

15. FINANCIAL INFORMATION OF HEKTAR REIT

15.1 Proforma Historical Income Statement

As Hektar REIT is a newly established fund, save for the Subject Properties to be acquired, it does not have any portfolio of real estates and there is no historical financial information prepared since its establishment. We have prepared the proforma historical income statement of Hektar REIT based on the information extracted from the Vendors' audited financial statements for the four (4) months period ended 31 December 2003, FYE 2004, FYE 2005 and eight (8) months period ended 31 August 2006, as shown below, has been prepared for illustrative purposes only based on the representation of our directors, assuming that Hektar REIT has been in existence since end of August 2003. The revenue and expenses stated below are directly related to the operation of the Subject Properties.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF FUTURE PERFORMANCE.

	Four (4) months financial period ended 31 December 2003 ¹	FYE 2004 ²	FYE 2005	Eight (8) months financial period ended 31 August 2006
	RM'000	RM'000	RM'000	RM'000
Gross rental income				
Revenue from tenancy	9,815	45,427	55,549	40,514
Car park income	1,142	4,390	5,219	3,824
	10,957	49,817	60,768	44,338
Less: Direct cost*				
Assessment, quit rent and insurance cost	405	2,622	3,079	2,078
Other operating expenses	3,671	13,939	16,578	12,354
	4,076	16,561	19,657	14,432
NPI	6,881	33,256	41,111	29,906
% NPI / Gross rental income	62.8%	66.8%	67.7%	67.5%

Notes:

- * *The direct cost above is extracted based on expenses directly related to the operation of the Subject Properties.*
- 1 *Consists of approximately four (4) months results of Subang Parade since its date of acquisition by HPSB in end of August 2003.*
- 2 *Consists of twelve (12) months results of Subang Parade and approximately nine (9) months result of Mahkota Parade since its date of acquisition by HBSB in early April 2004.*
- 3 *The information on the proforma historical income statement prior to acquisition of the Subject Properties by the Vendors are not disclosed in the aforesaid as the previous owner of the Subject Properties has not consented to disclose the financial information on the Subject Properties during their tenure.*

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.1 Introduction

(a) Revenue from tenancy

Revenue from tenancy represents base rental income, service charges, casual leasing and exhibition income. Base rental income and service charges are primarily rents negotiated in the tenancy agreements for lots located within the NLA of the Subject Properties.

Casual leasing and exhibition income represents additional income generated from short-term leasing of kiosk space and rental of short-term space for exhibition and promotional events within the Subject Properties.

(b) Car park income

Car park income represents income generated from the operation of the Subject Properties' car parks. This includes covered and uncovered car parks at varying levels of charges for each section.

(c) Assessment, quit rent and insurance cost

Assessment and quit rent represent rate and rent imposed by local and state authorities respectively, on the Subject Properties. Assessment is payable on a semi-annual basis while quit rent is an annual payment. The insurance policies on the Subject Properties will be based on replacement cost.

(d) Other operating expenses

Other operating expenses represent expenses directly related to the operation of the Subject Properties including:-

- Utilities expenses including electricity, water and gas charges;
- Property maintenance expenses including contracted maintenance and repair expenses for the operation of the Subject Properties' plant and machinery equipment such as air-conditioners, lifts, escalators, generator sets, public address systems, fire fighting systems, lighting and CCTV;
- Cleaning expenses, including contracted cleaning services for the Subject Properties;
- Security expenses, including contracted security services for the Subject Properties;
- Marketing expenses, including all promotional and market-related expenses for the Subject Properties;
- Staff expenses, referring to personnel costs directly attributable to the operation of each of the Subject Properties such as marketing, leasing, security and technical staff; and
- Other direct costs, including other expenses directly related to the maintenance of the Subject Properties not covered as above.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.2 Review of eight (8) months financial period ended 31 August 2006**(a) Revenue from tenancy**

Property	Revenue from tenancy Eight (8) months financial period ended 31 August 2006 RM'000	% of total Revenue from tenancy
Subang Parade	20,282	50.1
Mahkota Parade	20,232	49.9
Total	40,514	100.0

Subang Parade contributed approximately 50.1% of total revenue from tenancy and Mahkota Parade accounted for approximately 49.9% of total revenue from tenancy for the eight (8) months financial period ended 31 August 2006.

(b) Car park income

For the eight (8) months financial period ended 31 August 2006, Subang Parade recorded car park income of approximately RM2.22 million and Mahkota Parade recorded car park income of approximately RM1.60 million.

15.1.3 Review of FYE 2005

The FYE 2005 was the first operational calendar year for both Subang Parade and Mahkota Parade. As Mahkota Parade was acquired mid-year in FYE 2004, comparisons with FYE 2005 may not be meaningful.

As of 31 December 2005 Subang Parade had an occupancy of approximately 98.3% (refer to Section 9.1.4) and Mahkota Parade had an occupancy rate of approximately 96.9% (refer to Section 9.2.4).

