

NON-RELATED PARTY TRANSACTION ANNOUNCEMENT: HEKTAR REAL ESTATE INVESTMENT TRUST ("HEKTAR REIT")

PROPOSED ACQUISITION AND LEASE BY MTRUSTEE BERHAD, ON BEHALF OF HEKTAR REIT, A PARCEL OF LEASEHOLD LAND HELD UNDER A PN5908, LOT 14840, MUKIM 12, DISTRICT OF BARAT DAYA, STATE OF PULAU PINANG MEASURING APPROXIMATELY 7,657 SQUARE METERS IN AREA ON WHICH THE FACTORY BUILDINGS FOR INDUSTRIAL, WAREHOUSING AND OFFICE SPACE PURPOSES ARE CONSTRUCTED THEREON FROM MICROLEAD PRECISION TECHNOLOGY SDN BHD

1. INTRODUCTION

The Board of Directors of Hektar Asset Management Sdn. Bhd. ("**Board**"), being the management company of Hektar REIT ("**Manager**"), wishes to announce that MTrustee Berhad on behalf of Hektar REIT ("**MTrustee**" or "**Purchaser**"), has entered into a conditional sale and purchase agreement ("**SPA**") with Microlead Precision Technology Sdn Bhd (Registration No. 199501041104 (370308-U)) ("**MPT**" or "**Vendor**") on 19 February 2025 for the proposed acquisition and lease back of a parcel of leasehold land on which are erected factory buildings used for industrial, warehousing and office space purposes (collectively, the "**Property**"), located within Bayan Lepas Industrial Park (Phase 4), Pulau Pinang, Malaysia for a total cash consideration of RM30,000,000.00 ("**Proposed Acquisition**").

The percentage ratio applicable to the Proposed Acquisition is 2.16% of the total asset value of Hektar REIT and the consideration for the Proposed Acquisition is to be satisfied by the Purchaser in cash. As the percentage ratio of the Proposed Acquisition is less than 5%, pursuant to Paragraph 10.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Manager is not required to announce the Proposed Acquisition to Bursa Securities. However, the Manager wishes to voluntarily announce the Proposed Acquisition under Paragraph 10.05(2) of the Listing Requirements.

As part of the conditions precedent of the SPA, MTrustee had on the even date entered into a master lease agreement with MPT to leaseback the Property to MPT ("**Master Lease Agreement**") upon the completion of the Proposed Acquisition, pursuant to the terms and conditions of the Master Lease Agreement ("**Proposed Lease**").

2. DETAILS OF THE PROPOSED ACQUISITION AND LEASE OF THE PROPERTY

2.1 Proposed Acquisition

Subject to the fulfilment of the Conditions Precedent (as defined in paragraph 2.3.3 below), the Purchaser has agreed to purchase and the Vendor has agreed to sell the Property (as defined in paragraph 1 above), free from all encumbrances together with all infrastructure, major systems, all on-site fixtures and fittings, plant and machinery, equipment and movable chattels (excluding the on-site machineries and equipment used by the Vendor pertinent to the business operation of the Vendor) owned by the Vendor which are material to the ownership, maintenance, use, leasing, service or operation of the Property as more particular set out in Schedule 2B of the SPA (collectively, the "**Assets**") with legal possession, but subject to the Lease (as defined under paragraph 2.3.2.2 below) to be granted by the Purchaser to the Vendor and the Tenancies (as defined under paragraph 2.2(b) below) continuing and subject further to the conditions of title (express or implied) and restrictions-in-interest endorsed on the Property's title, for a total lump sum consideration of RM30,000,000.00 ("**Purchase Price**").

MTrustee approved the Proposed Acquisition and Proposed Leaseback, vide their letter dated 10 December 2024 in accordance with the provisions of the Amended and Restated Trust Deed dated 8 February 2021 along with supplementary trust deed dated 27 February 2024 entered into between MTrustee and the Manager.

2.2 Information of the Property

The Property consists of a parcel of leasehold land on which are erected factory buildings used for industrial, warehousing and office space purposes

- (a) **Title No. PN 5908, Lot 14840, Mukim 12, District of Barat Daya, State of Pulau Pinang** measuring approximately 12,869 square meters ("**Land**");
- (b) A portion of the Property is currently tenanted by SPX Xpress (Malaysia) Sdn Bhd (Registration No. 201801034718 (1296745M)) ("**SPX**"), pursuant to the Tenancy Agreement 30 July 2024 made between the Vendor and SPX ("**Tenancies**").

