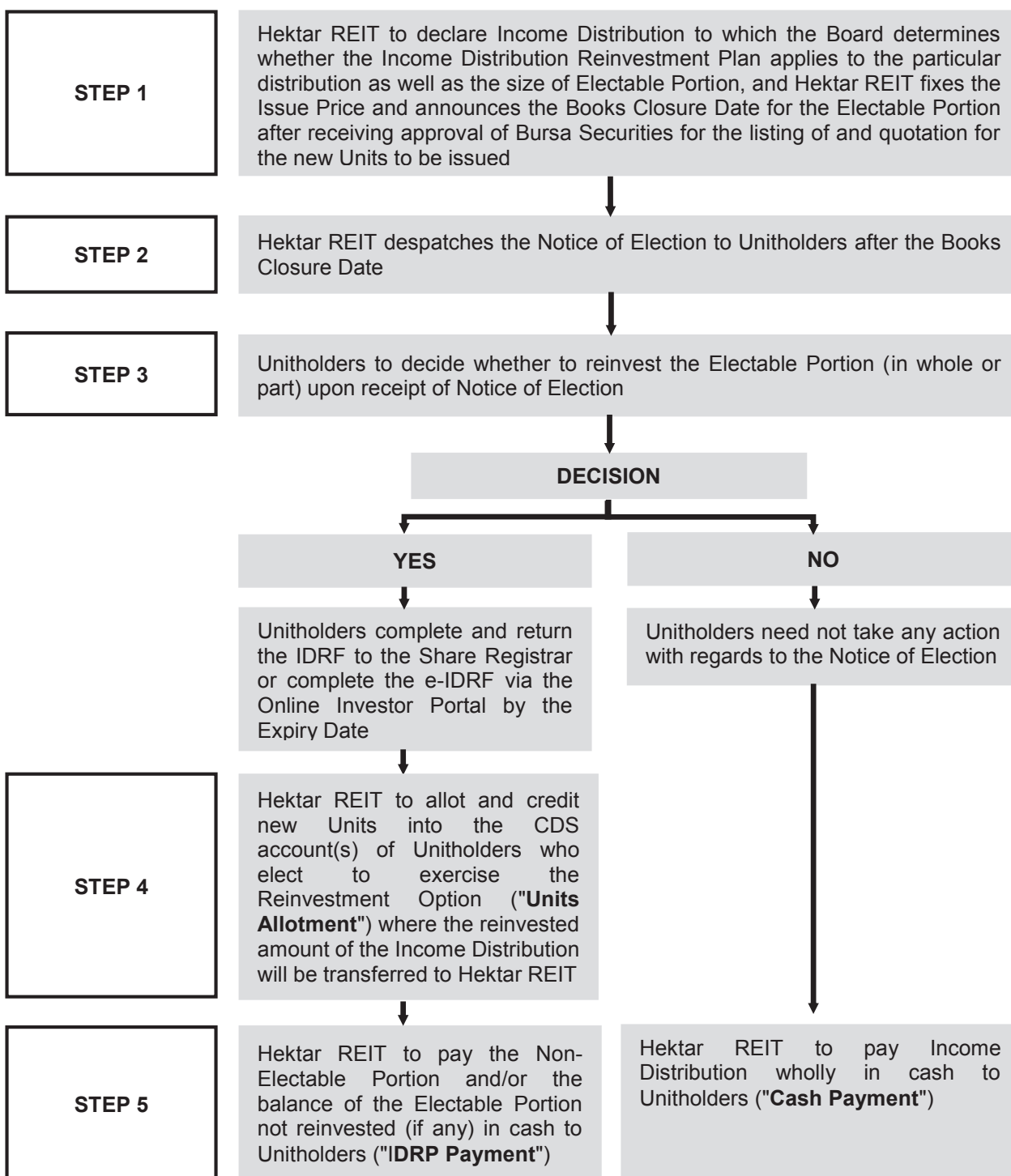
- i. in exercising the Reinvestment Option, they are at their liberty to reinvest the entire Electable Portion or a part thereof to which a Notice of Election relates; and
- ii. their right to exercise the Reinvestment Option is non-transferable.

**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.**

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*

## 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
e-IDRF	:	Electronic copy of the IDRF
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
Foreign Addressed Unitholders	:	Unitholders whose address in the Record of Depositors are outside of Malaysia

Hektar REIT	:	Hektar Real Estate Investment Trust
IDRF	:	Income 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
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 IDRF contained therein
Online Investor Portal	:	Electronic services provided by the Share Registrar
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, namely Mega Corporate Services Sdn Bhd
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, 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.

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**

### **(a) Hardcopy submission of the IDRf**

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 IDRf 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 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 IDRfs received by him/her and return the completed IDRfs to the office of the Share Registrar as stated in the Notice of Election 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 IDRf, 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 IDRf has been received by the Share Registrar no later than the Expiry Date. An IDRf to participate in the Income Distribution Reinvestment Plan in any other form will not be accepted by the Manager.



An IDRf 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 IDRf that is incomplete, contains errors or is otherwise defective. The Manager is under no obligation to correct any invalid IDRf on behalf of any Unitholder or to provide any reason for rejecting any IDRf. Any IDRf received after the Expiry Date shall be invalid.

