
10. ACQUISITION OF THE SUBJECT PROPERTIES

On 5 October 2006, the Trustee entered into the following SPAs for the Acquisitions:

- (a) conditional sale and purchase agreement with HPSB for the acquisition of Subang Parade for a purchase consideration of RM280,000,000; and
- (b) conditional sale and purchase agreement with HBSB for the acquisition of Mahkota Parade for a purchase consideration of RM232,000,000.

The acquisitions of Subang Parade and Mahkota Parade exclude a total area of approximately 47,256 sq. ft and 26,872 sq ft. sq ft. respectively, comprising individual units or lots already been sold to various purchasers.

10.1 Purchase Consideration

The total purchase consideration for the Acquisitions amounts to RM512,000,000 which shall be satisfied as follows:

- (a) issuance of 160,500,000 new Units in Hektar REIT to HPSB and HBSB at the issue price of RM1.00 per Unit ("Consideration Units"); and
- (b) cash payment amounting to RM351,500,000 to be collectively raised from the Public Offering and from new borrowings.

Details of the number of Units to be issued to each of the respective Vendors and their respective cash consideration pursuant to the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units to be issued (RM)	Amount of cash to be paid (RM)	Purchase consideration (RM)
HPSB	Subang Parade	87,800,000	192,200,000	280,000,000
HBSB	Mahkota Parade	72,700,000	159,300,000	232,000,000
Total		160,500,000	351,500,000	512,000,000

The Acquisitions are expected to be completed in 5 December 2006, which shall be after the prospective listing date. As at the date of the Prospectus, the SPAs in relation to the Acquisitions are still conditional.

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10. ACQUISITION OF THE SUBJECT PROPERTIES *(Cont'd)*

10.2 Salient Terms of The Sale and Purchase Agreements

The principal terms of the SPAs are summarised below:

- (a) The Subject Properties acquired under each conditional SPAs comprise of the following:
 - (i) freehold / leasehold interest in the land;
 - (ii) all buildings on each of the Subject Properties (save and except for such individual units or lots already sold);
 - (iii) the various lifts and escalators, air-conditioning plants or units, equipment, machinery, fixtures, fittings and other chattels, movable or immovable on or in the respective Subject Properties which are beneficially and legally owned by the Vendors; and
 - (iv) interest, benefits and rights in all leases and tenancies which will be assigned to the Trustee on completion of the acquisitions.
- (b) The Subject Properties, excluding such individual units or lots already sold, will be transferred to the Trustee free from encumbrances of any kind (save for any encumbrances which are attributable to the financial institution financing the Acquisitions) and with all attached or accrued rights and benefits but subject to all expressed and implied conditions of title and restrictions in interest affecting each of the Subject Properties and subject further to all existing tenancies and licenses.
- (c) Specific representations and warranties about the Subject Properties, tenancies and leases are made by each of the Vendor of the Subject Properties.
- (d) The conditional SPAs for the Acquisitions are interdependent and the Trustee is not obliged to complete the purchase of any one of the Subject Properties unless the purchase of all the Subject Properties are completed unconditional under the respective conditional SPAs.
- (e) The Acquisitions are conditional upon the completion of the Public Offering and with regard to Mahkota Parade specifically, the approval of the State Authority for transfer of the same in favour of the Trustee being obtained.
- (f) On completion:
 - (i) all rights, title and interest in and to the Subject Properties (excluding the sold lots) and the risks relating to the Subject Properties (excluding the sold lots) shall pass from the Vendors to the Trustee on the completion date.
 - (ii) the parties shall execute the deed of assignment of all the existing tenancies and leases in favour of the Trustee which shall be effective immediately and the respective Vendors of the Subject Properties will pay over all security deposits paid to the Vendors;
 - (iii) the Trustee shall become entitled to all of the Vendors' rights, interest and benefits under the existing tenancies and leases;
 - (iv) the respective Vendors will hold all rentals due after the completion date on trust for the Trustee and immediately pay over the same together with all rental deposits to the Trustee;

10. ACQUISITION OF THE SUBJECT PROPERTIES (Cont'd)

- (v) the respective Vendors' rights, title, benefits, obligations and liabilities in relation to those individual units or lots already sold will be novated to the Trustee and the Vendors will pay over to the Trustee the building funds and any security deposits previously paid to the Vendors;
 - (vi) the respective Vendors will issue written notices to all the existing tenants and the owners of the individual units or lots already sold to inform them of the Trustee's interest in each of the Subject Properties; and
 - (vii) the Vendors of the Subject Properties will deliver to the Trustee all the completion documents in respect of the Subject Properties including an irrevocable power of attorney appointing the Trustee as attorney of the Vendors with full rights and power to deal with each of the Subject Properties.
- (g) In the event the Memorandum of Transfer cannot be registered in favour of the Trustee or is not valid or cannot be perfected for any reason whatsoever:
- (i) the respective Vendors will hold the Subject Properties as bare trustee for the Trustee and acknowledge that the Trustee is the rightful and beneficial owner of the Subject Properties on behalf of Hektar REIT;
 - (ii) the Trustee shall be entitled to deal with the Subject Properties as owner pursuant to the power of attorney granted in its favour in accordance with applicable laws;
 - (iii) the respective Vendors shall subrogate their benefits, right, interests, obligations and liabilities in respect of each of the Subject Properties to the Trustee; and
 - (iv) the respective Vendors will do such acts as the Trustee may reasonably require in order to effectively deal with the Subject Properties.

10.3 Other Terms With Regard To Subang Parade

- (a) Pursuant to the terms of the Sale and Purchase Agreement for Subang Parade, a portion of the Master Land measuring approximately 84,898.44 sq ft (1.949 acres) in area being the HPSB's Land is retained by HPSB for the purpose of future development.
- (b) To facilitate the issuance of a separate document of title to the Subang Parade by way of Partition, it is provided in the Sale and Purchase Agreement for Subang Parade that HPSB would execute and deliver to the Trustee the statutory form of transfer instrument for the purpose of effecting the transfer of 84.84% of the undivided share in the Master Land (representing the interest of Hektar REIT in respect of Subang Parade) in favour of the Trustee upon execution of the Sale and Purchase Agreement for Subang Parade.
- (c) HPSB shall at its own cost and expense submit the application for approval of the relevant authority for Partition of the Master Land and the issuance of the separate document of title to Subang Parade upon receipt of written notification that the Master Land has been duly registered in the joint name of HPSB and the Trustee as co-proprietors. If HPSB fails to take the necessary action to apply for Partition, the Trustee is entitled to take such steps as may be necessary to apply for Partition and for issuance of the separate document of title to Subang Parade. The Trustee is entitled to demand that the Vendor to reimburse to the Trustee/Hektar REIT all cost and expense incurred by the Trustee/Hektar REIT in relation to its application for Partition.

10. ACQUISITION OF THE SUBJECT PROPERTIES (Cont'd)

- (d) In the Sale and Purchase Agreement, HPSB has given its undertaking to indemnify the Trustee against all costs incurred by the Trustee and/or Hektar REIT for repair or rectification or reinstatement of the property or any part thereof so damaged or attributed to the proposed development on HPSB's Land. HPSB has also undertaken not to carry out any other developments on HPSB's Land without the prior consent in writing of the Trustee and in granting its consent, the Trustee shall be entitled to impose such terms and conditions as it deems fit.
- (e) In addition, HPSB has granted to the Trustee or Hektar REIT the first right of refusal to acquire part or whole of the proposed development or any other developments on HPSB's Land subject to such terms and conditions as the parties may mutually agree.

10.4 Islamic Financing Facility Taken To Part-Finance The Acquisitions

Hektar REIT has obtained from MBB an Islamic overdraft facility up to the maximum principal sum of RM184.0 million under the Syariah principles of Al-Murabahah. Following is the summary of information pertaining to the Islamic overdraft facility from MBB :-

Facility	Approved Limit	Purpose	Profit Rate		Tenure
Murabahah Overdraft	RM184.0 million	To part finance the Acquisitions	1 st year	0.50% + MBB's cost of fund	5 years
			2 nd year	0.75% + MBB's cost of fund	
			3 rd year	0.75% + MBB's cost of fund	
			4 th year	0.75% + MBB's cost of fund	
			5 th year	0.75% + MBB's cost of fund	

As security for repayment of the Islamic overdraft facility, a land charge in favour of MBB will be created over Subang Parade. Upon completion of the Sale and Purchase Agreement for Subang Parade, a the land charge will be presented for registration at the relevant land office together with the instrument of transfer in favour of the Trustee. To facilitate the release of the said facility, the existing charges created by HPSB over Subang Parade will remain registered on the Master Land until registration of the land charge. The existing charges will be discharged and released by MBB up full payment of the redemption sum due from HPSB to MBB and registration of the fresh land charge.

MBB will release the said facility upon satisfaction of all the conditions precedent for the said facility. Upon completion of the SPA for Subang Parade, a third party charge will be created over Subang Parade pending the Partition and issuance of a separate document of title to Subang Parade. To facilitate the release of the said facility, the existing charges created by HPSB over Subang Parade will not be discharged until registration of the third party charge.

Upon issuance of a separate document of title to Subang Parade, the third party charge created over Subang Parade will automatically become a First Party First Legal Charge over Subang Parade.