Further information of the Land is set out as follows:

The Land*	
No. Hakmilik	PN 5908
No. Lot	Lot 14840
Bandar/Pekan/Mukim	Mukim 12
Daerah	Barat Daya
Negeri	Pulau Pinang
Tenure	60-years leasehold expiring on 11 September 2065 (remaining lease period of approximately 40 years)
Encumbrances	Nil
Restrictions in interest	<p>(i) Tanah yang di beri milik ini tidak boleh di pindah milik, cagar, pajak atau pajakan kecil, tenensi disewakan atau dengan apa-apa urusan sekalipun diuruskan tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.</p> <p>(ii) Tanah yang diberi milik ini tidak boleh di Pecah Sempadan atau di Pecah Bahagian.</p> <p>(iii) Tanah yang diberi milik ini dan mana-mana bangunan yang terdapat diatasnya tidak boleh digunakan untuk apa jua kegunaan selain daripada yang diluluskan oleh Perbadanan Pembangunan Pulau Pinang dan Pihak Berkuasa Negeri.</p>
Category of land use	Perusahaan / Perindustrian
Express conditions of title	<p>Pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang hendaklah :-</p> <p>i) Dalam tempoh masa 2 tahun dari tarikh Pindah Milik yang pertama di daftarkan atau dalam jangka masa yang ditetapkan yang diluluskan oleh Pihak Berkuasa Negeri, mendirikan bangunan kilang atau bangunan kilang-kilang diatas tanah yang diberi milik itu mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan dan hendaklah memelihara bangunan atau bangunan-bangunan yang telah didirikan itu dengan memuaskan Pihak Berkuasa Tempatan.</p> <p>ii) Membersihkan, melupuskan atau menyebabkan berlakunya pembersihan atau perlupusan 'effluents' perdagangan dalam bentuk atau cara yang memuaskan pihak-pihak berkuasa yang berkenaan.</p> <p>iii) Membayar dan menjelaskan semua cukai, kadar-kadar bayaran hasil dan lain-lain bayaran yang dinilai pada masa itu terhadap tanah yang diberi milik tersebut atau mana-mana bahagian yang berkenaan yang dikenakan oleh Majlis Perbandaran Seberang Perai / Majlis Perbandaran Pulau Pinang.</p> <p>iv) Mempastikan bahawa 30% daripada pekerja-pekerja bagi tiap-tiap peringkat pengurusan yang diambil dalam perniagaan untuk tanah yang diberi milik ini hendaklah terdiri dari kaum BUMIPUTRA.</p> <p>v) Mematuhi semua terma-terma dan syarat-syarat yang terkandung didalam Surat Perjanjian Jual Beli yang ditandatangani diantara pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang dengan Perbadanan Pembangunan Pulau Pinang.</p>

Information on the Buildings is set out as follows:

Table B: Information on the Buildings

No	Building	Approximate Gross Floor Area		Age of Building
		Square Metre	Square Feet	
1	A single-storey detached factory with an annexed double-storey office building	2,777.47	29,897	18 years
2	A single-storey detached factory with an annexed double-storey office building	1,128.40	12,146	1 year
3	A three (3)-storey production area and office building	1504.35	16,194	1 year
4	Guard House	10.32	111	18 years
		5,420.54	58,348	

**Note: The indicative gross floor area as stipulated above is based on valuation report by Raine & Horne International dated 24th October 2024*

2.3 Salient terms of the SPA

2.3.1 Manner of settlement of the Purchase Price

- (a) In Summary, the Purchase Price is payable in the following manner:

	Amount (RM)	Percentage of Purchase Price (%)
Refundable Earnest Deposit	3,000,000.00	10%
Balance Deposit upon signing of SPA	3,000,000.00	10%
Balance Purchase Price	24,000,000.00	80%

