

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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### CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 31 DECEMBER 2008

	As at 31.12.2008 RM (Unaudited)	As at 31.12.2007 RM (Audited)
<b><u>NON-CURRENT ASSETS</u></b>		
Investment Properties	713,400,000	559,400,000
<b><u>CURRENT ASSETS</u></b>		
Trade receivables	471,741	915,562
Other receivables, deposits, prepayments	5,909,684	6,629,415
Capital work in progress	106,234	2,755,559
Cash and bank balances	18,220,797	18,096,940
	<b>24,708,455</b>	<b>28,397,476</b>
<b>TOTAL ASSETS</b>	<b>738,108,455</b>	<b>587,797,476</b>
<b><u>LIABILITIES</u></b>		
Trade payables	188,183	134,968
Other payables and accruals	4,463,462	1,959,281
Tenancy deposits	20,255,544	16,082,588
Provision for income distribution	9,600,030	11,232,035
Borrowings	301,500,000	184,000,000
<b>TOTAL LIABILITIES</b>	<b>336,007,219</b>	<b>213,408,872</b>
<b>NET ASSET VALUE</b>	<b>402,101,236</b>	<b>374,388,604</b>
<b><u>FINANCED BY:</u></b>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	6,008,263	2,410,276
- unrealised	67,956,262	43,841,617
<b>TOTAL UNITHOLDERS' FUND</b>	<b>402,101,236</b>	<b>374,388,604</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>	1.2566	1.1700
<b>NUMBER OF UNITS IN CIRCULATION</b>	320,001,000	320,001,000

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED INCOME STATEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2008 RM	Preceding Year Corresponding Quarter 31.12.2007 RM	Current YTD 31.12.2008 RM	Preceding YTD* 31.12.2007 RM
Revenue	22,258,667	18,345,588	84,092,285	78,330,975
Property operating expenses	(9,094,324)	(7,067,958)	(31,376,978)	(29,052,074)
<b>Net property income</b>	<b>13,164,343</b>	<b>11,227,630</b>	<b>52,715,307</b>	<b>49,278,901</b>
Interest Income	38,113	28,380	171,797	121,858
Other Income	-	960	12,319	1,500
Trust expenses	(1,412,371)	(1,320,013)	(5,265,477)	(4,395,067)
Borrowing costs	(3,277,440)	(1,943,351)	(11,395,857)	(8,324,809)
Fair value adjustment of investment properties	24,114,645	43,841,617	24,114,645	43,841,617
<b>Income before taxation</b>	<b>32,627,290</b>	<b>51,885,222</b>	<b>60,352,734</b>	<b>80,524,000</b>
Taxation	-	-	-	-
<b>Net income for the period</b>	<b>32,627,290</b>	<b>51,885,222</b>	<b>60,352,734</b>	<b>80,524,000</b>
Provision for income distribution	(9,600,030)	(11,232,035)	(32,640,102)	(34,272,107)
	23,027,260	40,653,187	27,712,632	46,251,893
Earnings per unit (sen)	10.20	16.21	18.86	25.16
Realised Earnings per unit (sen)	2.66	2.51	11.32	11.46
<b>Net income for the period is as follows :</b>				
Realised	8,512,644	8,043,605	36,238,089	36,682,383
Unrealised – fair value adjustment	24,114,645	43,841,617	24,114,645	43,841,617

\* The cumulative quarter for the period ended 31 December 2007 comprised a 13-month result, December 2006 to December 2007.

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached.

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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### CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u> Realised RM	Unrealised RM	Unitholders' Fund RM
<u>Balance at 1 January 2008</u>	328,136,711	2,410,276	43,841,617	374,388,604
<u>Operation for the cumulative quarter ended 31 December 2008</u>				
Net Income for the period	-	36,238,089	-	36,238,089
Fair value adjustment of investment properties	-	-	24,114,645	24,114,645
	328,136,711	38,648,365	67,956,262	434,741,338
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(32,640,102)	-	(32,640,102)
<u>Balance at 31 December 2008</u>	328,136,711	6,008,263	67,956,262	402,101,236

### CUMULATIVE QUARTER ENDED 31 DECEMBER 2007 (AUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u> Realised RM	Unrealised RM	Unitholders' Fund RM
<u>Balance at date of establishment</u>	1,000	-	-	1,000
<u>Operation for the cumulative quarter ended 31 December 2007</u>				
Net Income for the period	-	36,682,383	-	36,682,383
Fair value adjustment of investment properties	-	-	43,841,617	43,841,617
	1,000	36,682,383	43,841,617	80,525,000
<u>Unitholders' transaction</u>				
Creation of units	336,585,000	-	-	336,585,000
Listing expenses	(8,449,289)	-	-	(8,449,289)
Distribution to unitholders	-	(34,272,107)	-	(34,272,107)
	328,135,711	(34,272,107)	-	293,863,604
<u>Balance at 31 December 2007</u>	328,136,711	2,410,276	43,841,617	374,388,604

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes.