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11. THE MANAGER

11.1 Our Background Information

We were incorporated in Malaysia under the Act on 3 May 2006 as a private limited company under the name of Impiland Sdn Bhd. Our name was later changed to the present name on 2 August 2006. Our present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. Our principal activity is to manage and administer the Fund.

Presently, we have employed two (2) Executive Directors and three (3) key personnel. Hektar REIT is the only fund under our management. Notwithstanding the above, we have an experienced, professional and capable management team, which aims to achieve the investment objective of Hektar REIT by applying sound investment policies and strategies. The profiles of our Board and management team are set out in Section 11.4 and 11.5 respectively of this Prospectus. As at the LPD, our unit holding in the Fund is 1,000 Units.

11.1.1 Information on our controlling shareholder

HKSB is the holding company of the Manager. It was incorporated under the Act on 29 August 2001. Its present authorised share capital is RM25,000,000, comprising 25,000,000 ordinary shares of RM1.00 each, of which RM15,686,275 comprising 15,686,275 ordinary shares of RM1.00 each are issued and fully paid-up. HKSB is involved in property investment and management. It was founded by Dato' Jaafar bin Abdul Hamid who has had over three (3) years experience in the property industry. The core business of HKSB and its related companies includes property investment and management. HKSB's principal investment is an 84-acre land situated in Nusajaya, Johor of which currently 52 acres have been planned for the development of a commercial centre designated for retail purposes.

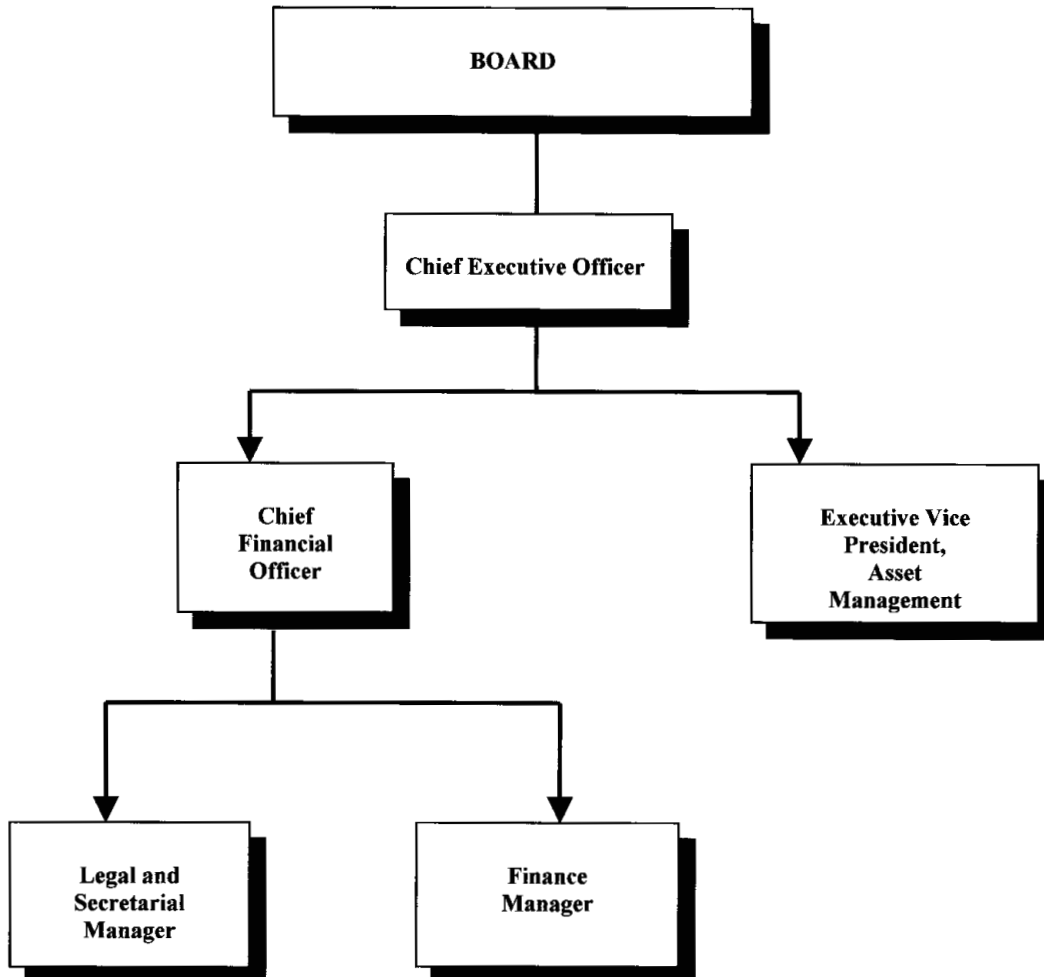
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11. THE MANAGER (Cont'd)

11.2 Our Organisation Structure

As Manager of the Fund, we shall, subject to the provisions of the Deed and the SC Guidelines on REITs, carry out all activities that may be deemed necessary for the management of the Fund and its business.

The following diagram sets out our operational structure:



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11. THE MANAGER (Cont'd)

11.3 Our Duties And Obligations

We shall be subject to the provisions of the Deed to carry out all activities as may be deemed necessary for the management of the Fund and its business. We shall be responsible for the day-to-day administration and business of the Fund, including but not limited to:-

- (a) determining the investment policies of the Fund;
- (b) formulating strategic direction of the Fund;
- (c) developing business plans for investment in the short, medium and long-term and the budgets of the Fund;
- (d) determining optimal and efficient capital structure to fund the investment, management and operations of the Fund;
- (e) formulating the Fund's risk management policies;
- (f) recommending acquisition, divestment or asset management of the assets of the Fund to the Trustee;
- (g) devising the leasing strategies, managing tenants and devising asset management strategies of the real estate assets and other assets of the Fund; and
- (h) maintaining communications and public relations with investors and Unitholders of the Fund as well as relevant authorities.

In addition, we have covenanted the following:

- (a) to manage Hektar REIT's assets and liabilities for the benefit of Unitholders;
- (b) to be responsible for the day-to-day management of Hektar REIT;
- (c) to carry out the activities in relation to the assets of Hektar REIT in accordance with the provisions of the Deed;
- (d) to set the strategic direction of Hektar REIT and submit proposals to the Trustee on the acquisition, divestment or enhancement of assets of Hektar REIT;
- (e) to issue an annual report and interim report of Hektar REIT to Unitholders within two (2) months of Hektar REIT's FYE and the end of the period it covers, respectively; and
- (f) to ensure that Hektar REIT is managed within the ambit of the Deed, the SCA, other securities laws, the Bursa Securities LR, the SC Guidelines on REITs and other applicable laws.

We may appoint a person, including our associate, as our delegate, attorney, agent or sub-agent to exercise our powers as Manager and perform our obligations in accordance with the SC Guidelines on REITs and the Deed. We shall ensure that the property management company possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management and meet the requirements set out by the relevant authorities. We shall also ensure that all fees charged for the services provided by the property management company shall be reasonable and shall not exceed the scale of fees as prescribed in the VAEA Act.

Prior to any proposed delegation of a function by us, we must obtain an approval of the SC and/or the Trustee as required under the SC Guidelines on REITs.

11. THE MANAGER (Cont'd)

11.4 Our Board

The principal role of our Board is to ensure that the management and administration of the Fund is managed in a proper and efficient manner for the benefit of the Unitholders. Our Board sets strategic direction by making recommendations to the Trustee pertaining to acquisitions, divestments or enhancements of the assets to enhance the performance of the Fund in line with its overall strategy. Further, our Board ensures proper corporate governance is observed at all times in conducting our business as Manager. Board meetings shall be held formally once every quarter of the year and more frequently should circumstances require so.

The particulars of our Board are as follows:

Name	Nationality	Address	Position
Dato' Jaafar bin Abdul Hamid	Malaysian	71 Lake View Bungalow, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan	Chairman and Chief Executive Officer
Zalila binti Mohd Toon	Malaysian	No. 1, Jalan Putra Bistari 2/1T, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan	Executive Director and Chief Financial Officer
Shahril bin Kassim	Malaysian	No. 16, Jalan SS1/29, Kampung Tunku, 47300 Petaling Jaya, Selangor Darul Ehsan	Non-Executive Director
Dato' Syed Md Amin bin Syed Jan Aljeffri	Malaysian	27, Changkat Semantan, Off Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur	Independent Non-Executive Director
Dato' Lim Git Hooi @ Robert Lim	Malaysian	12A, Hala Raja Dihilir, 30350, Ipoh, Perak Darul Ridzuan	Independent Non-Executive Director

Dato' Jaafar bin Abdul Hamid is our Chairman and Chief Executive Officer. He holds a Bachelor of Science (Hons) in Engineering Production from the University of Birmingham, United Kingdom. He is founder and principal shareholder of the Hektar Group of companies and provides the leadership for the overall strategic direction of the group. He was formerly the Managing Director of United Engineers Malaysia Berhad ("UEM"), a public-listed corporation listed on the Main Board of Bursa Securities. During his tenure at the helm of the UEM group of companies, he was responsible for undertaking numerous privatisation projects including the North-South Expressway (Plus), the Malaysia-Singapore Second Crossing (Linkedua) and Integrated Schedule Waste Management (Kualiti Alam) and the National Sports Complex. After his UEM stint, he assumed the chairmanship of an international engineering and construction group, Costain Group PLC until 2000 and was involved in with its re-listing exercise on the London Stock Exchange. He was also actively involved in the privatisation of Syarikat Air Johor in his capacity as an advisor to Ranhill Utilities Berhad.

