



HEKTAR REAL ESTATE INVESTMENT TRUST

Board Charter

1 June 2016

**DEFINITION**

Board	Board of directors of the Company
Bursa / Bursa Securities	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Bursa Securities Listing Requirements	Main Market Listing Requirements of Bursa Securities, including its practice notes, FAQs and guidelines
CA	Companies Act, 1965
CMSA	Capital Markets & Services Act, 2007
Hektar REIT / REIT	Hektar Real Estate Investment Trust
Manager / Company	Hektar Asset Management Sdn. Bhd. (Company No. 732261-T)
Management	Senior management of the Company
Memorandum and Articles	Memorandum and Articles of Association of the Company
Property Manager	Hektar Property Services Sdn. Bhd. (Company No. 868376-K)
SC	Securities Commission of Malaysia
SCA	Securities Commission Act, 1993
SC / REIT Guidelines	Guidelines on Real Estate Investment Trusts issued by the SC effective 21 August 2008 and updated on 28 December 2012
Trust Deed / Deed	The Deed dated 5 October 2006 constituting Hektar REIT and as amended by the supplemental trust deed dated 20 March 2012 executed between the Trustee and the Manager
Trustee	AmTrustee Berhad (Company No. 163032-V)
Unit holder(s)	Holder(s) of unit(s) in Hektar REIT

## PURPOSE OF THIS BOARD CHARTER

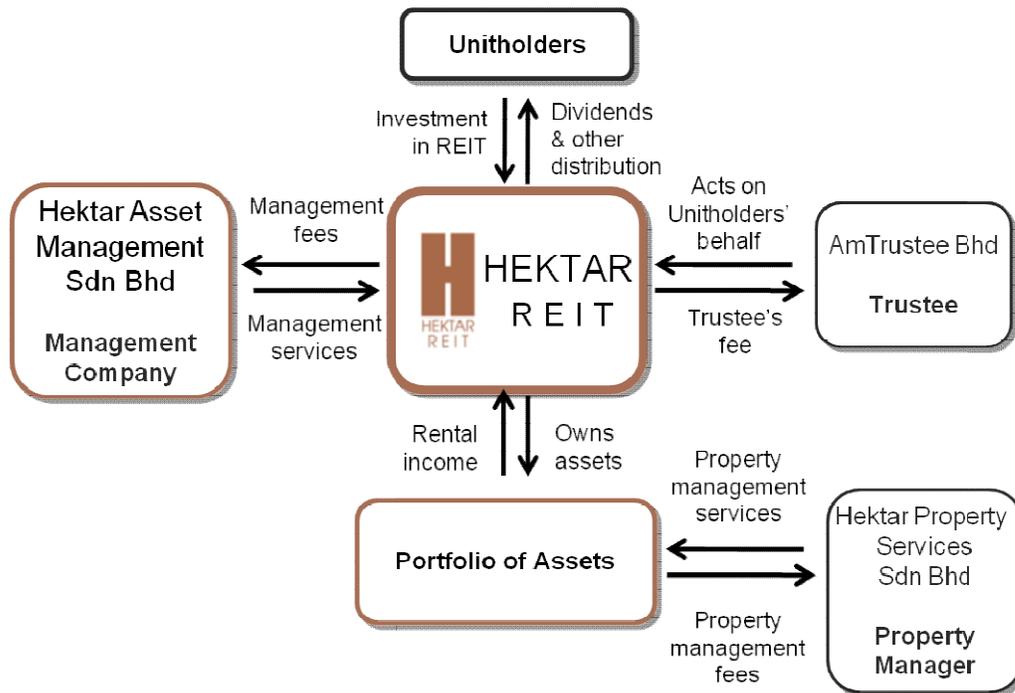
The purpose of this Board Charter is to outline the principal role of the Board, establishing the functions, responsibilities and powers of the Board and its various Committees; and to set the policies and practices of the Board.

This Board Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Chief Executive Officer and the Board and more specifically, to clarify both Board and Management accountability for the benefit of all its stakeholders, including the shareholders of the Company and unit holders of the REIT.

## REVIEW

The Board shall review this Board Charter annually to keep it up to date with prevailing applicable regulations and guidelines.

## CORPORATE STRUCTURE



## HEKTAR REIT

Hektar REIT is a Malaysian-based real estate investment trust established on 5<sup>th</sup> October 2006, with the investment objective of owning and investing in income-producing real estate and real estate related assets which are primarily used for retail purposes.

### 1. The Manager

The Manager, Hektar Asset Management Sdn. Bhd., is the company established to manage and administer Hektar REIT in accordance with the objectives and investment policies of Hektar REIT, in compliance with the Trust Deed, applicable laws and regulations including the CMSA, REIT Guidelines and Bursa Securities Listing Requirements and the Memorandum and Articles.

The Manager of Hektar REIT has general powers of management over the assets and liabilities of the REIT for the benefit of its unit holders. The Manager manages the assets of Hektar REIT with a focus on generating sustainable rental income and increasing the REIT's assets over time, to enhance the returns from the investments of the REIT and ultimately, the distribution to unit holders.

Primary roles of the Manager are as follows:-

- **Investment Strategy** - formulate Hektar REIT's investment strategy, including determining the location, sub-sector, type and other characteristic of Hektar REIT's property portfolio;
- **Acquisition and Disposal** - make recommendations to the Trustee on the acquisition and sale of properties by Hektar REIT;
- **Planning and Reporting** - formulate periodic property plans, including budgets and reports, relating to the performance of Hektar REIT properties;
- **Financing** - formulate plans for equity and debt financing for Hektar REIT's property acquisitions, distribution payments, expenses payments and property maintenance payments;
- **Administrative and Advisory Services** - perform day-to-day administrative service as Hektar REIT's representative, including providing administrative services relating to meetings of unit holders when such meetings are convened;
- **Investors Relations** - communicating and liaising with unit holders and investors;
- **Compliance Management** - make all regulatory filings on behalf of Hektar REIT, and ensure Hektar REIT is in compliance with applicable provisions of the Bursa Securities Listing Requirements, CMSA, SC Guidelines, Trust Deed and all relevant contracts; and
- **Accounting Records** - keep books and prepare accounts and annual reports.