- (b) Upon MTrustee's execution of the SPA, a deposit amounting to RM6,000,000.00 only, representing 20% of the Purchase Price ("**Deposit**") shall be paid or shall have been paid to Messrs Kai & Co., Advocates & Solicitors of SO 21-05, Menara 1, KL Eco City, 3, Jalan Bangsar 59200 Kuala Lumpur as stakeholder ("**Vendor's Solicitors**" or "**Stakeholder**"), who is authorised to release the Deposit to the Vendor after the SPA becoming unconditional.
- (c) The Purchase price of the Property and Asset shall be **Ringgit Malaysia Thirty Million (RM30,000,000.00)** only. The Purchase Price shall be satisfied by the Purchaser in the following manner:-

- i. before the execution of the SPA, the Purchaser has paid the Earnest Deposit, being a sum of **Ringgit Malaysia Three Million (RM3,000,000.00)** only to the Vendor's Solicitors as stakeholders to hold and deal with in accordance with clause 3.5 and clause 3.6 of the SPA, as the case may be, and the Vendor's Solicitors have notified the Parties of its receipt of the Earnest Deposit and placement of the sum into an interest bearing account;
- ii. on the execution of the SPA, the Purchaser shall pay the Balance Deposit, being a sum of **Ringgit Malaysia Three Million (RM3,000,000.00)** only to the Vendor's Solicitors as stakeholders to hold and deal with in accordance with clause 3.5 and clause 3.6 of the SPA, as the case may be;
- iii. on or before the expiry of the Completion Period, the Purchaser shall pay the Balance Purchase Price, being a sum of **Ringgit Malaysia Twenty Four Million (RM24,000,000.00)** only in the following manner:-
 - (1) *a sum of Ringgit Malaysia One Million and Five Hundred Thousand (RM1,500,000.00) only ("Defect Retention Sum") shall be paid directly to the Vendor's Solicitors as stakeholders to hold and deal with in accordance with the provisions of clauses 4.3 and 9.4 of the SPA respectively;*
 - (2) *subject to the receipt by the Purchaser's Solicitors of the Transfer Documents, a sum of Ringgit Malaysia Five Million (RM5,000,000.00) only ("Lease Retention Sum") shall be paid directly to the Vendor's Solicitors as stakeholders to hold and deal with in accordance with the provisions of clause 9.5 of the SPA; and*
 - (3) *subject to the receipt by the Purchaser's Solicitors of the Transfer Documents, a sum of Ringgit Malaysia Seventeen Million and Five Hundred Thousand (RM17,500,000.00) only ("Final Balance Sum") shall be paid by the Purchaser to the Vendor's Solicitors as stakeholder to hold and deal with in accordance with clause 4.6 of the SPA,*
- (d) Subject to the conditions of the SPA, the Stakeholders shall be authorised to release the Final Balance Sum to the Vendor 18 days after presentation of the discharge and transfer documents at the relevant land office or registry provided that the land office or registry has not rejected the presentation of the transfer prior to the expiry of the said period.

2.3.2 The other salient terms of the SPA

2.3.2.1 The Property together with the Assets are sold:-

- a) free from any encumbrances with all attached or accrued rights and benefits which the Vendor enjoys in relation to the Property as an owner to the Property;
- b) with legal possession subject to the Lease to be granted by the Purchaser to the Vendor and the Tenancies continuing;
- c) on the basis that there is no change to the state and condition of the Property save for any defects and fair tear and wear excepted;
- d) subject to all conditions of the title whether expressed or implied, restrictions in interest and the existing category of land use endorsed on the title;
- e) on the basis that the Vendor and the Purchaser entering into the Lease whereby the Vendor will lease the Property from the Purchaser with effect from the completion date upon the terms contained in the Master Lease Agreement;
- f) on the basis that the Property and the Assets are not subject to any prohibitory orders, injunctions (interim or otherwise) or any orders or judgments of whatsoever nature and/or any other constraints of whatsoever nature which would prohibit, prevent, hinder, restrict, limit or delay the Vendor from selling and/or the Purchaser from purchasing the Property; and
- g) that each of the warranties remains true and accurate in all respects.

2.3.2.2 Upon completion of the SPA, the Property will be leased back to the Vendor for a fifteen (15) years tenure, with an option to extend for a further fifteen (15) year period on triple net master lease arrangement with the Vendor with 5% rental escalation every three (3) years ("**Lease**").