(a) Revenue from tenancy

Property	Revenue from tenancy FYE 2005 RM'000	% of total Revenue from tenancy
Subang Parade	28,212	50.8%
Mahkota Parade	27,337	49.2%
Total	55,549	100.0%

Subang Parade contributed approximately 50.8% of total revenue from tenancy. Subang Parade's revenues increased by 3.4% from RM27.29 million for FYE 2004 to RM28.21 million for FYE 2005. The increase was attributed to the higher rental rates for renewals in FYE 2004, less vacancies which were planned for future expansion. Subang Parade recorded a rise in occupancy rate from approximately 93.4% in FYE 2004 to approximately 98.3% in FYE 2005. This was attributed mainly to the commencement of tenancies for mini-anchors Celebrity Fitness and Digital One.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

Mahkota Parade accounted for approximately 49.2% of total revenue from tenancy. As Mahkota Parade's FYE 2004 results were for approximately nine months, a direct comparison with FYE 2005's full year results is not meaningful. Mahkota Parade recorded a rise in occupancy rate from approximately 86.8% in FYE 2004 to approximately 96.9% in FYE 2005. This was attributed to the relocation and opening of the Seleria food court on the second floor and the replacement of the old food court with the electronics retailer SenQ and the Thai Kuang bookstore.

(b) Car park income

For FYE 2005, Subang Parade recorded car park income of approximately RM3.16 million, an increase of 2.9% compared to FYE 2004. Mahkota Parade recorded car park income of approximately RM2.06 million for FYE 2005.

15.1.4 Review of FYE 2004

FYE 2004 was the first full calendar year for Subang Parade and 9 months' operations for Mahkota Parade. As Subang Parade was acquired mid-year in FYE 2003, comparisons with FYE 2003 may not be meaningful.

As of 31 December 2004 Subang Parade had an occupancy rate of approximately 93.4% (refer to Section 9.1.4) and Mahkota Parade had an occupancy rate of approximately 86.8% (refer to Section 9.2.4).

(a) Revenue from tenancy

Property	Revenue from tenancy FYE 2004 RM'000	% of total Revenue from tenancy
Subang Parade	27,293	60.1%
Mahkota Parade	18,134	39.9%
Total	45,427	100.0%

Subang Parade recorded gross revenue from tenancy of approximately RM27.29 million for FYE 2004. Subang Parade recorded a decrease in occupancy rate from approximately 97.7% in FYE 2003 to approximately 93.4% in FYE 2004 due to HPSB's intermediate strategy of relocating mini-anchor tenants to improve tenant zoning and consumer traffic flow throughout the property.

The relocation involved shifting Toys 'R' Us to the first floor to direct and increase consumer traffic flow to that area. The second relocation involved shifting HSL Electrical and Electronics from its position near Parkson to the other end of the centre, with the potential effect of increasing traffic in between the anchor and mini-anchor.

Mahkota Parade recorded gross revenue from tenancy of approximately RM18.13 million for FYE 2004, representing approximately nine months of operations since its acquisition by HBSB.

(b) Car park income

For FYE 2004, Subang Parade recorded car park income of approximately RM3.07 million. Mahkota Parade recorded car park income of approximately RM1.32 million for FYE 2004, representing nine months of operations since its acquisition by HBSB.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.5 Review of four (4) months financial period ended 31 December 2003

HPSB completed the acquisition of Subang Parade in end of August 2003. Subsequently, the results represent approximately four months of operations for the FYE 2003. As at 31 December 2003, the occupancy rate of Subang Parade was approximately 97.7% (refer to Section 9.1.4). For the FYE 2003, Subang Parade recorded approximately RM10.96 million in gross rental income.

15.2 Proforma Balance Sheet

The following is a summary of the proforma balance sheet of Hektar REIT as at the date of establishment, prepared for illustrative purposes only, to show the effects of the Public Offering and the Acquisitions.

	Proforma 1 As at establishment date of Hektar REIT RM'000	Proforma 2 After Proforma 1, the Public Offering and Acquisitions RM'000
Non-Current Assets		
Investment properties	-	514,922*
Current Assets		
Cash and cash equivalents	1	14,980
Current Liabilities		
Tenancy and other deposits	-	16,316
Net current assets / (liabilities)	1	(1,336)
	1	513,586
Financed by:		
Unitholders' Fund	1	336,586
Less: Establishment and Issue expenses	-	(7,000)
	1	329,586
Long Term Liabilities		
Borrowings	-	184,000
	1	513,586
NAV	1	329,586
No. of Units in issue	1,000	320,001,000
NAV per Unit (RM)	1.00	1.03

Note:

* Includes the capital expenditure of RM2.92 million in relation to the reconfiguration of former Lot G79, which was converted from a large, low-yielding lot into 11 smaller, higher-yielding lots, resulting in a NLA decrease of 13,531 sq ft.