Other functions and responsibilities of the Manager include:-

- Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or for, the REIT at arms' length;
- Preparing property plans on a regular basis which may contain proposals and forecast on net income before tax, capital expenditure, revenues and valuations, explanation of major

variances to previous forecast, written commentary on key issues and underlying assumptions on inflation, moving annual turnover, occupancy costs and any other relevant assumptions;

- Attending to all communications with unit holders; and
- Supervising the Property Manager which performs the day to day property management functions in relation to the REIT's properties (including leasing, accounting, marketing and promotion).

## **2. The Trustee**

The Trustee is appointed for the unit holders and acts as the custodian for all the assets of Hektar REIT. The Trustee, therefore, must act to ensure that the Manager adheres strictly to the provisions of the Trust Deed, particularly with regard to the creation of units, the exercise of investment powers of the REIT, collection and distribution of income, proper record keeping of administrative, investment and unit holders' transactions and in upholding unit holders' interests.

The Trustee's powers, duties and obligations are set out principally in the Trust Deed.

## **3. Role of the Board**

- 3.1 The Board is responsible for the stewardship of Hektar REIT's business and affairs on behalf of shareholders of the Company and unit holders of the REIT with a view to enhancing long term shareholder/ unit holder value whilst taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.
- 3.2 The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company and the REIT are firmly in its hands. Details of these matters are set out in **Appendix V**.
- 3.3 The Board shall establish an internal audit function, which is independent of the activities it audits, and identify a head of internal audit who reports directly to the Audit Committee.
- 3.4 The principal responsibilities of the Board are:
  - to review and adopt a strategic plan, addressing the sustainability of the Company's and REIT's business;
  - to oversee the conduct of the Company's and REIT's businesses and evaluate whether or not the businesses are being properly managed;
  - to identify principal business risks faced by the Company and REIT and ensure the implementation of appropriate systems to manage these risks;
  - to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
  - to develop and implement an investor relations programme or shareholder communications policy for the REIT; and

- to review the adequacy and the integrity of the Company's and REIT's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- 3.5 To carry out the remunerating responsibilities as per **Appendix IV** in the absence of the Remuneration Committee.

#### **4. Board Structure**

##### **4.1. Board balance and mix**

- 4.1.1 The Board is helmed by a Chairman who provides strong leadership quality to objectively steward the Board in meeting the Company's and REIT's strategic objectives. At least two (2) Directors or one-third (1/3) of the Board members, whichever is higher, shall consist of Independent Non-Executive Directors. The criteria of independence are set out in paragraph 1.01 of the Bursa Securities Listing Requirements.
- 4.1.2 The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company and REIT to promote accountability and facilitate the division of responsibility. Given the importance and nature of the Chairman's role, the position of Chief Executive Officer ("CEO") is separate from the Chairman as recommended by the Malaysian Code on Corporate Governance ("MCCG 2012") and the position of Chairman is held by a Non-Executive Director. The Board also places importance on the appointment and participation of Independent Non-Executive Directors in order to provide a balanced and independent view on Board deliberations, where the Independent Non-Executive Directors are able to convey their concerns in relation to the Company and the REIT. The Board is of the view that the composition of the Independent Non-Executive Directors, coupled with the adoption of the Board Charter which formally sets out the schedule of matters reserved solely for the Board for decision making, provides the relevant check and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company and the REIT businesses unilaterally.
- 4.1.3 The Board recognises the need for its composition to reflect a range of skills and expertise to meet the needs of the REIT. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the REIT's business; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of unit holders and achievement of the Company's and REIT's goals. In addressing this, the Board shall consider recommendations by the Nominating Committee pertaining to nominees for directorship in the Company.
- 4.1.4 For the assessment and selection of Directors, the Nominating Committee shall consider each prospective Director's character, experience, competence, integrity and time availability, as well as the following factors:
- industry skills, knowledge and expertise;

- professionalism;
- diversity;
- contribution and performance; and
- in the case of candidates for the position of an Independent Non-Executive Director, the Board shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors.

#### **4.2 Role of the Chairman**

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and unit holders. The Chairman is primarily responsible for:

- representing the Board to shareholders / unit holders;
- ensuring the adequacy and integrity of the governance process;
- functioning as a facilitator at meetings of the Board to ensure that no member, whether Executive or Non-executive, dominates discussion; that appropriate discussions take place; and that relevant opinions amongst members are forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes;
- ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;
- ensuring that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
- guiding and mediating the Board's actions with respect to organisational priorities and governance concerns;
- undertaking the primary responsibility for organising the information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis; and
- performing other responsibilities as assigned by the Board, from time to time.

#### **4.3 Role of the Executive and Non-Executive Directors**

Executive Directors are employees and are involved in the day-to-day management of the Company and Hektar REIT. Non-Executive Directors are further classified as:

- those who have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their "permitted" holdings of shares in the Company and Hektar REIT, i.e. Independent Non-Executive Directors; and
- those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but have pecuniary interest in the Company and the REIT, either as shareholders / unitholders or otherwise and whether direct or indirect, i.e. Non-Executive Directors.