2.3.3 Condition Precedent

The completion of the sale and purchase of the Property pursuant to the terms and subject to the conditions set out in the SPA will in all respects be conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled/obtained or waived (as the case may be):-

- (a) the Vendor having obtained, at its own cost and expense, the unconditional consent of the State Authority to transfer the Land by the Vendor to the Purchaser;
- (b) the Vendor having obtained, the approval from its shareholders and board of directors for the disposal of the Property and Assets by the Vendor to the Purchaser and the Lease;
- (c) the Vendor shall have deposited with the Purchaser all original Certificate of Fitness or Certificate of Completion and Compliance of the Building and any other extensions, renovations or alterations thereof and drawings pertaining to the Building including as-built, civil and structural (C&S) and mechanical and electrical (M&E) plans and drawings as per the list as set out in clause 8.2 of the SPA;
- (d) the Vendor having obtained, at its own cost and expense, the unconditional consent of Penang Development Corporation ("**PDC**") for the transfer of the Land by the Vendor to the Purchaser;
- (e) the Vendor shall procure MQ Technology Berhad ("**MQT**") to obtain Bursa Malaysia Securities Berhad's approval or clearance in relation to the disposal of the Property and Assets and the Lease and the valuation report for the Property and Assets in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Asset Valuation Guidelines of the Securities Commission Malaysia, where applicable;
- (f) where applicable, the Purchaser shall have obtained Bursa Malaysia Securities Berhad's approval or clearance in relation to the acquisition of the Property and Assets and the Lease

and the valuation report for the Property and Assets in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Asset Valuation Guidelines of the Securities Commission Malaysia, where applicable;

- (g) the Purchaser shall have obtained the approvals of the board of directors of MTrustee Berhad, Hektar Asset Management Sdn Bhd and unitholders of Hektar REIT (if applicable) in relation to the acquisition of the Property and Assets, and the Lease and the equity funding exercise;
- (h) the Purchaser having carried out and completed the legal due diligence review over the Property as well as on the financial due diligence on the Vendor's financial capability to meet their obligations under the Master Lease Agreement and the results of the due diligence review are satisfactory to the Purchaser;
- (i) the Purchaser having obtained proceeds from its funding exercise for the purpose of the acquisition of the Property and Assets;
- (j) the Parties shall have signed in escrow the Master Lease Agreement and Option Agreement and deposited the same with the Purchaser's Solicitors;
- (k) the Parties having obtained any other approvals of any authorities as may be deemed necessary by the Parties and agreed in writing; and
- (l) the Parties having carried out and completed the joint inspection on the Property to identify the Defects to be repaired and made good by the Vendor prior to the Completion Date.

All within a 6 months period from the SPA date ("**Conditional Period**").

2.3.4 SPA Becoming Unconditional

The SPA shall become unconditional upon fulfilment of all Conditions Precedent.

2.4 Basis of the Purchase Price

The Purchase Price was arrived at on a "willing buyer willing seller" basis based on the market value of the Property of RM33,000,000.00, as appraised by Raine & Horne International (Zaki + Partner) Sdn. Bhd., an independent firm of registered valuers, in its valuation report dated 24 October 2024 ("**Valuation**"). The Valuation was derived using the income approach.

2.5 Liabilities to be assumed by HEKTAR REIT

No liabilities to be assumed.

2.6 Source of Funding

The Proposed Acquisition will be funded by internal cash and bank borrowings.

3. INFORMATION ON THE VENDOR

MPT is involved in the business of precision engineering and manufacturing and is a wholly owned subsidiary of MQT, a company incorporated in Malaysia on 24 December 2003 under the Companies Act 2016 (formerly under the Companies Act 1965) and listed on the ACE Market of Bursa Malaysia.

As at the latest practicable date prior to this announcement ("**LPD**") of 18 February 2025, the issued share capital of MPT is RM250,000.00 comprising 250,000 ordinary shares.

As at the LPD, the directors of MPT are Tong Sian Shyen, Kok Seng Ping, Terrence Cheah Eu Lee and Ooi Yoong Yoong.

