

Creating The Places Where People Love To Shop



Hektar Real Estate Investment Trust

ANNUAL REPORT 2009

Creating The Places Where People Love to Shop



Hektar Real Estate Investment Trust (Hektar REIT) is Malaysia's first retail-focused REIT. Hektar REIT's principal objective is to provide its Unitholders with a defensible income distribution and to enhance the long-term value of the fund.

Hektar REIT invests in income-producing real estate primarily used for retail purposes. Hektar REIT's portfolio currently consists of quality shopping centres situated in Subang Jaya, Melaka and Muar with a combined value of RM720 million as of 31 December 2009.

Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006 and has outperformed its forecast in its first three years of listing. The REIT's cornerstone investor is Frasers Centrepoint Trust, part of the Fraser & Neave Group, headquartered in Singapore.

Hektar REIT is managed by Hektar Asset Management Sdn.Bhd., a part of the Hektar Group. The Hektar Group was formed with a vision to develop world-class shopping centres for Malaysian consumers, based on international best practices.



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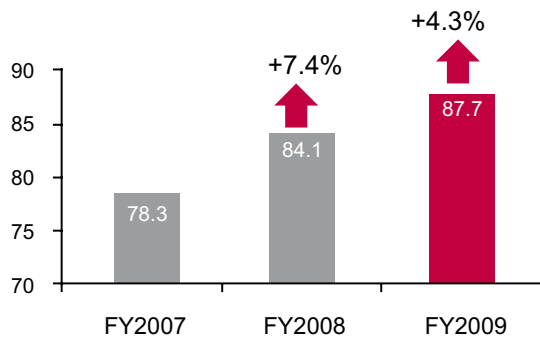
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Highlights

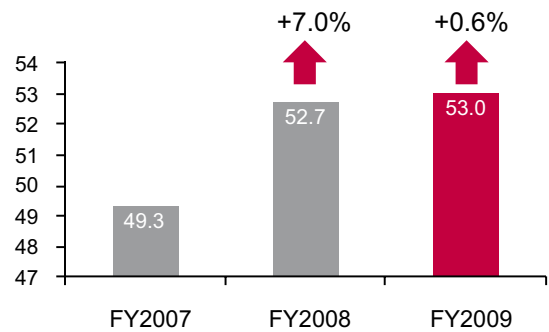
Hektar REIT recorded another solid year in 2009, maintaining a positive track record since listing

Performance At A Glance

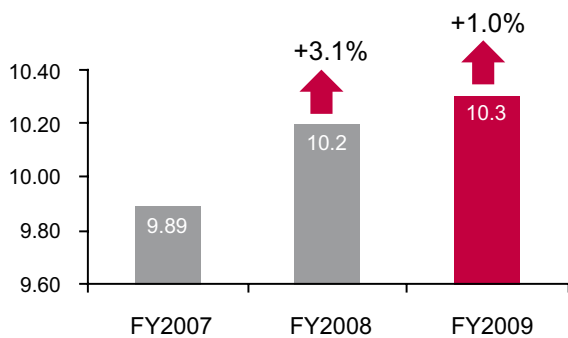
Gross Revenue
In RM million



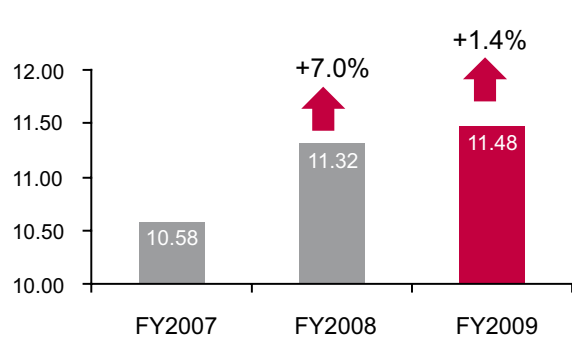
Net Property Income
In RM million



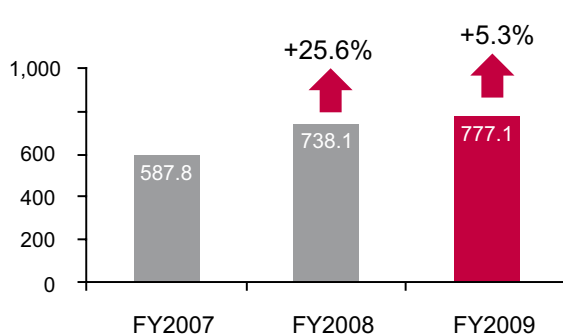
Dividend Per Unit
In Sen (Annualised)



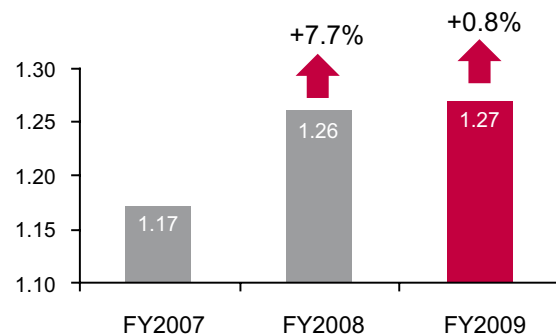
Earnings Per Unit
In Sen (Annualised)



Assets
In RM million



Net Asset Value
In Sen, Per Unit



Highlights (Cont'd)

Financial Highlights

FY2009 dividend per unit (DPU) reached 10.30 sen, up 1.4% in a challenging environment

Financial Year

Ended 31 December

	FY 2009 12 months RM'000	FY 2008 12 months RM'000	FY 2007 ¹ 13 months RM'000
Gross Revenue	87,712	84,092	78,331
Direct Cost & Property Expenses	(34,688)	(31,377)	(29,052)
Net Property Income (NPI)	53,024	52,715	49,279
Net Income - Realised	36,737	36,238	36,682
Net Income Per Unit - Realised (sen)	11.48	11.32	11.46
Annualised Net Income Per Unit - Realised (sen)	11.48	11.32	10.58
Income Distribution	32,960	32,640	34,272
Distribution Per Unit (DPU) (sen)	10.30	10.20	10.71
Annualised DPU (sen)	10.30	10.20	9.89

Balance Sheet

As at 31 December

	FY 2009 RM'000	FY 2008 RM'000	FY 2007 Change
Total Assets	777,125	738,108	587,797
Total Liabilities	370,847	336,007	213,408
Total Borrowings	334,000	301,500	184,000
Gearing Ratio	43.0%	40.8%	31.3%
Net Assets	406,278	402,101	374,389
No. of Units in Circulation (Units)	320,001	320,001	320,001
NAV per Unit	1.27	1.26	1.17

¹ FY 2007 represents a 13-month period from Hektar REIT's listing on 4 December 2006 to 31 December 2007.

Highlights (Cont'd)

Hektar REIT provides a high-yield investment vehicle for investors with no refinancing required in 2010

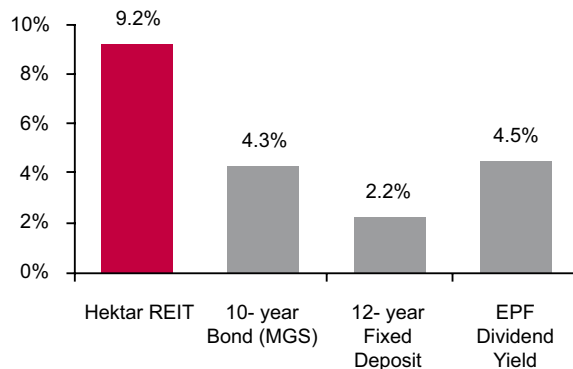
Dividend Distributions FY2009

Interim 1st Quarter DPU (31 Mar)	2.40 sen
Interim 2nd Quarter DPU (30 Jun)	2.40 sen
Interim 3rd Quarter DPU (30 Sep)	2.40 sen
Final 4th Quarter DPU (31 Dec)	3.10 sen
Total DPU	10.30 sen

DPU Yield* 9.2 %

* Based on DPU of 10.30 sen and the closing unit price of RM1.12 for FY2009.

Dividend Yield Comparative Yields



Unit Price Statistics FY2009

High	RM1.12
Low	RM0.77
Opening Price (1 January 2009)	RM0.77
Closing Price (31 December 2009)	RM1.12
Change In Price	+45.5%

Unit Price Performance FY2009



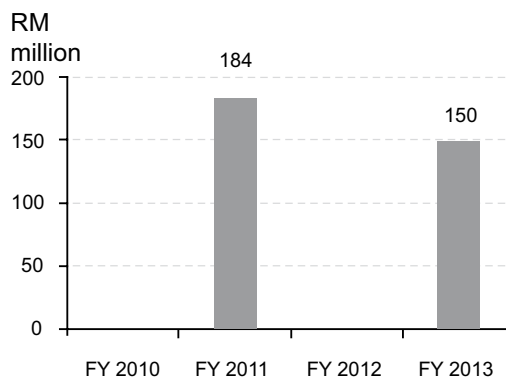
Debt Structure As at 31 December 2009

Al-Murabahah / Overdraft
Fixed Term Loan, Annual Floating Rate (rate resets in December and April for Tranches 1 & 2, respectively)

Total Debt	RM334 million
Weighted Cost of Debt	3.28%
Gearing Ratio ¹	43.0%
Interest Cover	4.08

¹ Gearing ratio calculated by total long term liabilities over Gross Asset Value (GAV).

Debt Expiry Profile As at 31 December 2009



Highlights (Cont'd)

Portfolio Highlights

Hektar REIT's portfolio remains resilient

Net Lettable Area 1.1 million sq ft	Occupancy 95.8%	Market Valuation RM720 million
Market Catchment ² 1.3 million residents	Visitor Traffic 22.3 million	Number of Tenancies ¹ 315

Data current as at 31 December 2009. ¹NLA Tenants only ²MIRP Surveys (2007-8)

Strategy

Hektar REIT remains focused on acquiring retail properties throughout Malaysia and optimising property yields

FOCUS

Neighbourhood-class and regional-class shopping centres throughout Malaysia with the objective of providing Malaysian consumers with retail environments based on international best practices

PORTFOLIO OPTIMISATION

Providing Sustainable Returns and Income Defensibility for Hektar REIT via:

- Active Leasing – refreshing and aligning the tenancy mix to the needs of the target shoppers
- Advertising & Promotion – aggressive marketing to retain consumer interest and visitor traffic
- Value Creation Initiatives – improvements including asset enhancement and refurbishment designed to improve long-term yields

YIELD-ACCRETIVE ACQUISITIONS

Enhancing the Long-Term Value and Growth of Hektar REIT via Yield-Accretive Acquisitions of:

- Stabilised Properties – assets with sustainable cash flow, requiring selective optimisation
- Turnaround Properties – assets with good fundamentals which are underserving their current market, requiring capital injection and intensive value creation initiatives to 'turn around' the property, increasing yields in the medium to long term
- Greenfield & Redevelopment Projects – pipeline projects undertaken by the related companies of Hektar REIT

CAPITAL MANAGEMENT

Optimising the capital structure to fund acquisitions and asset enhancements through a combination of debt and equity within a flexible framework providing a low cost of capital

Letter to Unitholders

Year in review

We set out to create a REIT with a business model that delivers in good times and bad times and to date, our track record remains intact. In 2009, we managed to deliver what we set out to achieve: growth in a difficult year. Our performance validates our management execution, the resilience in our portfolio and the stability of our business model.

Model perniagaan kami bermatlamat untuk memberi pulangan positif yang stabil kepada pelabur setiap tahun; di dalam iklim ekonomi yang baik, mahupun buruk. Setakat ini, rekod kami kekal positif. Pada tahun 2009, kami telah berjaya mencapai apa yang dirancang, iaitu pertumbuhan positif dalam tahun yang sukar. Prestasi Hektar telah membuktikan keberkesanan strategi pengurusan, kemampuan portfolio dan kestabilan model perniagaan kami.



我們的目標是建立一套無論在經濟景氣與否之際，都能給投資者帶來良好的回酬的房地產信託基金經營模式。在2009年間，我們成功達成目標：就是在經濟困難時期仍然取得成長。我們的業績表現證明了我們的管理方式有效、我們的投資組合耐力堅實及我們經營模式的穩健妥當。

Letter to Unitholders (Cont'd)

Year in review

Dear Valued Unitholder of Hektar REIT,

RETROSPECTIVE

One year ago, I wrote to you about the challenges ahead, facing what was then the most significant global financial crisis since the Great Depression of the 1930s. I emphasised Hektar's focus on market fundamentals, belief in our business model and management execution. Looking back, we can see that 2009 was a year of stark contrasts – starting off the year with the global economy reeling from the financial crisis to witnessing a revival in the capital markets by year end. Despite economic uncertainties and significant volatility, Hektar REIT posted a positive performance.

We set out to create a REIT with a business model that delivers in good times and bad times and to date, our track record remains intact. Since the IPO in December 2006, Hektar REIT has provided positive growth in revenue, realised net income, net asset value and importantly for investors, dividends. Through the global financial crisis, Malaysia's economy was also impacted. The GDP registered a decline of 3.3% for 2009 (Malaysian Institute of Economic Research forecast). However, the impact varied from region to region; while trade-related and specifically merchandise exports suffered significant declines, the overall impact on the financial sector and various segments of the service economy in Malaysia was relatively muted. In fact, retail sales performance in our various markets in Selangor, Melaka and Northern Johor showed positive growth in many areas.

In 2009, we managed to deliver what we set out to achieve: growth in a difficult year. Our performance validates our management execution, the resilience in our portfolio and the stability of our business model. Furthermore, our unit price recovered significantly over the year as the capital markets validated our efforts. We remain grateful for our unitholders' support.

Moving into 2010, the global economic outlook continues to remain uncertain. Macroeconomic uncertainty aside, we are confident of delivering sustainable results in Hektar REIT. In the rest of this letter, we will share our thoughts on the business, outlook and our strategies.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2009 (FY2009), Hektar REIT delivered a dividend per unit (DPU) of 10.3 sen. This is approximately 10.9% higher than the forecast provided in the initial public offering (IPO) prospectus dated 15 November 2006. It is also 1% higher than the financial year 2008's (FY2008) DPU of 10.2 sen.

Revenue reached RM87.7 million, up 4.3% from FY2008 while Net Property Income (NPI) reached RM53.0

million, up 0.6% from FY2008. Overall, Hektar REIT's Net Income reached approximately RM37.1 million, which is 38% lower than FY2008's Net Income of RM60.4 million. This is attributed to the lower unrealised gain of RM400,519 from Fair Valuation Adjustment of Investment Properties in FY2009 compared to RM24.1 million in FY2008.

Fair Valuation Adjustment

Fair Value Adjustment is a non-cash item and part of the Financial Reporting Standards (FRS). It is used to adjust the valuation of Hektar REIT's property portfolio on an annual basis. Valuations are conducted by independent valuers whose reports are made on an objective basis to determine the market price of a property at that time. The smaller gain in FY2009 compared to FY2008 can be expected as the properties mature. Asset managers must constantly look for ways to enhance or refurbish properties to improve their income-generating potential and ultimately increase their property value. For FY2009's valuation increase, it reflects that Hektar REIT's portfolio overall held up its value during the year, which is a positive result since other industry observers were concerned about asset devaluations for investment properties.

Measure of Core Earnings: Realised Net Income

To determine the real operating performance, that is the cash-related performance for FY2009, we used the net income (realised) measure. As you may note from above, the Fair Value Adjustment can increase or decrease the net income of the REIT significantly, but as it is a non-cash item, it does not tell a true picture of the operating performance of the REIT. The net income (realised) measure excludes the Fair Value Adjustment and reflects the cash-based performance, hence the term, 'realised'. For FY2009, Hektar REIT's net income (realised) reached RM36.7 million. In terms of net income (realised) per unit, or earnings per unit (EPU), FY2009 reached 11.48 sen versus 11.32 sen in FY2008, an increase of 1.4%.

Net Asset Value

Net Asset Value (NAV) of Hektar REIT increased to RM1.27, up from RM1.26 in FY2008, an increase of 1%. Since the IPO, Hektar REIT's NAV has increased by 23.3%, representing a steady increase every year

Overall, we are quite pleased with the financial results of Hektar REIT in FY2009. Initially, we had some reservations for the year, owing to the economic uncertainties and other factors: electricity tariffs which increased by 26% in July 2008 saw our utilities bill increase by over RM1.5 million in 2009 over our budget forecasts. This was more than offset by the increase in revenue, resulting from the positive performance of our portfolio, which we will elaborate in the portfolio section later. Another benefit to Hektar REIT in FY2009 was favourable financing.

Letter to Unitholders (Cont'd)

Year in review

Financing

While the causes of the global financial crisis will be analysed for years to come, the financial commandment remains the same: do not borrow short to invest long. Hektar REIT's debt is secured by way of an AI-Murabahah Overdraft in 2 tranches; the first tranche of RM184 million expires in 2011 while the second tranche of RM150 million expires in 2013. The financing cost is structured on an annual basis with resets in December and April for both tranches one and two, respectively. Hektar REIT benefited from the loosening of monetary policy by Bank Negara Malaysia in FY2009. With the Overnight Policy Rate at 2.0% for much of 2009, Hektar REIT's interest expense for FY2009 was lower than budgeted. On a weighted average cost basis, the total debt of RM334 million is 3.28% as at end of December 2009.

Dividend Payout

When we review our FY2009 numbers, we see that revenue, realised net income and NAV were all positive and we were happy to reward our unitholders with an increase in dividends. The DPU declared for FY2009 is 10.3 sen, 1% higher than FY2008 and representing a payout ratio of approximately 90% of realised net income. As in the past, we do not normally pay out all our net income (realised), reserving funds for various activities designed to further improve the REIT's potential performance. These activities include the acquisition of sold lots (approximately 6% by area of Subang Parade & Mahkota Parade are sold lots) and asset enhancements of the property. More details of these asset enhancements are described in the Portfolio Update section.

Positive Market Response

In the last year, we are pleased that the capital market responded appropriately, factoring optimism for Hektar REIT's prospects in FY2009 and beyond. Favourable coverage from investment and research houses also provided a boost to Hektar REIT's public profile, particularly from OSK Research, AmResearch and Standard & Poor's. OSK Research rewarded us in their annual OSK Jewels 2009 by selecting Hektar REIT as one of the Top 5 companies in their Top Malaysian Small Cap Companies Book, released in March 2009. In addition, throughout the year, Hektar REIT also presented and participated in various conferences organised by CIMB Private Banking, Asia Business Forum, LexisNexis, IR Magazine (in Singapore) and seminars at the Malaysian Investor Relations Association, Institute of Public Relations Malaysia and National University of Singapore's Department of Real Estate. For the year, Hektar REIT's unit price closed at RM1.12, an increase of 45.5%.

PORTFOLIO UPDATE

Hektar REIT has assembled a quality portfolio of neighbourhood-focused shopping centres which are strategically located in mass market areas. With more than 1 million sq ft of net lettable area (NLA) under management, we use a variety of strategies and tactics including turnover rent, step-up rent and asset enhancement initiatives to deliver sustainable income growth.

Geographical Diversity

The geographical diversity of our property locations benefits the REIT by reducing cyclical fluctuations in each respective market. For example, we expected the second half of 2009 to be quite challenging for our results, in part due to the current weakness in the Melaka market and the refurbishment impact (which started in July 2009) on leasing in Mahkota Parade. Fortunately, strong growth in our other markets, particularly in Subang Jaya offset the decline. The portfolio locations in Subang Jaya, Selangor, Melaka and Muar, Johor represent a diversified geographical spread for Hektar REIT. Above all, our extensive footprint throughout Malaysia allows us to capture and understand the sentiment in the respective local markets.

Steady Occupancy

Overall occupancy in Hektar REIT was 95.8%, same as in FY2008. For the first time, Subang Parade was 100% occupied for the entire year. Changes in occupancy occurred in Wetex Parade, which saw an increase in occupancy to 90.1% and Mahkota Parade, whose occupancy decreased to 93.6% due to the refurbishment.

Visitor Traffic

Traffic in the portfolio hit 21.3 million visits in 2009. Subang Parade recorded a slight increase of 1.8% with approximately 7.8 million visits throughout the year, while Wetex Parade recorded 5.6 million visits which are significant when compared to Subang Parade, considering that it is less than half the size in terms of NLA. Mahkota Parade recorded a decrease of 5.3% in visits to 7.9 million, in part due to impact of the refurbishment, which since July 2009 has also included large areas of the covered and open car park. In total, Hektar REIT properties receive over 58,000 visits a day.

The retailer tenancy base continues to contribute a diversified revenue base for Hektar REIT. Over 300 retail tenancies exist in Hektar REIT's portfolio, of which the largest tenant, Parkson contributes about 11% of Hektar REIT's monthly rental income; after Parkson, the next biggest tenant, The Store contributes approximately

Letter to Unitholders (Cont'd)

Year in review

3% of monthly rental income. In summary, over 85% of the monthly rental income is contributed by retailers of a national or international brand, with the remaining income coming from single-tenant stores. This tenant mix ensures a relatively resilient revenue base with a tolerable level of default risk.

For FY2009, Hektar REIT collected RM1.35 million in turnover rent from tenants versus RM1.67 million in FY2008. The main contributing segment is the health and beauty retailers. Do note that we do not budget for turnover rent in our forecasts.