Non-Executive Directors act as a bridge between Management, shareholders of the Company / unitholders of the REIT and other stakeholders. They provide the relevant check and balance, focusing on shareholders' and unit holders' interests and ensuring that high standards of corporate governance are applied. Letters of appointment for Non-Executive Directors do not set out a fixed time commitment for board duties as the Board believes that the time required by the Non-Executive Directors may fluctuate depending on demands of the business and other events. However, it is expected that Non-Executive Directors shall allocate sufficient time to the Company and Hektar REIT to perform their duties effectively.

#### **4.4 *Role of Independent Non-Executive Director***

Independent Non-Executive Directors (also known as "Independent Directors") are essential for protecting the interests of shareholders of the Company and unit holders of the REIT, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Bursa Securities Listing Requirements emphasise that even if a person does not fall within any of the disqualifying indicators enumerated in Paragraph 1.01 of the Listing Requirements, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company and the REIT.

The attributes of collegial yet independent decision-making that must be vested in the Independent Director will be determined in part by the character of the individual and that of the whole ethos of the Board.

#### **4.5 *Roles of the Chief Executive Officer and Chief Financial Officer***

- 4.5.1 The position of the Chief Executive Officer ("CEO"), in essence, is to ensure the effective implementation of the Manager's and the REIT's strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operations.
- 4.5.2 The CEO is accountable to the Board for the achievement of the Manager's and the REIT's goals and objectives and he is accountable to the Board for the observance of Management's limits.
- 4.5.3 At each of its scheduled meetings, the Board should expect to receive from, or through, the CEO:

- summary reports on the performance and activities of the Manager and the REIT and specific proposals for capital expenditure acquisitions and disposals; and
- such assurance as the Board considers necessary to confirm that the Management's limits are being observed.

4.5.4 The CEO is expected to act within all specific authorities delegated to him by the Board.

4.5.5 Generally, the CEO is responsible to the Board for the following:

- executive management of the Manager's and the REIT's business, covering, inter-alia, the development of a sustainable strategic plan, an annual operating plan and budget, performance benchmarks to gauge Management's performance, and an analysis of Management reports;
- developing long-term strategic and short-term profit plans, designed to ensure that the Company's and REIT's requirements for growth, profitability and return on capital are achieved;
- directing and controlling all aspects of the business operations in a cost effective manner;
- effectively overseeing the human resource of the organisation with respect to key positions in the Manager's hierarchy and ensuring the general well-being of employees, including the determination of remuneration as well as terms and conditions of employment for Management personnel and issues pertaining to discipline of all employees;
- effectively representing the interest of the REIT and the Manager with major stakeholders, governments and their agencies, and industries at large, to ensure general goodwill towards the REIT and cooperation in planned development;
- providing assistance to members of the Audit and Nominating Committees or other relevant Board Committees, as required, in discharging their duties; and
- assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing such information to Directors on a timely basis.

In discharging the above responsibilities, the CEO may, in writing, delegate appropriate functions to any level of Management.

4.5.6 The CEO will also work with the other key personnel of the Management team to manage and operate the Company and the REIT in achieving their objectives, in accordance with the Trust Deed, CMSA, SC Guidelines and Bursa Securities Listing Requirements. The key personnel shall include:-

- **the Compliance/ Legal Manager**, who is responsible in ensuring
  - a) compliance with the Deed, prospectus and all related regulations and guidelines; and

b) the legal matters relating to both Hektar REIT and the Manager, which include overseeing the preparation of legal documents in relation to property acquisition, disposal, tenancy, leasing and borrowings, and the Fund's compliance to all relevant laws when entering into any contract

- **the Investor Relations Manager**, who is responsible for communication and liaison with the investing community;

In addition, the CEO's responsibility includes planning the future strategic development and growth of the Company and the REIT. The CEO, together with the Board, will identify and evaluate potential acquisitions with a view to achieve an attractive level of return as well as to maximise the long term capital growth of the Company and the REIT.

#### 4.5.7 Chief Financial Officer ("CFO")

The CFO is mainly responsible for financial matters relating to both the REIT and the Manager, in particular the financial performance and indicators of the investments of the Company and the REIT. The CFO also serves as the communication liaison with the unit holders, analysts and potential investors.

The CFO's roles include:-

- developing and overseeing the investment strategy of the Company and the REIT;
- being the main liaison person with current and potential investors;
- ensuring adherence to all regulatory and statutory requirements; and
- maintaining continuous disclosure and communication to unit holders, public and potential investors.

Together with the officers of the Manager, the CFO is to actively promote and market Hektar REIT to investors and the media through regular communications and roadshows.

## 4.6 *Tenure of Directors*

4.6.1 Pursuant to the Manager's Articles of Association, one-third (1/3) of the Directors (excluding the CEO), or if the number is not a multiple of 3, then the number nearest to one-third shall retire from office.

The Directors to retire every year shall be the Directors who have been longest in office since their last election but as between persons who become Directors on the same day, the Directors shall retire unless they otherwise agree among themselves, be determined by lot.

4.6.2 The assessment criteria for the independence of Directors should also include tenure. The tenure for an Independent Director to serve on the Board is nine (9) years.

- 4.6.3 The nine (9) years can be a consecutive or cumulative service of nine (9) years. Independent Directors, who have served the Manager for nine (9) years, may continue to serve the Manager in the capacity of a Non-Independent Non-Executive Director.

The Board shall make a recommendation and provide strong justification to shareholders or unit holders in deciding that an Independent Director can remain as an Independent Director after serving a cumulative term of nine (9) years for approval by the shareholders.

The justification may be sought in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a Director's appointment/retention at the Annual General Meeting/Extraordinary General Meeting of the Manager.

#### **4.7 Company Secretary**

- 4.7.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary shall be suitably qualified and capable of carrying out the duties required of the post.