11. THE MANAGER (Cont'd)

Zalila binti Mohd Toon is our Executive Director and Chief Financial Officer. She holds a Master of Business Administration (Financial Studies) from the University of Nottingham, United Kingdom and a Company Secretarial Licence from the Companies Commission of Malaysia. She is also a member of Malaysian Institute of Corporate Governance. Puan Zalila spent twenty (20) years with Cement Industries of Malaysia Berhad (“CIMA”), a subsidiary of UEM Group, a public-listed corporation listed on Bursa Securities. In CIMA, she was in charge of both operational and corporate finance. During her tenure, she spearheaded various major corporate finance initiatives, including the issuance of Private Debt Securities (“PDS”) and the acquisition of Negri Sembilan Cement Industries Sdn Bhd. She was also involved in the collaboration with JP Morgan to internationalise the company’s market. Subsequently, whilst in Park May Berhad, she arranged for the issuance of PDS to refinance the existing high interest-bearing loans resulting in substantial savings to the company. She was also involved in the reverse take-over exercise of Park May Berhad before leaving for a brief stint in UEM Environment Sdn Bhd, a holding company of Kualiti Alam Sdn Bhd.

Shahril bin Kassim is our Non-Executive Director. He holds a degree in Electronics Engineering from Salford University, United Kingdom. He has had over twenty (20) years of experience with IBM Malaysia and Mesiniaga Bhd in various capacities such as sales, marketing, management and executive education for the government sector. During the course of his career, he has also been involved in organising, designing and facilitating executive strategy development for organizations to align their business strategy with Information and Communication Technology (“ICT”). He left IBM in 1999 and was a consultant to HeiTech Padu Berhad, a local ICT solutions provider until 2003.

Dato’ Syed Md Amin bin Syed Jan Aljeffri is our Independent Non-Executive Director. He is an Economics graduate from the University of Malaya, a Chartered Accountant with the Malaysian Institute of Accountants and the Canadian Institute of Chartered Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants and the Institute of Certified Public Accountants of Singapore, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Fellow of the Malaysian Institute of Taxation. His extensive work experience includes stints with Esso in Malaysia and the United States of America, Touche Ross Canada and his own public accounting and consulting practices, AljeffriDean. He also sits on the board of Bina Darulaman Berhad, Tien Wah Press Berhad, LBI Capital Berhad, Seloga Holdings Berhad, Kulim Technologies Park Corporation Berhad, Mines City Hotel Berhad and several other private limited companies. He is a member of the Board of the Islamic University College of Malaysia, owned by the Malaysian Government. He is currently the President of the Kuala Lumpur Malay Chamber of Commerce and the Co-Chairman of the ASEAN Business Advisory Council. He is also a Council Member of the Malaysia-China Business Council and the East Asia Business Council and the Board of the Small and Medium Industries Development Corporation (“SMIDEC”). He is also a member of the Malaysian Honorary Council of the Federal Democratic Republic of Ethiopia. He was formerly the Secretary General of the ASEAN Chamber of Commerce and Industry.

Dato’ Lim Git Hooi @ Robert Lim is our Independent Non-Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He was previously a partner in Ernst & Young and he is also an Independent Non-Executive Director of Gopeng Berhad, Choo Bee Metal Industries Berhad, YNH Property Berhad and Seloga Holdings Berhad, all of which are listed on Bursa Securities. He also holds directorship in several other private limited companies.

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11. THE MANAGER (Cont'd)

11.5 Our Management Team

The functions of our management team are summarised below:

Chief Executive Officer (“CEO”)

The CEO, who is also the Chairman, is responsible for the day-to-day operations of Hektar Asset Management and the Fund, and together with the Board shall determine the strategy of Hektar REIT. The CEO will also work with the other members of our management team to manage and operate Hektar REIT in achieving the Fund’s objectives in accordance with the Deed, SCA and SC Guidelines on REITs. In addition, the CEO’s responsibility will include planning the future strategic development and growth of Hektar REIT.

The CEO, together with the Board, will identify and evaluate potential acquisitions with a view to enhance the Fund. The CEO is responsible for the overall management, investment and asset management strategies as well as the strategic growth of Hektar REIT.

Chief Financial Officer (“CFO”)

The CFO is mainly responsible for financial matters relating to both Hektar REIT and Hektar Asset Management, in particular the financial performance and indicators of the investments of Hektar REIT.

The CFO serves as the communication liaison with the Unitholders, analysts and potential investors. This investor-relations role, which is being assisted by the Legal Manager, includes the following:

- develop and oversee the investment strategy of Hektar REIT;
- to serve as the main liaison person with current and potential investors;
- ensure adherence to all regulatory and statutory requirements.
- providing customer service to Unitholders;
- maintaining continuous disclosure and communication to Unitholders, public and potential investors; and
- together with the officers of Hektar Asset Management, promote and market Hektar REIT to investors and the media through regular communications and road shows.

Executive Vice President, Asset Management

The Executive Vice President of Asset Management shall be responsible in monitoring and liaising with the Property Management Company to ensure the proper and timely discharge of its duties. The responsibilities of the Asset Manager shall encompass the following:

- develop business plan and strategy in enhancing the value of the assets;
- manage and supervise the services of the Property Management Company and other service providers;
- ensuring timely collection of all rental incomes;
- attend to and ensuring all the tenants’ complaints are attended to in a timely manner;
- ensuring the proper and timely execution of all repairs and maintenance works;
- monitoring and renegotiating/renewing/seeking new tenants for the expiring leases;
- maintaining good and cordial relationship with the tenants; and

11. THE MANAGER (Cont'd)

- ensuring that payment of the utility bills, sewerage, general upkeep and maintenance charges are settled by the tenants on time.

Legal and Secretarial Manager

The Legal and Secretarial Manager is mainly responsible for legal matters relating to both Hektar REIT and Hektar Asset Management.

The Legal and Secretarial Manager's key roles include the following:

- overseeing the preparation of legal documents in relation to property acquisition, disposal, tenancy, lease and borrowings;
- ensuring the Fund's compliance with the Deed, SCA and SC Guidelines on REITs and all other relevant laws when entering into any contract;
- advising the Executive Directors and the Board on any legal matters pertaining to Hektar REIT;
- managing legal documents and documentation including plans and drawings relating to all investments of Hektar REIT; and
- assisting the CFO in the investor-relations affairs.

Finance Manager

The Finance Manager's key roles include the following:

- preparing monthly and annual budgets for effective and efficient management and operations of the Fund;
- projection of rental returns, accounting for rental collections and operating expenses incurred in the course of managing and operating all investments of Hektar REIT;
- managing rental collections, and operating and property expenses;
- managing all tax affairs;
- overseeing accounts and annual reports preparation, capital management, performance analysis and reporting, corporate treasury functions, dividend distributions and ongoing financial market analysis; and
- timely release of quarterly and yearly results to Bursa Securities after the necessary approval from the Board.

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11. THE MANAGER (Cont'd)

The profiles of our management team are as follows:

Dato' Jaafar bin Abdul Hamid. Please refer to Section 11.4 of this Prospectus for the portfolio of our Executive Director.

Zalila binti Mohd Toon. Please refer to Section 11.4 of this Prospectus for the portfolio of our Executive Director.

Christopher Angus Mears is our Executive Vice President of Asset Management. He holds a Bachelor of Arts (Communication and Public Relations) degree from the University of Canberra, Australia. He also holds an Advanced Certificate in Property Agency from Technical and Further Education (TAFE) College. He possesses over seventeen (17) years of comprehensive property management, leasing and marketing experience at regional shopping centres, office buildings and community shopping centres ranging in size from 11,000 sq m to 65,000 sq m in Australia and Asia. He is not unfamiliar with the Malaysian retailing scene, having been directly responsible for a development portfolio in Malaysia including mixed-use developments with a focus on retail and office, and hotel and serviced apartment concepts. Previously, he was Leasing Manager with Stockland Properties, a public-listed Limited Property Trust in Australia, where he was managing the leasing of four major shopping centres, Stockland, Townsville and Cairns, City Centre Plaza in Rockhampton and Kinkora Centre in Gladstone, which represented almost half of Stockland Properties's retail portfolio at that time.

Zarina Halim is our Legal and Secretarial Manager. She graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance in 1993. She was with the United Engineering Malaysia Berhad ("UEM") Group of Companies for nine (9) years. She was Head of Corporate Affairs and Business Development in Prolink Development Sdn Bhd, the UEM Group's subsidiary responsible for the development of Malaysia's Singapore Second Crossing (MSSC) township, Bandar Nusajaya. Her notable experience at Prolink included the implementation of corporate land sales to the value of over RM1 billion and the successful restructuring of Prolink's debt obligations under Danaharta. She then moved on to head the Business Development unit at OptixLab Sdn Bhd which was mainly responsible for the sourcing and implementation of Information and communications technology related investments as well as the company's strategic marketing initiatives.