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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### CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2008

	<b>Current YTD 31.12.2008 RM</b>	<b>Preceding YTD 31.12.2007* RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	60,352,734	80,524,000
Adjustments for :-		
Interest income	(171,797)	(121,858)
Interest expenses	11,395,857	8,324,809
Provision for doubtful debts	108,473	79,844
Fair value adjustments	<u>(24,114,645)</u>	<u>(43,841,617)</u>
	<u>47,570,622</u>	<u>44,965,178</u>
Operating income before changes in working capital :-		
Receivables	1,543,982	(6,346,292)
Payables	6,730,353	18,176,837
Net cash generated from operating activities	<u>55,844,957</u>	<u>56,795,722</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of properties	(120,980,000)	(351,500,000)
Refurbishment of investment properties	(6,256,030)	(6,313,942)
Interest income	171,797	121,858
Placement of fixed deposits	(488,903)	(1,278,529)
Net cash used for investing activities	<u>(127,553,136)</u>	<u>(358,970,613)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unitholders' capital	-	176,086,000
Interest expenses	(11,395,857)	(8,324,809)
Listing expenses	-	(8,449,289)
Borrowings	117,500,000	184,000,000
Distribution to Unitholders	(34,272,107)	(23,040,072)
Net cash generated from / (used for) financing activities	<u>71,832,036</u>	<u>320,271,831</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	123,857	18,096,940
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	18,096,940	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>18,220,797</u>	<u>18,096,940</u>

\*The preceding YTD for the period ended 31 December 2007 comprised a 13-month result, December 2006 to December 2007.

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached.

**A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 DECEMBER 2008 PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134**

**A1 BASIS OF PREPARATION**

The quarterly financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The accounting policies and methods of computation used in the preparation of the quarterly financial reports are consistent with those adopted in the preparation of the proforma financial information presented in the prospectus of HEKTAR Real Estate Investment Trust ("Hektar REIT") dated 15 November 2006.

**A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR**

The auditors have expressed an unqualified opinion on Hektar REIT's financial statements for the year ended 31 December 2007 in their report dated 4 February 2008.

**A3 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of Hektar REIT is not affected by material, seasonal or cyclical factors.

**A4 UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

**A5 CHANGES IN ESTIMATES**

There were no changes in estimates that have had material effect in the current quarter.

**A6 DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

**A7 INCOME DISTRIBUTION**

Based on the quarterly result ended 31 December 2008, there will be a Final Distribution of 3.0 sen per unit, amounting to RM9,600,030 to be made on 5 March 2009.

**A8 SEGMENT INFORMATION**

Not applicable.

**A9 VALUATION OF INVESTMENT PROPERTIES**

The Investment Properties were last valued on 30 November 2008.

**A10 MATERIAL SUBSEQUENT EVENTS TO THE END OF THE INTERIM PERIOD**

There were no material events subsequent to the end of the interim period.

**A11 CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes to the composition of Hektar REIT during the current quarter and the fund size stands at 320,001,000 units.

**A12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

### B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD.

#### B1 REVIEW OF PERFORMANCE

For the cumulative quarter ended 31 December 2008, Hektar REIT generated a total revenue of RM84,276,401, comprising rental income of RM84,092,285, interest income of RM171,797 and other income of RM12,319.

Actual revenue of RM84,276,401 exceeded the forecast as published in Hektar REIT's Prospectus dated 15 November 2006, by 19.4 %. This is due to (i) the rental rates for Subang Parade and Mahkota Parade which were higher than forecasted; and (ii) the inclusion of Wetex Parade's eight-month performance.

The cumulative quarter's net income was 1.2 % lower than the preceding year's corresponding cumulative quarter. This is because the preceding year's corresponding cumulative quarter comprised a 13-month performance (December 2006 - December 2007) vis-à-vis the current cumulative quarter's 12-month performance (January 2008 - December 2008). If December 2006's net income is excluded from the preceding year's corresponding cumulative quarter, the current cumulative quarter's net income is 7% higher.

#### B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	<b>Current Quarter Ended 31.12.2008</b>	<b>Preceding Quarter Ended 31.12.2007</b>
<b>Income before tax</b>	32,627,290	51,885,222
- Realised income before tax	8,512,644	8,043,605

The individual fourth quarter's net income of RM8,512,644 is higher than the preceding year's corresponding individual quarter of RM8,043,605 by 6%. This is due to higher overall rental rates in Subang Parade and Mahkota Parade and the inclusion of Wetex Parade's performance.