- 4.7.2 The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

- 4.7.3 The primary responsibilities of the Company Secretary include:

- ensuring that Board procedures and applicable rules are observed;
- maintaining records of the Board and its meetings as well as ensuring effective management of the Company's and REIT's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded; and
- carrying out other functions as deemed appropriate by the Board from time to time.

#### **4.8 Board Committees**

- 4.8.1 The Board has the power to establish Committees from time to time to assist in the discharge of the Board's duties and responsibilities. Where a Committee is formed, specific terms of reference of the Committee shall be established in writing to cover matters such as the purpose, composition and functions of the Committee.

- 4.8.2 A number of standing Committees, with written terms of reference have been established, namely the following:

- **Audit Committee**

The Audit Committee assists and supports the Board's responsibility to oversee the Company's and REIT's operations by providing a means for review of the Company's and REIT's processes for producing financial data, its internal controls, risk management activities and independence of the REIT's external and internal

auditors. The terms of reference of the Audit Committee are attached under **Appendix I**;

▪ **Nominating Committee**

The Nominating Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of Independent Directors', reviews succession plans and, Board diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director. The terms of reference of the Nominating Committee are attached under **Appendix II**;

▪ **Executive Committee**

The Executive Committee is tasked with the responsibilities of the day-to-day management and operations of the Company. The terms of reference of the Executive Committee are attached under **Appendix III**.

**4.9 The Board's Relationship with Shareholders, Unit holders and Stakeholders**

4.9.1 The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders of the Company, unit holders of the REIT, stakeholders and the general public.

4.9.2 It is the role of the Board to ensure that the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company and REIT are conducted in an efficient manner and serve as crucial mechanisms in unit holders/ shareholders communications. Key ingredients behind this include the supply of comprehensive and timely information to unit holders/ shareholders and the encouragement of active participation at the AGM and EGM. The Board shall focus its efforts on the following practices to enhance the effectiveness of General Meeting:

- ensure that each item of special business included in the notice is accompanied by a full explanation of the effects of the proposed resolution;
- for re-election and re-appointment of Directors, ensure that the notice of meeting states which Directors are standing for re-appointment or re-election, with a brief description including matters such as age, relevant experience, list of directorships, date of appointments to the Board, details of participation in Board Committees and whether a particular Director is independent;
- ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate, the Chairman will also undertake to provide the enquirer with a written answer to any significant question which cannot be answered immediately;
- ensure that substantive resolutions, including, but not limited to, non-recurrent related party transactions, acquisitions and disposals of assets (where applicable), are considered by poll and announce the detailed results of the votes cast for and

against each resolution. The Chairman shall also inform shareholders/ unit holders of their right to demand a poll vote at the commencement of the general meeting;

- ensure that there is a channel of communication through the Company Secretary on feedback and queries from unit holders;
- ensure the Chairman of the Board is the Chairman for all General Meetings; and
- ensure that the Manager publishes these measures listed above, on the Company's / REIT's corporate website on a dedicated Corporate Governance section.

## **5 Board Processes**

### **5.1 Board meetings**

- 5.1.1 Meetings will be conducted at least on a quarterly basis. The Company Secretary shall in advance prepare and distribute to all Directors a timetable for the meetings for the year. The Company Secretary shall work together with the Chairman and CEO in developing the annual meeting timetable.
- 5.1.2 If additional meetings are to be convened, a Director may request for such a meeting to table matters of urgency, and the Company Secretary shall upon the request of the Chairman of the Board or any one (1) Director, convene a meeting.
- 5.1.3 In the event the Chairman is absent from, and his alternate is not able to attend, any meeting of the Board, a member of the Board nominated by the single largest shareholder of the Manager will replace him in that capacity in respect of that meeting.
- 5.1.4 Board members are required to attend the Board meetings. However, other senior officers may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises. Resolutions of any meeting of the Directors shall be decided by a majority of votes with the exception of items detailed in the Formal Schedule of Matters (see **Appendix V**) reserved for the unanimous approval of the Board. In the case of an equality of votes, the Chairman shall not have a casting vote.

In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolutions in writing subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision.

In relation to matters detailed in the Formal Schedule of Matters, the circular resolution shall be duly circulated to all Directors and signed and returned by all Directors. For matters other than as aforesaid, the circular resolution must be signed by a majority of Directors. A circular resolution shall be considered duly signed by a Director if signed or approved by letter, telex, facsimile or telegram by such Director.

- 5.1.5 The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication and the Directors need not be in the physical presence of another Director(s), and participation in the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at, or during the meeting.
- 5.1.6 A Director shall abstain from voting on contracts or proposed contracts or arrangements in which he has direct/ indirect interests. A Director shall also not vote on contracts or proposed contracts or arrangements with any other company in which he is interested either in his capacity as an officer of the company or as a shareholder of the company.
- 5.1.7 The notice of a Directors' meeting shall be given in writing at least seven (7) days, or such shorter notice period in respect of any particular meeting as may be agreed by the majority of Directors, where it is unavoidable, prior to the meeting. The Chairman, in conjunction with the CEO and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other things, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.
- 5.1.8 The agenda shall address high-priority strategic and operational issues, where necessary, and ensure that there is enough time for discussion. Agenda issues shall be aligned with the overall Manager's / REIT's context, including its existing situation, aspiration and priorities.

## **5.2 Meeting papers**

- 5.2.1 To allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.
- 5.2.2 Minutes are prepared following a Board meeting and are circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

## **5.3 Access to information**

- 5.3.1 A record of submissions, papers and materials presented to the Board is maintained and held by the Company Secretary, together with minutes of meetings, and is accessible to Directors.
- 5.3.2 All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Manager, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such a request.