Raziff Suhairi bin Shaaban is our Finance Manager. He holds a Bachelor of Commerce (Accounting and Finance) degree from the University of Queensland, Australia. He served in Renong Berhad (now United Engineering Malaysia Berhad) for five (5) years from 1997, mainly handling the privatization exercise of Keretapi Tanah Melayu Berhad. The privatization exercise included the divestment of subsidiaries and realignment of business units. Subsequent to that, he served in Park May Berhad for two (2) years as the Manager of Group Finance and Corporate Affairs. In addition to his role in operational finance, he was also involved in various corporate asset divestment programmes as well as the reverse take-over exercise of a public-listed company. In 2004, he joined TIME Engineering Berhad (TIME) as the Manager of Corporate Finance. He was involved in the issuance of the world's first RM2.5 billion Sukuk Musyarakah Asset-Backed Securities Programme. He also initiated the refinancing exercise of TIME's RM550 million term loan, as well as overseeing RM400 million worth of trade finance activities with regard to TIME's project with the Ministry of Education.

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11. THE MANAGER (Cont'd)

11.6 Unitholdings Of The Vendors, Our Substantial Unitholders, Our Directors And Our Key Personnel

Prior to the date of this Prospectus, there were only 1,000 Units in circulation, all of which were held by us as promoter units. We will dispose all of these units immediately upon listing of Hektar REIT.

Dato' Jaafar bin Abdul Hamid and Shahril bin Kassim are also the common directors and common shareholders of HBSB and HPSB.

The interests of the Vendors, our substantial Unitholders, Directors and key personnel in Hektar REIT after the Public Offering and the Acquisitions by the Fund are as follows:

	Proforma after the Public Offering and the Acquisitions			
	<-----Direct----->		<-----Indirect----->	
	No of Units	%	No of Units	%
Substantial Unitholders:				
HBSB	72,700,000	22.72	-	-
HPSB	87,800,000	27.44	-	-
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Executive Directors:				
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Zalila binti Mohd Toon	350,000 [^]	0.11	-	-
Non-Executive Directors:				
Shahril bin Kassim	250,000 [^]	0.08	-	-
Other Key Personnel:				
Christopher Angus Mears	350,000 [^]	0.11	-	-
Zarina Halim	100,000 [^]	0.03	-	-
Raziff Suhairi bin Shaaban	100,000 [^]	0.03	-	-

Notes:

[^] Including their allocation pursuant to the allocation to eligible directors, employees and business associates of Hektar Group.

¹ Deemed interested by virtue of his substantial shareholdings of more than 15% in HBSB and HPSB pursuant to Section 6A of the Act.

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11. THE MANAGER (Cont'd)

11.7 Our Financial Position

We were incorporated on 3 May 2006 and our first financial year-end is expected to be 31 December 2007. Hence, no audited accounts are available to date. Notwithstanding the above, we have the financial capabilities and resources to carry out our duties as the Manager.

11.8 Our Fees

In accordance with the Deed, our management fees consist of a base fee of up to 1% per annum of the GAV of the Fund (excluding GST) and performance fees of up to 5% of NPI before deducting the property management company's fee (excluding GST), payable monthly in arrears and accrues daily, calculated at the end of each month and will be paid to us within seven (7) days of the end of each month.

However, for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, our fees shall consist of base fee of 0.25% per annum of the GAV of the Fund (excluding GST) and performance fee of 3.5% per annum of the NPI, before deducting the property management company's fee (excluding GST).

Other fees comprise the following:

- (a) acquisition fee of up to 1.0% of the acquisition value of any Hektar REIT's assets being the real estate or any unlisted company whose principal assets are real estate, purchased by the Trustee for the Fund; and
- (b) divestment fee of up to 0.5% of the disposal value of any Hektar REIT's assets being real estate or unlisted company whose principal assets are real estate, sold or diversified by the Trustee.

There will be no payment due to us by way of remuneration for our services upon the subscription for or the sale of Units and upon any distribution of income and capital or otherwise.

Our management fees may only be varied upwards with the prior approval of the Unitholders by way of a resolution of not less than 2/3 of all Unitholders for the time being or such other majority as may be required under the SC Guidelines on REITs.

Save for the expenses incurred for the general overheads and costs for services which we are expected to provide and falling within our normal expertise, we have the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by us that are directly related and necessary to the business of the Fund.

11.9 Our Retirement, Removal Or Replacement

We may retire as Manager of Hektar REIT at any time by giving six (6) months' written notice (or any shorter period agreed by the Trustee) to the Trustee.

If we;

- (a) have ceased to exist; or
- (b) have not been validly appointed; or
- (c) are not eligible to be appointed or to act as management company pursuant to section 98 of the SCA; or
- (d) fail or refuse to act as management company in accordance with the provisions or covenants of this Deed or the provisions of the SCA; or

11. THE MANAGER *(Cont'd)*

- (e) have gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or have ceased to carry on business; or
- (f) are under investigation for a conduct that contravenes the Companies Act, 1965 or any Securities Law; or
- (g) are required to be removed by the SC or are required to be removed pursuant to the provisions of the REIT Guidelines; or
- (h) are required to be removed by the Unitholders by way of Special Resolution passed at a meeting of Unitholders convened for that purpose on grounds that we are in breach of our obligations under this Deed and we have failed to remedy the breach despite the request from the Trustee to remedy the same.

The Trustee may as soon as practicable after becoming aware of any of the above events take all reasonable steps to have us removed from office and appoint a replacement management company which is eligible to be appointed to act as management company under the SCA and which has been approved by the SC.

11.10 Corporate Governance

Our Board shall ensure that the Manager apply the principles of good corporate governance, guided by the Malaysian Code of Corporate Governance, SC Guidelines on REITs and Bursa Securities LR. Our Board is ultimately responsible for the stewardship, direction, and policies of our resources. It focuses mainly on strategies, financial performance and key business issues.

(a) Board Composition

Our Board currently has five (5) directors, comprising two (2) Executive Directors, one (1) Non-Executive Non-Independent Director and two (2) Independent Directors.

Our Executive Directors, comprising the CEO/Chairman and the Executive Director/CFO have delegated authority from, and are responsible to our Board for directing and promoting the profitability, operation and development of Hektar REIT. The Executive Directors are obliged to refer certain major decisions back to our Board.

The roles of Executive Directors and Independent Directors are clearly defined and demarcated, both having fiduciary duties to the Unitholders. However, Executive Directors have direct responsibility for business operations whereas Independent Directors have the responsibility to bring independent and objective judgment to bear on Board decisions.

(b) Appointments of new Directors to the Board

We have in place, a rigorous and transparent process in the appointment of new Directors to our Board. The CEO/Chairman initiates the process by recommending a particular candidate. Our entire Board will subsequently deliberate on the suitability of the candidate before any decision is made.

(c) Board meetings

Our Board meetings will be held at least four (4) times a year to review Hektar REIT's business operations, approve quarterly and annual financial statements, as well as attend to critical matters arising.

(d) Directors' Remunerations

In line with its commitment to develop a dynamic performance culture, we have adopted a remuneration policy that will attract and retain people of the quality necessary to ensure the management of Hektar REIT is carried out in an efficient, effective and conscientious manner.

11. THE MANAGER (Cont'd)

In essence, the remuneration policy for Executive Directors is designed to align individual and team reward with business performance while the policy for Non-Executive Directors is designed to commensurate with industry insight and experience being brought to the Board.

(e) Internal Control

Our Board has the overall responsibility for the system of internal control. The system aims to safeguard Unitholders' investments and Hektar REIT's assets, ensure that financial statements are prepared in accordance with Malaysia's approved accounting standards and that the financial reporting is presented in a balanced and understandable manner with regard to Hektar REIT's financial position and prospects.

The system is also designed to provide reasonable assurance of effective operations and compliance with laws and regulations. However, any system of internal control can only provide reasonable, not absolute, assurance against misstatement or loss.

11.11 Our Powers To Remove Or Replace The Trustee

If the Trustee:

- (a) has ceased to exist; or
- (b) is not validly appointed; or
- (c) is not eligible to be appointed or to act as trustee pursuant to Section 99 of the SCA; or
- (d) fails or refuses to act as trustee in accordance with the provisions or covenants of this Deed or the provisions of the SCA; or
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for a conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any Securities Law.

we shall, as soon as practicable after becoming aware of any of the above events take all reasonable steps to remove the Trustee from its appointment by way of Special Resolution passed at a meeting of Unitholders convened for that purpose and appoint a replacement trustee which is eligible to be appointed to act as trustee under the SCA and which has been approved by the SC.

11.12 Our Relationship With The Vendors

Subang Parade and Mahkota Parade will be purchased from HPSB and HBSB respectively, pursuant to the SPAs dated 5 October 2006 entered into between the Vendors and the Trustee. HPSB and HBSB are connected to HKSB, our holding company by virtue of common directors and common shareholders.

Dato' Jaafar bin Abdul Hamid and Shahril bin Kassim are both common directors and shareholders of HKSB, HBSB and HPSB.

11. THE MANAGER (Cont'd)

11.13 Potential Conflict Of Interest And Related Party Transaction

In accordance with the Deed, the prior approval of the Trustee is required for inter-alia, acquisitions and disposal of real estate assets between related parties as provided for under Chapter 10.05 of the SC Guidelines on REITs. In the event that the related party transactions exceed the allowable premiums/discounts for the proposed acquisitions/disposals, Unitholders' approval are also required for such related party transactions and we, our related corporations and associated persons are not allowed to vote in such transactions. Related corporations shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

Further, the Deed also provides that we and any of our delegates should avoid conflicts of interests arising or if conflicts of interests arise, we should ensure that such transactions are on terms that are not more favourable than to independent parties and are at arm's length basis to such related parties.