Retailers as Partners

Rental reversions for Hektar REIT turned negative in FY2009 with a total of 99 new or renewed tenancies at an average 5% decrease in rental rates. However, the decline was not uniform as the bulk of the decrease was attributed to Mahkota Parade with an average rental decrease of 13%. In comparison, Subang Parade's rental reversions were flat while Wetex Parade's rental reversions achieved an average 8% increase.

The beauty of our business model is that turnover rent and step-up rent may make up for initial rental rate decreases over time. For example, when we examined the retailer sales for certain tenants in Mahkota Parade and recognised that their occupancy cost was high, we agreed to a lower base rental rate to allow them to continue trading in Mahkota Parade. However, for at least 9 out of 10 tenants in Mahkota Parade, we still retained a turnover rent provision with the tenant providing us monthly sales reports and agreeing to pay the turnover rent percentage if it exceeded the base rent. So while we have reduced the base rent for the next three years, we have also lowered the threshold for paying turnover rent. The reduced base rent will impact the top-line once the tenancy is active. However, the potential for turnover rent increases if the tenant's sales improve. In this scenario, say following Mahkota Parade's complete refurbishment in April 2010, shopper traffic may increase and we can expect the tenants' sales to improve and thus the likelihood of turnover rent being paid in the future. It is in this approach that we see our retailers as business partners; willing to reduce base rents (tenant's costs) in difficult times and sharing in the turnover rent (increased profits) when the times are booming. While we may continue to see some negative rental reversions in the year ahead, we are also maintaining the potential upside of turnover rent, should economic prospects improve in the future.

Mahkota Parade's Refurbishment: Maintaining Market Leadership

Mahkota Parade's revitalisation remains on track. Since its opening in 1994, it has set the standard as the top shopping centre in the Melaka market. Last year, facing competition from new and upcoming developments,

we felt it was time to give it a refurbishment. The revitalisation will ensure Mahkota Parade remains the leading shopping centre in Melaka in the years to come.

Our approach to the refurbishment is to minimise the impact to the business of Mahkota Parade. It will be business as usual – the shopping centre remains open while the refurbishment will take place after trading hours, usually between 10pm to 7am. As a result, we structured the refurbishment in 3 phases over a 9 month period. We commenced with the refurbishment in July 2009 with a target date for completion in April 2010.

With a budget of RM30.4 million, the refurbishment will cover a wide area. Work will include new flooring, re-painting of the walls, new ceiling, improved lighting as well as repair of the rooftop and other areas. New amenities will be created or improved, including new lifts, directory and signage system, security system and a new Guest Services Desk. The car park will be increased from 955 bays to over 1,000 car park bays, which will have the effect of increasing traffic capacity for Mahkota Parade. The overall effect will be a brighter, cleaner look and a more comfortable experience for shoppers.

We are experienced at engineering the refurbishment with minimal disruption to business. We had accomplished a similar feat at Subang Parade in 2006 with the result of a brand new look to the centre. At that time, we also conducted the refurbishment at night while keeping the centre open during the day. The track record from that project resulted in no business loss claims from tenants, no injuries to staff and above all, delivery within budget. The same experience and team are currently at work in Mahkota Parade's refurbishment. A communications programme with a focus on safety coupled with shopper promotional campaigns are designed to keep shoppers engaged during the refurbishment. To date, phases 1 and 2 of the refurbishment have been completed with the last phase due for completion in April 2010. It is good to note, that despite the refurbishment work in the latter part of 2009, Mahkota Parade was still awarded the Melaka Tourism Award 2008/2009 for 'Best Shopping Centre' by Kerajaan Negeri Melaka.

For all those data-hungry readers out there, please turn to the Portfolio Performance section following this letter for more statistics on our property operations.

REVISITING OUR STRATEGY

Hektar REIT remains the sole retail-focused REIT in Malaysia. We continue to innovate and improve retail environments to ensure it is conducive to our retailers and shoppers.

Letter to Unitholders (Cont'd)

Year in review

The retail REIT is unique compared to REITs in other property sectors, in that we must focus on two sets of customers – tenants and their shoppers. Our business model is focused on treating our customers, the retailers and tenants that contribute to our top-line revenue as business partners. We also need to look further and take care of our customers' customers – the shoppers. The shopping experience is thus derived from a mix of contributions – the retailers, offering exciting products and services to the shopper and the landlord / manager, providing the ambience and environment conducive for shoppers to play, shop, rest and relax. These are the elements of the formula needed to ensure that the overall property performs well.

We believe the key driver for our performance is the quality of our management execution. A quality portfolio with poor management will deteriorate over time. Hektar REIT possesses a quality portfolio and to maintain its quality, we need quality management execution. Our management approach is driven from the ground-up, while our objectives are driven by a top-down strategic approach, more of which I will share below. Hektar is blessed with a team that contributes in both areas.

Managing From The Ground

We spend a lot of time managing by walking around. We are constantly looking at ways to improve the retail tenant mix, in line with the growth of our markets and to suit the constantly changing tastes of our consumers. To accomplish this, we spend a lot of time in the centres, observing customers, talking and listening to tenants. They offer us many insights during our many interactions. Bill Gates, Chairman of Microsoft, once stated that your most unhappy customers are your greatest source of learning. Accordingly, we invest in market research, such as door-to-door household interviews in our target markets and focus groups, to gain insights from residents and particularly from shoppers who no longer visit their neighbourhood mall. As you can see, this process cannot be managed from behind a desk, but by walking around.

I often remain impressed with our management team's broad understanding of retail concepts, consumer behaviour, leasing trends, property management and other disciplines. I constantly encourage our managers to achieve objectives by thinking out of the box. Collectively, we discuss our ideas and work together to customize strategies and tactics for each centre. Through our leasing and promotional activities, we can sometimes achieve very interesting results. Read on below.

Leasing is Our Competitive Advantage

One of the biggest strengths of Hektar REIT is the resources and relationships with retailers. We have more than 300 retailer tenancies within our portfolio

and access to a few hundred more retailers, both in Malaysia and internationally. Many of these retailers have first-hand experience working with us in our properties. They appreciate our efforts and contributions and know that we understand the retail business. This is a source of competitive advantage for us, particularly when we enter new markets or seek to improve existing ones (i.e. remixing the tenant mix). The track record provides retailers with confidence that by entering a Hektar property, they can expect a level of service to ensure their viability. This can translate into a rental premium for a Hektar property. Perhaps just as importantly, we work with retailers to devise new and exciting concepts.

Innovation in Retail

The product of our innovation and 'thinking-out-of-the-box' can be seen in the introduction of new retail concepts in our properties, including the Chillout Restaurant and Bar in Subang Parade and Elephant Bean cafe in Wetex Parade. Chillout offers a fusion of western and eastern cuisines, within an open-air concept. It opens until 1am in the morning, offering a late-night spot for our customers in Subang Jaya. Housed in an unused external area outside Parkson, Chillout represents the innovation that we strive to achieve – working with entrepreneurs to create unique retail concepts while at the same time, utilising unproductive areas to boost property yields and the overall appeal of the property. Subang Parade now offers a full variety of lifestyle options starting from Celebrity Fitness opening at 6am, Uncle Lim's breakfast offering at 8am and winding down with Chillout until 1am.

In Wetex Parade, we also contemplated a re-think of the entrance statement retailer by placing a coffee chain in the front. The typical international coffee chains were considered, but we ultimately decided to partner with a local 'champion', a group which had already been running a successful outlet offering premium local coffee beans. The result was the first Elephant Bean, Muar's very own coffee chain and now co-front anchor for Wetex Parade. By partnering with local retailers, we hope to discover new and exciting retail concepts which we could export to other markets in the future. The cultivation of new retail brands in this manner will boost Hektar's competitive advantage in the long run.

Advertising & Promotion is Our 'Killer Application'

Advertising and promotion (A&P) is regarded as the 'killer application' for running a successful shopping centre. In information technology parlance, the 'killer application' is often used to describe a piece of software which is exceptionally useful, innovative and ultimately very successful. For example, the spreadsheet application Excel was considered a killer application for the Personal Computer (PC) and ultimately boosted PC usage and sales. In that sense, we believe A&P is

Letter to Unitholders (Cont'd)

Year in review

essential to maintain the shopping centre's continued appeal and fuel demand for the rest of the centre's offerings.

A&P encompasses the marketing activities designed to attract shoppers and motivate them to return. The activities can be very wide ranging from exhibitions, demonstrations to concerts. We typically design and plan our campaigns over a course of 12 months and feature various events to take advantage of the local festivities, for example during peak periods such as the festive seasons or school holidays. Typical and popular campaigns include 'The Festival of Magic', 'Battle of the Bands' and 'Shop For Your School'. In 2009, Hektar REIT's portfolio recorded over 21.3 million shopper visits. On average, Hektar malls receive over 58,000 visits from shoppers every day. For us, that represents 58,000 opportunities a day to appeal to shoppers.

At Hektar, we take our A&P very seriously. A number of our campaigns are designed to boost retailer sales. A successful programme is 'Shop For Your School', which we have been running in all of our shopping centres. Essentially, the campaign is focused on schools surrounding the shopping centre. It commences with a fixed time period during which students (and their families) may shop at their local Parade and nominate their respective schools at the guest services counter by showing their receipt(s). It is essentially a contest in which the schools with the highest nominated amount spent by their students and their families, win the top prizes. The prizes are sometimes sponsored by retailers and are usually designed to benefit the school, for example, new PCs for the computer lab. 'Shop For Your School' essentially has what we call, a 'win-win-win' approach; it benefits the retailers by improving sales, it benefits Hektar REIT by reaching out to shoppers and their families (and incentivising them to shop at their neighbourhood mall) and it benefits the community schools.

Corporate Social Responsibility

Hektar REIT's shopping centres have traditionally been involved in promoting activities designed to assist community and social causes. 'Shop For Your School', as described above, has the elements of a good A&P campaign while benefiting the community at the same time. Beneficiaries of Hektar REIT's promotions have included diverse associations such as the Calvary Care Home, Sek Kia Eenh Cancer Fund, Rumah Jalanan Kasih, Pertubuhan Kebajikan Anak-anak Yatim Islam Muar and others in the respective communities in Subang Jaya, Melaka and Muar. Unique campaigns are offered from time to time, such as 'We Ate For Charity' which featured a durian eating festival at Subang Parade, involving 120 volunteers, 4 tonnes of durians and a total of RM33,000 raised for the Children's Wish Society.

Last year, our A&P campaign focusing on community issues won an award at the 2009 Asia Shopping Centre Awards by the International Council of Shopping Centers. Featured at Mahkota Parade in partnership with Malaysian Volunteers Fire and Rescue Association, the 'Fired Up About Safety' programme attracted over 280 children and RM14,000 in sponsorship to increase awareness about fire safety. We are very pleased to receive this recognition to reflect our continuing drive to develop innovative A&P programmes.

Strategy From The Top

While we may invest a lot of effort and resources on the ground, we do take the time to view the bigger picture from the top. Our larger strategy is driven by the context of retail development, the outlook of the capital markets and the performance of REITs in Malaysia. We remain positive in our outlook for retail development in Malaysia as a source of growth for Hektar REIT.

There are essentially four ways for Hektar REIT to grow:-

1. Continuous Improvement of existing properties;
2. Development of new assets (greenfield);
3. Re-Development of existing properties; and
4. Acquiring assets with underpriced rents.

Continuous Improvement

This is emphasised by our current business model and it involves a comprehensive methodology aimed at improving the operating and financial performance of the properties (refer to 'Managing From The Ground').

Development & Re-Development

The private companies of the Hektar group are prioritising the re-development project of Subang Parade's expansion in Subang Jaya. A re-development project differs from a greenfield project in that while a greenfield project is usually in a completely new area, the re-development typically contains or leverages an existing market. Subang Parade has been recording close to full occupancy for the past 3 years and as such, we have noted distinct opportunities and areas for new retail concepts. The proposed expansion is sited on a 2-acre parcel of land situated right next to Subang Parade. The private companies of the Hektar group are finalizing a joint-venture with an established player to develop a mixed-development project. The retail portion will merge seamlessly with Subang Parade and take advantage of retail opportunities currently absent in the existing Subang Parade. We hope to finalise this project and announce the preliminary specifications soon.

Letter to Unitholders (Cont'd)

Year in review

Acquiring Assets

The fourth way of growth for Hektar is through acquiring assets with underpriced rents. Put simply, these are shopping centres with the potential to be yield-accretive to Hektar REIT's current portfolio. The Muar acquisition of Wetex Parade and Classic Hotel is an example of this type of acquisition; Wetex Parade is one of the only purpose-built department store anchored shopping centre in Muar. Significantly, there are opportunities in Wetex Parade to improve the tenant mix and introduce new retail concepts, national and international chains into the centre. Consequently, the rental reversions for Wetex Parade have been positive in the last year (+8% in 2009). At 90.1% occupancy as at end of 2009, Wetex Parade still has headroom for top-line revenue growth.

Acquisitions Update

We continue to source for potential acquisition deals. Last year, we undertook a few due diligence exercises on several potential malls for injection into Hektar REIT. Some looked promising but two reasons prevented us from making any acquisitions in 2009. Firstly, the price offered was too high, often exceeding the valuation done by our independent valuers. While the global financial crisis resulted in distressed valuations in developed markets, Malaysia's property sector was relatively insulated. Part of the reason was due to the relatively well-capitalised banking sector in Malaysia compared to their overseas counterparts. Furthermore, when Bank Negara reduced the Overnight Policy Rate to support economic activity, many banks could afford to pass on the lower rates to their customers. Subsequently, there were no major bankruptcies by either financial or non-financial corporations in Malaysia and as a result, assets of a distressed nature were not widely available. The second reason which inhibited our acquisition prospects, was the ability to finance the acquisition by secondary equity raisings. The capital markets in Malaysia, while eventually recovering towards the second half of 2009, were not conducive enough particularly for REITs to raise capital cost-effectively. Hektar REIT's nominal yield throughout most of 2009 hovered above 9%, which makes it nominally expensive to raise secondary equity to acquire new properties. Assuming available debt financing from banks below 4% and a 50% debt to equity ratio for financing an acquisition, the blended cost of capital on a simple nominal basis is around 6.5%. Not a difficult threshold from which to acquire fresh properties, but with Hektar REIT still trading below NAV, an equity issuance at a discount may still be dilutive to unitholders. As we have stated before, any acquisition for Hektar REIT needs to be yield-accretive. As at the end of 2009, Hektar REIT was trading at a 13% discount to NAV and while not an unreasonable discount, we will observe carefully for fairer pricing before committing to any acquisition.

We continue to source and look for new acquisitions across Malaysia. Our criteria have not changed: we like purpose-built shopping centres with anchors preferably starting from 150,000 sq ft of NLA and up. Located in established or emerging neighbourhoods with identifiable market segments, we are comfortable with developments already in existence or under construction. Fully leased or vacant, we will look at all properties and more importantly, examine where we can add further value with our leasing and asset enhancement capabilities. Finally, since we believe in control of the tenant mix to ensure a comfortable shopping experience, we tend to shy away from shopping centre properties with more than 10% sold lots. This is to ensure that we can apply our experience and business practices to every property we own and to make each shopping centre the leading mall in their respective market. Owners, developers and asset managers, feel free to contact us if you have prospective opportunities for our review. We welcome the opportunity to work with you.

CHALLENGES & OUTLOOK

We remain cautious on the outlook of the world economy, particularly on the potential impact on Malaysia and ultimately, the domestic consumer economy. The immediate challenges concern our portfolio's market exposure to a cautious retail environment.

In Melaka, the priority is to finish the refurbishment by April 2010; to continue the tenant mix improvement process and re-launch the advertising and promotion campaigns for Mahkota Parade. We have examined the retail sales record of our key tenants and have concluded the need to focus more on smarter campaigns to promote tenant sales. We have already crafted detailed plans which include more aggressive marketing tactics, issuance of vouchers and retailer-oriented activities to drive tenants' sales. The comprehensive response of refurbishment and targeted marketing campaigns are expected to sustain shopper goodwill and generate interest in Mahkota Parade despite rising competition in the greater Melaka market. The re-launch of Mahkota Parade is expected to take place from the 2nd quarter of 2010 onwards.

For Subang Parade, while the neighbourhood-focused strategy has proven resilient during the economic uncertainty of 2009, we will remain vigilant to protect market share and consumer interest. New developments and competition in the Subang Jaya market may have a short term negative impact to Subang Parade. However, we can relate the similar experience to Mahkota Parade in 2008 when new competitors opened up nearby. Fortunately, as the market stabilised, the long-term potential improved as the entire area surrounding Mahkota Parade was promoted as a shopping precinct. We are expecting a similar path for Subang Parade;

Letter to Unitholders (Cont'd)

Year in review

over time as new entrants stabilise in the market, the area will be promoted as a shopping precinct, perhaps along similar lines as the 'Bukit Bintang' of Subang Jaya. In the meantime, we will continue to innovate and improve the leadership position of Subang Parade in the area.

In the Muar market, we expect to continue our work on Wetex Parade in terms of tenant remixing and various enhancements. Top on our list is the proposed refurbishment to improve Wetex Parade's amenities and ambience and cement its status as Muar's leading shopping centre. The plans are in the works and we hope to announce the project soon.

We continue to monitor the capital markets and their continuing recovery. With improving prospects for fundraising and with our cornerstone investor, Frasers Centrepoint Trust still in solid support, we remain optimistic this year of finding the right match of the right property at the right price at the right time.

Focus, Focus, Focus

Hektar has a focused formula. The REIT owns well-located properties with a strong focus on their respective markets, the business model is focused on the retailers and the shoppers and our management remains focused on our REIT's business objectives. If I could break down the formula of the relationships of our stakeholders, it looks like this:

Happy shoppers → positive retailer sales → happy retailers → positive rental income growth → positive REIT performance → happy unitholders.

Our shoppers will remember our malls, in turn, our retailers will respect our efforts and our unitholders will be rewarded with results. Our singular objective remains the same – making Hektar REIT the preferred landlord and retail manager of choice. Our vision remains "Creating The Places Where People Love To Shop".

ACKNOWLEDGMENTS

On behalf of the Board of Directors of Hektar Asset Management, I sincerely wish to acknowledge our people for their continued and dedicated attention to their work. Looking back last year, I remain impressed and proud of the people at Hektar. Their hard work throughout the year has ensured that Hektar REIT posted another positive year despite the uncertainties of 2009.

Hektar remains committed to our goals of providing a defensible, safe investment to unitholders. While my maxim last year was to "think positive", my message this year is to "stay focused".

DATO' JAAFAR BIN ABDUL HAMID
Chairman & Chief Executive Officer
February 2010

Perutusan Pengerusi

Ulasan Tahun

Kepada Pemegang Unit yang dihargai,

TINJAUAN 2009

Setahun yang lalu, saya telah membayangi kepada anda cabaran-cabaran yang bakal di hadapi pada tahun 2009, di mana dunia dilanda krisis ekonomi terburuk sejak Zaman Kemelesetan Ekonomi (“Great Depression”) 1930an. Saya telah menekankan fokus Hektar terhadap asas pasaran, keyakinan terhadap model perniagaan kami dan perlaksanaan strategi pengurusan. Bila ditinjau kembali, 2009 adalah tahun yang tidak seimbang – ia bermula dengan gelombang krisis ekonomi dunia dan berakhir dengan pemulihan peringkat awal pasaran modal. Di dalam keadaan ekonomi yang bergolak dan tidak menentu, Hektar tetap membuahkkan prestasi yang positif.

Semasa Hektar REIT disenaraikan di Bursa Malaysia pada Disember 2006, model perniagaan kami bermatlamat untuk memberi pulangan positif yang stabil kepada pelabur setiap tahun; Di dalam iklim ekonomi yang baik, mahupun buruk. Setakat ini, rekod kami kekal positif. Sejak penyenaaran, Hektar REIT telah menunjukkan pertumbuhan positif di dalam pendapatannya, untung bersih di realisasi, nilai aset bersih dan yang paling penting buat pelabur, dividen. Prestasi ini dapat dicapai walaupun ekonomi Malaysia terjejas ekoran dari krisis kewangan dunia. Keluaran Kasar Dalaman Malaysia menunjukkan penurunan sebanyak 3.3% pada tahun 2009. (sumber : Institut Penyelidikan Ekonomi Malaysia). Namun, kesannya berbeza mengikut negeri dan daerah; Kesan keseluruhan sektor kewangan dan industri perkhidmatan tidak begitu ketara dibandingkan dengan industri dagangan dan eksport yang mengalami kesan negatif yang agak serius. Pada hakikatnya, prestasi jualan kebanyakan peruncit yang berniaga di Selangor, Melaka dan Johor utara menunjukkan pertumbuhan positif.

Pada tahun 2009, kami telah berjaya mencapai apa yang dirancang, iaitu pertumbuhan positif dalam tahun yang sukar. Prestasi Hektar telah membuktikan keberkesanan strategi pengurusan, kemampuan portfolio dan kestabilan model perniagaan kami. Tambahan pula, kami percaya bahawa pemulihan harga pasaran Hektar REIT di Bursa Malaysia dibanding tahun sebelumnya adalah bukti sokongan pasaran modal terhadap usaha-usaha kami. Sehubungan dengan ini, kami ingin berterima kasih kepada anda dan pemegang-pemegang unit yang lain di atas kepercayaan dan sokongan yang diberi.

Arah tuju ekonomi dunia masih belum boleh diramal. Jika kita ketepikan ketidaktentuan ekonomi makro, kami yakin Hektar REIT akan terus mencapai prestasi yang lestari. Selepas ini, kami akan berkongsi dengan anda wawasan perniagaan, tinjauan masa depan dan strategi kami.