#### **5.4 *Independent Professional Advice***

- 5.4.1 The Board as well as any Director is entitled to obtain independent professional advice relating to the affairs of the REIT and the Manager or to his/her responsibility as a Director.
- 5.4.2 If a Director considers such advice necessary for the discharge of his/her duties and responsibilities as Director and, for the benefit of the REIT, such Director shall first discuss it with the Chairman and, having done so, shall be free to proceed, where appropriate.
- 5.4.3 Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Manager or the REIT, where applicable, but the Director will ensure, so far as is practicable, that the cost is reasonable.

#### **5.5 *Appointment, Vacation of Office and Removal of Directors***

- 5.5.1 Upon the appointment of a Director, the said Director shall provide to Bursa an undertaking prescribed by Bursa immediately and in any event not later than fourteen (14) days.
- 5.5.2 Any Director of the Company shall not be considered fit for directorship if he or she:
- a) has been convicted by a court of law, whether in Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a REIT;
  - b) has been convicted by a court of law, involving fraud or dishonesty where the conviction involved a finding that he acted fraudulently or dishonestly; or
  - c) has been convicted by a court of law of an offence under the securities laws of Malaysia or the CA,
- within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison.
- 5.5.3 The office of the said Director shall become vacant if the Director:
- a) ceases to be or is prohibited or disqualified from being a Director by virtue of the CA, the CMSA and the REIT Guidelines; or

- b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- c) becomes prohibited from being a Director by reason of any order made under the CA, the CMSA and the REIT Guidelines; or
- d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; or
- e) resigns from his office by notice in writing to the Company; or
- f) is absent from more than fifty percent (50%) of the total Board meetings held during a financial year, unless an exemption or waiver is obtained from Bursa Securities; or
- g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of the Chief Executive Officer or manager; or
- h) is adversely discredited following an inquiry/ investigation being carried out against him by any governmental authority or body; or
- i) has been convicted for fraud or dishonesty or any other offences punishable with imprisonment of one (1) year or more or any offences anywhere in the world; or
- j) becomes unfit to be a Director of a public company as a result of any unethical practice or activity; or
- k) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in the manner required by the CA, the CMSA and the REIT Guidelines.

5.5.4 Where a Director is removed from office, the Company must forward to Bursa and the SC a copy of any written representations made by the Director at the same time as copies of such representations are sent to shareholders / management of Hektar under Section 128(3)(b) of the CA.

## **5.6 Induction process and training programme**

5.6.1 The objective of the induction process and training programme is to provide Directors with a rapid and clear insight into the Manager and the REIT as well as keeping them abreast with development in the market place pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.

5.6.2 Induction of Directors may include the following:

- time with other Directors to enable further insights and knowledge of the Manager and the REIT, in particular the Chairman and the Company Secretary;
- furnishing of a copy of the previous Board minutes for at least the past six (6) months;

- visits to key sites;
  - additional Board or Board Committee meetings as circumstances warrant during a given year. As in-depth knowledge of the particulars of the REIT's business is vital for each Director, Management is encouraged to structure Board or Board Committee meetings to allow direct involvement and review of operational activities (for example, by holding Board meetings in field operations and including market/ business activities in the Board meetings); and
  - a formal one (1) to two (2) day induction programme, including the elements above, and also presentations by Management personnel.
- 5.6.3 Directors are required to undergo the mandatory accreditation programme under the requirements of Bursa. In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep them abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc. The Nominating Committee in association with the Chairman shall decide on the continuous education training programme for Directors.
- 5.6.4 At the start of each year, the Board collectively should discuss to assess the training needs of each Director and to decide on the type of training that may be required for effective and efficient discharge of Directors' duties and responsibilities.
- 5.6.5 The costs of the induction, mandatory accreditation programme and/ or continuing education program shall be borne by the Manager.

## **5.7 Directors' external commitments and Conflict of Interest**

- 5.7.1 The Manager's Articles of Association, the CA, the CMSA and the REIT Guidelines, stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the REIT shall declare his/her interest in accordance with the provisions of the CA. The Directors shall state the fact and the nature, the character and extent of any office or possession of any property that may duly, directly or indirectly be in conflict with his/her duties as a Director. The Director concerned shall not participate in deliberations and shall abstain from casting his/her votes in any matter arising thereof unless otherwise as provided for in the Articles of the Manager.
- 5.7.2 Should there be an actual, potential or perceived conflict of interest between the REIT/ Manager or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Manager and the REIT.
- 5.7.3 An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

5.7.4 Directors shall devote sufficient time to carry out their responsibilities. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

A Director of the Manager shall not hold more than five (5) directorships in listed issuers or such lesser number as required under the Bursa Securities Listing Requirements.

A Director of the Manager shall not hold office as a director of more than one (1) management company in Malaysia at any one time, or as a member of the investment committee of funds operated by another management company in Malaysia.

The Company Secretary shall facilitate the Directors' annual independence and conflict of interests declarations, which will allow the Directors to perform an annual self-declaration on independence (i.e. for Independent Non-Executive Directors) and conflict of interest (i.e. for all Directors).

## **5.8 Representation of the REIT**

5.8.1 The Board looks to Management to speak on behalf of Hektar REIT and to manage the communication of information to investors, other stakeholders and the public in an orderly and effective manner while adhering, at all times, to relevant laws and regulatory requirements. The Board authorises 2 of its members to be determined by the Board from time to time to be the official spokespersons for Hektar REIT.

5.8.2 The Board shall have the relevant corporate disclosure policies and procedures to ensure comprehensiveness, accuracy and timeliness. These policies and procedures shall ensure compliance with the relevant disclosure requirements as enumerated in Bursa Securities Listing Requirements.