**(b) Electronic submission of the e-IDRF**

Unitholders may elect to exercise the Reinvestment Option through the Share Registrar's Online Investor Portal at <https://www.megacorp.com.my/investor/>, in which case the Participating Unitholders are not required to submit the physical IDRf to the Share Registrar. **Electronic election via the Online Investor Portal is only available to individual Unitholders. Corporation or institutional Unitholders will have to complete, sign and submit the physical IDRf to the Share Registrar to exercise their Electable Portion.**

The procedures to exercise the Reinvestment Option electronically and to submit the e-IDRF are set out as below:-

**(i) Sign up as a user of the Online Investor Portal**

- (a) Access the Online Investor Portal at <https://www.megacorp.com.my/investor/>
- (b) Click "Register Account" and select individual
- (c) Proceed to verify your account with the verification code sent to you via your registered email
- (d) Account will be activated within one (1) Market Day and you will be notified by email

**(ii) Procedures for online submission**

- (a) Login to the Online Investor Portal at <https://www.megacorp.com.my/investor/>
- (b) Select the corporate exercise name: Hektar – IDRf
- (c) Preview your CDS account details and your Income Distribution entitlement
- (d) Select the relevant CDS account and insert the new number of Units you elect to subscribe (*if Units are different from your entitlement*)
- (e) Review and confirm the number of Units which you are subscribing
- (f) Arrange to transfer a sum of RM10.00 for stamp duty for each e-IDRF submission into the Bank Account as follows:-

Account Name	MEGA CORPORATE SERVICES SDN BHD
Bank	MALAYAN BANKING BERHAD
Bank Account No.	5143 4720 1971

- (g) Print the online transfer receipt and upload as payment proof to your e-IDRF
- (h) Read and agree to the terms & conditions and confirm the declaration
- (i) Select "Submit" to complete your submission
- (j) Download a copy of your submission for your records

### ***Terms and Conditions on submission of the e-IDRF via the Online Investor Portal***

Unitholders who wish to exercise their Electable Portion electronically may do so through the Share Registrar's Online Investor Portal at <https://www.megacorp.com.my/investor/>. To use the electronic services to exercise their Electable Portion, Unitholders are advised to read the instructions as well as the terms and conditions of the electronic election before making an election electronically.

Participating Unitholders who wish to opt for electronic election via the Online Investor Portal shall take note of the following instructions:-

- i. any electronic election of Electable Portion received by the Share Registrar after the Expiry Date shall be regarded as null and void and of no legal effect unless the Board, in its absolute discretion, determines otherwise and such Unitholder who is entitled to the Income Distribution based on his/her entitlement on the Books Closure Date, as the case may be, shall be deemed to have elected to receive their Income Distribution entitlement in cash. An electronic election, once received by the Share Registrar from the Participating Unitholder, is irrevocable and shall be binding on the Unitholder;
- ii. accordingly, for each CDS account, the Unitholder can elect to exercise the Electable Portion in whole or part thereof as stipulated in his/her entitlement to the IDRP or if the Unitholder does not so elect, he/she will receive their Income Distribution entitlement wholly in cash;
- iii. multiple electronic submissions in relation to the same CDS account, or those appearing to be, or suspected of being multiple submissions in relation to the same CDS account, may be rejected at the discretion of the Board, and such Unitholders shall be treated as having elected to receive their Electable Portion in cash;
- iv. any electronic election made must be in accordance with the notes and instructions in the Online Investor Portal, this statement and the Notice of Election. Any electronic election submitted that does not conform to the terms and conditions of the Online Investor Portal, this statement and the Notice of Election may not be accepted at the sole discretion of the Board. The Board reserves the right, in its absolute discretion, to reject any electronic election which is incomplete and/or incorrectly completed, and such Unitholder shall be treated as having elected to receive their Electable Portion in cash;
- v. the number of new Units available under the Electable Portion (or a portion thereof) set out in the Notice of Election has been computed based on the Unitholder's unitholding as stated in the Record of Depositors as at the Books Closure Date, the Unitholder's Income Distribution entitlement as at the Books Closure Date and the Issue Price of the new Units to be issued pursuant to the IDRP. The Participating Unitholder is required to select the reinvestment option in exercising his/her participation in the IDRP;
- vi. the Participating Unitholder will need to pay a stamp duty of RM10.00; and
- vii. the new Units arising from the Electable Portion will be issued and credited into the Participating Unitholder's CDS account as stated in the Record of Depositors as at the Books Closure Date.

**(c) Responsibilities and Rights of Share Registrar**

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 IDRF is valid, even if the IDRF is incomplete, contains errors or is otherwise defective;
- iii. acknowledges that the Manager may accept or reject the IDRF 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:-

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

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

The maximum number of new Units to be issued under the Income Distribution Reinvestment Plan 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 Reinvestment Option and the extent of their election;
- iv. the Issue Price of the new Units; and
- v. 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 16 of this statement.

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.

### **2022 Final Income Distribution**

On 3 January 2023, the Board declared a distribution of 5.3 sen per Unit for the fourth quarter ended 31 December 2022 ("**2022 Final Income Distribution**"). On even date, the Board also determined that the Income Distribution Reinvestment Plan shall apply to the entire 2022 Final Income Distribution, where the gross Electable Portion will be the entire 5.3 sen per Unit (bound by respective withholding tax rates) ("**1st IDR**P"). Subsequently, on 10 January 2023, the Board announced that the Issue Price of each new Unit arising from the 1st IDR P is fixed at RM0.65 per new Unit.

Pursuant to the 1st IDR P, in event that all Unitholders elect to reinvest their entire Electable Portion in new Units and assuming none of the Unitholders are subject to withholding tax, a total of 38,425,830 new Units will be issued, representing approximately 8.17% of the total issued Units as at the Books Closure Date.

#### **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-Selectable 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-Selectable Portion and any remaining portion of the Selectable 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.

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 IDRf or e-IDRF 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 Selectable 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 Selectable 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 Selectable 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 Selectable Portion, the Unitholders shall receive the Selectable 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;
- 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.