PRESTASI KEWANGAN

Bagi tahun berakhir 31 Disember 2009 (FY2009), Hektar REIT telah mengisytiharkan dividen seunit (DPU) sebanyak 10.3 sen. DPU ini 10.9% lebih tinggi dari unjuran yang diberi di dalam prospektus yang diterbitkan pada 15 November 2006. DPU pada tahun 2009 juga 1% lebih tinggi dari tahun kewangan 2008 (FY2008), iaitu 10.2 sen.

Pada FY2009, Hektar telah menjana perolehan sebanyak RM87.7 juta, naik 4.3% dari FY2008, sementara keuntungan hartanah bersih (NPI) mencapai RM53 juta, naik 0.6% dari FY2008. Secara keseluruhan, untung bersih mencecah RM37.2 juta, turun 38% dari FY2008, iaitu RM60.4 juta. Ini adalah disebabkan oleh untung tidak di realisasi yang lebih rendah, iaitu RM400 ribu berbanding dengan RM24.1 juta pada tahun FY2008.

Ini berlaku ekoran dari pelarasan nilai hartanah pelaburan mengikut pasaran.

Keuntungan dari pelarasan nilai hartanah mengikut pasaran bukanlah satu sumber perolehan tunai. Ia adalah sebahagian dari Laporan Kewangan Piawai Antarabangsa (IFRS). Piawai ini digunakan untuk melaras nilai hartanah Hektar mengikut pasaran setiap tahun. Penilaian ini dibuat oleh penilai bebas yang menilai hartanah mengikut harga pasaran. Keuntungan kecil pada FY2009 berbanding FY2008 telah dijangka kerana hartanah-hartanah Hektar REIT telahpun mencapai usia matang. Justeru itu, setiap pengurus aset harus sentiasa mencari jalan untuk mempertingkatkan dan menaik taraf hartanah masing-masing untuk memastikan potensi meningkatkan pendapatan sentiasa ada. Ini secara tidak langsung akan menaikkan nilai hartanah. Bagi FY2009, walaupun untung tidak di realisasi rendah, ia mencerminkan kestabilan portfolio hartanah Hektar secara keseluruhan kerana pemerhati-pemerhati industri telah meramalkan penurunan nilai hartanah-hartanah pelaburan pada tahun 2009.

Bagi menentukan prestasi operasi yang sebenar 2009, perhatian harus diberi kepada perolehan tunai, iaitu untung bersih di realisasi. Sepertimana yang dinyatakan di atas, pelarasan nilai hartanah mengikut pasaran akan menambah atau menurunkan untung bersih secara mendadak. Akan tetapi, disebabkan ia bukan merupakan perolehan tunai, ia tidak menggambarkan prestasi operasi sebenar Hektar REIT. Untung bersih di realisasi tidak memfaktorkan pelarasan nilai hartanah mengikut pasaran. Bagi FY2009, untung bersih di realisasi mencecah RM36.7 juta, ataupun 11.48 sen seunit. Prestasi FY2009 1.4% lebih tinggi dari FY2008, iaitu 11.32 sen.

Nilai aset bersih (“NAV”) Hektar REIT menokok sebanyak RM1.27 seunit, naik 1% dari RM1.26 seunit pada FY2009. Sejak ia disenaraikan, NAV telah menokok sebanyak 23.3%.

Perutusan Pengerusi (Sambungan)

Ulasan Tahun

Secara keseluruhan, kami berpuas hati dengan keputusan kewangan Hektar REIT. Pada awal tahun 2009, terdapat sedikit keraguan tentang prestasi kami. Ia berikutan krisis ekonomi dan faktor-faktor lain seperti kenaikan tarif elektrik sebanyak 26% pada bulan Julai 2008, yang mengakibatkan kenaikan kos operasi sebanyak RM1.5 juta dari apa yang disasar. Akan tetapi, kenaikan kos operasi ini telah diimbangi oleh peningkatan pendapatan, yang membuahkan prestasi positif kepada portfolio kami. Ini akan dihuraikan dengan lebih lanjut di seksyen portfolio nanti. Selain itu, kos pembiayaan yang lebih murah juga telah memanfaatkan Hektar REIT.

Pembiayaan

Walaupun sebab-sebab krisis kewangan dunia akan terus dikupas dan dianalisa pada tahun-tahun akan datang, rukun pembiayaan tetap sama; Jangan ambil pinjaman jangka pendek untuk membiayai projek jangka panjang. Pinjaman Hektar adalah melalui Overdraft Al-Murabahah, diberi dalam 2 ansuran. Ansuran pinjaman pertama berjumlah RM184 juta akan tamat tempoh pada tahun 2011 manakala ansuran pinjaman kedua berjumlah RM150 juta akan tamat tempoh pada tahun 2013. Kos pembiayaan distruktur di mana kadar pinjaman ditetapkan setiap tahun. Bagi ansuran pertama, kadar pinjaman ditetapkan pada bulan Disember manakala kadar pinjaman bagi ansuran kedua ditetapkan pada bulan April. Kelonggaran dasar kewangan Bank Negara Malaysia telah memanfaatkan Hektar REIT. Kadar Dasar Semalaman yang diturunkan kepada 2% sepanjang FY2009 telah mengurangkan kos pembiayaan Hektar REIT, iaitu jauh lebih rendah dari apa yang disasarkan. Kos purata berat pinjaman sebanyak RM334 juta ialah 3.28% pada akhir Disember 2009.

Bayaran Dividen

Setelah meneliti prestasi kewangan FY2009, kami dapati bahawa perolehan, untung bersih di realisasi dan NAV semuanya positif. Oleh itu, kami membuat keputusan untuk memberi ganjaran kepada pemegang-pemegang unit Hektar REIT dengan menambah kadar dividen seunit ("DPU"). DPU yang diisytihar ialah 10.3 sen, 1% lebih tinggi dari FY2008, dan merupakan nisbah bayaran sebanyak 90% dari untung bersih di realisasi. Seperti tahun-tahun yang lepas, kami tidak membayar kesemua untung di realisasi kerana kami ingin menyimpan sebahagian kecilnya untuk pelbagai aktiviti yang bertujuan untuk meningkatkan lagi prestasi Hektar REIT. Aktiviti-aktiviti ini termasuk membeli lot-lot yang dimiliki individu (lebih kurang 6% dari keluasan Subang Parade dan Mahkota Parade dimiliki oleh individu) serta peningkatan dan penaiktarafan aset. Ini akan dihuraikan dengan lebih lanjut di seksyen seterusnya.

Tindak Balas Pasaran

Pada tahun lepas, kami berpuas hati apabila pasaran modal telah memberi tindakbalas wajar, dengan memfaktorkan optimisma dalam prospek Hektar REIT FY2009 dan tahun-tahun seterusnya. Liputan yang menggalakkan telah diterima daripada badan-badan penyelidikan dan pelaburan, terutamanya OSK Research, AmResearch dan Standard & Poor's telah menaikkan profil Hektar. Dalam acara tahunannya, iaitu OSK Jewels 2009, OSK Research telah memilih Hektar sebagai salah satu daripada 5 syarikat teratas dalam bukunya, "Syarikat-syarikat Bermodal Kecil Teratas yang dilancarkan pada bulan Mac 2009. Tambahan pula, sepanjang tahun 2009, Hektar telah membentangkan dan menyertai pelbagai persidangan anjuran CIMB Private Banking, Asia Business Forum, LexisNexis, IR Magazine (di Singapura) dan seminar-seminar di Malaysian Investor Relations Association, Institute of Public Relations Malaysia dan Jabatan Hartanah di National University of Singapore. Pada akhir tahun 2009, harga pasaran Hektar REIT di Bursa Malaysia ditutup pada RM1.12, penambahan sebanyak 45.5%.

LAPORAN PORTFOLIO TERKINI

Hektar REIT telah menggabungkan portfolio hartanah berkualiti yang menumpu kepada pusat-pusat membeli-belah bercirikan kejiranan, yang terletak di kawasan pasaran yang besar dan strategik. Dengan lebih dari sejuta ruang sewaan bersih ("NLA") di bawah pengurusan, kami telah melaksanakan pelbagai strategi dan taktik termasuk sewaan berdasarkan perolehan, sewaan berperingkat dan inisiatif peningkatan aset untuk memberi pertumbuhan pulangan lestari.

Lokasi berlainan hartanah-hartanah telah memanfaatkan Hektar REIT dengan meratakan ketidaktentuan setiap tempat. Contohnya, kami menjangka prestasi separuh kedua FY2009 akan menjadi lebih mencabar disebabkan oleh kelemahan pasaran Melaka dan juga kesan projek penaiktarafan ke atas sewaan di Mahkota Parade. Akan tetapi, pertumbuhan kuat di Subang Parade telah mengimbangi penurunan di Mahkota Parade. Lokasi hartanah-hartanah di Subang Jaya (Selangor), Melaka dan Muar (Johor) mewakili keluasan dan kepelbagaian Hektar REIT. Keluasan dan kepelbagaian ini telah membolehkan Hektar memahami citarasa pasaran-pasaran tempatan tersebut.

Penginapan peruncit keseluruhan Hektar REIT kekal pada 95.8%, sama seperti FY2008. Buat julung-julung kalinya, penginapan peruncit di Subang Parade melonjak kepada 100% sepanjang tahun 2009. Perubahan penginapan peruncit juga berlaku di Wetex Parade, di mana penginapan peruncit naik kepada 90.1%, manakala penginapan di Mahkota Parade turun kepada 93.6% ekoran dari projek penaikan taraf.

Perutusan Pengerusi (Sambungan)

Ulasan Tahun

Bilangan trafik pengunjung mencecah 21.3 juta pada tahun 2009. Subang Parade mencatat kenaikan kecil sebanyak 1.8% kepada 7.8 juta kunjungan sepanjang tahun, sementara Wetex Parade mencatat 5.6 juta kunjungan, satu angka yang baik kerana saiznya kurang dari separuh saiz Subang Parade dari segi NLA. Mahkota Parade pula mencatat penurunan sebanyak 5.3% kepada 7.9 juta, sebahagian besarnya disebabkan oleh projek penaikan taraf yang bermula pada bulan Julai 2009. Projek penaikan taraf ini merangkumi ruang yang luas, termasuk tempat letak kereta bawah tanah dan luar bangunan. Secara purata, hartanah Hektar menerima 58,000 kunjungan sehari.

Penyewa-penyewa tunjang terus menyumbang pendapatan kepada Hektar REIT dari pelbagai sumber. Portfolio Hektar mengandungi lebih dari 300 penyewa, di mana penyewa utamanya Parkson, menyumbang sebanyak 11% dari perolehan sewaan bulanan. Selepas Parkson, The Store menyumbang sebanyak 3% dari perolehan sewaan bulanan. Secara ringkas, lebih 85% dari perolehan sewaan bulanan disumbang oleh penyewa-penyewa berjenama terkenal tempatan dan antarabangsa dan selebihnya dari peniaga tunggal kecil. Campuran penyewa ini memastikan kemampunan asas pendapatan dan mengurangkan risiko penghutang ingkar.

Bagi FY2009, Hektar REIT mengutip RM1.35 juta sewaan berdasarkan perolehan berbanding RM1.67 juta pada FY2008. Penyumbang utama perolehan ini ialah penyewa-penyewa dari kategori kesihatan & kecantikan. Untuk pengetahuan anda, kami tidak mensasar sewaan berdasarkan perolehan di dalam unjuran kami.

Peruncit sebagai Rakan Niaga

Pembaharuan kadar sewaan bagi Hektar REIT bertukar menjadi negatif pada tahun FY2009, di mana sewaan 99 peruncit adalah baru atau diperbaharui. Purata penurunan kadar sewa ialah sebanyak 5%. Akan tetapi, penurunan ini tidak seragam kerana sebahagian besar dari penurunan ini berpunca dari Mahkota Parade dengan purata penurunan kadar sewa sebanyak 13%. Dibandingkan dengan Mahkota Parade, pembaharuan kadar sewaan di Subang Parade mendatar sementara Wetex Parade pula naik dengan kadar purata sebanyak 8%.

Kelebihan model perniagaan kami ialah sewaan berdasarkan perolehan dan sewaan berperingkat. Jenis sewaan-sewaan ini mampu menampung penurunan kadar sewa dalam jangka masa panjang. Contohnya, apabila kos penginapan penyewa di Mahkota Parade naik, kami akan menurunkan kadar sewa asas bagi membantu mereka untuk terus mengurus niaga di Mahkota Parade. Walau bagaimanapun, peruntukan sewaan berdasarkan perolehan kekal di dalam perjanjian penyewaan. Apabila perniagaan penyewa

tersebut pulih setelah penaikan taraf Mahkota Parade siap, pendapatan yang kurang daripada sewa asas dapat ditampung semula oleh sewaan berdasarkan perolehan.

Penaikan taraf Mahkota Parade

Setakat ini, projek penaikan taraf Mahkota Parade mengikut jadual. Sejak ia dibuka pada tahun 1994, Mahkota Parade telah dikenali sebagai pusat membeli-belah terunggul di Melaka. Tahun lalu, kami telah membuat keputusan untuk menaiktaraf Mahkota Parade untuk menghadapi saingan sengit dari pusat-pusat membeli-belah baru yang berdekatan. Projek ini dijangka akan mencergaskan semula Mahkota Parade agar ia kekal sebagai pusat membeli-belah terunggul di Melaka.

Pendekatan utama kami terhadap projek penaikan taraf ini ialah mengurangkan kesan negatif kepada perniagaan harian penyewa-penyewa. Sepanjang projek penaikan taraf ini, perniagaan akan berjalan seperti biasa kerana kerja-kerja hanya dibuat pada waktu antara 10 malam hingga 7 pagi. Projek ini dibahagikan kepada 3 fasa dan akan berlangsung selama 9 bulan, bermula pada bulan Julai 2009 dan dijangka siap pada bulan April 2010.

Dengan peruntukan sebanyak RM30.4 juta, projek penaikan taraf ini merangkumi hampir keseluruhan kawasan Mahkota Parade. Kerja-kerja termasuk memasang lantai baru, mengecat semula dinding, menambahkan keterangan lampu dan membaiki bumbung. Kemudahan-kemudahan baru akan disediakan manakala kemudahan-kemudahan lama akan dinaik taraf. Ini termasuk lif baru, papan panduan, papan tanda, sistem keselamatan dan kaunter perkhidmatan pengunjung. Ruang letak kereta akan ditambah dari 955 kepada 1,000, sekaligus menambahkan keupayaan trafik di Mahkota Parade. Kesan keseluruhan ialah sebuah pusat membeli-belah yang kelihatan lebih terang, lebih bersih dan lebih selesa buat pengunjung.

Kami sudah berpengalaman dalam mengendalikan kegiatan menaiktaraf yang tidak mengganggu perniagaan harian penyewa ekoran dari projek menaiktaraf Subang Parade pada tahun 2006. Pada masa itu, kerja-kerja turut dijalankan pada waktu malam bagi membolehkan perniagaan penyewa berjalan seperti biasa di siang hari. Rekod prestasi projek ini membanggakan kerana tiada tuntutan ganti-rugi perniagaan daripada penyewa, tiada rekod kecederaan pekerja dan paling utama, kos projek tersebut tidak melebihi peruntukan asal. Program perhubungan dengan pengunjung telah dikeluarkan dan disebarkan. Program ini menumpu kepada aspek keselamatan dan keselesaan pengunjung, serta kempen promosi di Mahkota Parade. Setakat ini, fasa 1 & 2 telahpun siap and fasa terakhir iaitu fasa 3, dijangka siap pada

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bulan April 2010. Untuk pengetahuan anda, di sebalik kesibukan projek penaikan taraf ini, Mahkota Parade masih berjaya dinobatkan oleh Kerajaan Negeri Melaka sebagai pusat membeli-belah terbaik di negeri itu bagi tahun 2008/2009.

Kepada pembaca yang berminat untuk mengetahui maklumat-maklumat Hektar REIT dengan lebih mendalam lagi, sila rujuk kepada seksyen Prestasi Portfolio.

MENKAKAJI SEMULA STRATEGI KAMI

Hektar REIT masih kekal sebagai satu-satunya REIT di Malaysia yang menumpu hanya kepada sektor pusat membeli-belah. Kami sentiasa berusaha memperbaiki dan memperkenalkan sesuatu yang baru kepada pengunjung-pengunjung dan penyewa-penyewa kami.

REIT yang menumpu kepada pusat membeli-belah adalah unik berbanding dengan REIT yang menumpu kepada sektor hartanah yang lain. Ini adalah kerana kami memberi perhatian kepada dua pelanggan – penyewa dan pengunjung. Model perniagaan kami menganggap penyewa-penyewa kami sebagai rakan niaga. Selain itu, kami juga perlu memberi perhatian kepada pelanggan penyewa-penyewa kami, iaitu pengunjung-pengunjung ke pusat membeli-belah. Pengalaman membeli-belah yang indah datangnya dari adunan pelbagai faktor - iaitu menawarkan penyewa/peruncit yang relevan, keluaran atau perkhidmatan yang menarik, menyediakan suasana yang selesa dan sesuai untuk membeli-belah, beriadah, beristirahat dan bersantai. Unsur-unsur ini merupakan formula yang perlu ada untuk menjayakan sesebuah pusat membeli-belah.

Kami percaya pendorong utama prestasi menyerlah kami ialah pengurusan yang padu. Hartanah yang baik dengan pengurusan lemah akan merosot juga akhirnya – di Malaysia, terdapat banyak bukti yang menunjukkan kemerosotan pusat-pusat membeli-belah yang pada satu masa begitu hebat, ekoran dari pengurusan yang lemah.

Hektar memiliki hartanah-hartanah yang berkualiti tinggi, dan untuk mengekalkan kualiti ini, kami memerlukan pengurusan yang sentiasa berkualiti. Pendekatan kami terhadap pengurusan dipacu dari peringkat operasi, sementara objektif utama kami adalah berdasarkan pendekatan “top-down”, di mana pengurusan peringkat atas akan membimbing dan mendorong pekerja-pekerja peringkat pertengahan dan bawahan. Kami akan berkongsi pendekatan ini di seksyen selanjutnya. Hektar bertuah kerana mempunyai kumpulan pengurusan yang baik; dari peringkat teratas hingga ke bawah.

Mengurus dari Peringkat Operasi

Pengurus-pengurus kami meluangkan banyak masa dengan berjalan mengelilingi pusat-pusat membeli-belah kami. Kami sentiasa mencari jalan untuk memperbaiki campuran penyewa, yang sejajar dengan pertumbuhan pasaran dan bersesuaian dengan citarasa terbaru pengunjung-pengunjung. Bagi mencapai matlamat ini, kami menghabiskan banyak masa memerhati tindak-tanduk pengunjung-pengunjung di samping berbicara dan berbincang dengan penyewa-penyewa. Aktiviti-aktiviti ini banyak memberikan ilham kepada kami. Bill Gates, Pengerusi Microsoft pernah mengatakan bahawa maklum balas pelanggan yang tidak berpuas hati adalah sumber pengajaran terbaik. Justeru itu, kami banyak melabur di dalam penyelidikan pasaran, seperti menemuramah dari rumah-ke-rumah dan mewujudkan kumpulan fokus, di mana peserta-pesertanya adalah mereka yang sudah berhenti mengunjungi pusat-pusat membeli-belah berhampiran dengan rumah mereka. Proses ini tidak boleh dilakukan di pejabat, tetapi dengan berjalan dan bertemu dengan penyewa-penyewa dan pengunjung-pengunjung.

Saya kerap kali kagum dengan pemahaman luas pasukan pengurusan Hektar tentang konsep peruncitan, tingkah laku pengguna, arah aliran penyewaan dan pengurusan hartanah. Di dalam usaha mereka mencapai objektif masing-masing, saya sentiasa menggalakkan pengurus-pengurus saya agar mempunyai fikiran terbuka dan tidak dihadkan oleh pemikiran konvensional. Bersama-sama, kami akan sentiasa berbincang dan berkerjasama di dalam membentuk strategi dan taktik yang bersesuaian bagi setiap hartanah kami. Kadangkala, kami telah mendapat hasil yang menarik melalui aktiviti-aktiviti promosi dan penyewaan kami. Sila baca seterusnya.

Penyewaan adalah Kelebihan Daya Saing Kami

Salah satu kekuatan Hektar ialah hubungannya dengan penyewa-penyewa. Kami ada lebih dari 300 penyewa runcit dalam portfolio dan kami mengenali ratusan lagi penyewa-penyewa runcit di Malaysia dan juga di luar negara. Ini adalah sumber besar kami. Kebanyakan penyewa tersebut mempunyai pengalaman berurusan dengan Hektar di pusat-pusat membeli-belahnya. Mereka menghargai usaha dan sumbangan kami di dalam membantu perniagaan mereka. Mereka juga tahu pemahaman mendalam kami mengenai perniagaan peruncitan. Ini adalah kelebihan daya saing kami, terutamanya apabila kami memasuki pasaran baru atau berusaha memperbaiki pasaran sedia ada (iaitu dengan menukar campuran penyewa). Rekod prestasi kami memberi keyakinan kepada penyewa-penyewa runcit. Mereka tahu sekiranya mereka menyewa di hartanah Hektar, mereka akan mendapat tahap perkhidmatan yang membolehkan mereka berjaya di dalam perniagaan mereka. Ini pula akan menghasilkan kadar sewaan yang premium di hartanah

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Hektar. Kami juga berkerjasama dengan penyewa-penyewa runcit kami untuk mereka-bentuk konsep yang baru dan menarik.