5.8.3 The REIT shall consider the use of information technology where applicable in communicating with stakeholders, including a dedicated section for Investor Relations on the REIT's website. This section shall provide information such as, amongst others, this Board Charter and the annual report of the REIT.

## **5.9 The Manager's Constitution and Management's Limits**

5.9.1 The Board operates pursuant to the powers and is subject to rules in the Memorandum and Articles as adopted by the shareholders in general meeting.

5.9.2 Management is expected to act within all specific authorities delegated to it by the Board.

5.9.3 Management is expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practices or professional ethics.

## **5.10 Directors' Code of Ethics**

The Board shall ensure that the Manager and the REIT upholds high standards of ethics and corporate behaviour. A governing Board is in a position of trust. It holds in trust not only the REIT's physical and intellectual assets but also the efforts of the preceding directors and management team. It preserves and grows these things for the current and future

generations. Its stewardship will protect the organisation from jeopardy and steer it towards positive achievement.

In that light and in the performance of his duties, a Director of the Manager is first and foremost held accountable in demonstrating the following:

***Corporate Governance***

- (i) a clear understanding of the aims and purpose, capabilities and capacity of the Manager and the REIT;
- (ii) devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;
- (iii) ensure at all times that the Manager and the REIT is properly managed and effectively controlled;
- (iv) stay abreast of the affairs of the Manager and the REIT and be kept informed of both the Manager's and the REIT's compliance with the relevant legislation and contractual requirements;
- (v) insist on being kept informed on all matters of importance to the Manager and the REIT in order to be effective in corporate management;
- (vi) limit his/her directorship of companies to a number in which he/she can best devote time and effectiveness; each Director is his/her own judge of his/her abilities and how best to manage his/her time effectively in the organisations in which directorships are held;
- (vii) have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
- (viii) at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the REIT;
- (ix) disclose immediately all contractual interests whether directly or indirectly with the Manager;
- (x) not divert to his own advantage any business opportunity that the Manager and the REIT is pursuing, or misuses confidential information obtained by reason of his office for his own advantage or that of others;
- (xi) at all times act with utmost good faith towards the Manager and the REIT in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
- (xii) be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Manager and the REIT is at stake.

***Relationship with Unit holders, Shareholders, Employees, Creditors and Stakeholders***

- (xiii) be conscious of the interest of unit holders, shareholders, employees, creditors and stakeholders of the Manager and the REIT;
- (xiv) at all times promote professionalism and improve the competency of Management and employees; and
- (xv) ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

***Social responsibilities and the Environment***

- (xvi) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- (xvii) ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- (xviii) be proactive to the needs of the community and to assist in society-related programmes; and
- (xix) ensure that the activities and the operations of the Manager and the REIT do not harm the interest and well-being of society at large.

This Board Charter has been approved by the Board to provide guidance to Board members in the discharge of their fiduciary duties and stewardship roles in the Manager and the REIT.

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Amendments: N/A

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**AUDIT COMMITTEE CHARTER  
(TERMS OF REFERENCE)**

**(A) Membership**

- (1) The Audit Committee comprises at least three (3) Directors, the majority of whom are Independent. All members of the Committee shall be Non-Executive Directors.
- (2) At least one (1) member of the Audit Committee:
  - 2.1 must be a member of the Malaysian Institute of Accountants;
  - 2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and;
    - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - 2.3 fulfils such other requirements as prescribed or approved by the Exchange
- (3) No alternate Director shall be appointed as a member of the Audit Committee.
- (4) The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once a year to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.
- (5) In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 1 and 2 above, the Board shall fill the vacancy within three (3) months from the date of the vacancy.
- (6) The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.

**(B) Secretary**

The Company Secretary shall be the Secretary of the Audit Committee. The Secretary shall organise the proceedings of the Audit Committee meetings, including the calling of meetings, the notice to be given of such meetings, the recording and circulation of minutes and the custody, production and inspection of such minutes, if required.

**(C) Meetings and Attendance**

- (1) The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.
- (2) Non-member Directors and employees of the Manager shall not attend any Audit Committee meetings unless specifically invited by the Audit Committee.

- (3) The Audit Committee shall meet the External Auditors at least twice a year without the presence of the Management or Executive Directors.
- (4) The Audit Committee shall report to the Board.

**(D) Authority**

- (1) The Audit Committee (where applicable) has the authority to investigate any matter within its terms of reference, at the cost of the Manager or the REIT and the following:
  - (a) the resources which are required to perform its duties;
  - (b) full and unrestricted access to any information pertaining to the Manager and the REIT;
  - (c) direct communication channels with the External Auditors and the persons carrying out the internal audit function or activity;
  - (d) ability to obtain independent professional or other advice; and
  - (e) ability to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of Manager , whenever deemed necessary.
- (2) The Internal Auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditor of the REIT shall require prior approval of the Committee. Any inappropriate restrictions on audit scope are to be reported to the Committee.

**(E) Functions**

- (1) To review the quarterly and annual financial statements of the REIT, before the approval of the Board, focusing particularly on:
  - (a) any significant changes to accounting policies and practices;
  - (b) significant adjustments arising from the audits;
  - (c) compliance with accounting standards and other legal requirements; and
  - (d) the going concern assumption.
- (2) To review any related party transaction and conflict of interest situation that may arise within the Manager and the REIT including any transaction, procedure or course of conduct that raises questions of management integrity.
- (3) To review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.

- (4) To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
- (5) To review extent of compliance with established internal policies, standards, plans and procedures.
- (6) To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
- (7) To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the REIT.