#### B3 PROSPECTS

The financial year 2009 is expected to be a challenging year for REITs'. Notwithstanding this, Hektar AM will continue its strategy to optimise the property portfolio and improve the capital value of Hektar REIT over time. Optimisation plans include but is not limited to the active management of the properties, including active leasing, marketing and promotion, and value creation / asset enhancement initiatives. Hektar AM will maintain oversight of the performance of the properties to ensure that operating targets are achieved.

#### B4 VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as there was no profit forecast or profit guarantee issued.

### **B5 TAX EXPENSE**

Pursuant to the new tax system for Real Estate Investment Trust ("REIT"), a REIT will be fully exempted from income tax provided at least 90% of its income is distributed to unitholders with effect from the year of assessment 2007.

Barring unforeseen circumstances, there will be no tax payable as Hektar REIT intends to distribute at least 90% of the distributable income to unitholders for the year ending 31 December 2008.

### **B6 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments or properties during the quarter.

### **B7 QUOTED INVESTMENTS**

There were no purchases or disposal of quoted investments during the quarter.

### **B8 CORPORATE DEVELOPMENTS**

#### **Public Spread**

As at 31 December 2008, the public spread for Hektar REIT was 21.8% in the hands of 694 public unit holders holding not less than 100 units each. Under clause 8.15 of Bursa Malaysia's Listing Requirements, a public-listed entity is required to have at least 25% of its total listed units in the hands of a minimum of 1,000 public unit holders holding not less than 100 units each.

In relation to this, on 4 December 2008, Hektar Asset Management Sdn Bhd ("Hektar AM") has announced that Bursa Malaysia, in its letter dated 2 December 2008 has granted Hektar REIT an extension of time of 6 months until 31 May 2009 for Hektar REIT to comply with this requirement.

Hektar AM is continuing to exercise its best endeavors to rectify the public spread number by continuing its active promotion of Hektar REIT to the public via its various activities – investment roadshows, conferences, presentations to analysts and investors, participation in the Investor Relations Incentive Programme ("IRIP") and the Capital Market Development Fund ("CMDP") Bursa Research Scheme ("CBRS") and press-related activities.

#### **Acquisition of Sold Lot**

In the fourth quarter of 2008, AmTrustee Berhad acting for and on behalf of Hektar REIT had entered into a Sale & Purchase Agreements to acquire LG03-06 at Subang Parade for the purchase price RM3,500,000. The sale and purchase transaction for Lot LG02 which was announced in the third quarterly report for 2008 was completed on 31 December 2008.

Lots LG02 and LG03-06 were amongst the individual lots which were previously sold to individual purchasers prior to the acquisition of Subang Parade by Hektar REIT.

### **B9 BORROWINGS AND DEBT SECURITIES**

Hektar REIT's total borrowings of RM301,500,000 are long term and secured.



## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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### B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at date of reporting.

### B11 MATERIAL LITIGATION

There was no material litigation as at date of reporting.

### B12 INCOME DISTRIBUTION

The Board of Directors of Hektar AM has recommended and the Trustee has approved a final income distribution of 3.0 sen per unit amounting to RM9,600,030 for the fourth quarter ended 31 December 2008.

Resident individual	Withholding tax at 10%
Non-resident individual	Withholding tax at 10%
Resident institutional investors	Withholding tax at 10%
Non-resident institutional investors	Withholding tax at 10%
Resident companies	No withholding tax. Subject to corporate tax at 25% for year of assessment 2009
Non-resident companies	Withholding tax at 25% for year of assessment 2009

Dividend payment	Period covered	Income Distribution (RM)	Status
First Interim Dividend	Jan 08 – Mar 08	7,680,024	Paid on 3 June 2008
Second Interim Dividend	Apr 08 – June 08	7,680,024	Paid on 9 September 2008
Third Interim Dividend	Jul 08 – Sep 08	7,680,024	Paid on 5 December 2008
Final Dividend	Oct 08 – Dec 08	9,600,030	To be paid on 5 March 2009
<b>Total</b>		<b>32,640,102</b>	

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### B13 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	<b>Current Quarter Ended 31.12.2008</b>	<b>Preceding Quarter Ended 31.12.2007</b>
Income before tax	32,627,290	51,885,222
Provision for income distribution	<hr/> 9,600,030	<hr/> 11,232,035
Number of units in issue	<hr/> 320,001,000	<hr/> 320,001,000
Basic earning per unit (sen)	<hr/> 10.20	<hr/> 16.21
- realised basic earning per unit	2.66	2.51
Distribution per unit (sen)	<hr/> <b>3.00</b>	<hr/> <b>3.51 *</b>

\* Final Distribution for 2007 was based on a 13-month period.

By Order of the Board  
**HEKTAR ASSET MANAGEMENT SDN BHD**  
(as the Manager of Hektar Real Estate Investment Trust)

**Muhammad Hafidz Nuruddin (MAICSA 7005820)**  
**Lim Seck Wah (MAICSA 0799845)**

Joint Company Secretaries

Kuala Lumpur  
4 February 2009