Hasil usaha-usaha kami boleh dilihat dengan konsep-konsep peruncitan baru yang diperkenalkan di pusat-pusat membeli-belah milikan Hektar. Contohnya restoran Chill Out di Subang Parade dan kafe Elephant Bean di Wetex Parade. Chill Out merupakan restoran yang menyediakan makanan yang mengadunkan masakan timur dan barat. Konsep restoran terbuka ini membolehkan pengunjung-pengunjung beristirehat hingga ke 1 pagi. Bertempat di ruang yang tidak pernah digunakan di luar Parkson, Chill Out ialah salah satu konsep baru yang diperkenalkan oleh Hektar dengan kerjasama usahawan tempatan. Konsep ini menggunakan ruang yang tidak produktif dan sekaligus menambahkan pulangan Hektar REIT, disamping menambah daya tarikan keseluruhan Subang Parade. Buat masa ini, Subang Parade menawarkan pelbagai pilihan "cara-hidup", bermula dengan Celebrity Fitness, yang dibuka pada pukul 6 pagi, Uncle Lim's yang menawarkan sarapan pagi pada pukul 8 pagi dan berakhir dengan Chill Out yang beroperasi hingga 1 pagi.

Di Wetex Parade pula, kami memperkenalkan konsep kafe di pintu masuk pusat membeli-belah ini. Pada mulanya, kami ingin meletakkan rantaian kedai kopi antarabangsa, tapi akhirnya kami membuat keputusan untuk mengurus niaga dengan peruncit tempatan, iaitu Elephant Bean, pembekal kopi tempatan di Muar. Kami merancang untuk mengeksport konsep ini ke pasaran lain pada masa akan datang. Pemupukan jenama runcitan baru akan menguatkan lagi kelebihan daya saing Hektar dalam jangka masa panjang.

Pengiklanan dan Promosi adalah "Senjata Maut" Kami

Pengiklanan dan promosi (A&P) dianggap "senjata maut" di dalam menentukan kejayaan sesebuah pusat membeli-belah. Dalam istilah teknologi maklumat, "senjata maut" digunakan untuk menjelaskan perisian yang sering diguna-pakai, inovatif dan laris. Contohnya, perisian "Excel" oleh Microsoft dianggap sebagai "senjata maut" untuk komputer peribadi kerana ia melariskan penggunaan dan jualannya. Berdasarkan konsep yang sama, kami percaya A&P sangat penting di dalam mengekalkan tarikan sesebuah pusat membeli-belah yang juga akan merangsang permintaan produk dan perkhidmatan di pusat-pusat tersebut.

A&P merangkumi aktiviti-aktiviti pemasaran yang direka untuk menarik pengunjung-pengunjung dan menggalakkan mereka untuk kembali. Aktiviti-aktiviti terdiri daripada pameran, demonstrasi produk dan juga konsert. Kami juga mereka dan merancang kempen sepanjang tahun yang menyajikan pelbagai acara, terutamanya semasa musim perayaan atau cuti sekolah. Kempen-kempen yang popular termasuk pertunjukan

silap mata, pertandingan kugiran dan program membeli-belah untuk sekolah anda. Pada tahun 2009, portfolio Hektar mencatat kunjungan seramai 21.3 juta orang. Secara purata, pusat membeli-belah milikan Hektar menerima kunjungan seramai 58,000 sehari. Bagi kami, ini melambangkan 58,000 peluang untuk menarik pengunjung-pengunjung.

Di Hektar, kami amat serius mengenai aktiviti-aktiviti A&P. Sebilangan kempen telah direka untuk meningkatkan jualan penyewa-penyewa runcit kami. Satu program yang berkesan ialah "Membeli-belah untuk Sekolah Anda", yang diadakan di ketiga-tiga pusat membeli-belah Hektar. Secara ringkas, kempen ini bertumpu kepada sekolah-sekolah di sekitar pusat membeli-belah tersebut. Kempen bermula dan berakhir pada masa yang ditetapkan dan sepanjang kempen ini, pelajar-pelajar dan keluarga mereka boleh membeli-belah di Parade tempatan mereka dan mencalonkan sekolah masing-masing di kaunter perkhidmatan pengunjung dengan memberi resit pembelian mereka. Pada asasnya, ia adalah satu pertandingan di mana sekolah yang paling banyak dicalonkan (berdasarkan jumlah resit yang diberi) akan menang. Hadiah-hadiah yang diberikan ditaja oleh penyewa-penyewa runcit dan dipilih untuk memanfaatkan sekolah, seperti komputer untuk makmal komputer. Program ini bukan saja memanfaatkan penyewa-penyewa runcit dengan meningkatkan jualan, ia juga memanfaatkan Hektar dengan bertambahnya pengunjung-pengunjung (yang akan berbelanja di pusat membeli-belah yang dimilikinya) dan akhirnya ia juga memanfaatkan sekolah-sekolah di persekitarannya. Hasilnya, ketiga-tiga pihak akan meraih kemenangan.

Tanggungjawab Kemasyarakatan Korporat

Pusat-pusat membeli-belah milikan Hektar secara tradisinya memang terlibat dalam aktiviti-aktiviti kemasyarakatan. "Membeli-belah untuk Sekolah Anda", seperti yang diuraikan di atas, mempunyai unsur-unsur A&P yang baik dan pada masa yang sama, memanfaatkan masyarakat. Pihak-pihak yang mendapat manfaat dari promosi Hektar terdiri dari pelbagai persatuan seperti Calvary Care Home, Sek Kia Enh Cancer Fund, Rumah Jalinan Kasih dan Pertubuhan Kebajikan Anak-Anak Yatim Islam Muar. Kempen-kempen unik dilancarkan dari masa ke semasa, seperti "Makan untuk Amal". Ia merupakan pesta makan durian di Subang Parade, yang melibatkan 120 sukarelawan, 4 tan durian dan berjaya meraih sebanyak RM33,000 untuk Children's Wish Society.

Tahun lepas, A&P kami yang menumpu kepada isu masyarakat telah memenangi sebuah anugerah di Asia Shopping Centre Awards 2009 anjuran International Council of Shopping Centres. Kempen di Mahkota Parade, di mana Hektar berkerjasama dengan Persatuan Sukarelawan Bomba, telah menarik seramai 280 kanak-kanak dan meraih sebanyak RM14,000

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dalam bentuk tajaan. Kempen ini bertujuan untuk meningkatkan kesedaran tentang keselamatan dalam kebakaran. Pengiktirafan ini mencerminkan usaha berterusan kami di dalam membangunkan program A&P yang terbaik.

Strategi Pihak Pengurusan Atasan

Selain dari usaha-usaha yang gigih di tahap operasi, pihak pengurusan atasan juga mengambil masa untuk meneliti gambaran utama. Strategi utama kami didorong oleh pembangunan peruncitan, tinjauan masa depan pasaran modal dan prestasi REIT-REIT di Malaysia.

Kami masih positif dengan prospek pembangunan peruncitan di Malaysia sebagai sumber pertumbuhan Hektar REIT.

Pertumbuhan Hektar REIT boleh dicapai melalui 4 kaedah:

1. Perbaikan berterusan
2. Membangunkan hartanah baru (konsep “tanah hijau”)
3. Membangunkan semula hartanah sedia ada
4. Membeli hartanah yang menawarkan sewa yang rendah

Kaedah pertama, “Perbaikan Berterusan” telahpun ditekankan oleh model perniagaan kami dan seperti yang diterangkan dengan panjang lebar sebelum ini, melibatkan kaedah yang menyeluruh, bertujuan untuk memperbaiki prestasi operasi dan kewangan.

Pada masa ini syarikat persendirian Hektar memberi keutamaan kepada projek penambahan ruang di Subang Parade.

Selama tiga tahun, Subang Parade telah mencatat kadar penginapan penuh, dan kami percaya terdapat peluang untuk menambah ruang sewaan bagi memenuhi kehendak peruncitan berkonsep baru. Penambahan ruang Subang Parade akan dibuat di atas tanah berukuran 2 ekar yang bersebelahan dengannya. Buat masa ini, syarikat persendirian Hektar sedang memuktamadkan satu perjanjian usahasama dengan sebuah syarikat pemaju yang berpengalaman untuk membangunkan satu projek campuran. Bahagian pusat membeli-belah projek ini akan bergabung dengan Subang Parade secara tidak kelim. Ruang tambahan Subang Parade ini akan diisi dengan penyewa-penyewa runcit yang menawarkan produk dan perkhidmatan yang masih belum ada buat masa ini. Kami menjangka akan memuktamadkan projek ini dan membuat pengumuman mengenai pelan persediaan tidak lama lagi.

Kaedah keempat ialah melalui pembelian pusat membeli-belah yang menawarkan sewa yang rendah. Secara ringkas, pusat-pusat membeli-belah

ini mempunyai potensi untuk meningkatkan kadar pulangan portfolio Hektar REIT. Pembelian Wetex Parade dan Classic Hotel di Muar ialah contoh kaedah ini. Seperti yang dijelaskan pada laporan tahunan setahun yang lalu, Wetex Parade merupakan satu-satunya pusat membeli-belah yang ditunjangi gedung serbaneka di Muar. Lebih penting lagi, terdapat peluang untuk memperbaiki campuran penyewa dengan memperkenalkan konsep runcitan terbaru, serta memasukkan rantaian peruncit berjenama antarabangsa dan tempatan. Hasilnya, kadar sewaan Wetex Parade telah naik sebanyak 8% pada tahun 2009. Dengan kadar penginapan sebanyak 90.1% pada akhir tahun 2009, masih banyak lagi ruang untuk meningkatkan perolehan di Wetex Parade.

Pembelian Terkini

Kami sentiasa berusaha mencari pusat-pusat membeli-belah yang berpotensi untuk dibeli. Tahun lepas, kami telah menjalankan kajian menyeluruh terhadap beberapa pusat membeli-belah yang berpotensi untuk disuntik ke dalam portfolio Hektar REIT. Sesetengahnya menunjukkan potensi tetapi terdapat dua sebab yang telah menghalang kami dari membuat pembelian pada tahun 2009.

Sebab pertama adalah harga tawaran penjual yang terlalu tinggi, lazimnya lebih dari penilaian yang dibuat oleh penilai bebas kami. Walaupun krisis ekonomi dunia telah memberi tekanan kepada pemilik-pemilik hartanah di negara-negara maju untuk mengurangkan nilai hartanah mereka, ia didapati tidak berlaku di Malaysia.

Ini secara tidak langsung disebabkan oleh sektor perbankan yang kukuh di Malaysia. Dibandingkan dengan sektor perbankan di negara-negara maju, bank-bank di Malaysia mempunyai modal ekuiti yang lebih tinggi. Apabila Bank Negara mengurangkan Kadar Dasar Semalaman untuk merangsang aktiviti ekonomi, banyak bank di Malaysia mampu berkongsi penjimatan kadar pembiayaan rendah ini dengan pengguna-pengguna. Hasilnya, tidak banyak kes mufis yang diisytihar oleh syarikat-syarikat kewangan dan bukan kewangan. Keadaan ini pula mengurangkan aset-aset terdesak di pasaran.

Sebab kedua yang menghalang Hektar dari membeli aset baru ialah ketidaksesuaian masa untuk membiaya pembelian baru melalui pasaran modal sekunder. Pasaran modal di Malaysia, walaupun terdapat tanda-tanda pulih di separuh kedua 2009, masih belum bersedia, terutamanya untuk membiaya REIT secara efisien. Kadar pulangan nominal Hektar berkisar sebanyak 9% , satu kadar yang tinggi untuk meraih ekuiti sekunder bagi tujuan pembelian aset baru. Dengan kadar pembiayaan bank kurang dari 4%, dan di andaikan nisbah hutang-ke-ekuiti sebanyak 50% untuk membuat pembelian aset baru, kos modal yang

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bercampur ialah lebih kurang 6.5%. Nilai ambang ini tidaklah susah untuk dicapai untuk membuat pembelian, tetapi disebabkan harga pasaran Hektar REIT di Bursa Malaysia kurang dari Nilai Aset Bersih, sebarang terbitan ekuiti pada harga diskaun akan mencairkan nilai Hektar REIT kepada pemegang-pemegang unit. Seperti yang kami nyatakan sebelum ini, apa-apa pembelian aset baru mestilah memberi kadar pulangan yang lebih tinggi, bukan sebaliknya. Pada akhir 2009, harga pasaran Hektar REIT di Bursa Malaysia adalah 13% kurang dari Nilai Aset Bersih. Walaupun diskaun harga ini dianggap tidak melampau, kami akan terus memerhati harga pasaran ini dan hanya akan membuat pembelian aset baru sekiranya harga pasaran meningkat ke tahap yang lebih berpatutan.

Kami akan terus mencari aset-aset baru di seluruh Malaysia untuk dibeli. Kriteria kami tidak berubah. Sebaik-baiknya, pusat membeli-belah tersebut harus ditunjangi gedung serbaneka dan berukuran dari 150,000 kaki persegi ke atas. Ia harus bertempat di kawasan perumahan yang padat dan matang dan mempunyai segmen pasaran yang mudah dikenali. Kami sedia menimbang pusat-pusat membeli-belah yang sudah beroperasi atau sedang dibina, disewa penuh atau kosong. Yang paling penting, kami akan meneliti sama ada kami mampu mempertingkatkan nilai hartanah tersebut dengan strategi penyewaan dan peningkatan aset kami. Akhirnya, disebabkan dasar kami ialah mengawal penuh campuran penyewa bagi memastikan keselesaan membeli-belah pengunjung, kami tidak akan membeli pusat membeli-belah yang mempunyai pemilik-pemilik lot individu lebih dari 10% dari jumlah keluasan. Seperti yang diterangkan sebelum ini, kami akan menggunakan pengalaman dan amalan perniagaan kami untuk menjadikan semua hartanah yang kami miliki sebagai sebuah pusat membeli-belah terunggul di kawasan masing-masing. Kepada semua pemilik, pemaju dan pengurus aset, sila hubungi kami jika anda mempunyai sebarang aset yang berpotensi untuk dibeli oleh Hektar. Kami mengalu-alukan anda untuk berkerjasama dengan kami.

CABARAN DAN TINJAUAN MASA HADAPAN

Kami akan terus memantau ekonomi dunia, terutamanya kesan yang bakal dirasai Malaysia dan seterusnya, ekonomi pengguna tempatan. Cabaran terdekat ialah pendedahan pasaran portfolio hartanah kami kepada suasana peruncitan yang lebih berhati-hati.

Di Melaka, keutamaan diberi ke atas penyiapan projek penaikan taraf Mahkota Parade pada bulan April 2010. Kami juga akan terus memperbaiki campuran penyewa dan melancar semula kempen pengiklanan dan promosi di Mahkota Parade. Kami telah meneliti rekod jualan penyewa-penyewa dan membuat kesimpulan bahawa kami perlu memberi tumpuan kepada kempen yang lebih bijak untuk meningkatkan jualan penyewa-

penyewa. Kami telah menyiapkan pelan-pelan yang lebih terperinci termasuk taktik pemasaran yang lebih agresif, pengeluaran baucer dan mengadakan aktiviti-aktiviti bertemakan produk dan perkhidmatan yang ditawarkan penyewa-penyewa. Sambutan menyeluruh terhadap penaikan taraf dan kempen pemasaran yang lebih runcing dijangka akan mengekalkan minat dan ihsan pengunjung ke atas Mahkota Parade, di tengah-tengah saingan sengit di pasaran Melaka. Pelancaran semula Mahkota Parade dijangka akan dibuat pada suku kedua 2010.

Bagi Subang Parade, walaupun strategi yang menumpu kepada penduduk sekeliling Subang Jaya terbukti mampan, kami akan terus berjaga-jaga untuk melindungi kongsi pasaran dan minat pengguna. Pembangunan dan saingan baru pastinya akan memberi kesan jangka pendek yang negatif kepada Subang Parade. Pengalaman ini agak serupa dengan Mahkota Parade di Melaka pada tahun 2008, semasa pesaing-pesaing memulakan perniagaan mereka. Setelah pasaran stabil, potensi jangka-panjang pulih setelah keseluruhan kawasan tersebut mula dikenali sebagai presint membeli-belah. Kami menjangka Subang Parade akan melalui proses yang sama; Setelah pasaran stabil, kawasan sekeliling Subang Parade akan diwar-warkan sebagai presint membeli-belah, sama seperti Bukit Bintang di Kuala Lumpur. Sementara itu, kami akan terus memperkenalkan konsep baru di samping memastikan kedudukan Subang Parade sebagai pusat membeli-belah terunggul di Subang Jaya.

Di Wetex Parade, kami akan terus berusaha memperbaiki campuran penyewa dan inisiatif-inisiatif peningkatan yang lain. Paling utama di senarai kami ialah cadangan menaiktaraf kemudahan dan ruang sekeliling Wetex Parade. Kami akan memastikan bahawa Wetex Parade terus terkenal sebagai pusat membeli-belah terkemuka di Muar. Pelan-pelan kami sedang dimuktamadkan dan kami harap akan mengumumkannya tidak lama lagi.

Kami akan terus memantau pasaran modal dan pemulihannya. Prospek meraih dana ekuiti telah menjadi bertambah baik dan dengan sokongan utuh pelabur tunjang kami Frasers Centrepoint Trust, kami kekal optimis bahawa kami akan menjumpai hartanah yang sesuai yang menawarkan harga yang sesuai pada masa yang sesuai, di tahun 2010.

Fokus, Fokus, Fokus

Hektar mempunyai satu formula, iaitu fokus yang jelas. Hektar REIT memiliki hartanah berlokasi strategik yang menumpu kepada pasaran masing-masing; model perniagaan yang menumpu kepada penyewa-penyewa runcit dan pelanggan-pelanggan mereka; dan pengurusan kami yang terus menumpu kepada matlamat utamanya dan pada masa yang sama, masih

Perutusan Pengerusi (Sambungan)

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mengawal dan mengawasi pengurusan di peringkat operasi. Jika formula ini boleh dipecahkan, ia akan dihuraikan seperti di bawah:

Pengunjung gembira → jualan penyewa runcit positif → penyewa gembira → pertumbuhan pendapatan sewaan positif → prestasi REIT positif → pemegang saham gembira.

Pengunjung-pengunjung kami akan sentiasa mengingati pusat membeli-belah kami, penyewa-penyewa kami akan menghormati usaha kami dan pemegang-pemegang unit akan menikmati ganjaran hasil daripada usaha kami. Matlamat kami hanya tetap satu – iaitu menjadikan Hektar sebagai tuan rumah pilihan utama penyewa-penyewa. Wawasan kami kekal, iaitu “Mewujudkan Suasana Membeli-belah Kegemaran Ramai”.

PENGHARGAAN

Bagi pihak Lembaga Pengarah Hektar Asset Management Sdn Bhd, saya ingin mengucapkan terima kasih kepada pekerja-pekerja Hektar kerana terus

berdedikasi di dalam kerjaya mereka. Jika disingkap kembali prestasi tahun lepas, saya sangat kagum dan berbangga dengan bakat-bakat mereka yang bekerja di Hektar. Usaha-usaha gigih mereka sepanjang tahun telah memastikan Hektar REIT terus mencapai prestasi positif di tengah-tengah pergolakan dan ketidakpastian tahun 2009.

Hektar tetap komited dengan matlamat kami, iaitu memberi pulangan pelaburan yang selamat dan stabil kepada pemegang-pemegang unit. Jika anda ingat, pegangan saya tahun lepas ialah “sentiasa berfikiran positif”. Pesanan saya tahun ini pula ialah “kekalkan fokus”.