The proforma balance sheet has been prepared based on the principal bases and assumption set out in Appendix II of this Prospectus (Reporting Accountant's Letters on the proforma balance sheet). We advise you to read Appendix II of this Prospectus together with the proforma balance sheet set out above.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.3 Future Financial Information

15.3.1 Profit forecast and projections

Barring any unforeseen circumstances, our Board forecasts and projects that the distribution to Unitholders for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 will be as follows:

	Forecast Thirteen (13) months financial period ending 31 December 2007 ²	<----- Projections -----> FYE 2008 FYE 2009	
	RM'000	RM'000	RM'000
Gross rental income			
Revenue from tenancy	68,416	64,502	66,407
Car park income	6,164	5,734	5,840
	74,580	70,236	72,247
Direct Cost			
Property management fees	1,568	1,477	1,519
Assessment, quit rent and insurance cost	3,881	3,634	3,656
Other operating expenses	23,289	22,291	23,318
	28,738	27,402	28,493
NPI	45,842	42,834	43,754
Interest income	222	207	207
Other income	152	143	143
Total income	46,216	43,184	44,104
Non-property expenses:			
Manager's fee			
-Base fee	1,507	1,391	1,391
-Performance fee	1,623	1,628	1,664
Trustee's fee	132	122	122
Valuation fee	50	50	50
Administration expenses	433	400	400
	3,745	3,591	3,627
Borrowing cost	11,661	10,764	10,764
Net income before tax¹	30,810	28,829	29,713
Taxation	-	-	-
Net income after tax¹	30,810	28,829	29,713
Distribution to Unitholders	30,810	28,829	29,713
Number of Units in issue	320,001,000	320,001,000	320,001,000

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

	Forecast Thirteen (13) months financial period ending 31 December 2007 ²	<----- Projections -----> FYE 2008 FYE 2009	
Issue Price per Unit (RM)	1.05	1.05	1.05
Illustrative Institutional Price per Unit (RM)	1.11	1.11	1.11
Distribution per Unit (sen)	9.63	9.01	9.29
Distribution yield (%) ³ – Retail	8.47 ⁶	8.58	8.84
Distribution yield (%) ⁴ - Institutional	8.01 ⁶	8.12	8.37
Distribution cover (times)	1.00	1.00	1.00
MER ⁵ (%)	1.05 ⁶	1.09	1.10

Notes:

- 1 *The figure for net income before and after tax is the same for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE2009 pursuant to Section 61A of the Malaysian Income Tax Act, 1967. For the year of assessment 2006, the REIT will be exempted from income tax on the amount of the total income distributed to Unitholders in the basis period for the year of assessment. The REIT is only liable to tax on that portion of its total income that is not distributed to Unitholders in the basis period. From the year of assessment 2007, it was proposed that the total income of REIT will be exempted from income tax provided 90% or more of its total income is distributed to Unitholders.*
- 2 *Commencing from December 2006 to December 2007.*
- 3 *Based on Retail Price of RM1.05 per Unit.*
- 4 *Based on illustrative Institutional Price of RM1.11 per Unit.*
- 5 *The MER provides a measure by which investors can assess and compare the outgoing expenses incurred by the Fund. These expenses are deducted from the Fund prior to the computation of the distributable income of the Fund.*

MER is based on the following computation:

$$\frac{\text{Fees of the Fund}}{\text{Average value of the Fund for the year calculated on a daily basis}} \times 100$$

Where:

Fees = All expenses to be charged to the Fund for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 which include the Manager's fee, Trustee's fee, valuation and administration expenses as follows:

<i>Thirteen (13) months financial period ending 31 December 2007</i>	<i>FYE 2008</i>	<i>FYE2009</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3,745	3,591	3,627

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

Average value of the Fund = The forecast and projected NAV of the Fund for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 as follows:

<i>Thirteen (13) months financial period ending 31 December 2007</i>	<i>FYE 2008</i>	<i>FYE 2009</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>329,586</i>	<i>329,586*</i>	<i>329,586*</i>

* *The NAV for projection years 2008 and 2009 is assumed to be the same as the thirteen (13) months financial period ending 31 December 2007 of RM329.586 million as 100% of the net income before tax is distributed to Unitholders in FYE 2008 and FYE 2009.*

6 Annualised for twelve (12) months

The profit forecast and projections have been prepared based on the principal bases and assumption set out in Appendix III and IV of this Prospectus. We advise you to read Appendix III and IV of this Prospectus together with the profit forecast and projections set out above.

15.3.2 Sensitivity Analysis

The profit forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Appendix III and IV of this Prospectus, subject to a number of risks as outlined in Section 4 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviation from the figures forecasted or projected in this Prospectus are to be expected. Depicted below is the impact on Hektar REIT's profit and distribution as a result of changes in gross rental income. The assumptions for gross rental income have been set out in Appendix III and IV of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

	-5% RM'000	0% RM'000	+5% RM'000
Thirteen (13) months financial period ending 31 December 2007			
NPI	43,682	45,842	49,494
% change	-4.71%		7.96%
Distribution to Unitholders	28,622	30,810	34,214
% change	-7.10%		11.05%
FYE 2008			
NPI	39,397	42,834	46,273
% change	-8.02%		8.03%
Distribution to Unitholders	25,520	28,829	32,138
% change	-11.48%		11.48%
FYE 2009			
NPI	40,218	43,754	47,291
% change	-8.08%		8.08%

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

	-5%	0%	+5%
	RM'000	RM'000	RM'000
Thirteen (13) months financial period ending 31 December 2007			
Distribution to Unitholders	26,310	29,713	33,117
% change	-11.45%		11.46%

15.3.3 Our Board' Analysis of Profit Forecast and Projections

The Board confirm that the forecast and projections of the Hektar REIT and the underlying bases and assumptions stated herein have been reviewed by the Board after due and careful inquiries, and that the Board, having taken into account the future prospects of the industry, the future direction of Hektar REIT and its level of gearing, liquidity and working capital requirements, are of the opinion that the forecast and projections of Hektar REIT are achievable and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on Hektar REIT's forecast and projections.