Specifically:

- (a) to review the internal audit plans and to be satisfied with their consistency with the results of the risk assessment made, the adequacy of coverage and the audit methodologies employed;
  - (b) to be satisfied that the internal audit function within the REIT has the proper resources and authority to enable them to complete their mandates and approved audit plans;
  - (c) to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
  - (d) to review the effectiveness of the Internal Auditor and to approve the reappointment, termination or replacement of the incumbent and the appointment of any other Internal Auditor;
  - (e) to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
  - (f) to request and review any special audit which it deems necessary.
- (8) To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.
  - (9) To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors.
  - (10) To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.
  - (11) To be advised of significant use of the External Auditors in performing non-audit services, considering both the types of services rendered and the fees, such that their independence and objectivity as External Auditors are not deemed to be compromised.
  - (12) To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Manager in order to be satisfied that appropriate action is being taken.

- (13) To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.
- (14) To prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities for the financial year and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.
- (15) To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.
- (16) To review ordinary and extraordinary dividend payments.
- (17) To review the assistance given by the employees of Manager to the External Auditors.
- (18) To recommend the nomination of a person or persons as External Auditors.

**NOMINATING COMMITTEE CHARTER  
(TERMS OF REFERENCE)**

**(A) Overall objective**

The Nominating Committee (“the Committee”) is delegated by the Board to identify and recommend new appointments, whilst managing the orientation and the provision of continuous training for Directors. The Committee is also charged to assess the effectiveness of the Board (and the Board Committees) as a whole and the individual Directors, including the Independent Non-Executive Directors (“INEDs”).

**(B) Scope**

- (1) Identify and recommend candidates to the Board based on their skills, knowledge and experience, professionalism and integrity. In the case of INEDs, the Committee shall evaluate the candidate’s ability to discharge such responsibilities as expected from INEDs.
- (2) Assess on an annual basis, the effectiveness of the Board as a whole and its Board Committees, in the light of the needs of the Manager and the REIT and its operating environment.
- (3) Assess on an annual basis, the contribution of each individual Director.
- (4) Conduct a training needs analysis and recommend a continuous education program for Board members to enhance their effectiveness.
- (5) Conduct an orientation/ induction training for new Directors of the Manager.
- (6) Work together with the Board to develop an effective development and succession plan for Directors and Management members.
- (7) Collaborate to share the results on the Directors assessment with Board for effective determination and deliberation of Directors’ remuneration packages.

**(C) Membership**

- (1) The Nominating Committee shall comprise exclusively Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The Committee shall be chaired by an Independent Director. Appointment of a member of the Committee is the prerogative of the Board, after having considered his/ her integrity and objectivity.
- (2) Removal of a member of the Committee is the prerogative of the Board as a whole.

**(D) Frequency of meeting**

- (1) The Committee shall meet at least once a year and as and when necessary.

**(E) Secretary**

The Company Secretary shall be the Secretary of the Nominating Committee. The Secretary shall organise the proceedings of the Nominating Committee meetings, including the calling of meetings,

the notice to be given of such meetings, the recording and circulation of minutes and the custody, production and inspection of such minutes, if required.

**(F) Authority**

- (1) The Nominating Committee (where applicable) has the authority to investigate any matter within its terms of reference, at the cost of the Manager or the REIT and the following:
  - (a) the resources which are required to perform its duties;
  - (b) full and unrestricted access to any information pertaining to the Manager and the REIT;
  - (c) direct communication channels with the External Auditors and the persons carrying out the internal audit function or activity and management personnel of the Manager; and
  - (d) ability to obtain independent professional or other advice.

**EXECUTIVE COMMITTEE  
(TERMS OF REFERENCE)**

**1) Appointments and removals**

All appointments and removals shall be made by notice in writing given by such Party having a representative member on the Executive Committee of the Company ("EXCO") (as the case may be) making the same to the other and shall take effect on the date specified in the notice or, if no such date is specified, on the date when the notice is given.

**2) Alternates**

Any Party having a representative member on the EXCO may appoint any person (including a person who is already a member of the EXCO) to act as the alternate of one or more of its representatives at any meeting of the EXCO, and may revoke any such appointment. All such appointments and revocations shall be made in the same manner as that specified in paragraph 1 above.

**3) Quorum**

The quorum for all meetings of the EXCO shall be any two (2) members of the EXCO present in person or by their alternates.

**4) Decisions of the EXCO**

No decisions of the EXCO shall be validly taken unless approved at a meeting of the EXCO by all those present at that meeting or by a written instrument unanimously approved by all those entitled to attend and vote at such meeting. Any such instrument may consist of one (1) or more written documents in identical form signed by those so entitled.

In addition to and without derogation to the preceding paragraph, no action shall be taken by the Company nor tabled at any meeting for the approval of the Board of the Company on any of the following matters, unless such matters have been first tabled for discussion and approval by the EXCO:

- i) Approval of the Company's annual budget and business plans;
- ii) Commencement or carrying on of any type of business not being ancillary or incidental to or extension of the scope of operation or type of the business of the Company including, without limitation, the addition of new market, products and services;
- iii) Implementation and formulation of (subject to the Company obtaining required approval from or providing any required notices to the Trustee, or any relevant authority if necessary) all investment policies in relation to Hektar REIT including portfolio of properties, investment mandate, gearing levels, capital structure and distribution policy;
- iv) Entry into any transaction of a financial nature including incurrence of any borrowing and granting of any guarantee, indemnity, performance bond, lien, pledge, charge (including fixed and floating charge), mortgage or other security other than in the ordinary course of business;

- v) Material change in the Company's accounting or reporting practices;
- vi) Declaration, recommendation, making and payment of any distribution (whether in cash or in kind);
- vii) Approval of all property management agreements, development agreements, development management agreements and asset management agreements.

**5) Votes**

At any meeting of the EXCO, each member (or his alternate) shall be entitled to one (1) vote.