DATO' JAAFAR BIN ABDUL HAMID
Pengerusi dan Ketua Pegawai Eksekutif
Februari 2010

單位信託持有者信件

年度報告

親愛的賀達房地產投資信託基金單位信託持有者：

回顧

1年前，我曾向各位報告當時面對的挑戰、這挑戰是自1930年代大蕭條以來最嚴重的全球金融危機。當時我強調，賀達專注在市場基本面，我們深信自己的經營模式和管理。現在回頭看，我們發現2009年呈現強烈對比；這一年以被金融危機搞得昏頭轉向掀開序幕，到了年底時又出現資金市場復甦。儘管經濟不穩定且起伏跌宕，賀達房地產投資信託基金 (Hektar REIT) 還是取得了正面表現。

我們的房地產信託基金經營模式不但能在經濟好時業績表現良好，經濟不好時表現也不錯，截至目前，我們的績效表現仍然優異。自2006年12月首度公開獻售 (IPO) 以來，賀達房地產信託基金不但營業額正成長、淨利增長、淨資產值上揚，對投資者來說，更重要的是股息也不斷成長。金融危機期間，大馬經濟也受到了影響；2009年大馬經濟成長率萎縮了3.3% (大馬經濟研究院)。不過，各區域受到的影響不盡相同，貿易相關，特別是商品的出口蒙受巨大影響之際，大馬整體金融業及其它服務業的影響卻相對的小。事實上，我們在雪蘭莪、馬六甲及北柔佛的零售業績在很多方面都取得了正成長。

2009年間，我們成功達成目標：也就是在經濟困難時期仍然取得成長。我們的業績表現證明了我們的管理有效、我們的投資組合耐力堅實、而且經營模式穩健妥當。再者，因為資金市場接納了我們的付出，我們的股價每一年都在增長。我們很感激股東給予我們的支持。

全球經濟前景仍然不明。除去宏觀經濟不明不談，我們深信賀達房地產信託基金將會保持一定的業績表現。接下來，我們將跟各位分享我們的經營理念、前景分析及經營策略。

財務業績表現

截至2009年12月31日 (2009財政年) 的財政年度，賀達房地產信託基金派發的單位股息為10.3仙 (DPU)。相較於2006年11月15日初次公開獻售招股書上的預測，大約高出10.9%。這等股息也較2008財政年所派發的單位股息10.2仙高1%。

營業額達8770萬令吉，比2008財政年高4.3%，淨房地產收入 (NPI) 達5300萬令吉，比2008財政年高0.6%。整體而言，賀達淨收入約達3720萬令吉，比2008財政年的6040萬令吉淨收入低38%。原因在於2009財政年房地產投資合理估值

調整 (Fair Valuation Adjustment of Investment Properties) 的未實現利得 (unrealised gain) 40萬519令吉，比2008財政年的2410萬令吉低。

合理估價調整是非現金項，且是財務報告標準 (FRS) 之一。這是用來調整賀達的年度房地產投資組合。估值是由獨立估價師以當時房地產市場為客觀標準估算出來的。2009財政年合理估值調整的未實現利得比2008財政年少是可以預期的，因為房地產會“成熟” (mature)。房地產經理人必須不斷想辦法，設法強化或翻新房地產以改善提高收入的潛能，以及最終提升房地產價值。就2009財政年估值上揚而言，這顯示賀達的投資組合整體而言在這一年內成功提升價值，這是個正面發展，因為其他業界觀察家很擔心，投資房地產會貶值。

為了確定實質營運表現，也就是2009財政年的現金相關績效表現，我們用了淨收入 (實現) 法。誠如各位之前看到的，合理估值調整會大幅度提升或降低房地產信託的淨收入，不過，這是非現金項，它無法說清楚房地產信託基金的真實營運績效表現。淨收入 (實現) 法排除合理估值調整，而且反映現金相關績效表現，因此，與名稱上的“實現”吻合。就2009財政年而言，賀達的淨收入 (實現) 達3670萬令吉。就每單位淨收入 (實現) 或每單位獲利 (EPU) 而言，2009財政年達11.48仙，相比之下，2008財政年為11.32仙，總計上揚了1.4%。

賀達房地產信託基金的淨資產值 (NAV) 上揚至1.27令吉，比2008財政年的1.257令吉高1%。自首度公開獻售以來，淨資產值已增加了23.3%。

整體而言，我們相當滿意賀達房地產信託基金在2009財政年的績效表現。剛開始時，我們對去年有所保留，因為經濟不太明朗及其它原因：2008年7月電費調升26%，相較於我們2009年電費預算總計增加超過150萬令吉，卻被所增加的收入抵銷了。因此，我們的投資組合表現正面 (稍後我們會在投資組合部份進一步說明這點) 2009財政年間，另一個對賀達房地產信託基金有利的發展是融資環境。

融資

雖然這波全球金融危機的成因可能要花好幾年來分析，但金融戒律是不變的：也就是絕對不要短期借貸長期投資。賀達的借貸是兩批符合回教教義的借貸；總值達1億8400萬令吉的首批回教借貸將在2011年到期，第二批總值達1億5000萬令吉的回教借貸則將在2013年到期。融資成本以年計，首批及次批借貸融資成本的重設期分別是12月及4月。賀達房地產信託基金，受惠於

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2009財政年國家銀行採納寬鬆的貨幣政策。隔夜政策利率 (Overnight Policy Rate) 2009年間大部份時間都維持在2.0%的情況下，賀達房地產信託基金的2009財政年利息支出比預算低。就加權平均成本 (weighted average cost) 而言，截至2009年12月，3億3400萬令吉總債務的加權平均成本利息為3.28%。

股息

我們評論2009財政年財政報表時發現營業額、實現淨收入及淨資產值都增長，因此我們也很樂意以較高的股息回饋單位持有人。2009財政年的每單位股息是10.3仙，比2008財政年高1%，且淨收入 (實現) 派發率約達90%。過去而言，通常我們不會派發所有淨收入 (實現)，我們會把這些錢存起來用在他處，以提升房地產信託基金的潛在表現。用處包括收購已售零售單位 (梳邦及皇冠百利廣場已售零售單位的面積約佔6%)，以及強化這些房地產。爾後各位會看到的投資組合升級部份，將詳細說明這類資產強化細節。

市場反應

去年，我們感到慶幸的是資金市場反應良好，帶動賀達房地產信託基金2009財政年及未來前景樂觀。投資及研究機構有利於賀達房地產信託基金的報導，也提升了我們的形象，特別是橋豐研究 (OSK Research)、大馬研究 (AmResearch) 及標準普爾 (Standard & Poor) 的分析報告。橋豐研究在2009年3月出版的“大馬最優秀的小型資本公司 (Top Malaysian Small Cap Companies Book)”，賀達被選為OSK Jewels 2009五強之一。再者，去年一整年，賀達也參與了由聯昌私人銀行 (CIMB Private Banking)、Asia Business Forum、LexisNexis及IR Magazine (新加坡) 舉辦的會議，以及大馬投資人關係協會 (Malaysian Investor Relations Association)、大馬公關協會 (Institute of Public Relations Malaysia)、及國立新加坡大學實業系舉辦的座談會。就去年而言，賀達房地產信託基金股價以1.12令吉為閉市價格，總計上揚了45.5%。

投資組合更新

賀達房地產信託基金集合了一組高品質投資組合，我們聚焦在座落於大眾市場策略性地點的購物中心。我們管理的淨可出租面積 (NLA) 超過100萬平方呎，管理策略和技巧則有好幾種，包括“按營業額訂租金” (turnover rent)、“漸增式租金” (Step-up Rent) 及“資產強化獎掖” (asset enhancement initiatives) 以創造持續性的收入成長。

透過降低每一個潛在市場的循環性波動，我們旗下房地產的多元化地點惠及賀達房地產信託基金。舉例而言，我們原預計2009年下半年業績會很有挑戰性，部份原因是較弱的馬六甲市場及翻新馬六甲皇冠百利廣場 (始於2009年7月)，影響馬六甲皇冠百利廣場的租賃市場慶幸的是，正是梳邦再也強勁成長，抵銷了馬六甲的下滑。投資組合在梳邦再也、雪蘭莪、馬六甲及柔佛麻坡等的這些地點，顯示賀達房地產信託基金多元化的投資地理位置。最重要的是，我們在大馬範圍廣泛的足跡，讓我們得以了解各地方市場的消費意願。

賀達房地產信託基金的總體出租率達95.8%，跟2008財政年一樣。有史以來頭一遭，首邦百利廣場去年一整年的出租率高達100%。威德百利廣場的出租率上揚到了90.1%，皇冠百利廣場出租率則因為翻新工程進行中降至93.6%。

2009年間，我們旗下購物中心的總人流量達2130萬人次。首邦百利廣場去年人流量稍稍上揚了1.8%，約達780萬人次，威德百利廣場則錄得560萬人次，相較於首邦百利廣場威德百利廣場的人流量非常驚人，因為就淨可出租面積而言，威德百利廣場不及首邦百利廣場的一半。皇冠百利廣場去年人流量下滑了5.3%至790萬人次，部份原因是受從2009年7月開始的翻新工程影響，其中也包括室內及室外停車場。總體而言，賀達購物中心每天的人流量超過5萬8000人次。

以零售商為基準的租約，繼續成為賀達房地產信託基金多元化收入的財源。賀達旗下投資組合中，零售業者租約超過300個，其中最大承租戶是百盛 (Parkson)，佔了賀達月租收入的11%。繼百盛第二大承租戶是The Store，約佔賀達月租收入的3%。簡言之，超過85%的月租收入來自國內外零售業者，其餘收入則來自單一承租戶店。這些良好的承租戶組合，確保賀達擁有相對堅實的收入來源，而且違約風險在可容忍的範圍內。

就2009財政年而言，賀達房地產信託基金的“按營業額訂租金”達135萬令吉，2008財政年則為167萬令吉。這部份主要貢獻者為健康及美容零售業者。請注意，我們的財政預算案中並沒有列入“按營業額訂租金”。

零售業者為伙伴

賀達房地產信託基金的租金逆向的基石在2009財政年間轉負，新或更金租約達99個，租金平均下滑5%。不過，下滑幅度並不統一，因為大部份的下滑源自皇冠百利廣場，這裡的租金平均下滑13%。相較之下，首邦百利廣場租金逆向的基石持平，威德百利廣場租金逆向的基石則取得平均8%的漲幅。

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我們經營模式的特點之一，就是“按營業額訂租金”及“漸增式租金”長期下來可能會有初期租金下滑的情況。舉例而言，我們檢查過皇冠百利廣場部份承租戶零售業績，發現他們的承租成本過高時，我們就會下調基礎租金，讓他們能繼續在皇冠百利廣場營業。不過，皇冠百利廣場的10個承租戶中，我們維持“按營業額訂租金”的至少有9個，而且這些承租戶都會提供我們每個月的營業額報告，以及如果業績超過基礎租金時還答應將“按營業額訂租金”率付租金。所以，我們調降未來3年基礎租金的同時，也調低了“按營業額訂租金”門檻。調降基礎租金，將影響最重要的承租戶。不過，當承租戶業績改善時，“按營業額訂租金”上調潛力也會跟著水漲船高。就這點而言，皇冠百利廣場於2010年4月翻新工程完工後，購物者人流量將會回升，屆時，我們可以預期承租戶業績會改善，因此，承租戶未來就很有可能“按營業額訂租金”。正是這類經營策略，我們將承租零售業者視為伙伴；時局困難時我們願意調降基礎租金（承租戶成本），經濟轉好時分享“按營業額訂租金”（獲利上揚）。雖然未來幾年內我們可能還會經歷部份負面租金逆向的基石，但我們認為未來經濟前景一旦改善，“按營業額訂租金”的潛力也不小。

皇冠百利廣場翻新

皇冠百利廣場的翻新工程仍在進行中。自1994年開幕以來，皇冠百利廣場已成馬六甲市場頂尖購物中心指標。去年，面對新和即將登場的競爭，我們認為是時候進行翻新工程。翻新計劃將確保皇冠百利廣場，在未來持續成為馬六甲的領先型購物中心。

我們的翻新策略，是將皇冠百利廣場生意的影響減到最低。購物中心將照常營業，翻新工作則在一般營業時間後進行，一般上介於晚上10點至早上7點。由此，我們將翻新工作以9個月的時間分成3個階段進行。我們從2009年7月開始翻新，預計2010年4月完成。

翻新工程預算為3040萬令吉，所包含的範圍非常廣泛。工程包括更新地磚、刷新外牆、更新天花板、改進照明設備、以及維修屋頂及其它地方。我們會新加或改善設備，包括新電梯、方向指標、保全系統、以及1個全新來賓服務櫃檯。停車位將從原來的955個，增加至超過1000個，這將帶動皇冠百利廣場的交通流量。整體效果是會讓廣場變得更明亮、更乾淨、購物者會覺得更舒服。

我們對翻新工程但不影響生意很有經驗。在2006年我們完成了首邦百利廣場類似翻新工程，成果是這家購物中心煥然一新。當時，我們的翻

新工程也在夜間進行，日間照常營業。當時的記錄是，沒有承租戶申請損失理賠、員工零受傷，以及更重要的是沒有超支。同樣的經驗及工作人員，目前正在皇冠百利廣場施工。舉辦的活動專注在安全及優惠消費者，旨在翻新工程進行時仍與消費者保持接觸。截至目前，第一及第二階段翻新工程已經完成，最後階段將在2010年4月完成。值得注意的是，儘管翻新工程始於2009年下半年，皇冠百利廣場仍被馬六甲州政府選為2008/2009年旅遊獎的“最佳購物中心”。

如果您很關注資料，請翻至“投資組合表現”節，那裡會有更多我們房地產的數據。

重回我們的策略

賀達房地產信託基金，仍然是大馬唯一聚焦在零售廣場的房地產信託基金。我們持續創新及改善零售環節，以惠及我們的零售業者及購物者。

相較於其它房地產信託基金，零售廣場房地產信託基金非常獨特，我們必須關心兩大類客戶，也就是承租戶和他們的購物者。我們的經營模式，是視我們的客戶，也就是為我們帶來收入的零售業者和承租戶為生意伙伴。我們也必須照顧我們客戶的客戶：購物者。購物體驗源於好幾個因素：零售業者提供購物者有吸引力的產品和服務，以及房東/經理人提供一個惠及購物者的環境、讓他們在這裡開心地玩樂、購物及休閒。這些都是確保整體房地產表現的重要元素。

我們相信績效表現的最大驅動力，在於管理品質。高品質投資組合加上低品質管理，隨著時間的推移肯定會走下坡；在馬來西亞，就有不少實例顯示，曾經名噪一時的購物中心，隨著時間的流逝最後也可能年久失修而荒廢。賀達擁有高品質投資組合，為了維持這等高品質，我們需要高品質的管理。我們的管理採下至上策略，我們的目標則採上至下策略，我會在爾後跟各位分享更多這方面的細節。賀達很幸運擁有一個這兩方面都兼顧的管理團隊。

前線管理

我們在“走動式管理”上花了不少時間。跟我們市場成長一致的是，我們一直在想辦法改善我們的承租戶組合，以及滿足變化萬千的消費者胃口。為了達成目標，我們在購物中心裡花了很多時間觀察客戶，以及與承租戶溝通，這讓我們更深入了解客戶及承租戶的需求。微軟主席比爾蓋茲曾說，最不高興的客戶就是最大的學習對象。由此，我們投資市場調查，例如在我們的目標市場裡，以戶對戶家庭市調，取得住戶們的意見，

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以及特別是那些不再逛鄰近購物中心購物者的意見。誠如您所看到的是，這一切都無法在辦公桌上完成，您必須到處走動。老子說：“千里之行，始於足下”，這正是我們的管理之道。為了達到我們的目的，我們每天都“走很多路”。

我們管理團隊對零售業構想、消費者消費行為、租賃趨勢、房地產管理、以及其它專業事項的了解，一直給我留下了深刻印象。我一直不斷鼓勵我的經理，必須跳出框框來想才會達成目標。整體而言，我們會一起討論想法和工作，為每一個購物中心量身打造出一套適當的經營策略。透過我們的租賃及推廣活動，有時我們會有非常有趣的成果，請續閱。

租賃是我們的競爭優勢

賀達的最大能耐之一，就是與零售業者間的資源和關係。我們的投資組合旗下共有超過300個零售承租戶，而且還能接觸到好幾百個其它零售業者，包括國內及國外。這是非常有意義的資源。很多這類零售業者，與賀達有直接的交易經驗。他們都會很感激我們的付出和貢獻，而且也知道我們很了解零售業。對我們來說，這是我們的競爭優勢，特別是當我們打進新市場、或希望改善現有的市場（舉例而言，重新組合承租戶）時。我們的經營記錄讓零售業者們很有信心，只要進駐賀達房地產，他們就可以期待一套能確保生意興隆的高品質服務，這將轉化成賀達房地產的高租金。或許同等重要的是，我們與零售業者合作，以激盪出全新和讓人興奮的經營構想。

我們的創意產品及“跳出框框去構想”，充份反映在賀達推出的全新零售構思上，包括首邦百利廣場的Chillout和吧檯，以及威德百利廣場的Elephant Bean。Chillout結合了東西方料理，室外式的經營一直營業至凌晨一點，為我們在梳邦再也的客戶提供夜間去處。Chillout座落在百盛戶外一個沒有用上的外部區域，它代表了賀達一直想要達成的創意：也就是與創業家合作，創造獨特零售業構想的同時，充份應用沒有生產力的空間，這樣一來就能帶動房地產租金及房地產的整體魅力。首邦百利廣場如今提供完整的時尚選擇，從早上6點Celebrity Fitness開始營業、Uncle Lim 8點開始提供早餐、最後由Chillout營業至凌晨一點而結束。至於威德百利廣場，我們也一直在考慮將廣場大門口處出租給一家咖啡連鎖店。我們曾考慮過典型國際咖啡連鎖店，不過，我們最後還是決定與本地“冠軍”合作，這是一家很成功的優質本土咖啡連鎖集團。這首間Elephant Bean是麻坡土生土長的咖啡連鎖店，如今成了威德百利廣場大門口重點承租戶之一。透過與當地零售業者合作，我們希望能激發出新和有趣的零售業經營構思，以在未來引進其它市場。以這樣的方法培養出全新零售業品牌，長遠而言將提升賀達的競爭優勢。

廣告促銷是我們的“殺手應用程式”

成功經營購物中心，廣告促銷（A&P）被視為是“殺手應用程式”。資訊科技業詞彙裡，“殺手應用程式”通常用來說明一套特別有用、創意十足、而且終極而言非常成功的軟體。舉例而言，試算表應用程式Excel，就被視為個人電腦（PC）的“殺手應用程式”，而且終極而言刺激了個人電腦的使用率和銷售量。就這點而言，我們相信廣告促銷在維持購物中心吸引力，以及帶動購物中心需求上非常重要。

廣告促銷包含了設計行銷活動來吸引購物者，以及刺激他再回到百利廣場購物。這些活動範圍很廣，從展銷、示範一直到音樂會。一般上，我們都會設計和規劃未來12個月的活動以及舉辦好幾項活動，旨在充份利用每月間的更替優勢；舉例而言，佳節或學校假期的尖峰時間。典型和很受歡迎的活動包括“The Festival of Magic”、“Battle of the Bands”、以及“Shop For Your School”。2009年間，賀達的投資組合總計錄得2130萬人次的購物者人流量。平均而言，每一天賀達購物中心接待超過5萬8000人次的購物者。對我們來說，這代表我們每天有5萬8000個吸引購物者的商機。

我們賀達非常重視廣告促銷。我們的部份活動，為的是刺激業績。其中很成功的活動是“Shop For Your School”，我們都已在我們所有的購物中心舉辦這活動。基本上，本活動聚焦在我們購物中心四週的學校。本活動會規劃出一段固定時間，期間，學生（和他們的家人）會來到他們家附近的百利廣場購物，然後到客戶服務櫃台出示收據後就能提名自己的學校。這基本上是個競賽，擁有學生和家人消費最多的學校將贏得大獎。部份獎品是由零售業者贊助，而且都是學校所需要的，例如電腦室裡的電腦。“Shop For Your School”基本上具備了我們所謂的“三贏”元素；它因為帶動業績而惠及零售業者、讓我們接觸到購物者和他們的家人（以及鼓勵他們到鄰近購物中心採購）使我們受惠、而且也惠及當地學校。

企業社會責任

賀達的購物中心，一直以來都在推廣協助社區和社會活動。誠如剛才提到的“Shop For Your School”，就具備了很好的廣告促銷活動元素，與此同時也惠及社會。賀達促銷活動的受惠者包括各種不同的慈善機構，例如Calvary Care Home、Sek Kia Eenh Cancer Fund、Rumah Jalinan Kasih、Pertubuhan Kebajikan Anak-anak Yatim Islam Muar、以及其它梳邦再也、馬六甲、以及麻坡社區。我們偶爾也會舉辦特別活動，例如在首邦百利廣場舉辦的“We Ate For Charity”榴槤

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品嚐會，當時引來了120名志工，總計4噸的榴槤，以及成功為Children's Wish Society募得3萬3000令吉善款。

去年，我們聚焦在社區議題的廣告促銷活動，讓我們贏得了國際購物中心委員會 (International Council of Shopping Centers) 所頒發的“2009年亞洲購物中心獎” (2009 Asia Shopping Centre Awards)。在皇冠百利廣場與大馬消防自願隊 (Malaysian Volunteers Fire and Rescue Association) 合辦的“Fired Up About Safety”活動吸引了超過280名兒童、以及1萬4000令吉的贊助款項以提升民眾的安全用火意識。我們很榮幸得到這份獎勵，這說明我們將持續開發出創意十足的廣告促銷活動。

由上至下的經營策略

當我們在第一線上付出了許多努力和投資了不少資源時，也從更高更大的視野觀察整個局勢。我們更大的策略由零售業發展、資金市場前景、以及大馬房地產信託基金表現驅動。我們仍然看好大馬零售業發展這是賀達房地產信託基金的成長源。

基本上賀達的成長之道有四：

1. 持續改善現有房地產。
2. 開發新資產 (新投資)。
3. 現有房地產再開發。
4. 收購租金偏低資產。

我們目前的經營模式就強調了第一個方法“持續改善現有房地產”，誠如之前談論的，其中涉及一套旨在改善房地產營運及財務表現的全面性方法 (請參閱“從前線管理起”)。

賀達集團旗下私人公司，目前正優先處理梳邦再也首邦百利廣場“再開發”的擴建計劃。再開發計劃跟新計劃不同；新計劃通常出現在徹底全新地點，再開發計劃則典型上包括或利用現有市場。首邦百利廣場過去3年來，都取得了近100%的出租率，因此，我們發現了新零售構思的獨特商機和地點。首邦百利廣場擴建計劃位於一塊佔地2英畝的土地上，就在首邦百利廣場旁。賀達集團旗下私人公司與一家知名業者的聯營公司洽談已進入尾聲，我們打算開發一個綜合型房地產發展計劃。本計劃的零售業部份，將與首邦百利廣場緊密的結合在一起，而且將充份掌握住目前首邦百利廣場所沒有的零售業商機。我們希望很快的就能定案，以及宣佈初期規劃。