Thirteen (13) months financial period ending 31 December 2007

Revenue from main anchor tenants is forecasted to contribute approximately RM8.16 million of total gross rental income. This represents approximately 10.94% of total gross rental income. Casual and exhibition tenants are forecasted to contribute approximately RM7.43 million to total gross rental income

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM52.50 million, which represents approximately 70.39% of total gross rental income. The remaining rental income of approximately RM0.33 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income of approximately RM6.16 million.

The property operating cost forecast has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

FYE 2008

Revenue from main anchor tenants is projected to contribute approximately RM7.52 million of total gross rental income. This represents approximately 10.71% of total gross rental income. Casual and exhibition tenants are projected to contribute RM7.22 million to total gross rental income, which in turn represents approximately 10.28% of total gross rental income.

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM49.45 million, which represents approximately 70.40% of total gross rental income. The remaining rental income of approximately RM0.31 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income totalling RM5.73 million.

Total gross rental income for FYE 2008 is projected at approximately RM70.24 million. This represents an increase of approximately 2.11% of total gross rental income for FYE 2007.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

The property operating cost projection has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

FYE 2009

Revenue from main anchor tenants is projected to contribute approximately RM7.75 million of total gross rental income. This represents approximately 10.73% of total gross rental income. Casual and exhibition tenants are projected to contribute RM7.44 million to total gross rental income, which in turn represents approximately 10.29% of total gross rental income.

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM50.91 million, which represents approximately 70.46% of total gross rental income. The remaining rental income of approximately RM0.31 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income totalling RM5.84 million.

Total gross rental income for FYE 2009 is projected at approximately RM72.25 million. This represents an increase of approximately 2.86% of total gross rental income for FYE 2008.

The property operating cost projection has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

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16. ADDITIONAL INFORMATION

16.1 Other Pertinent Information To Unitholders

- (a) Hektar REIT is newly established and hence, save for the initial Units of 1,000 at the issue price of RM1.00 per unit, there are no Units issued prior to the completion of the Public Offering and the Acquisitions.
- (b) 320,001,000 Units of the Fund will be admitted to the Official List of the Main Board of Bursa Securities. Unitholders can obtain information on the current developments, annual and interim reports of the Fund from the Bursa Securities' website (www.bursamalaysia.com) upon the Fund's listing on Bursa Securities.

Unitholders are able to keep track of the market price per Unit and the NAV per Unit as announced by us through Bursa Securities' website (www.bursamalaysia.com) and daily Malaysian newspapers (both in English and Bahasa Malaysia). Hektar REIT will also be providing the Unitholders with an annual report and interim report each year on its performance, which will also include information on the NAV per Unit.

In accordance with the SC Guidelines on REITs, we are required, on a weekly basis, to carry out a valuation of Hektar REIT's investments in real estate-related assets and non-real estate assets and announce the NAV of the Fund to Bursa Securities. We must also give Bursa Securities an interim financial report, which is prepared on a quarterly basis no later than two (2) months after the end of each quarter in a financial year.

If you require further information on Hektar REIT, you may contact us at:

Hektar Asset Management Sdn Bhd

Block A-2-4
Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Tel: 03 – 6201 1011

Fax: 03 – 6201 0012

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16. ADDITIONAL INFORMATION (Cont'd)

(c) The direct and indirect unitholding of HKSB, our substantial Unitholders, directors and key personnel in Hektar REIT before and after the Public Offering and the Acquisitions are as follows:

	Proforma before the Public Offering and the Acquisitions		Proforma after the Public Offering and Acquisitions	
	No. of Units	%	No. of Units	%
HKSB	1,000	100.00	-	-
Our 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
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.

² Deemed interested by virtue of his substantial shareholdings of more than 15% in HKSB pursuant to Section 6A of the Act.

16. ADDITIONAL INFORMATION (Cont'd)

16.2 Material Litigation

As at the LPD,

- (a) We are not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on our business/financial position and our directors do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our business/financial position.
- (b) The Registrar is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business/financial position of Registrar and the directors of the Registrar do not know of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business/financial position of the Registrar.
- (c) Save as disclosed in Section 13.11 of this Prospectus, the Trustee is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business/financial position of the Trustee and the directors of the Trustee do not know of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business/financial position of the Trustee.

16.3 Material Contracts

Saved as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, which have been entered into by Hektar Asset Management within two (2) years preceding the date of this Prospectus:

- (a) the Deed;
- (b) the Property Management Agreement;
- (c) the Underwriting Agreement; and
- (d) the Sale and Purchase Agreements.