**6) Meetings**

The EXCO shall meet once every three (3) months or more frequently as the EXCO may determine. The dates and times of the meetings of the EXCO shall be decided by it, provided that any member may call a meeting of the EXCO on seven (7) days' written notice to the other members. The EXCO shall report to the Board on a monthly basis.

**7) Chairman**

The Chairman and Deputy Chairman of the EXCO shall be appointed by the Board. If neither the Chairman nor the Deputy Chairman is in attendance at a meeting, the members (or their alternates) who are in attendance shall appoint one of their number to act as Chairman for that meeting. The Chairman at any meeting shall not have a casting vote.

**8) Secretary and Minutes**

The EXCO shall appoint a secretary who shall attend all its meetings and take minutes.

**9) Notices**

At least seven (7) days' written notice of any meeting may be given to any member of the EXCO in accordance with the relevant provisions of this Agreement, specifying the date, time and place of the meeting, and the business to be transacted thereat.

**10) Deadlock**

If the EXCO is unable to reach agreement on any material issue within the scope of the EXCO's responsibilities, any Party may refer the matter to the Board, which shall seek to resolve the position.

**REMUNERATION RESPONSIBILITIES**

In the absence of the Remuneration Committee, the Board holds the primary responsibility to establish a remuneration framework and terms of employment for all Directors, including Independent Non-Executive Directors and Management personnel of the Manager.

The framework shall:

- (1) Support talent retention in association to the Manager's and REIT's strategies and long term vision; and
- (2) Provide the motivational incentives to Executive and Non-Executive Directors' (including the Independent Non-Executive Directors'), taking into consideration factors such as best practices, stakeholders' view, industry trends and the performance of the individual.

**(A) Main Remuneration Scope:**

- (1) Formulate or review the remuneration policies, basis and remuneration packages for all Directors' and Management personnel of the Manager.
- (2) Evaluate each individual's remuneration payable taking into consideration factors such as his/her individual performance and contribution to the success of the REIT.
- (3) Consider remuneration in all forms.
- (4) In connection to remuneration, collaborate with the Nominating Committee and the Board to develop an effective development and succession plan for Directors and Management personnel of the Manager.
- (5) Recommend, where necessary, the engagement of external professional advisors to advise on remuneration matters.

**FORMAL SCHEDULE OF MATTERS**

1. The Board shall be vested with all general powers of management of the Company, including but not limited to the following matters:
  - a. full responsibility for supervising the activities of the Company and for determining and formulating the management policies of the Company.
  - b. full responsibility for the overall direction and control of Hektar REIT; and
  - c. approving the initial business plan and each subsequent business plan relating to the Company and Hektar REIT prepared by or under the direction of the EXCO.
  
2. All matters arising at any meeting of the Board shall be decided by a simple majority of votes of those present and voting, provided always that no resolution or action of the Board shall be passed or approved in respect of the matters set out in this Formal Schedule of Matters if not within determined discretionary authority limits (“DAL”) unless such resolution or action was unanimously passed with the affirmative votes of all the Directors:-
  - a. Business Plan
    - i) Approval of Hektar REIT’s and the Company’s audited financial statements and any report or statement accompanying such financial statements;
    - ii) Total change in type and nature of business of the Company and Hektar REIT.
  
  - b. Corporate Development
    - i) Merger with any other entity and acquisition of any shares in any body corporate or participation in any partnership or joint venture arrangement by the Company;
    - ii) Consolidation, reconstruction or amalgamation of the Company with any other company, association, partnership or legal entity;
    - iii) Winding up or dissolution of the Company unless it shall have become insolvent.
  
  - c. Capital Markets
    - i) Redemption or purchase of any shares or issue of further shares or other dilution of the interest of the shareholders of the Company.

d. Corporate Matters

- i) Appointment of (and any subsequent change in) the auditors, secretary and principal bankers and any subsequent change in the financial year end and the registered office of the Company.

e. Other Matters

- i) Amendment to the Memorandum and/ or Articles of Association of the Company;
- ii) Entry into any contract or arrangement with any Director or shareholder of the Company or any person connected with such person;
- iii) Change in number or method of appointing, nominating or designating Directors;
- iv) The dismissal of any Director elected to the Board;
- v) Change in quorum for meetings of the Board and the decisions thereof;
- vi) Issuance of guarantees, indemnities, bonds or powers of attorney by the Company other than in the Company's ordinary course of business;
- vii) Any acquisitions of shares in another company which would as a result of the acquisition become a subsidiary or associate of the Company;
- viii) Any investment or divestment of property under the Hektar REIT of a value which is equivalent to more than 10% of the Gross Asset Value of the Hektar REIT. For the purposes of this sub-paragraph, "Gross Asset Value" shall mean "as at the relevant time, the aggregate sum of (a) the value of all assets obtained or determined by the Company in accordance with the Trust Deed and (b) any other amounts which, in the opinion of the Company in consultation with the auditors of the Hektar REIT, if appropriate should be included for the purpose of making a fair and reasonable determination of the gross value of Hektar REIT on an undiscounted basis, having regards to approved accounting standards prescribed by the Financial Reporting Act, 1997;
- ix) Issue of shares, debentures or securities convertible into shares of the Company;
- x) Application for listing or quotation of the shares of the Company on any stock exchange;
- xi) Fees, remuneration, emoluments and other benefits to be paid or accorded to any member of the Board;
- xii) Delegation of authority and the determination of the DAL and any variations thereof and the revocation of authority delegated to Management personnel;
- xiii) Any change to the position of the Chief Executive Officer or Chief Financial Officer of the Company; and
- xiv) Commencement of any litigation or arbitration proceedings or the settlement, abandonment or compromise of any litigation, arbitration or governmental proceedings of any claim by or against the Company.