4 RATIONALE FOR THE PROPOSED ACQUISITION AND PROSPECTS OF THE PROPERTY

4.1 HEKTAR REIT's Investment Objectives

The Proposed Acquisition is in line with Hektar REIT's investment objective to deliver long term and sustainable distribution of income to unitholders by acquiring quality real estate with stable recurring income. The Proposed Acquisition would further improve the asset diversification of the overall property portfolio of Hektar REIT with the inclusion of its first maiden industrial asset.

4.2 Prospects of the Property

Bayan Lepas Free Industrial Zone (FIZ) has become a cornerstone of Asia's digital and electronic transformation. Bayan Lepas FIZ positions itself at the forefront of smart manufacturing, automation, and artificial intelligence. The continued expansion of semiconductor and electronic manufacturing capacities underscores the zone's significance in the global supply chain, especially amid increasing demand for microchips and high-performance computing, cementing its legacy as the undisputed "Silicon Valley of the East."

This is a significant opportunity for Hektar REIT to begin its industrial footprint in Bayan Lepas, Penang by acquiring quality yield-accretive assets with modern facilities at a prime location. This move capitalises on the current demand for mid-sized industrial facilities within the Bayan Lepas FIZ and imposes Hektar REIT's industrial leasing network and presence across the main industrial hubs in Peninsular Malaysia. Upon completion of the SPA, the Property will be leased back to the Vendor for a 15-year tenure, with an option to extend for a further 15-year period. The Triple Net master lease arrangement with the Vendor offers 7.5% yield, with 5% rental escalation every 3 years. The Proposed Acquisition is therefore expected to contribute positively to Hektar REIT's income.

4.3 Accretion of Distribution Per Unit

The Proposed Acquisition is accretive to Hektar REIT's Distribution Per Unit, upon commencement of the lease of the Property.

5 RISK FACTORS

The Property may be subject to certain risks inherent in the property market industry. These include but are not limited to the following:

- (a) non-fulfilment of the Conditions Precedent;
- (b) non-registration of the transfer of the Property in favour of the Purchaser and the Lease in favor of the lessee;
- (c) compulsory acquisition of the Property by the Government;
- (d) adverse changes in economic conditions;
- (e) adverse local market conditions;
- (f) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- (g) potential default by the lessee;
- (h) competition arising from new warehouses with bigger space and/or better facilities which may impact rental and renewal; and

- (i) acts of God, uninsurable losses and other factors.

6 EFFECTS OF THE PROPOSED ACQUISITION

6.1 Unitholders' Capital and Substantial Unitholders' Unitholding

The Proposed Acquisition will not have any effect on the total units in issue and the substantial unitholders' unitholding of Hektar REIT as the Purchase Price will be paid entirely in cash.

6.2 Net Asset Value ("NAV")

The Proposed Acquisition is not expected to have material impact to the NAV of HEKTAR REIT.

6.3 Earnings

The Proposed Acquisition is expected to contribute positively to the earnings of HEKTAR REIT for the financial year ending 31 December 2025.

6.4 Gearing

The Purchaser intends to fund the Proposed Acquisition with bank borrowings. The proforma gearing ratio are as set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Based on HEKTAR REIT's unaudited consolidated financial position as at 31 December 2024	42.21%	42.78%

The gearing ratios are below the gearing limit of 50% prescribed by the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia on 15 March 2018 (revised on 26 February 2024).

7 APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

The Proposed Acquisition does not require approval from the unitholders of Hektar REIT.

The Proposed Acquisition is subject to or conditional upon approvals from regulatory authorities being obtained as detailed in the Conditions Precedent of the SPA.

8 INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS OF HEKTAR REIT AND/OR PERSONS CONNECTED WITH THEM

None of the Directors of the Manager, major shareholders of the Manager, major unitholders of HEKTAR REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

9 DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition and after careful deliberation, is of the opinion that the Proposed Acquisition is in the best interest of Hektar REIT.

10 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the Vendor's fulfilment of the Conditions Precedent, the Proposed Acquisition is expected to be completed by the second half of 2025.

11 PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION

The percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g)(ix) of the Listing Requirements is 2.16%.

12 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Manager's registered office at D1-U3-10, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement:

- (a) the SPA; and
- (b) the Master Lease Agreement; and
- (c) the valuation report on the Property dated 24 October 2024.
- (d) Option Agreement and Performance Guarantee

This announcement is dated 19 February 2025.