16.4 Consents

- (a) The written consents of the Trustee, Lead Adviser, Financial Adviser, Co-Financial Advisers, Joint Bookrunners, Lead Manager, Managing Underwriter, Underwriters, Issuing House, Solicitors, Registrar and Property Management Company to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their letters on profit forecast and projections as well as their letter on the proforma balance sheet in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (c) The written consent of the Tax Consultants to the inclusion in this Prospectus of their letter on taxation of Hektar REIT in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16. ADDITIONAL INFORMATION (Cont'd)

- (d) The written consent of the Independent Property Valuers and the Independent Property Market Consultants to the inclusion in this Prospectus of their Valuation Certificates and the Independent Market Research Report respectively, in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16.5 Responsibility Statements

This Prospectus has been seen and approved by our directors and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Our directors accept full responsibility for the profit forecast and projections included in this Prospectus and confirm that the profit forecast and projections have been prepared based on the assumptions made.

The information pertaining to the Trustee, the Property Management Company and the Registrar was provided by the management and/or directors of the Trustee, the Property Management Company and the Registrar. The responsibility of our directors is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.

16.6 Documents Available For Inspection

Copies of the following documents may be inspected at the Trustee's principal place of business, during normal business hours for a period of twelve (12) months from the date of this Prospectus.

- (a) the Deed dated 5 October 2006;
- (b) the valuation reports dated 15 June 2006 prepared by the Independent Property Valuers;
- (c) the letters dated 18 October 2006 prepared by the Reporting Accountants on profit forecast and projections as well as the proforma balance sheet referred to in Appendix II, III and IV of this Prospectus;
- (d) the letter dated 19 October 2006 prepared by the Tax Consultants, as referred to in Appendix V of this Prospectus;
- (e) the material contracts as referred to in Section 16.3 of this Prospectus;
- (f) the letters of consent as referred to in Section 16.4 of this Prospectus;
- (g) the independent market research report as referred to in Appendix VI;
- (h) the valuation certificates as referred to in Appendix I;
- (i) the material litigations as referred to in Section 16.2 (c) of this Prospectus;
- (j) the license agreement dated 19 October 2006 as referred to in Section 11.13 of this Prospectus; and
- (k) the master license agreement dated 19 October 2006 as referred to in Section 11.3 of this Prospectus.

16. ADDITIONAL INFORMATION (Cont'd)

16.7 Real Estate Purchased Or To Be Purchased Out Of The Proceeds Of The Public Offering

Other than the Acquisitions, there is no transaction, directly or indirectly, relating to any real estate purchased or to be purchased out of the proceeds of the Public Offering.

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17. SALIENT TERMS OF THE DEED

The following information is a summary of the provisions of the Deed. A copy of the Deed can be inspected at the principal place of business of the Manager and/or Trustee during normal business hours. The terms of the Deed and the rights and obligations of the Trustee, the Unitholders and us are affected by the provisions of the relevant laws. These relevant laws comprise the SCA, the SC Guidelines on REITs, the SC Guidelines on Unit Trust and the Central Depositories Act, the business rules of the Bursa Depository and the Securities Industry (Central Depositories) (Foreign Ownership) Regulations while the Units are deposited with Bursa Depository pursuant to the Central Depositories Act and the Bursa Securities LR while the Units are listed on Bursa Securities, as amended from time to time, except to the extent of any express written exemption or waiver (together, the “REIT Regulatory Regime”).

*Units, which are listed on Bursa Securities, will be deposited with Bursa Depository or any other computerised or electronic system of transfer or registration in accordance with the provisions of the Central Depositories Act. For so long as the Units have been prescribed as a **prescribed security** and are deposited with Bursa Depository pursuant to the Central Depositories Act, a depositor whose name appears in the record of depositors maintained by Bursa Depository shall be deemed to be a Unitholder and shall, subject to the Central Depositories Act and regulations thereunder, be entitled to the number of Units stated in the record of depositors and all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Units.*

The Deed is a complex document and investors should refer to the Deed and the REIT Regulatory Regime themselves for a detailed understanding of Hektar REIT.

17.1 The Fund

The Deed establishing the Hektar REIT was entered into on 5 October 2006 between the Trustee and us and the Deed was registered with the SC on 9 October 2006.

The terms and conditions of the Deed and any supplementary deed are binding on each Unitholder (and persons claiming through or under such Unitholder) as if such Unitholder had been a party to the Deed and as if the Deed contained covenants on the part of each Unitholder to observe and be bound by all provisions of the Deed and had thereby authorised and required the Trustee and us, respectively, to do all such acts and things as the Deed may require or authorize us and the Trustee, respectively, to do.

The Deed is governed by the laws of Malaysia.

Hektar REIT is a real estate investment trust. Each asset of Hektar REIT is vested in, and held by or on behalf of, the Trustee on trust in accordance with the terms of the Deed. The rights of the Unitholders under the Deed are divided into Units. Each Unit is of equal value and represents an undivided interest in the Hektar REIT.