As at the LPD, save as disclosed below and in Section 11.12 above, there is no existing or proposed transaction between Hektar REIT, the Vendors and ourselves, as the Manager:

- A license agreement dated 19 October 2006 entered into between HBSB and the Trustee, whereby the Trustee agreed to grant to HBSB a license to operate a beverage kiosk at the food court of Mahkota Parade at a license fee computed at a rate of 30% per annum of the gross beverage revenue for a term of three (3) years.
- A master license agreement dated 19 October 2006 entered into between the Manager and the Trustee in respect of identified common areas comprised in the Subject Properties where kiosks and open booths are erected or to be erected for purposes of carrying out various retail business activities ("the Premises"). Under the terms of this agreement, the Manager is entitled to grant a sub-license to any third party to use part or all the Premises subject to payment of a reasonable sub-licensee fee by the sub-licensees.

11.14 Existing And Proposed Related Party Transactions

Save as disclosed in Sections 11.12 and 11.13 above, there are no existing and proposed related party transactions.

11.15 Our Policy In Dealing With Conflict Of Interest Situation

All transactions carried out for or on behalf of Hektar REIT are to be executed on terms that are the best available for the Fund and with terms that are no less favourable than on an arm's length transaction between independent parties.

The Deed provides that:

- (i) we and any of our delegates should avoid conflicts of interest. Should a conflict of interest arises, we should ensure that such a transaction would not disadvantage the Fund;
- (ii) any event or transaction in which a conflict of interest arises or could arise should be adequately disclosed in this Prospectus and/or reports of the Fund;
- (iii) cash or other liquid assets of Hektar REIT may only be placed in a current or deposit account with any party related us or any of our delegates if the party is a licensed institution or other institution licensed or approved to accept deposits and the terms of the deposit are the best available for the Fund and are no less favourable than an arm's length transaction between independent parties. In this context, "related" refers to a relationship where there is one common director and / or shareholder in both entities;

11. THE MANAGER (Cont'd)

- (iv) except as permitted under the Deed and the relevant laws, we may not act as principals in the sale and purchase of real estate, securities and any other assets to and from the Fund. 'Acting in principal' includes a reference to dealing or entering into a transaction on behalf of a person associated with us, acting on behalf of a corporation in which we have a controlling interest in or us acting on behalf of a corporation in which our interest and the interests of our directors together constitute a controlling interest;
- (v) we must not, without the prior approval of the Trustee, invest any monies available for investment under the Deed in any securities, real estate or other assets in which we or any of our officers have a financial interest or from which we or any of our officers derives a benefit;
- (vi) we must not make improper use of our position in managing Hektar REIT to gain, directly or indirectly, an advantage for ourselves or for any other person or to cause detriment to the interests of the Unitholders;
- (vii) the appointment or renewal of appointment of any delegate who is a related party must be made on terms which are the best available for the Fund and which are no less favourable to Hektar REIT than an arm's length transaction between independent parties and be approved by our independent directors;
- (viii) we or the Trustee or any delegate thereof shall not retain any rebate from, or otherwise share in commission with, any broker/dealer in consideration for directing dealings in assets of the Fund. Accordingly, any such rebates or share commissions shall be directed to the account of the Fund;
- (ix) notwithstanding the above, goods and services ("soft commissions") from any broker may be retained by us or any delegate thereof, but only if the goods and services are of demonstrable benefit to the Unitholders and:
 - a. dealings by the broker/dealer for the Fund are executed on terms which are the best available for the Fund ("best execution basis");
 - b. our or delegate's intention to, or practice of, retaining soft commissions is adequately disclosed in the Prospectus; and
 - c. our or delegate's soft commission practices are adequately disclosed in the Prospectus and reports of the Fund and in the case of the latter, shall include a description of the goods and services received.

Presently, our Board consists of two (2) independent members, and we shall maintain a minimum ratio of at least one-third independent members at all times. For matters in which any of our Director or persons connected to him/her has an interest, whether directly or indirectly, the aforesaid Director will abstain from voting.

11.16 Registrar

We have entered into an agreement on 10 November 2006 to delegate the function of registrar of the Fund to Mega Corporate Services Sdn Bhd.

The Registrar was incorporated in Malaysia under the Act on 13 October 1989 as a private limited company under its present name. As at 12 October 2006, the issued and paid-up share capital of Registrar stood at RM10,000 comprising 10,000 ordinary shares of RM1.00 each. The Registrar is principally involved in the provision of corporate secretarial and share registration services.

11. THE MANAGER (Cont'd)

The Registrar shall be providing, inter alia, the following services to Hektar REIT:

- maintenance and updating of the Register of Unitholders;
- attending to correspondence, enquiries and requests from Unitholders and client;
- perform depository compliance related matters for Hektar REIT;
- perform duties related to distribution payments;
- provide facilities for despatch of circulars, notices and reports to Unitholders;
- preparing analysis of unitholdings for Hektar Asset Management, Bursa Securities and other regulatory bodies;
- maintaining the Register of Unclaimed Moneys and monitoring submission of Form UMA in compliance with the Unclaimed Moneys Acts, 1965 (amendments 1989); and
- processing of the corporate exercises of the Fund including issuance of units.

11.17 Our Policy On Rebates And Soft Commissions

It is our policy to channel all rebates or soft commissions arising from direct dealings in the investments of Hektar REIT directly to the Fund's account.

Notwithstanding the above, we or any of our delegates may retain goods and services ("soft commissions") from any broker, where the soft commissions are of demonstrable benefit to the Unitholders and the dealings are executed on terms which are best available for the Fund.

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12. THE PROPERTY MANAGEMENT COMPANY

12.1 Background Information

We had on 19 October 2006 appointed Izrin and Tan Properties Sdn Bhd as the PMC. Izrin & Tan Properties Sdn Bhd is a professional valuation company with its head office located in the Klang Valley and its northern branch office in Butterworth, Penang.

It was incorporated in Malaysia under the Act on the 31 December 2002 and is registered under the VAEA Act to practice property management, property valuation and real estate agency under the registration number VE(1) 0152. Its authorised and issued and paid-up share capital is RM150,000 comprising 150,000 ordinary shares of RM1.00 each.

The PMC's principal areas of practice include:

- valuation services;
- real estate agency;
- Property management; and
- Property consultancy.

Izrin and Tan Properties Sdn Bhd is strictly a fee based property management company without competing interest in property holdings. It is an independent, unaffiliated corporation with no ownership interest in property assets it manages. Therefore, its services are provided without inherent conflict of interest.

12.2 Experience In Property Management

The property management arm of the PMC specialises in the provision of comprehensive facility management services for completed apartments, condominiums, office buildings and shopping complexes. Comprehensive facility management services involve the provision of an integrated range of services.

The PMC has positioned itself to provide a one-stop solution to facilitate management of properties which includes the following services:-

- maintenance and management of the electrical and mechanical systems of the building including audio visual services, master antenna television and closed circuit television;
- maintenance and management of the civil and structural requirements of the building;
- managing the energy and utilities consumption;
- managing the vertical transportation facilities of the building;
- managing the security and safety of the building;
- provision of a central management maintenance system;
- coordinating the maintenance and inspection of the fire fighting and prevention equipment and systems;

12. THE PROPERTY MANAGEMENT COMPANY *(Cont'd)*

- provision of landscaping and grounds care services for the creation of a healthy, safe and pleasant green environment and space by incorporating hard and soft landscapes which are properly designed, implemented and managed;
- management, control and maintenance of the climate (temperature) level in the building; and
- cleaning and housekeeping services.

The key personnel of the PMC have an average of 16 years experience in real estate management.

Presently, the PMC's staff strength comprises two (2) executive directors and eight (8) experienced staff. Profiles of the key personnel of the PMC are set out in Section 12.6 below.

12.3 Properties Under Property Management Company

The PMC currently manages Taman Seri Murni Phase 1 & 3, Villa Danau Condominium and Sri Angsana Hilir Condominium with a total NLA of approximately 1.2 million sq ft.

The key personnel of the PMC have been involved in the management of the following properties:-

Properties	Location
Pelangi Indah	Jalan Ipoh, Kuala Lumpur
OUG Condominium	Bukit OUG, Kuala Lumpur
Taman Batu Bukit	Tanjong Tokong, Pulau Pinang
Desa Bukit Jambul	Pulau Pinang
Sri Relan Complex	Pulau Pinang

The primary objective of property management is to maintain the pristine condition of the building and its property and thereby improving its capital value over time. The solutions offered by the PMC are tailored to the client's needs and are focused on achieving convenience, cost savings and energy conservation.