賀達的第四個成長方法，就是透過收購租金偏低的資產。簡單的說，這些都是有潛力增加賀達房地產信託基金目前投資組合租金財源的購物中

心。我們在麻坡收購威德百利廣場及威德酒店，就是這類收購案例；誠如去年報告中提到的，威德百利廣場是麻坡唯一的特定用途重點購物中心。威德百利廣場很有機會改善承租戶組合，以及引進全新零售業構思、國內及國際品牌。由此，去年(2009)威德百利廣場租金上漲了8%。截至2009年年底，威德百利廣場出租率達90.1%，這裡的收入還有成長空間。

最新收購

我們一直尋找潛在收購對象。去年，我們會實質審查了幾個有潛力的購物中心，考慮注入賀達房地產信託基金。有些看起來不錯，不過，有兩個原因不讓我們在2009年收購。首先是出價太高，通常都超過我們獨立估價師的估價。雖然說金融危機造成已開發國家資產價值受壓，但大馬並沒有出現這現象。原因之一在於大馬銀行業相較海外同業的資本管理來得比較好。結果是，當國家銀行調降隔夜政策利率以支撐經濟成長時，很多銀行都有能力相應調降借貸利率。大馬並沒有出現金融或非金融機構倒閉現象，由此，價值受壓的資產也就沒那麼多。第二個壓縮了我們收購意願的原因是，不容易透過次級市場募股融資收購案。大馬資金市場雖然在2009年下半年逐步邁向復甦，但還不足以讓特別是房地產信託基金以效益成本籌資。2009年的大部份時間，賀達的名目回酬徘徊在9%以上，這也讓公司在透過次級市場募股融資收購案時名目上變得昂貴。銀行的債務融資低於4%，以及假設融資收購資本負債率為50%的話，簡單名目資金的混合成本就約達6.5%。收購新房地產門檻不算高，不過，由於賀達房地產信託基金股價仍低於淨資產值，以折價發股仍然是不受單位持有人歡迎的。誠如我們稍早前提過的，賀達房地產信託基金的任何收購案，都必須要能提升回酬。截至2009年年底，賀達股價低於淨資產值13%，雖然這不算是合理的折價，但我們在收購前會小心觀察合理定價。

我們仍在全馬各地尋找收購對象。我們的基準沒變：我們喜歡特定用途購物中心，重點承租戶淨可出租面積從15萬平方呎起跳。地點座落在市場區隔明顯的知名或新興社區，我們接受已完成或仍在動工中的社區。不管是已完全出租或閒置，我們都會考慮；更重要的是，我們會研究能否注入我們的租賃和資產強化專業能力，以期進一步增值。最後，由於我們深信我們必須控制承租戶組合以提供一個讓人覺得舒服的購物體驗，因此不考慮超過10%店面已售的購物中心。誠如我們稍早前討論過的，我們希望能將我們的經驗及經營方法注入我們的所有房地產，好讓這些購物中心成為各自市場領導者。業者、房地產發展商、以及資產經理人，如果您有不錯的機會，都歡迎聯絡我們。我們願意與您共創商機。

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挑戰與前景

我們仍審慎樂觀面對全球經濟，特別是大馬可能面對的衝擊，以及最終的國內消費經濟。擺在眼前的挑戰，將讓我們的投資組合曝露在謹慎的零售業環境裡。

就馬六甲而言，優先考慮的事項是010年4月完成翻新工程、繼續改良承租戶組合、以及重新啟動皇冠百利廣場的廣告促銷活動。我們檢閱過主要承租戶的零售業績，並結論出我們必須更專注在推出更精明的活動以推動承租戶業績。我們已經有了草案，包括更積極行銷、派發禮券、以及推動以零售業者為導向的活動。雖然馬六甲市場的競爭愈來愈激烈，翻新工程所引來廣泛的回應，以及特定目標行銷活動，預計將持續購物者對皇冠百利廣場的商譽及消費者的利益。我們預計在2010年第二季後將再推介皇冠百利廣場。

就首邦百利廣場而言，雖然2009年經濟不明朗時專注鄰近社區的經營策略已被證明有效，但我們還是會很小心地保護市佔率和消費者利益。梳邦再也市場出現的新發展和競爭，可能會對首邦百利廣場造成短期負面衝擊。我們會引進2008年馬六甲經驗，當時，馬六甲皇冠百利廣場附近出現新競爭者。慶幸的是，當市場穩定後，長期潛力也改善不少，因為馬六甲皇冠百利廣場四週已被定位為購物天堂。我們預計首邦百利廣場也會出現類似情況。時過境遷，新加入者在市場裡穩定後，這地區就會被定位成購物領域，或許會成為梳邦再是的武吉免登 (Bukit Bintang)。目前而言，我們會繼續創新，以及改善首邦百利廣場在這區的領導地位。

至於麻坡市場，預計我們會繼續改善威德百利廣場的承租戶組合，以及強化其它項目。我們的最優先考量是規劃翻新以改善威德百利廣場的設備及環境，以及鞏固威德百利廣場在麻坡領先購物中心地位。目前還在規劃中，我們希望很快就能公佈細節。

我們將繼續觀察資金市場和後續發展。籌資前景轉好，加上重點投資者Fraser's Centrepoint Trust

給予的堅實支持，我們仍然看好今年內會適時適地的找到適合的房地產收購對象。

聚焦、聚焦、再聚焦！

賀達有一套非常專注的經營方程式。賀達房地產信託基金擁有地點優異的房地產，且非常專注在各自的市場；我們的經營模式是聚焦在零售業者和他們的消費者身上，我們的管理層則聚焦在我們房地產信託基金更大的目標上，而且腳踏實地。以下是我們與利益關係者的關係表：

快樂的購物者 → 優異的零售業績 → 快樂的零售業者 → 租金正成長 → 房地產信託基金表現正面 → 快樂的股東

我們的購物者會記得我們的購物中心，我們的零售業者會尊敬我們的付出，我們的單位持有人則因好成績而受惠。我們的單一目標依舊，也就是將賀達經營成首選房東和零售經理人。我們的使命仍然是“創造大家都愛購物的好去處”(Creating The Places Where People Love To Shop)。

鳴謝

我謹代表賀達資產管理董事局，衷心感激所有員工，謝謝他們忠於職守。回顧去年，我以賀達員工為傲。儘管2009年充滿了不確定性，但他們辛勤工作確保了賀達房地產信託基金再錄得另一個正面年。

賀達仍然致力於為單位持有人提供防禦性及安全的投資。我去年的座右銘是“正面思考”，今年我則希望以“專心一致”與大家共勉。

DATO' JAAFAR BIN ABDUL HAMID

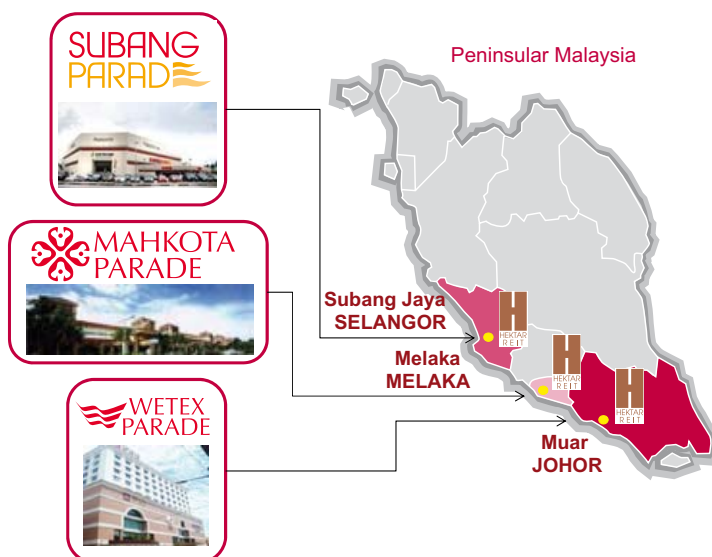
主席兼首席執行長
2010年2月

Portfolio Performance

PROPERTY PROFILES

Hektar REIT's portfolio consists of three well-established destination centres – Subang Parade, located in Selangor, Mahkota Parade, located in Bandar Melaka, Melaka and Wetex Parade & Classic Hotel, located in Muar, Johor.

- Net Lettable Area
1.1 million sq ft
- Occupancy
95.8%
- Market Catchment²
1.3 million residents
- Visitor Traffic
21.3 million
- Number of Tenancies¹
315



Data current as at 31 December 2009. ¹ NLA Tenants only ² MIRP Surveys (2007-8)

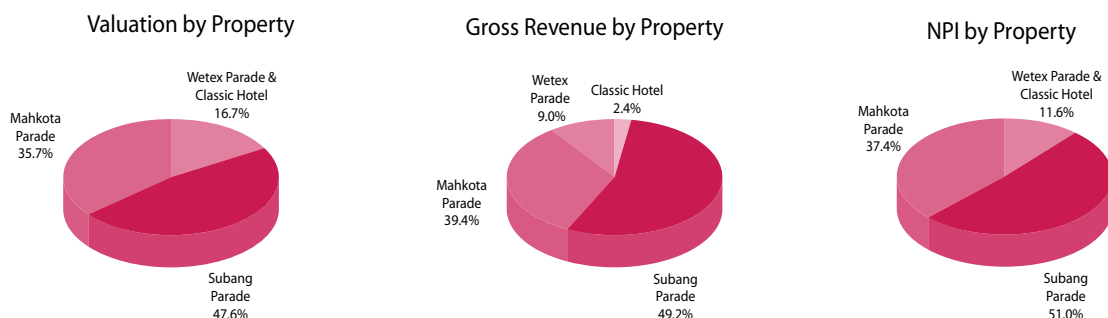
	Subang Parade	Mahkota Parade	Wetex Parade & Classic Hotel
State	Selangor	Melaka	Johor
Title	Freehold	Leasehold (2101)	Freehold
Primary Trade Area ¹	833,538 (within 15-mins drive)	350,000 (within 15-mins drive)	154,000 (within 10km radius)
NLA (Retail)	474,612 sq ft	461,067 sq ft	167,362 sq ft
Tenants	124	109	82
Occupancy ²	100.0%	93.6%	90.1%
Visitor Traffic, FY2009	7.8 million	7.9 million	5.6 million
Purchase Price (RM)	280.0 million	232.0 million	117.5 million
Valuation (RM) ²	343.0 million	257.0 million	120.0 million
Gross Revenue FY2009 (RM)	43.1 million	34.5 million	10.0 million
Net Property Income, (NPI) FY2009 (RM)	27.0 million	19.8 million	6.2 million

¹ Malaysian Census, MIRP (Independent Research)

² As at 31 December 2009.

Diversified Portfolio

For the financial year ended 31 December 2009, Subang Parade remained the largest contributor to the portfolio, providing 47.6% of the property valuation, 49.2% of revenue and 51.0% of net property income.



Portfolio Performance (Cont'd)

Portfolio Occupancy

Overall portfolio occupancy remained at 95.8% as at 31 December 2009. Subang Parade's occupancy remained at 100% for the year while Mahkota Parade's occupancy stabilised at 93.6% with the ongoing refurbishment (commenced in July 2009). Wetex Parade's occupancy increased to 90.1% and continues to see selective tenant remixing.

December	As at 31 Property 2009	As at 31 December 2008	As at 31 December 2007	As at 31 December 2006
Subang Parade	100.0%	99.8%	99.9%	98.5%
Mahkota Parade	93.6%	96.5%	93.9%	94.9%
Wetex Parade	90.1%	83.1%	-	-
Overall*	95.8%	95.8%	96.9%	96.7%

* Approximate average, weighted by Net Lettable Area.

Visitor Traffic

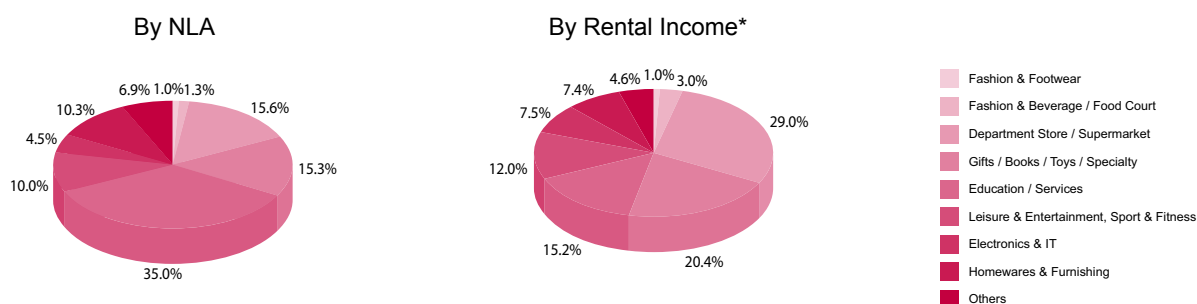
Visitor traffic is measured by Footfall, a computerised video-based traffic monitoring system. Visits to Subang Parade increased by 1.8% in 2009, while Mahkota Parade visits decreased by 5.3%, in part due to the refurbishment exercise which commenced in July 2009. Overall, the portfolio received 21.3 million visits in 2009.

Property	No. of Visits 2009	No. of Visits 2008	No. of Visits 2007	No. of Visits 2006
Subang Parade <i>% Change in Traffic</i>	7.76 million 1.8%	7.62 million -2.8%	7.84 million 32.6%	5.92 million 4.0%
Mahkota Parade <i>% Change in Traffic</i>	7.88 million -5.3%	8.32 million -5.7%	8.82 million 2.1%	8.64 million 7.8%
Wetex Parade* <i>Acquired in May 2008</i>	5.63 million	1.96 million	-	-
Total	21.3 million	17.9 million	16.6 million	14.5 million

* Footfall system for Wetex Parade was installed in September 2008 – traffic figures for 2008 are for approximately 4 months only

Portfolio Tenancy Mix

The portfolio tenancy mix is dominated by department stores and supermarkets, which, led by Parkson and The Store, constitute approximately 35.0% of total portfolio NLA. In terms of rental income, the largest segment remains fashion and footwear, which contributed approximately 29.0% of monthly rental income for December 2009.



* Based on monthly rental income for December 2009.

Portfolio Performance (Cont'd)

Portfolio Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 27.2% of total monthly rental income, providing a diversified revenue base. After the top tenant, Parkson, which contributed approximately 11.1% of monthly rental income, no other tenant contributed more than 3.0% of total monthly rental income.

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	254,009	23.0%	11.1%
2 The Store	Department Store	91,357	8.3%	3.0%
3 Bata	Fashion & Footwear	8,409	0.8%	2.1%
4 McDonald's	Food & Beverage	12,946	1.2%	1.9%
5 The Reject Shop	Fashion & Footwear	17,695	1.6%	1.8%
6 World Of Sports	Fashion & Footwear	10,796	1.0%	1.5%
7 Ampang Superbowl	Leisure & Entertainment	36,717	3.3%	1.5%
8 Kenny Rogers Roasters	Food & Beverage	7,096	0.6%	1.5%
9 K.F.C	Food & Beverage	10,282	0.9%	1.4%
10 Celebrity Fitness	Sport & Fitness	34,317	3.1%	1.4%
Top 10 Tenants (By Monthly Rental Income)		483,624	43.8%	27.2%
Other Tenants		619,417	56.2%	72.8%
Total		1,103,041	100.0%	100.0%

* Based on monthly rental income for December 2009. NLA = Net Lettable Area

Portfolio Rental Reversions

For the year ended 31 December 2009, the portfolio recorded 99 new and renewed tenancies, with an overall weighted average rental rate decrease of 5%. Subang Parade's rental reversions were flat for the year, with 10% of the NLA reverting with no rental rate increase. Wetex Parade recorded an overall 8% increase in rental rates, reflecting the efforts of the tenant remixing exercise in the past year. Mahkota Parade accounted for the decrease in rental reversions, recording an average 13% decrease for new or renewed tenants. The negative performance in Mahkota Parade is in part, due to the ongoing refurbishment efforts which commenced in July 2009 and is expected to be completed by April 2010, with a revitalised look for the shopping centre.

Full Year 2009 (12 months) (Ended 31 Dec)	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	% Increase / (Decrease) Over Previous Rent Rates
Subang Parade	34	47,100	10%	0%
Mahkota Parade	41	80,158	17%	-13%
Wetex Parade	24	18,525	11%	8%
Total / Average*	99	145,783	13%	-5%

*Approximate average, weighted by Net Lettable Area. Figures as of 31 December 2009.

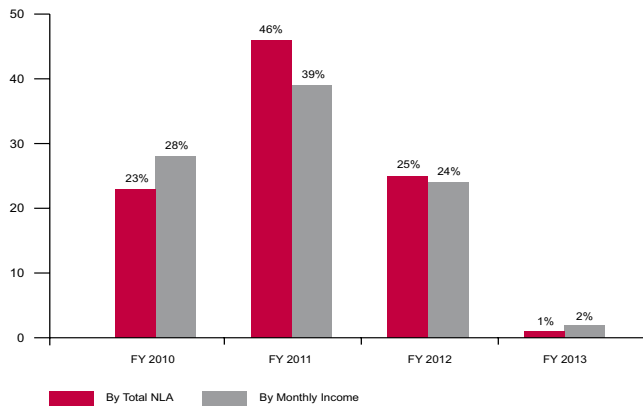
Portfolio Performance (Cont'd)

Portfolio Tenancy Expiry Profile

For the year 2010, a total of approximately 93 tenancies will expire, representing 23% of NLA and 28% of monthly rental income as at 31 December 2009. This is in line with typical tenancy terms of 3 years, as per the current market practice in Malaysia.

Portfolio For Year Ending 31 December	No. of Tenancies Renewals	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	93	257,873	23%	28%
FY 2011	104	510,484	46%	39%
FY 2012	100	276,579	25%	24%
FY 2013	7	7,975	1%	2%

* Based on monthly rental income for December 2009.

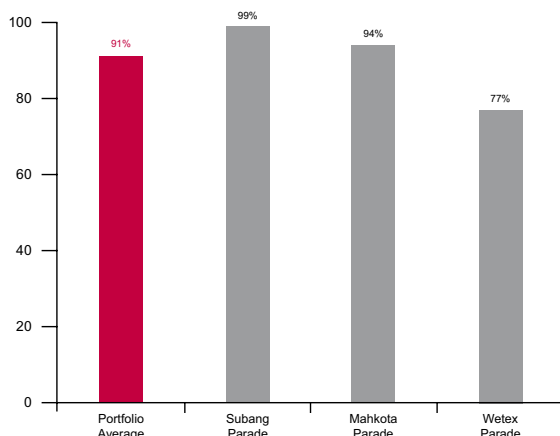


Portfolio Tenancy Provisions

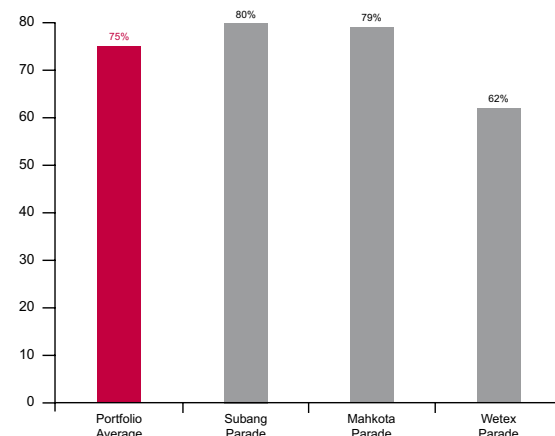
As at 31 December 2009, turnover rent provisions were present in approximately 91% of the tenancies in the portfolio, with Subang Parade and Mahkota Parade recording both in excess of 90%. Step-up rent provisions were present in approximately 75% of tenancies within the portfolio. As Wetex Parade was acquired in May 2008, its expiring tenancies are being revised to include Turnover Rent and Step-Up Rent provisions, as appropriate.

A turnover rent provision allows for rent calculated as a proportion of annual turnover of the tenant's business. Turnover rent is paid to the REIT if it exceeds the base rent specified in the tenancy agreement on an annual basis. A step-up rent provision is specified in tenancy agreements as a pre-determined increase in rent at defined intervals during a tenancy agreement, typically each year and forms the base rent of any tenancy agreement.

Hektar REIT Tenancy Provisions
Turnover Rent



Hektar REIT Tenancy Provisions
Step - Up Rent



Portfolio Performance (Cont'd)



Subang Parade

Subang Parade was the first 'regional' shopping centre in Selangor when it was opened in 1988. The centre is located in the heart of Subang Jaya's commercial district, a township which is 25 minutes drive from Kuala Lumpur.

Subang Parade's positioning strategy is neighbourhood-focused, with an emphasis on its primary trade area. This market focus provides the centre with a captive customer base, whose needs are met by a tenant mix offering value and convenience.

Subang Parade's recent refurbishment was recognised by the International Council of Shopping Centers (ICSC) with a Silver Award for Development & Design at the recent 2008 ICSC Asia Pacific Awards. Subang Parade remains the leading shopping centre in Subang Jaya.