17.2 Rights Of Unitholders

- (i) A Unitholder has no equitable or proprietary interest in any particular asset of Hektar REIT held by the Trustee on trust under the Deed and is not entitled to require the transfer to it of any asset (or part thereof) of Hektar REIT.
- (ii) A Unitholder's rights are limited to the right to require due administration of Hektar REIT in accordance with the provisions of the Deed.

17. SALIENT TERMS OF THE DEED (Cont'd)

- (iii) Subject to the terms of the Deed, the rights of Unitholders include the right to:
- receive income and other distributions attributable to the Units held;
 - receive the fund reports of the Fund;
 - convene, attend and vote at meetings of Unitholders; and
 - participate in the winding up of Hektar REIT.
- (iv) Without limiting the generality of the foregoing, each Unitholder acknowledges and agrees that he/she will not:
- interfere or seek to interfere with the rights, powers, authorities or discretions conferred on the Trustee or us
 - exercise or question any right in respect of any asset or lodge any caveat or other notice affecting any asset of Hektar REIT; and
 - require that any asset of Hektar REIT be transferred to a Unitholder.

17.3 Liability Of Unitholders

The Deed contains provisions, which are designed to limit the liability of a Unitholder up to the amount of the Unitholder's investment in Hektar REIT. Accordingly, and provided that the issue price of relevant Units has been fully paid, no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or us or any creditor of either or both of them in the event that the liabilities of the Hektar REIT exceed the value of the assets of Hektar REIT.

17.4 Offer Units

An initial 1,000 Units have been issued to us for the purpose of establishing the Hektar REIT ("Promoter Units"). The Promoter Units shall be disposed of immediately upon listing of the Hektar REIT on Bursa Securities.

We may offer further Units by any method permitted under the SC Guidelines on REITs and upon such terms as determined by us, in accordance with the provisions of the SCA, the SC Guidelines on REITs, the Bursa Securities LR and any other relevant laws, rules or guidelines. Subject to the provisions of the SC Guidelines on REITs, the SCA and any applicable laws, we shall determine the offer price for new Units on market-based principles, taking into account the best interests of Hektar REIT and the Unitholders.

Upon the Listing, Units shall be freely transferable on Bursa Securities in not less than board lots of 100 Units or such other number as Bursa Securities permits and shall always be in multiples of 100 Units. While the Units are prescribed securities, any transfers of Units shall be effected in the manner provided under the Central Depositories Act and the business rules of Bursa Depository.

17.5 Repurchase of Units

A Unitholder may, if the Hektar REIT is unlisted, issue a repurchase request to us to repurchase all or any of the Unitholder's Units ("Repurchase Request"). The Repurchase Request must specify the number of Units required to be repurchased and shall be delivered to our office or any other place agreed to in writing by us and the Trustee. We shall repurchase the Units stated in the Repurchase Request within a period of not more than thirty (30) days from receipt of the Repurchase Request provided that the issue price in respect of such Units have been fully paid ("Repurchase Compliance Period").

In complying with Repurchase Request by any Unitholder, we may select any of the following in respect of the whole or any part of the Units, which we are required to repurchase:-

- (a) we may temporarily repurchase the Units out of our own funds on the date of receipt of the Repurchase Request by the Unitholder. In such a situation, the Unitholder shall be paid the repurchase proceeds by us within fourteen (14) days from the date the Repurchase Request is received by us. These repurchased Units shall, within thirty (30) days from the date of receipt of the Repurchase Request, be:-
 - (i) sold by us to a buyer or buyers; or
 - (ii) surrendered by us to the Trustee for cancellation and reimbursement out of the assets of the Hektar REIT. The Trustee shall, within thirty (30) days after receipt of our cancellation request reimburse us at the repurchase price which will be based on the net asset value of the Unit at the next valuation point after we receive the Repurchase Request; or
- (b) we may find a buyer or buyers for the Units to be repurchased at a price which shall at least be the Repurchase Price within the Repurchase Compliance Period; or
- (c) we may request the Trustee to redeem the Units to be repurchased and pay the Unitholder the Repurchase Price out of the assets of the Hektar REIT within the Repurchase Compliance Period and we shall ensure that a sufficient amount of the assets of the Hektar REIT are available in cash to enable the Trustee to make such payment.

Where we temporarily hold Units in situations stated in sub-paragraph (a) above, we may be entitled to a return on capital in the event of a winding-up of the Hektar REIT, and distribution of income rights provided that the income distribution is based on Unit days of participation.

Where we request the Trustee to cancel Units to satisfy a Repurchase Request, and the Trustee considers that it is not in the interests of the existing Unitholders to incur borrowings for the redemption in the manner allowed under the applicable laws and permit the assets of the Hektar REIT to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms, the Trustee shall refuse to comply with the request and suspend the sale and/or repurchase of Units and immediately call a Unitholders' meeting to decide on the next course of action.

The suspension of the repurchase of Units shall only be carried out if the interests of the Unitholders or the potential Unitholders would, in so far as the Trustee is concerned, be materially affected if the sale and/or repurchase of Units were not suspended.