12.4 Role Of The Property Management Company

The PMC will provide, amongst others, the following services:

- (a) recruit and supervise all relevant personnel required to properly manage, operate, market and maintain the Subject Properties in accordance with the standards prescribed in the Property Management Agreement;
- (b) provide customer care and prompt attention to any enquiry by tenants on the property management of the Subject Properties ;
- (c) advise and assist in the marketing of space in the Subject Properties and the acquisition and disposal of properties;
- (d) manage and monitor the upgrading, refurbishment, retrofitting and renovation works of the Subject Properties;
- (e) bill and collect for and on behalf of the Trustee, all monies due for payment in respect of the Subject Properties including but not limited to monthly rental from each tenant and deposit into the Trustee's account held;

12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

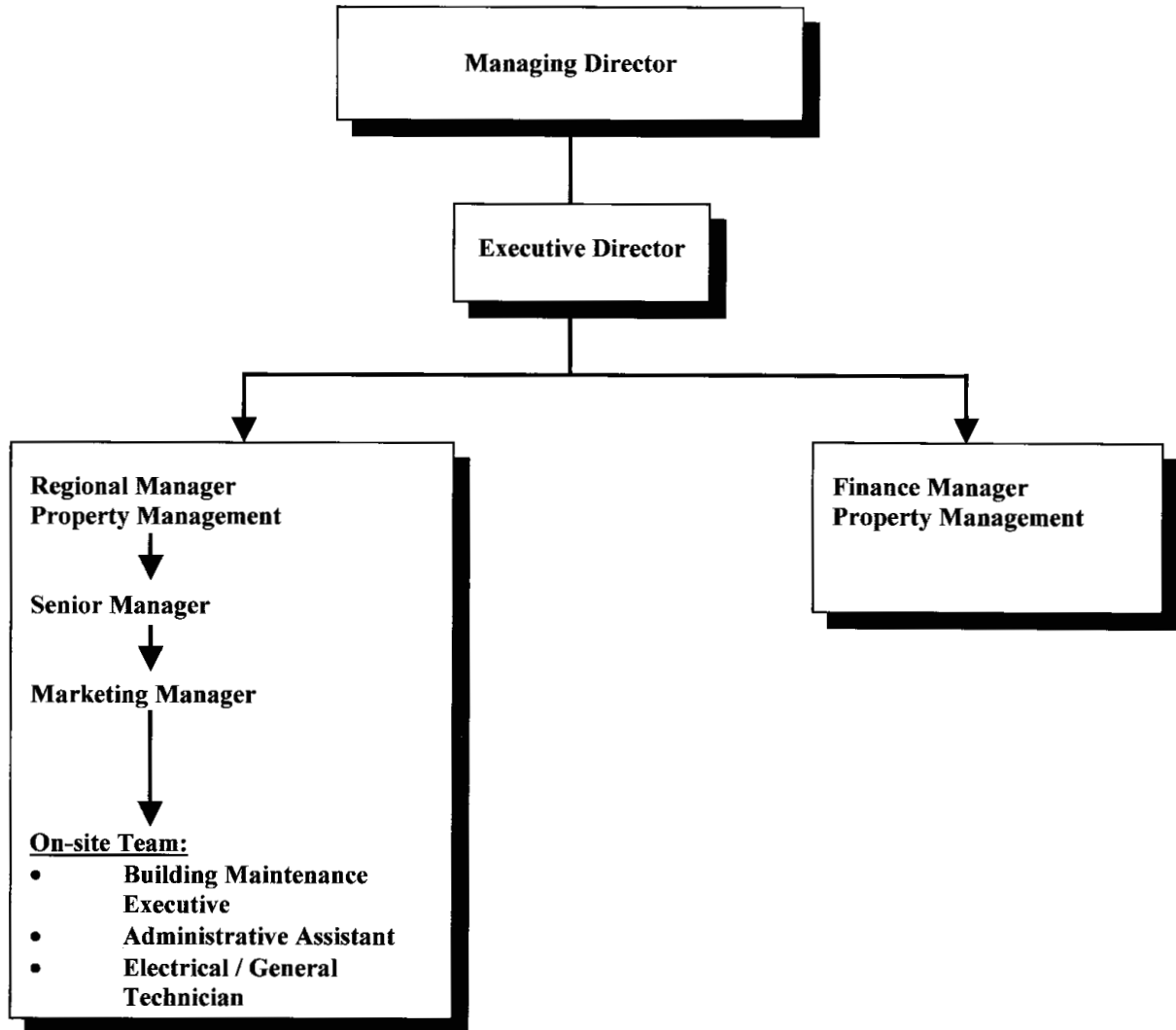
- (f) manage, supervise, co-ordinate and monitor all the works of the building services contractors to ensure that such works are competently carried out to the expected global standards and best practices;
- (g) prepare and plan annual maintenance budget and undertake physical inspection of the properties;
- (h) prepare monthly and annual property management and maintenance report; and
- (i) liaise with all the relevant authorities to ensure that the Subject Properties meet all statutory requirements and regulations.

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12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

12.5 The Operational Structure Of The Property Management Company

The following diagram sets out the operational structure of the PMC:



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12. THE PROPERTY MANAGEMENT COMPANY *(Cont'd)*

12.6 Key Personnel Of The Property Management Company

The profiles of the key personnel of the PMC are as follows:

Nor Izrin binti Md Isahak is the Managing Director of the PMC. She graduated with a Bachelor in Property Management and Valuation (Hons) from University Teknologi Malaysia. She also has a Masters in Property Valuation and Law from the City University in London, United Kingdom. She is a Registered Valuer, Registered Property Manager and Registered Estate Agent under the Board of Valuers, Appraisers and Estate Agents, Malaysia. She is a Fellow of the Institution of Surveyors Malaysia and was a Vice President of the Association of Valuers and Property Consultants in Private Practice Malaysia. Izrin has sixteen (16) years experience both in public and private sectors. She served Dewan Bandaraya Kuala Lumpur for three (3) years in the valuation department and was also a practicing valuer with Messrs. Colliers Jordan Lee and Jaafar for four (4) years. Apart from Izrin & Tan Properties Sdn Bhd, she also sits on the Board of Pakatan International, a well-established firm for quantity surveyors, building costs consultants, building economist and project managers.

Tan Chai Liang is the Executive Director of the PMC. He graduated with a Bachelor in Property Management and Valuation (Hon) from University Teknologi Malaysia. He is a Registered Valuer, Registered Property Manager and Registered Estate Agent with the Boards of Valuers, Appraisal and Estate Agents Malaysia. He is a member of the Institution of Surveyors Malaysia. He has sixteen (16) years experience in the property sector. He started his career with Messrs. Colliers Jordan Lee and Jaafar in Johor Bahru and then moved on to Messrs. Jones Lang Wotton as a senior valuer. Thereafter he moved to the corporate section at Aseania Development Sdn Bhd, a subsidiary company of Gold Bridge Engineering and Construction Bhd which is listed on the Main Board of Bursa Securities.

Ng Bu Tee is the Regional Manager of the PMC. He has vast experience managing properties for the past twenty (20) years. He has managed key portfolios within MBF Property Services Sdn Bhd in a managerial capacity. With the formation of Binanamik Building Services Sdn Bhd (a management company associated with MBF Property Services Sdn Bhd) in late 2001, he was entrusted with the additional task of setting up the operational structures and procedures for the new company. He was previously involved in the management of Pelangi Indah, OUG Condominium, Taman Batu Bukit, Desa Bukit Jambul and Sri Relan Complex.

Johari Bin Mohd Din is the Senior Manager of the PMC. He has a Diploma in Estate Management from John Moore University, United Kingdom, Diploma in Electrical Power Engineering from Polytechnic Ungku Omar and a Certificate in Occupational Safety and Health from the National Institute of Occupational Safety and Health, locally. He has served companies such as Azmi & Co. Property Services Sdn Bhd, MN Koll Sdn Bhd and Malaysia British Assurance Berhad. He was previously involved in the management of Pelangi Indah, OUG Condominium, Taman Batu Bukit, Desa Bukit Jambul and Sri Relan Complex.

Kwan Kin Kheong is the Finance Manager of the PMC. His previous work experiences include that as the senior accountant for a public-listed company in the information and technology industry and accounts manager in the building division for a building management company that manages numerous projects throughout Kuala Lumpur and Penang.

Irene Schumacher is the Marketing Manager of the PMC. She is a graduate from Cambridge University, United Kingdom and the Institute of Administrative Management, New York. She has experience in dealings with property management in Malaysia and abroad for over ten (10) years.

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12. THE PROPERTY MANAGEMENT COMPANY (*Cont'd*)

K.S. Nair is the Building Maintenance Executive of the PMC. He is a qualified Life and General Insurance practitioner. He began his career in the mid-1980's and has worked for a number of property management companies in managerial capacities which include, Dipri Trading Sdn Bhd, Jones Lang Wotton, OSK Realty Sdn Bhd, Henry Butcher Property Services, Yakin Molek Sdn Bhd and Binanamik Building Services Sdn Bhd.

12.7 Property Management Company's Fee

The PMC is entitled to receive the following fee for managing the Subject Properties:

- In respect of the first RM30,000 of the gross annual rental income from the Subject Properties, 5% per annum of such gross annual income;
- In respect of the residue up to RM100,000 of the gross annual rental income from the Subject Properties, 3% per annum of such gross rental income; and
- In respect of the residue over RM100,000 of the gross annual rental income from the Subject Properties, 2% per annum of such gross annual rental income.

The above fee is payable monthly in arrears by Hektar REIT to the Property Management Company. The cost of the provision of on-site staff at the Subject Properties by the Property Management Company will also be borne by Hektar REIT.