Location	No. 5 Jalan SS 16/1, Subang Jaya 47500 Petaling Jaya Selangor
Title	Freehold
Primary Trade Area	833,538 within 15-mins drive time
Gross Floor Area	1,146,456 sq ft
Net Lettable Area	474,612 sq ft
Car Park	1,313
Valuation	RM343.0 million
Tenants*	124
Key Tenants	Parkson, HSL, Celebrity Fitness, MPH
Occupancy	100.0%
Visitor Traffic	7.8 million
Year Opened	1988
Year Acquired by REIT	2006
Year Refurbished	2006-7

Data as of 31 December 2009. * Only NLA Lots



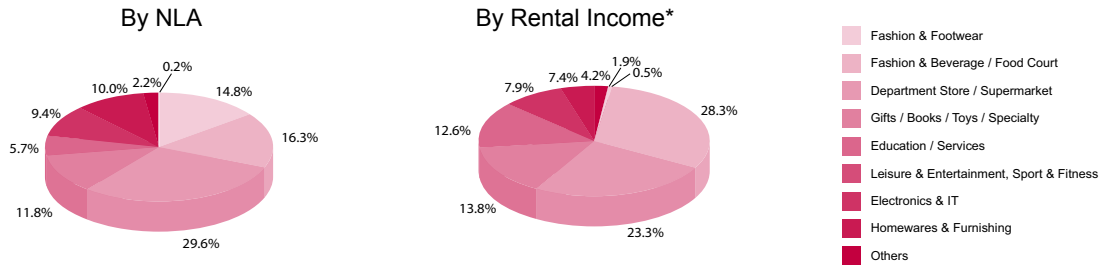
Portfolio Performance (Cont'd)

Subang Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	140,620	29.6%	13.0%
2 Celebrity Fitness	Sport & Fitness	34,317	7.2%	2.8%
3 Toys R Us	Gifts/Books/Toys/Stationery	21,981	4.6%	2.3%
4 Digital One	Electronics & IT	21,361	4.5%	2.2%
5 Bata	Fashion & Footwear	4,597	1.0%	2.2%
6 Kenny Rogers Roasters	Food & Beverage	3,610	0.8%	1.9%
7 World of Sports	Fashion & Footwear	5,769	1.2%	1.9%
8 TGI Friday's	Food & Beverage	5,655	1.2%	1.7%
9 The Reject Shop	Fashion & Footwear	9,192	1.9%	1.7%
10 Voir	Fashion & Footwear	4,387	0.9%	1.7%
Top 10 Tenants (By Monthly Rental Income)		251,489	53.0%	31.5%
Other Tenants		223,123	47.0%	68.5%
Total		474,612	100.0%	100.0%

* Based on monthly rental income for December 2009.

Subang Parade's Tenancy Mix

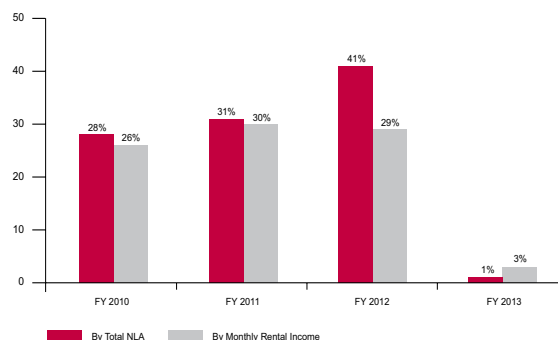


* Based on monthly rental income for December 2009.

Subang Parade's Expiry Profile

Subang Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	37	131,817	28%	26%
FY 2011	48	144,949	31%	30%
FY 2012	29	193,927	41%	29%
FY 2013	6	6,935	1%	3%

* Based on monthly rental income for December 2009.



Portfolio Performance (Cont'd)



Mahkota Parade

Mahkota Parade was the first 'regional' shopping centre located in the commercial and tourist centre situated in the heart of Melaka town.

Mahkota Parade is positioned as the premier shopping centre for the Melaka region. The centre serves as the one-stop destination centre, featuring a wide array of dining, fashion and entertainment offerings. The centre continues to serve as a key venue for major community events and exhibitions.

Mahkota Parade is undergoing a full refurbishment, which commenced in July 2009 and is expected to be completed by April 2010. The revitalised shopping centre will improve the overall shopping ambience for customers. The refurbishment is part of Hektar's continuing efforts to invest in the Melaka market and retain Mahkota Parade's status as the leading shopping centre in the state.

Location	No. 1 Jalan Merdeka 75000 Bandar Melaka Melaka
Title	Leasehold (Until 2101)
Primary Trade Area	350,000 within 15-mins drive time
Gross Floor Area	1,008,669 sq ft
Net Lettable Area	461,067 sq ft
Car Park	1,000**
Valuation	RM257.0 million
Tenants	109*
Key Tenants	Parkson, Ampang Superbowl, Giant
Occupancy	93.6%
Visitor Traffic	7.9 million
Year Opened	1994
Year Acquired by REIT	2006
Year Refurbished	Due to Complete in April 2010

Data as of 31 December 2009. * Only NLA Lots
** Car park currently under refurbishment



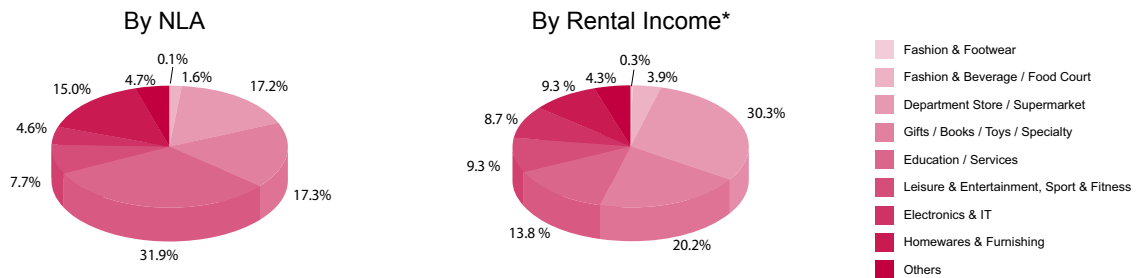
Portfolio Performance (Cont'd)

Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	113,389	24.6%	11.6%
2 Ampang Superbowl	Leisure & Entertainment	36,717	8.0%	3.7%
3 KFC	Food & Beverage	5,403	1.2%	2.7%
4 The Reject Shop	Fashion & Footwear	8,503	1.8%	2.4%
5 McDonald's	Food & Beverage	5,942	1.3%	2.2%
6 Bata	Fashion & Footwear	2,572	0.6%	2.2%
7 F.O.S	Fashion & Footwear	5,748	1.2%	1.7%
8 Subzero Jeans	Fashion & Footwear	2,266	0.5%	1.5%
9 Sibaraku	Food & Beverage	9,526	2.1%	1.5%
10 World of Sports	Fashion & Footwear	5,027	1.1%	1.4%
Top 10 Tenants (By Monthly Rental Income)		195,093	42.3%	31.0%
Other Tenants		265,974	57.7%	69.0%
Total		461,067	100.0%	100.0%

* Based on monthly rental income for December 2009.

Mahkota Parade's Tenancy Mix

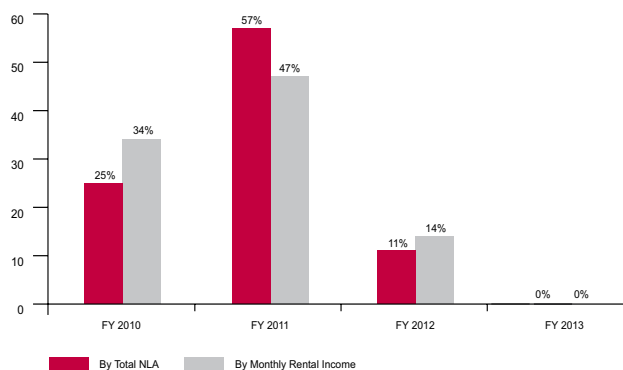


* Based on monthly rental income for December 2009.

Mahkota Parade's Expiry Profile

Mahkota Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	39	113,328	25%	34%
FY 2011	38	261,677	57%	47%
FY 2012	29	53,015	11%	14%
FY 2013	1	1,040	0%	0%

* Based on monthly rental income for December 2009.



Portfolio Performance (Cont'd)



Wetex Parade & Classic Hotel

Wetex Parade and Classic Hotel is an integrated retail development located within the commercial district of Muar, Johor. Wetex Parade is the leading department-store anchored shopping centre in town and serves as the premier retail destination for the Muar area.

Classic Hotel, which is partially situated on top of Wetex Parade is one of the leading hotels in Muar and is fully managed by Wetex Realty Sdn Bhd, which has been operating the hotel over the past decade. Hektar REIT has secured a 10-year net lease with the operator as part of the terms of the acquisition in May 2008.

Wetex Parade is undergoing selective tenant remixing as part of Hektar's efforts to continuously improve the centre offerings to maintain Wetex Parade as the leading shopping centre in Muar.

Location	69 Jalan Ali, Off Jalan Sulaiman 84000 Muar, Johor
Title	Freehold
Primary Trade Area	154,000 within 10km radius
Gross Floor Area	281,590 sq ft
Net Lettable Area	167,362 sq ft
Car Park	177
Valuation	RM120.0 million
Tenants	82*
Key Tenants	The Store, McDonald's, Watson's
Occupancy	90.1%
Visitor Traffic	5.6 million
Year Opened	1996
Year Acquired by REIT	2008
Year Refurbished	Currently in Phases

Data as of 31 December 2009. * Only NLA Lots



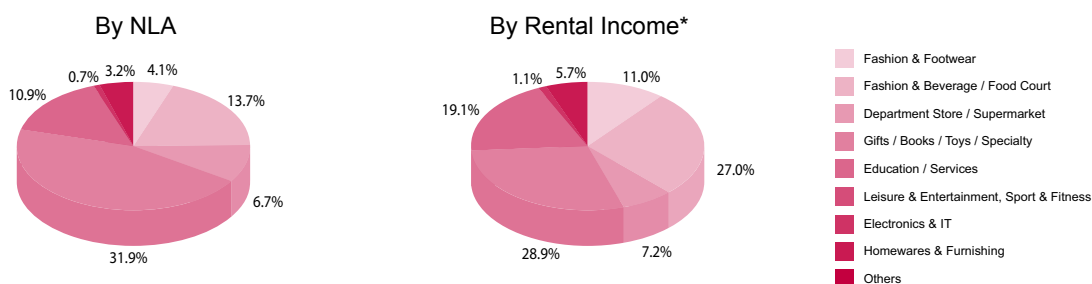
Portfolio Performance (Cont'd)

Wetex Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 The Store	Department Store	91,357	54.6%	29.1%
2 Watsons	Others	2,027	1.2%	4.6%
3 Silverho	Gifts/Books/Toys/Stationery	3,178	1.9%	3.1%
4 McDonald's	Food & Beverage	2,489	1.5%	2.8%
5 AD Jeans	Fashion & Footwear	2,110	1.3%	2.5%
6 Tangjongmas Bookstore	Gifts/Books/Toys/Stationery	4,136	2.5%	2.3%
7 Bata	Fashion & Footwear	1,240	0.7%	1.8%
8 Pao Sing	Others	1,023	0.6%	1.7%
9 Fitness Concept	Others	1,159	0.7%	1.6%
10 B.Workshop Fashion	Fashion & Footwear	1,260	0.8%	1.5%
Top 10 Tenants (By Monthly Rental Income)		109,979	65.7%	51.0%
Other Tenants		57,383	34.3%	49.0%
Total		167,362	100.0%	100.0%

* Based on monthly rental income for December 2009.

Wetex Parade's Tenancy Mix

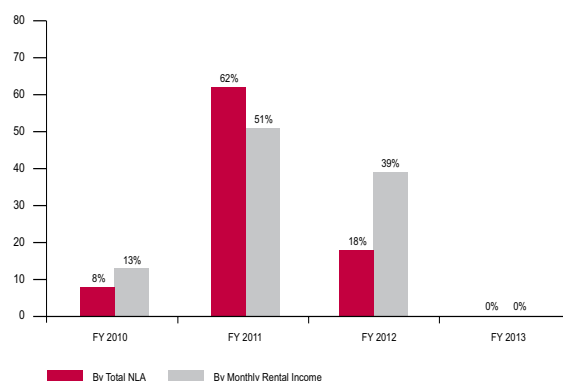


* Based on monthly rental income for December 2009.

Wetex Parade's Expiry Profile

Wetex Parade For Year Ending 31 December	No. of Tenancies Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2010	17	12,728	8%	13%
FY 2011	18	103,858	62%	51%
FY 2012	42	29,637	18%	39%
FY 2013	0	—	0%	0%

* Based on monthly rental income for December 2009.



SUBANGPARAD 

Thank You
Terima Kasih



Corporate Social Responsibility

Hektar Asset Management is committed to manage its business responsibly in the interests of its unitholders, customers and stakeholders. Hektar strives to pursue sustainable business practices which positively impact the business, community and the environment.

Hektar REIT's portfolio is situated in three markets throughout Malaysia: Subang Jaya in Selangor, Bandar Melaka in Melaka and Muar in Johor. The shopping centres catchment addresses over 1.3 million residents within its primary trade area (living within 15 minutes' drive time or within a 10km radius). In 2009, the portfolio received over 21.3 million visits, averaging over 58,000 a day. In total, more than 2,500 employees (full and part-time) work at the various outlets in Hektar REIT's properties. The shopping centres are thus a focal point of the community in that they touch the lives of many people who come to work, shop, dine, rest or relax with friends and families. Appropriately, the tagline for Hektar's malls is "Its Our Place!"

Hektar REIT's shopping centres are not just centres of activities, but centres of communities. The centres focus on the specific interests of the community. Throughout 2009, each centre's management team collaborated with various government agencies, grassroots organisations and schools to organise civic events. Various charitable efforts, educational and social activities were held at the centres during the year. At each Hektar centre, contributions may take various forms, such as event sponsorship, provision of exhibition space, employee time and promotional efforts.

One of Hektar's annual programmes includes 'Shop For Your School' (SFYS), which has been expanded to all three shopping centres. SFYS focuses on schools surrounding the shopping centre and includes a contest campaign that invites students and their families to shop at their local Parade and nominate their respective schools at the guest services counter. The schools with the highest nominated sales receipts

win a variety of prizes, most of which are sponsored by retailers in the shopping centres. Since 2006, over RM500,000 in sponsored prizes have been awarded to schools in Subang Jaya, Melaka and Muar.

Other beneficiaries of Hektar REIT's promotions include diverse associations such as the Calvary Care Home, Sek Kia Eenh Cancer Fund, Rumah Jalinan Kasih, Pertubuhan Kebajikan Anak-anak Yatim Islam Muar and others in the respective communities in Subang Jaya, Melaka and Muar.

Last year, our advertising and promotional campaigns focused on community issues won an award at the 2009 Asia Shopping Centre Awards by the International Council of Shopping Centers. The award was conferred on Mahkota Parade in partnership with Malaysian Volunteers Fire and Rescue Association. The 'Fired Up About Safety' programme attracted over 280 children and RM14,000 in sponsorship to increase awareness about fire safety. In Subang Parade, we promoted a unique campaign called 'We Ate For Charity' which featured a durian eating festival at Subang Parade, involving 120 volunteers, 4 tonnes of durians and a total of RM33,000 raised for the Children's Wish Society.



Silver Award at Asia Shopping Centre Awards 2009



Shop For Your School Winners - July 2009



Fired Up About Safety Programme at Mahkota Parade

Shopper Testimonials

"My family always chooses Wetex Parade as our place for shopping as it provides us with a variety of goods and services that fulfill our needs. It is where we find leisure and pleasure."

Seri Saerah Bt Mahpal & Family



"We love Mahkota Parade because there are so many choices of food and other offerings to choose from. The atmosphere is clean and pleasant and makes our shopping experience very comfortable. Shopping here is also very rewarding as there's lots of good gift redemptions when I shop and activities for my kids to participate in."

Mohd Faisal Md Isa & Family

"I love Wetex Parade as I've been coming here since young and I can get everything I want here. It is complemented by the impressive decorations according to the various festive seasons that create the ambience and excitement of the season."

Ong Chwee Hsia & Friend



"Subang Parade offers a peaceful shopping experience where you can also find enjoyable dining places. It is a very convenient shopping mall with ample parking and easy access to the commuter station."

Rohana Yahya & Friends

"My husband and I regard Mahkota Parade as one of our favourite, regular and convenient shopping destinations as it is located in the part of town we like to hang out. Besides, we are able to shop for most of the things we need and have a meal there as well."

Chee Feay Fang & Family



"It is quiet and clean and I can get all the necessities at Subang Parade. The decor is nice and it is convenient for us to come here."

Simon Tan & Family

"Over the past decade or so, my family and I have been loyal patrons of Mahkota Parade. Among the many reasons that contribute towards this, is its unique central location within the heart of Melaka town. The years since the opening of the Parade has seen many other shopping complexes emerge in the state. However, we find ourselves still favouring Mahkota Parade over any other. Mahkota Parade suffices to meet all our family's needs."

Selvakumar Subramaniam & Family



"As a young adult, I together with my friends will opt for a fashionable, up-to-date and trendy shopping environment. Most of the outlets at Mahkota Parade have the latest fashion tastes. Mahkota Parade has it all under one roof from the formal clothing to the casual preferences of young adults and teenagers!"

Subhanat Hawa Bt Mohd Asallam & Friend

Retailer Testimonials

“Guardian is proud to be associated with Hektar due to the responsiveness of their management team and their ability to adapt to future trends.”

*Loi Liang Tok, COO,
Guardian Pharmacy
[Guardian at Mahkota Parade]*



“It’s been a great honour and pleasure to be associated with the Hektar management with their great team supporting us for these past few years. The mall has made great moves by doing some refurbishment in order to enhance their outlook and we are looking forward to work more closely together in the near future.”

*Richard Goh Kim Wah,
Retail Manager, MPH
Bookstores Sdn Bhd
[MPH at Mahkota Parade]*

“Hektar has been an outstanding partner to work with - always providing “best of class service” in managing the shopping mall. A big thank you to Hektar’s management team for their dedication in making Subang Parade a shopping destination of choice for many living in Subang Jaya and surrounding areas.”

*Toh Peng Khoon, COO,
Parkson Corporation Sdn Bhd
[Parkson at Subang Parade]*



“The layout of Subang Parade, range of stores and concessions provide great shopping opportunities which gives confidence on the ability to drive regular shopper traffic. Regular customers play an important role in our business growth, especially in the trade of optical and eyewear.”

*Yeoh Teong Sun, General
Manager, Pro Eyes Optics
[Pro Eyes Studio at Subang Parade]*

“We are truly honoured to be given the opportunity to open our first outlet at the main entrance of Wetex Parade. The management has been very remarkable in lending their full support and responding quickly to our needs. Activities lined up during festive seasons successfully increased traffic flow and thus increase our sales. We look forward to another year of successful partnership with Hektar.”

*Jocelyn Chua, Manager,
Yankee Café Sdn Bhd
[Elephant Bean at Wetex Parade]*



“Caring Pharmacy is proud to be part of Subang Parade and we enjoy a good working relationship with the management team. They have always been professional in their approach and have been sensitive towards the needs of tenants as well as the patrons. All these positive attributes have definitely brought improvements to the retail environment of the mall and we have benefitted from the higher traffic flow to the mall. A job well done to the management team.”

*Phillip Gooi, Director, Caring
Pharmacy
[Caring Pharmacy at Subang Parade]*

“Rightway Electronic has been a tenant in Wetex Parade for the past 6 years. Ever since Hektar took control, we saw an increase in traffic flow and sales. The management team is very supportive and has always been prompt to take action. The opening of Sony Centre at Wetex Parade would not have been such a success without the management’s support. We are proud to be part of Wetex Parade”.