17. SALIENT TERMS OF THE DEED (Cont'd)

17.6 Suspension of Units

The Trustee or we may, with the prior written approval of the other and subject to the Bursa Securities LR, suspend the offer of Units during:

- (a) any period when Bursa Securities or any other relevant recognised stock exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- (b) the existence of any state of affairs, which, in the opinion of the Trustee and us might seriously prejudice the interests of the Unitholders as a whole or of the assets of the Hektar REIT;
- (c) any breakdown in the means of communication normally employed in determining the net asset value of the Hektar REIT, or when for any reason the net asset value of the Hektar REIT cannot be promptly and accurately ascertained;
- (d) any period when remittance of money which will or may be involved in the realisation of any assets of the Hektar REIT or in the payment for such assets of the Hektar REIT cannot, in the opinion of the Trustee and us, be carried out at normal rates of exchange;
- (e) in relation to any general meeting of the Unitholders, the period of forty-eight (48) hours before such general meeting or any adjournment thereof;
- (f) any period where the issuance of Units is suspended pursuant to any order or direction issued by Bursa Securities or any other authorised regulatory body; or
- (g) when the business operations of the Trustee or us in relation to the Hektar REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension will take effect forthwith upon the declaration in writing of the same by us or the Trustee (provided the prior written approval of the other is obtained) and shall terminate on the day following the first Market Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing of the same by us or the Trustee (provided the prior written approval of the other is obtained). We will ensure that immediate announcement of such suspension is made to Bursa Securities.

17.7 Role of the Manager

Our powers, duties and obligations are set out in the Deed and are summarized in Section 11 of this Prospectus.

We may, subject to the provisions of the Deed, appoint and engage:-

- (a) a person or entity to exercise any of our powers or performs its obligations (subject to the approval of the SC for such delegation, where required); and
- (b) agent and experts to assist us in carrying out and performing our duties and functions as management company of Hektar REIT.

We covenant that we shall carry on and conduct our business in a proper, diligent and efficient manner and ensure that Hektar REIT is carried on and conducted in a proper, diligent and efficient manner and in accordance with acceptable and efficacious business practices in the real estate investment trust industry in Malaysia.

17. SALIENT TERMS OF THE DEED (Cont'd)

Subject to the provisions of the Deed, we are responsible for managing Hektar REIT. We have full and complete powers of management and must manage the Hektar REIT (including all assets, and liabilities of Hektar REIT) for the benefit of the Unitholders.

17.8 Management Of The Fund

We must cause all assets of Hektar REIT of an insurable nature and which in our opinion are in the normal course of business are insured, to be insured for their full replacement value, including being insured against fire, loss of rent (where applicable) and any other risks, which we consider prudent, in the name of the Trustee.

17.9 Authority Limit for Operation of Accounts

The Trustee and us shall operate such bank account or accounts with licensed financial institutions acceptable to both parties.

We and the Trustee agree that any payments not exceeding the sum of Ringgit Malaysia Ten Thousand (RM10,000.00) shall be signed by our authorised signatory(ies) and any payments in excess of the sum of Ringgit Malaysia Ten Thousand (RM10,000.00) shall be jointly signed by our authorized signatory(ies) and authorised signatory(ies) of the Trustee.

17.10 Valuation of Investments

We covenant to carry out valuations of any of the assets of the Hektar REIT in accordance with the Deed, the SC Guidelines on REITs and the SC's Guidelines on Asset Valuation.

If and for so long as the Hektar REIT is listed, the Trustee will cause all Real Estate held by the Hektar REIT to be valued by a qualified valuer at least once every three (3) years from the last valuation date and if the Hektar REIT is or becomes unlisted, at least once every eighteen (18) months from the last valuation date for a unlisted Hektar REIT or as the SC Guidelines on REITs may stipulate.

The Trustee may require an additional revaluation of real estate held by the Hektar REIT by a Qualified Valuer in the interim period on its own accord where it deems fit; or on recommendation from us; or if the auditor is of the view that the carrying values of the revalued property differ materially from the market value.

The approval of the SC is required before any revaluation of real estate can be incorporated into the accounts of the Hektar REIT, however this does not preclude provisioning in accounts of the Hektar REIT for diminution in value of real estate as may be recommended by the auditors in compliance with approved accounting standards.

17.11 The Trustee

The Trustee's powers, duties and obligations are set out in the Deed and are summarized in Section 13 of this Prospectus.

On our recommendation, the Trustee may incur borrowings for the acquisition of any real estate assets by the Hektar REIT provided that the total borrowings shall not exceed fifty per centum (50%) of the Total Asset Value of the Hektar REIT at the time the borrowings are incurred or such higher limit with the prior approval of the Unitholders.

17. SALIENT TERMS OF THE DEED (Cont'd)

On our recommendation, the Trustee may consent to and pledge the assets of the Hektar REIT to secure borrowings permitted in the foregoing paragraph provided that the Trustee shall ensure that the trust borrowings and pledging of assets of the Hektar REIT are not prejudicial to the interests of the Unitholders.