12.8 Salient Terms Of The Property Management Agreement

The salient terms of the Property Management Agreement are summarized below:

- (a) The PMC shall carry out the role and scope of work as Property Management Company as summarized in Section 12.4 above.
- (b) Subject to the rights of termination under the Property Management Agreement, the Property Management Company is appointed for three (3) years from the date of completion of the Acquisitions ("Management Period") and its appointment may be renewed at the expiry of the Management Period.
- (c) Either party may terminate the Property Management Agreement upon the occurrence of, among others any of the following events and by the serving of three (3) months' prior written notice to the other party:
 - (i) either party is wound up or liquidated save for the purposes of restructuring;
 - (ii) either party breaches any term of the Property Management Agreement which, in the case of a breach capable of remedy, shall not have been remedied by the party concerned after the receipt of a notice from the other party specifying the breach and requiring its remedy within thirty (30) days;
 - (iii) a receiver, administrator, manager, receiver and manager or agent is appointed to administer either party or any undertaking or property of the other party or any encumbrances is validly entitled to exercise any power to sell over any part of the undertaking or property of the relevant party; and
 - (iv) a provisional liquidator or liquidator is appointed in respect of either party.
- (d) The Manager may terminate the Property Management Agreement by giving six (6) months' prior written notice or such other period as agreed between the parties.

12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

- (e) In providing the property management services under the Property Management Agreement, the Property Management Company undertakes that it will not transfer its appointment as provided under the Property Management Agreement, assign or delegate any of its duties in any way without seeking and obtaining prior written consent from our Company. Even if we shall agree to allow the Property Management Company to assign or delegate any of its duties as aforementioned, the Property Management Company remains fully liable for the performance of its own obligations under this Property Management Agreement notwithstanding the appointment of any sub-contractor by the Property Management Company to provide the relevant management services.
- (f) If the Property Management Agreement is terminated, then the Property Management Company shall do everything that is necessary to assist the Manager and the Trustee in handing over the management of the Subject Properties to a new property management company.

12.9 Unitholdings Of The Property Management Company

As at the LPD, neither the PMC nor its key personnel hold any Units in Hektar REIT.

12.10 Material Litigation And Arbitration

As at the LPD, the PMC is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on its financial position, and its directors are not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect their position or business.

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13. THE TRUSTEE

13.1 Background Information

The Trustee has been appointed to act as the Trustee of Hektar REIT. The Trustee was incorporated on 28 July 1987 under the Act, and is registered as a trust company under the Trust Companies Act, 1949. The Trustee commenced operations on 28 July 1987, and is engaged in the provision of corporate trustee services.

As at the LPD, the Trustee has an authorised share capital of RM1,000,000 made up of 100,000 ordinary shares of RM10.00 each. The issued and paid-up share capital is RM500,000 made up of 100,000 ordinary shares of RM5.00 each. This is in accordance with Section 3 (c) Trust Companies Act 1949. As at the LPD, the Trustee has staff strength of thirty six (36) experienced personnel comprising twenty-one (21) executives and fifteen (15) non-executives.

13.2 The Trustee's Experience In Managing The Funds

The Trustee has about ten (10) years of experience in handling unit trust matters. As at the LPD, the Trustee has nineteen (19) unit trust funds and two (2) REIT including Hektar REIT under its trusteeship.

13.3 Board Of Directors Of The Trustee

As at the LPD, the board of directors of the Trustee is as follows:

Name	Designation
Pushparani d/o Moothathamby	Chairman (Non-independent)
Ponnampalam a/l S. Seenivasagam	Director (Non-independent)
Shaharuddin bin Hassan	Director (Non-independent)
Mohd Idris bin Mohd Isa	Independent Director

The Trustee is in the midst of finalising the appointment of the Chief Executive Officer and another Independent Director.

13.4 Key Management Team

The profiles of the key management team of the Trustee are as follows:

- **Raja Amir Shah bin Raja Abdul Aziz** was appointed as Head of the Trustee in October 2006. He has almost 20 years of experience in investment management and in the marketing of financial services. He has been in the trust and fiduciary services since 2003. He was with the Renong Group for more than 8 years. He was also in the Mutual Fund, Banking and Unit Trust services for almost 8 years. He holds an MBA in Individual Financial Planning from City University, Washington, USA. He is responsible for the overall business and management of the Trustee.
- **Maniam a/l Arunasalam** was appointed as Head of Operations for the Trustee on 7 August 2006. He holds BA (Hons) in Accountancy from Bolton Institute, United Kingdom and is a member of National Institute of Accountants, Australia. He was the Head of Compliance in AmSecurities Sdn Bhd prior to his appointment in the Trustee. He joined AmSecurities Sdn Bhd in 1994 as Manager, Inspection Unit and was subsequently promoted to Senior Manager level in 2000. He has more than 14 years experience in the stock broking industry. He joined AmMerchant Bank in June 1992 and served as Internal Audit Officer for two years.

13. THE TRUSTEE (Cont'd)

- **Nurizan binti Jalil** was appointed as Manager for Legal and Compliance of the Trustee in April 2006. She joined the Trustee in November 2001. She is currently responsible for the overall legal and compliance affairs of the Trustee. She graduated with a LLB(Hons) from the University of Huddersfield, United Kingdom and a holder of Certificate of Legal Practice from University Malaya. Prior to joining the Trustee, she was with Citibank Berhad.
- **Roslin binti Muhammad Alwi** was appointed as Accounts Manager of the Trustee in December 2004. She is currently responsible for the administration and management of clients' transactions and records and the development and enhancement of computer systems. Prior to her appointment in the Trustee, she has been with AmBank group since June 1982 having served in the Finance Department, Portfolio Management Services, Arab-Malaysian Investment Management, Organisation and Method and Private Banking Department.
- **Sharon Khaw Cheng Sim** was appointed as Assistant Manager of the Trustee in July 1997. She is responsible for the customer relationship management and marketing services of the Trustee. Prior to her appointment at the Trustee, she was the Head of Share Margin Trading unit at United Overseas Bank (M) Bhd and before that, as Operation Assistant Manager at Inter-Pacific Securities Sdn Bhd. She once served Arab-Malaysian Merchant Bank Berhad as a Marketing Officer.
- **Najwa Marliza binti Mansor** was appointed as Compliance Assistant Manager of the Trustee in March 2006. She graduated from University of New South Wales, Australia in 1999 and has obtained her CPA status in April 2004 from CPA Australia. Prior to joining the Trustee, she was the Senior Associate of the assurance services at PricewaterHouseCoopers for four (4) years and a senior executive of the group internal audit at RHB for two (2) years.
- **Siti Sabariah binti Hassan** was appointed as Accounts Assistant Manager of the Trustee in February 2006. She has been with AmBank group since October 1989 having served in the credit administration department and corporate finance department prior to her appointment at the Trustee.

13.5 Financial Position

The following is a summary of the past performance of the Trustee based on its audited accounts for the past three (3) financial years ended 31 March 2004 to 2006:

FYE 31 March	2004	2005	2006
	RM'000	RM'000	RM'000
Issued and paid-up capital	500	500	500
Shareholders' funds	3,229	4,269	4,891
Turnover	3,377	4,178	4,602
Profit before tax	1,041	1,405	911
Profit after tax	758	1,040	622

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13. THE TRUSTEE (Cont'd)

13.6 Trustee Fee

In accordance with the Deed, Hektar REIT will pay the Trustee an annual trustee's fee which accrues daily at a rate of up to a maximum of 0.1% per annum of Hektar REIT's NAV, including the manager's fees (excluding GST) in accordance with the Deed and is payable monthly in arrears.

Notwithstanding the above, the Trustee has agreed to charge a fee of 0.035% per annum of Hektar REIT's NAV, including the manager's fees (excluding GST), for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009.

13.7 Duties And Responsibilities Of The Trustee

The Trustee's duties and responsibilities are set out in the Deed. The general duties and responsibilities of the Trustee include, but are not limited to, the following:

- (i) the Trustee shall ensure that the Fund has at all times an appointed management company;
- (ii) the Trustee shall exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders;
- (iii) the Trustee shall take custody and control, of all the securities, properties and assets of the Fund and hold it in trust for the unit holder in accordance with the provisions of the Act and all applicable securities laws and regulations made thereunder;
- (iv) the Trustee shall ensure that the management company does not make improper use of its position in managing the Fund to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unitholders of such Fund;
- (v) the Trustee shall keep or cause to be kept proper books of accounts in relation to the investments and properties of the Fund;
- (vi) the Trustee shall ensure that proper records are kept of all transactions, dividends, interest and income received and distributed in respect of the Fund;
- (vii) the Trustee shall cause the accounts referred to in paragraph (v) to be audited at the end of each financial year by an approved company auditor appointed by the Trustee;
- (viii) the Trustee jointly with the management company shall safeguard the interest of the Unitholders; and
- (ix) the Trustee jointly with the management company shall ensure that for the duration of the Fund, there is a registered deed in force at all times.

The Trustee has covenanted in the Deed that it will exercise due diligence and vigilance in carrying out its duties and responsibilities, and in safeguarding the rights and interests of the Unitholders.