17.12 Retirement of Trustee

The Trustee may retire as trustee of the Fund immediately upon the expiry of six (6) months' written notice (or any shorter period agreed by us) given by the Trustee to us, provided that the Trustee may not retire until a new trustee has been duly appointed.

On its retirement the Trustee is released from all obligations in relation to Hektar REIT, which arise after its retirement. The Trustee must vest all the assets of the Fund in the new trustee, and give the new trustee all books, documents, records and any other property held by or on behalf of the Trustee relating to the Fund. The new trustee will from the date of its appointment be bound by the acts of the retired trustee.

17.13 Register And Transfers

We will keep and maintain an up to date register in accordance with the SCA and other applicable regulations.

While the Units are prescribed securities (as defined in the rules of Bursa Depository), Bursa Depository or its nominee company will be registered as the sole Unitholder. A Unitholder whose name appears in the record of depositors maintained by Bursa Depository will be deemed to be and treated as the absolute owner of the relevant Units as if it were a person included in the register instead of Bursa Depository (or its nominee company) in whose name the Units are registered.

While the Units are prescribed securities, any transfer of the Units will be in accordance with the rules of Bursa Depository.

17.14 Amendment Of The Deed

Save where an amendment to the Deed has been approved by a resolution of not less than two-thirds (2/3) of all Unitholders present and validly voting at the relevant Meeting (as defined below), no amendment may be made to the provisions of the Deed unless the Trustee certifies, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release the Trustee or us from any responsibility to the Unitholders, and is:-

- (i) necessary or expedient to comply with applicable fiscal, statutory or official requirements including the requirements under the REITs regulatory regime or any changes to any of the foregoing from time to time;
- (ii) is necessary to correct a manifest error or is of a format, technical or administrative nature only;
- (iii) necessary or expedient for the purpose of complying with any ruling by the Malaysian taxation authorities relating to taxation of Hektar REIT and/or the Unitholders (including modifications to provisions on distributions under the Deed in order to comply with any ruling on taxation relating to the Hektar REIT or the Unitholders; or
- (iv) in any other circumstances not materially adverse to the interest of the Unitholders and is not likely to become so.

17. SALIENT TERMS OF THE DEED (Cont'd)

17.15 Meetings Of Unitholders

The Trustee or us on behalf of the Trustee may at any time convene a meeting of Unitholders ("Meeting"). We must, within 21 days after an application is delivered to us at our registered office, being an application made by not fewer than 50 Unitholders or one-tenth in number of the Unitholders, whichever is less, convene a meeting of Unitholders.

We may not exercise the voting rights in respect of the Units held by us or our nominees in any Meeting, regardless of the party who requested the Meeting and the matter or matters that are laid before the Meeting. Any of our related corporation (as defined in the Companies Act 1965) may not exercise the voting rights in respect of the Units it holds in any Meeting.

17.16 Duration of Hektar REIT

In respect of Hektar REIT, the trust created under the Deed shall commence on the date of registration of the Deed with the SC and shall, unless earlier terminated by the Trustee in accordance with the provisions of the Deed, terminate in accordance with the Deed.

17.17 Termination of Hektar REIT

In any of the following events:

- (a) if at a duly convened meeting of Unitholders a Special Resolution is passed that the Hektar REIT be terminated; or
- (b) if we are in liquidation or where the Trustee is of the opinion that we have ceased to carry on business or has, to the prejudice of the Unitholders, failed to comply with any provision or covenant of the Deed or contravened any provisions of any relevant laws, guidelines or regulatory requirements, and at a meeting duly summoned in accordance with Section 110 of the SCA, a Special Resolution is passed that the Hektar REIT be terminated; or
- (c) if we notify the Trustee in writing that less than 100,000,000 Units (or such minimum number permitted by the SC and Bursa Securities) are held by Unitholders and recommends that the Hektar REIT be terminated; or
- (d) if at any time during the life of the Hektar REIT, we, after consultation with the Trustee, are of the opinion that changes in the economic climate or taxation law have caused or are likely to cause Unitholders to be detrimentally affected, we request the Trustee to summon a meeting of Unitholders and place a Special Resolution before such a meeting, setting out the action they recommend the meeting to endorse to meet such changes, and the meeting decides to terminate the Hektar REIT; or
- (e) if the Listing does not take place within three (3) months from the date of this Prospectus,

the Trustee shall summon a meeting of the Unitholders for the purpose of seeking direction from the Unitholders to terminate and wind-up the Fund.

Upon any decision to terminate the Hektar REIT in accordance with the Deed, we shall notify all Unitholders of such termination, the reason and the date of the decision to terminate the Hektar REIT.

Generally, upon the termination of the Hektar REIT, the Trustee shall, subject to any authorisations or directions given to it by us or the Court (which is required to confirm the resolution of Unitholders for terminating the Hektar REIT) pursuant to the Deed, sell the assets of Hektar REIT and repay or make provisions for all liabilities of Hektar REIT in accordance with the Deed before applying the balance of proceeds to the Unitholders in accordance with their proportionate interests in Hektar REIT.