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13. THE TRUSTEE (Cont'd)

13.8 Retirement, Removal Or Replacement Of The Trustee**(i) Retirement**

The Trustee may retire as Trustee of Hektar REIT immediately upon the expiry of six (6) months' written notice (or any shorter period agreed by the Manager) given by the Trustee to the Manager, provided always that a new trustee shall first have been duly appointed. Upon the retirement of the Trustee, the Manager shall be entitled to appoint in writing some other corporation approved by the relevant authorities to be the trustee of the Hektar REIT.

(ii) Removal by us

If the Trustee:

- (a) has ceased to exist;
- (b) is not validly appointed;
- (c) is not eligible to be appointed or to act as Trustee pursuant to Section 99 of the SCA;
- (d) fails or refuses to act as Trustee in accordance with the provisions or covenants of this Deed or the provisions of the SCA;
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any securities law,

we shall as soon as practicable after becoming aware of any of the above events take all reasonable steps to remove the Trustee from its appointment under the Deed and appoint by way of deed a replacement Trustee which is eligible to be appointed to act as Trustee under the SCA and which has been approved by the SC.

(iii) Removal by Unitholders

The Unitholders may remove the Trustee by a Special Resolution passed at a duly convened meeting on grounds that the Trustee is in breach of its obligations under the Deed and the Trustee has failed to remedy the breach despite the request from the Manager to remedy the breach and another trustee (which is eligible to be appointed to act as trustee under the SCA and duly approved by the SC) appointed.

(iv) Removal by SC

The SC may remove the Trustee under the SCA.

13.9 Powers Of The Trustee To Remove Or Replace The Manager

We may be removed or replaced by the Trustee in accordance with the Deed as set out in Section 11.9 of this Prospectus.

13. THE TRUSTEE (Cont'd)

13.10 Trustee's Responsibility Statement

The Trustee has given its willingness to assume the position as Trustee of Hektar REIT and all the obligations in accordance with the Deed and all relevant laws, and also its willingness to provide an indemnity to the Manager for the benefit of the Unitholders of Hektar REIT for any loss incurred as a result of any non-performance of the Trustee.

13.11 Material Litigation And Arbitration

Save as disclosed below, as at the LPD, the Trustee is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on its financial position, and its Directors are not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect their position or business.

- On 22 December 2005, the solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") served a writ and statement of claim dated 12 December 2005 against the Trustee. The claim by Meridian is for alleged loss and damage amounting to RM27,606,169.65 ("Alleged Loss") together with interest and costs arising from the provision of custodial services by the Trustee to Meridian. Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned Alleged Loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. The Trustee is a subsidiary of AMMB Holdings Berhad, has been served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with the Trustee. Based on the legal advice obtained, the Directors of Trustee are of the opinion that the Trustee has a good defence in respect of the claim.
- The Trustee has further been served on 5 October 2006 with an unsealed application to add AmMerchant as second Defendant. The claim by Meridian for the Alleged Loss has been increased from RM27,606,169.65 to RM36,967,166.84 to include loss of reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by the Trustee to Meridian. Based on the solicitors' advice, the directors of the Trustee believe Meridian has no reasonable cause of action against the Trustee or AmMerchant.

13.12 Delegation Of Trustee's Function

As at the LPD, none of the Trustee's function has been delegated.

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14. APPROVALS AND CONDITIONS

14.1 Approvals and conditions

The SC has approved the Public Offering vide its letter dated 14 September 2006.

The equity compliance unit of the SC has approved our appointment as the management company of Hektar REIT under the FIC Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

The conditions imposed by the SC and the status of compliance are as follows:

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
SC	14 September 2006	<p>(i) Hektar Asset Management or its advisers must clearly disclose the following in the Fund's prospectus:-</p> <p>(a) clear growth strategy and plans for Hektar REIT in the medium-term and long-term, such as acquisitions of additional real estate;</p> <p>(b) detailed information pertaining to the 1.92 acres* of the Master Land of Subang Parade which is to be retained by HPSB;</p> <p><i>Note:</i> * The measurement of HPSB's Land has now been revised to 1.949 acres based on a land survey conducted on 5 September 2006.</p> <p>(c) the proposed mode and actions taken/to be taken to ensure that the issuance of separate document of title for the Subang Parade Land is obtained as soon as practicable;</p> <p>(d) information with regard to the sold lots including proposed timelines for the resolution of the strata titles issue for both Subang Parade and Mahkota Parade and the actions taken/to be taken to ensure that the strata titles are issued as soon as practicable; and</p> <p>(e) the underwriting arrangement.</p>	<p>Duly complied with. Disclosed in Sections 7.2.1, 7.2.2 and 9.7.</p> <p>Duly complied with. Disclosed in Sections 9.5, 10.3 and 10.4.</p> <p>Duly complied with. Disclosed in Sections 9.5 and 10.3.</p> <p>Duly complied with. Disclosed in Sections 9.6 and 10.</p> <p>Duly complied with. Disclosed in Sections 3.8, 3.9 and 3.10.</p>

14. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
		(ii) Hektar Asset Management or its advisers to provide satisfactory evidence of compliance with Clause 4.02(4) of the SC Guidelines on REITs before registration of prospectus;	Complied
		(iii) Hektar Asset Management or its advisers to ensure that the proposed appointment of Dato' Jaafar bin Abdul Hamid as the CEO of Hektar Asset Management complies with Clause 4.05(11) of the SC Guidelines on REITs, before registration of prospectus;	Complied
		(iv) Hektar Asset Management or its advisers to inform SC upon issuance of the strata titles for both Subang Parade and Mahkota Parade and the issuance of separate document of title for the Subang Parade Land;	To be complied with.
		(v) Hektar Asset Management or its advisers to submit an operational audit report to the SC six(6) months after Hektar REIT is launched and listed. The appointment of the auditors and scope of work shall be subject to the SC's clearance;	To be complied with.
		(vi) Hektar Asset Management must maintain 30% Bumiputera equity at all times;	Noted and will be complied with at all times.
		(vii) SC's approval for the proposed candidate for the CEO and members of the Board of Directors is subject to there being no adverse findings from the vetting process conducted on all the candidates;	Noted.
		(viii) Hektar Asset Management or its advisers must inform SC the date of appointment of the CEO and the Board of Directors within two(2) weeks after the appointment is made effective;	Duly complied with vide letter dated 3 October 2006 to the SC.
		(ix) Hektar Asset Management or its advisers to inform the SC the listing date of Hektar REIT prior to the listing of the Fund;	To be complied with.

14. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
		(x) Hektar Asset Management or its advisers to inform the SC upon the completion of the proposal;	To be complied with.
		(xi) Hektar Asset Management, AmTrustee and Hektar REIT to fully comply with all the relevant requirements in the SC Guidelines on REITs, the SCA and any notices that are issued from time to time (where relevant); and	Complied with, where applicable and save for the waivers granted by the SC as set out in Section 14.3 of this Prospectus.
		(xii) The listing of Hektar REIT must be completed within six(6) months from the date of SC approval letter. SC's approval is deemed to lapse if Hektar Asset Management fails to do so within the stipulated timeframe.	Noted and will be complied with.

14.2 Further Approval Granted By The SC

The delegation of the registrar function by us to the Registrar has been approved by the SC vide its letter dated 18 October 2006.

14.3 Waivers

The SC has approved and granted certain waivers in relation to Hektar REIT vide its letters dated 14 September 2006 and 31 October 2006;

- (i) Waiver from Clause 8.03(1) of the SC Guidelines on REIT, which stipulates that inter-alia that underwriting arrangements must be in place before the offering of the Units, is made *(for offerings to the general public and restricted issues/offers)*.

The SC has given approval for underwriting arrangements for the bookbuilding portion of 143,500,000 Units pursuant to the Institutional Offering to be in place only after the completion of the bookbuilding exercise, as disclosed in Section 3.2 of this Prospectus.

- (ii) Variation from Clause 12.01(2) of the SC Guidelines on REITs which stipulates that the management company fee shall be computed based on the Fund's NAV. The SC has approved the Base Fee and Performance Fee to be computed based on Gross Asset Value and Net Property Income respectively.
- (iii) Waiver from Clause 7.03(2) of the SC Guidelines on REIT, which stipulates that units may be placed with persons other than parties connected to the placement agent.

The SC has granted Aseambankers and AmMerchant a waiver from compliance with the above such that Aseambankers and AmMerchant, as Joint Bookrunners for the Units to be issued under the Institutional Offering, may accept bids from and allot the Units to its connected parties.

14. APPROVALS AND CONDITIONS (Cont'd)

The related parties of Aseambankers are Permodalan Nasional Berhad, Pengurusan Pelaburan ASN Berhad, Mayban Investment Management Sdn Bhd, Mayban Banking Berhad, Mayban Life Assurance Berhad and Mayban General Assurance Berhad. The related parties of AmMerchant are AmCorpGroup Berhad, AMMB Holdings Berhad, AmInvestment Group Berhad, AmAssurance Berhad, AmInvestment Management Berhad, AmPrivate Banking, Fraser Securities Pte Ltd, PT AmCapital Indonesia and Employees Provident Fund Board.

Aseambankers and AmMerchant, may receive bids from the abovementioned parties who are acting on behalf of their clients and as a discretionary licenced fund manager in its ordinary course of business. The participation of these parties in the bookbuilding exercise will be at the same terms and conditions as all other investors.

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