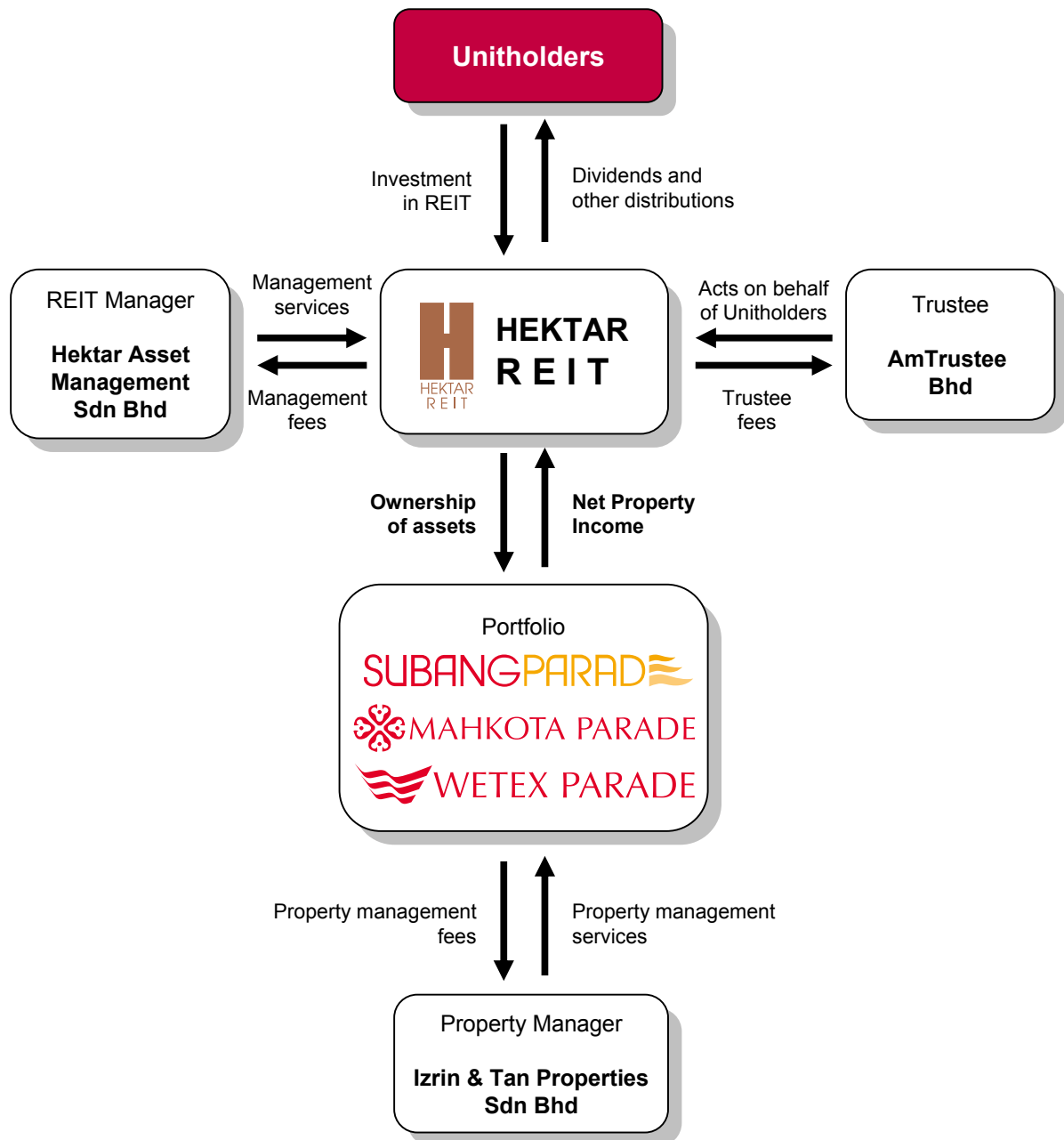
*Doh Kuan Chiang, Manager,
Rightway Electronic Enterprise
[Sony Centre at Wetex Parade]*



“We are delighted to be one of the tenants of Wetex Parade. We appreciate the kind support and assistance from the management and marketing team. We are confident that there will be more exciting activities and events to bring additional flair and flavour in attracting customers both near and far to the shopping mall in the near future.”

*Lim Mee Ling, Executive
Director, Healthy World
Lifestyle Sdn Bhd
[Ogawa at Wetex Parade]*

Corporate Organisation



Corporate Directory

MANAGER

Hektar Asset Management Sdn Bhd
(Company No. 732261-T)

Manager's Principal Place of Business

Block C-0-5, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur
Tel : +6 03 6201 1011
Fax : +6 03 6201 0012
Web : www.HektarREIT.com

Manager's Registered Office

Unit 419, Block A
Kelana Business Centre
No. 97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor

BOARD OF DIRECTORS OF THE MANAGER

Dato' Jaafar Bin Abdul Hamid
Chairman and Chief Executive Officer

Zalila Binti Mohd Toon
Executive Director and Chief Financial Officer

Lim Ee Seng
Non-Executive Director

Christopher Tang Kok Kai
Non-Executive Director

Shahril Kassim
Non-Executive Director

Dato' Syed Md Amin Aljeffri
Independent Non-Executive Director

Dato' Robert Lim Git Hooi
Independent Non-Executive Director

Philip Eng Heng Nee
Independent Non-Executive Director

Jack Lam Juck Ngai
Alternate Director to Christopher Tang

JOINT COMPANY SECRETARIES OF THE MANAGER

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

TRUSTEE

AmTrustee Berhad (Company No. 163032-V)
(a member of AmInvestment Group Berhad)
17th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

PROPERTY MANAGER

Izrin & Tan Properties Sdn Bhd
(Company No. 602338-K)
1-1, Jalan 5/76B
Desa Pandan
55100 Kuala Lumpur

PRINCIPAL BANKER OF THE FUND

Malayan Banking Berhad (Company No. 3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

AUDITOR (EXTERNAL)

SJ Grant Thornton (AF : 0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur

AUDITOR (INTERNAL)

KPMG Business Advisory Sdn Bhd
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor

TAX AGENT

SJ Grant Thornton (AF : 0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur

REGISTRAR

Mega Corporate Services Sdn Bhd
(Company No. 187984-H)
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD MAIN
MARKET
Short Name: HEKTAR
Stock Code: 5121

The Board of Directors



Dato' Jaafar bin Abdul Hamid
Chairman and Chief Executive Officer

Dato' Jaafar is the founder and principal shareholder of the Hektar Group of companies and provides leadership for the overall strategic direction of the group. Previously, he was the Managing Director of United Engineers Malaysia Berhad ("UEM"), a public-listed corporation listed on the Main Board of Bursa Malaysia Securities Berhad. 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), 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 its re-listing exercise on the London Stock Exchange. He holds a Bachelor of Science (Hons) in Engineering Production from the University of Birmingham, United Kingdom.



Zalila binti Mohd Toon
Executive Director & Chief Financial Officer

Zalila is responsible for the financial matters of Hektar REIT and the overall financial performance. She was instrumental in listing Hektar REIT. Her current portfolio in Hektar Asset Management includes Strategy, Finance, Legal, Investor Relations and Corporate Affairs. Prior to joining the Hektar Group in 2004, she was with the UEM Group for 23 years, out of which 20 years was with the Cement Industries of Malaysia Berhad. Her primary achievements include spearheading various programmes which include the issuance of private debt securities and the acquisition of Negri Sembilan Cement Industries Sdn Bhd. Subsequently, she was also involved in the reverse take-over exercise of Park May Berhad before leaving for a brief stint at UEM Environment Sdn Bhd, a holding company of Kualiti Alam Sdn Bhd. Zalila holds a Master of Business Administration (Finance) from the University of Nottingham. She is also a member of the Malaysian Institute of Corporate Governance.



Lim Ee Seng
Non-Executive Director

Ee Seng, PBM, is the Group Chief Executive Officer and a director of Frasers Centrepoint Limited ("FCL"), part of the Fraser and Neave Group headquartered in Singapore. He is also Chairman of Frasers Property (China) Limited, listed on the Hong Kong Stock Exchange. He joined FCL in October 2004 as its Chief Executive Officer and is responsible for the management and performance of the FCL group of companies' entire portfolio of real estate business both in Singapore and overseas. Ee Seng has more than 30 years of experience in the real estate industry. From 1996 to 2004, he was the Managing Director of MCL Land Limited. From 1989 to 1996, he was the General Manager of the property division of First Capital Corporation Ltd. Ee Seng holds a Masters degree in Project Management and a Bachelors degree in Civil Engineering from the National University of Singapore. His other appointments include: a Board member of the Building & Construction Authority of Singapore (from 2005 to 2009), a council member of the Singapore Chinese Chamber of Commerce & Industry (from 2000 to 2004), the current 2nd Vice President of the Real Estate Development Association of Singapore and a Fellow of the Institute of Directors, Singapore.

The Board of Directors (Cont'd)



Christopher Tang Kok Kai
Non-Executive Director

Christopher is the Chief Executive Officer of Frasers Centrepont Commercial, the FCL division which is responsible for commercial property investment, development and management, fund and asset management. Christopher has over 20 years of experience in asset management, investment management, marketing and operations in the real estate and manufacturing industries. Prior to joining the Fraser & Neave Group in 2001, he held senior positions with DBS Bank, DBS Land and British Petroleum. He is also a director of Frasers Centrepont Asset Management (Commercial) Ltd, the manager of Frasers Commercial Trust. Christopher holds a Masters in Business Administration and a Bachelor of Science Degree from the National University of Singapore.



Shahril bin Kassim
Non-Executive Director

Shahril has had over twenty 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. He holds a degree in Electronics Engineering from Salford University, United Kingdom.



Dato' Syed Amin Aljeffri
Independent Non-Executive Director

Dato' Syed's 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, Aljeffri Dean. He also sits on the board of LBI Capital Berhad, Seloga Holdings Berhad, Golden Horse Palace Berhad, RAM Holdings Berhad, Asas Serba Sdn Bhd, and several other private limited companies. 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 Fellow Certified Practising Accountant with Certified Practising Accountant Australia, a Fellow Chartered Certified Accountants with the Association of Chartered Certified Accountants UK, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Fellow of the Malaysian Institute of Taxation. He is a member of the Board of the Islamic Science University of Malaysia, owned by the Malaysian Government. He is currently the President of the Kuala Lumpur Malay Chamber of Commerce and formerly the 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. Formerly, he is with the Board of the Small and Medium Industries Development Corporation ("SMIDEC"). He is the Malaysian Honorary Council for the Federal Democratic Republic of Ethiopia. He was formerly the Secretary General of the ASEAN Chamber of Commerce and Industry.

The Board of Directors (Cont'd)



Dato' Robert Lim Git Hooi
Independent Non-Executive
Director

Dato' Lim was previously a partner in Ernst & Young and is also an Independent Non-Executive Director of Gopeng Berhad, YNH Property Berhad and Seloga Holdings Berhad, all of which are listed on Bursa Malaysia Securities Berhad. He also holds directorship in several other private limited companies. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.



Philip Eng Heng Nee
Independent Non-Executive
Director

Philip Eng was appointed Independent Chairman of Frasers Centrepoint Asset Management Ltd in April 2009 and have been a Board member since April 2006. He is Non-Executive Chairman of mDR Limited and Deputy Chairman of MCL Land Limited. He is Director of several local and regional companies. Philip is also Singapore's Ambassador to Greece and High Commissioner to Cyprus. He spent 23 years with the Jardine Cycle & Carriage Group before retiring in February 2005 as Group Managing Director. Philip graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.



Jack Lam Juck Ngai
Alternate Director to Christopher
Tang Kok Kai

Jack Lam is the Deputy Chief Executive Officer and Head, Investment of Frasers Centrepoint Asset Management Ltd, which manages Frasers Centrepoint Trust listed in Singapore. Prior to joining Frasers Centrepoint, he was with CapitaLand Limited from 2001 to 2006. Jack has over 15 years of experience in the Singapore and regional property markets, spanning a variety of roles in investment, asset management, advisory and research. He has also been involved in REIT management since the industry's inception in Singapore in 2002. Jack holds a Master of Business Administration in Finance (with Distinction) from the University of Leeds, UK, and a Bachelor Degree in Engineering (Civil) from the National University of Singapore.

The Management Team

Dato' Jaafar bin Abdul Hamid

Chief Executive Officer & Chairman

Please refer to Dato' Jaafar's profile under the section on The Board of Directors.

Zalila binti Mohd Toon

Chief Financial Officer & Executive Director

Please refer to Zalila's profile under the section on The Board of Directors.

Lim Ye Jhen

General Manager, Strategy

Ye Jhen is responsible for Hektar REIT's strategic planning, investor relations, business development, research and analysis. He has presented at real estate conferences and investment seminars throughout Malaysia, Singapore, Hong Kong and the Middle East. He joined Hektar in 2006 to advise and facilitate the planning of the IPO of Hektar REIT. Previously, he was Assistant Vice-President of the Investment & Business Advisory division of Henry Butcher Malaysia, consulting for real estate organisations. Prior to this, he was with Global Asset Capital LLC, a private equity firm based in San Francisco, USA, where he was responsible for investments and working with portfolio companies in North America. He was also involved in setting up their investment fund in 2000. Previously, he worked with PwC Management Consulting Services (now part of IBM), working on behalf of various entities including public-listed, private companies and government entities. He graduated with a Bachelor's Degree in Finance from the Stern School of Business at New York University, New York, USA.

Zarina Halim

Senior Manager, Corporate Affairs

Zarina has been with the Hektar Group of Companies since 2002 and was part of the management team responsible for the listing of Hektar REIT on Bursa Malaysia in December 2006. She is responsible for the legal and secretarial portfolio of Hektar REIT which includes all areas of regulatory and secretarial compliance. She was formerly with the United Engineers Malaysia Berhad ("UEM") Group of Companies for 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. She graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance.

Raziff Suhairi bin Shaaban

Senior Manager, Finance

Raziff is responsible for the finances of Hektar REIT and provides support in areas of accounting, taxation, corporate finance and treasury. He joined Hektar in 2005 and was extensively involved in the REIT IPO listing. Previously he served in Renong Berhad (now United Engineers Malaysia Berhad) for 5 years from 1997, mainly handling the privatisation exercise of Keretapi Tanah Melayu Berhad. Subsequent to that, he served in Park May Berhad for 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. He holds a Bachelor of Commerce (Accounting and Finance) degree from the University of Queensland, Australia. Raziff also holds a Certificate of Investor Relations from the IR Society (UK).

Martin Chen

Manager, Legal

Martin provides support in the areas of legal and secretarial compliance in relation to the portfolio of Hektar REIT. He was formerly in legal practice as a legal associate with the firms Jeyaratnam & Chong for 2 ½ years, and then Zul Rafique & Partners for a further 3 years. While in legal practice, he was responsible for handling and providing advice in sale & purchase, tenancy and lease transactions involving various types of properties (residential, commercial, agricultural, office units and buildings) within Peninsular Malaysia. He also handled consumer loan documentation work (retail banking) from numerous banks and financial institutions in Malaysia and provided advisory services for housing developers in relation to housing development projects within the Klang Valley. Martin graduated from the University of Sheffield, United Kingdom with a Bachelor of Laws (LLB) degree and holds a Certificate in Legal Practice (CLP) from the Legal Qualifying Board, Malaysia. He was called to the Malaysian Bar as an advocate and solicitor in November 2002.

Investor Communications

Hektar Asset Management (The Manager) is committed to building and developing relationships with long-term investors by ensuring transparent and timely disclosure to the investment community.

Hektar REIT's website contains detailed information on the REIT's strategy, organisation, manager, portfolio and financials. The investor information section contains current and previous quarterly presentations, annual and interim reports, press releases and announcements, in downloadable Portable Document Format (PDF). An email alert system provides subscribers with the latest quarterly announcements on a timely basis.

The Manager continues to maintain regular communications with research houses, individual & institutional investors and the media. The Manager conducts one-to-one and group meetings, conference calls and continues to provide site visits to the properties. Since the IPO listing, the Manager has delivered presentations and papers in remiser briefings, equity roadshows, industry conferences / seminars and investor & media outreach programmes throughout Malaysia, Singapore, Hong Kong and the Middle East.

In 2009, Hektar REIT participated and presented in the CIMB Private Banking Conference 2009, Asia Business Forum (ABF) Malaysian Property Market Conference 2009 and ABF REITs Conference 2009, OSK Top Malaysian Small Cap Companies 2009, LexisNexis REITs Conference 2009, the IR Magazine South East Asia Conference & Awards 2009 and seminars at the Malaysian Investor Relations Association, Institute of Public Relations Malaysia and National University of Singapore's Department of Real Estate. OSK selected Hektar REIT in their annual OSK Jewels 2009 as one of the Top 5 companies in their Top Malaysian Small Cap Companies Book.

Currently, quarterly updates are delivered to more than 150 institutions around the world, including Singapore, Hong Kong, Switzerland, Australia, The Netherlands, Japan, the U.K. and the U.S.

Hektar Asset Management will continue to improve the quality of investment disclosure for Hektar REIT to strengthen relationships with the investment community.

For new and prospective investors, a brief guide, 2-page fact sheet and detailed Frequently Asked Questions are available on the website.

For more information, please visit the website at www.HektarREIT.com or contact:

The Manager

Investor Relations & Corporate Communications
Hektar Asset Management Sdn Bhd
Block C-0-5, Plaza Damas
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MALAYSIA

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Fax : +6 03 6201 0012

The Registrar

Mega Corporate Services Sdn Bhd
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur
MALAYSIA

Tel : +6 03 2692 4271
Fax : +6 03 2732 5388

Email : ir@HektarREIT.com
Web : www.HektarREIT.com

Financial Year Calendar	2010*	2009
Full Year Results Announcement	2 February 2010	4 February 2009
Annual Report	February 2010	February 2009
Final Dividend Distribution	5 March 2010	5 March 2009
First Quarter Results Announcement	May 2010	18 May 2009
First Quarter Dividend Distribution	June 2010	16 June 2009
Second Quarter Results Announcement	August 2010	11 August 2009
Second Quarter Dividend Distribution	September 2010	11 September 2009
Third Quarter Results Announcement	November 2010	4 November 2009
Third Quarter Dividend Distribution	December 2010	4 December 2009

* Dates subject to change

Manager's Report

The Board of Directors of Hektar Asset Management Sdn Bhd, the Manager of Hektar REIT is pleased to submit their report to the Unitholders of Hektar REIT together with the audited financial statements of Hektar REIT for the year ended 31 December 2009.

PRINCIPAL ACTIVITY

Hektar REIT was established on 5 October 2006 and listed on Bursa Malaysia Securities Berhad on 4 December 2006. The principal activity of Hektar REIT is to invest primarily in shopping centres with the objective of achieving an attractive level of return from rental income as well as for long-term capital growth.

REVIEW OF PERFORMANCE

	As at 31 December 2009 RM	As at 31 December 2008 RM
Total Net Asset Value	406,278,208	402,101,236
Units in Circulation (Units)	320,001,000	320,001,000
Net Asset Value per unit	1.27	1.26
Market Value per unit	1.12	0.77
Highest Traded Price	1.12	1.51
Lowest Traded Price	0.77	0.73

	FYE 31 December 2009 RM	As at 31 December 2008 RM
Total Gross Income	87,854,918	84,276,401
Total Property Expenses	(34,687,631)	(31,376,978)
Fair Value Adjustment on Investment Properties	400,519	24,114,645
Total Non-Property Expenses	53,567,806 (16,430,731)	77,014,645 (16,661,334)
Net Income before taxation	37,137,075	60,352,734
Net Income before taxation - realised	36,736,556	36,238,089
Net Income before taxation - unrealized	400,519	24,114,645
Net Income after taxation	37,137,075	60,352,734
Earnings per Unit after Tax (sen)	11.61	18.86
Realised Earnings per Unit after Tax (sen)	11.48	11.32
Distribution per Unit ("DPU") (sen)	10.30	10.20

Manager's Report (Cont'd)

The Manager is pleased to report that for the financial year ended 31 December 2009, the total revenue of Hektar REIT was RM87,854,918 comprising gross rental income of RM87,712,338, interest income of RM121,566 and other income of RM21,014.

The realised net profit FYE 2009 of RM36,736,556 is higher than FYE 2008 by RM498,467.

The Manager has recommended and AmTrustee Berhad ("Trustee") has approved a total income distribution of 10.3 sen per unit (equivalent to 90% of income before tax) totaling RM32,960,103 for the year ended 31 December 2009.

The total income distribution of RM32,960,103 for FYE 2009 surpassed the forecast published in the initial public offering prospectus dated 15 November 2006 by 11%. It also surpassed FYE 2008's income distribution by RM320,001 or 1%.

INCOME DISTRIBUTION

The schedule of the income distributions are as follows:

Dividend payment	Period covered	Income Distribution (RM)	Remarks
First interim dividend	Jan 09 –Mar 09	7,680,024	Paid in May 2009
Second interim dividend	Apr 09-Jun 09	7,680,024	Paid in September 2009
Third interim dividend	Jul 09-Sep 09	7,680,024	Paid in December 2009
Final dividend	Oct 09-Dec 09	9,920,031	To be paid in March 2010
Total		32,960,103	

DIRECTORS OF THE MANAGER

Directors who are currently serving on the Board of Hektar Asset Management Sdn Bhd are:

Dato' Jaafar Bin Abdul Hamid
 Zalila Binti Mohd Toon
 Lim Ee Seng
 Christopher Tang Kok Kai
 Shahril Bin Kassim
 Dato' Syed Amin Aljeffri
 Dato' Robert Lim Git Hooi
 Philip Eng Heng Nee
 Jack Lam Juck Ngai
 (Alternate Director to Christopher Tang)

DIRECTORS BENEFITS

For the financial year ended 31 December 2009, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by Hektar REIT or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest save and except for note 22 as explained under the Notes to the Financial Statements.

There were no arrangements during the financial year ended 2009, which had the objective of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of Hektar REIT or any other corporate body.

Manager's Report (Cont'd)

MANAGER'S FEE

For the financial year ended 31 December 2009, the Manager's fee comprised the following:

1. Base fee of RM1,872,875, which is calculated at 0.25% of Gross Asset Value ("GAV")
2. Performance fee of RM1,917,319, which is calculated at 3.5% of Net Property Income

The Manager's total management fee of RM3,790,195 represents 0.93% per annum of the Net Asset Value ("NAV") of Hektar REIT.

The Manager also received RM61,000 in acquisition fees during this period, being commission for the acquisition of four sold lots in Subang Parade.

Save for the expenses incurred for the general overheads and costs of services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of Hektar REIT.

CORPORATE DEVELOPMENTS

Public Spread

The non compliance of the public spread requirement which was announced by the Manager during the course was successfully rectified on 21 May 2009, where the Manager announced that Hektar REIT's unitholders stood at 28% in the hands of 1,093 public unitholders.

However, effective 3 August 2009, Bursa Malaysia Securities Berhad had amended the shareholding spread requirement by abolishing the minimum numbers requirement but had retained the need for the public shareholding portion to be a minimum of 25% of total unitholdings. This means that as long as 25% of total unitholdings is in the hands of public unitholders, Hektar REIT does not have to comply with the previous additional requirement that it also be in the hands of a minimum of 1,000 unitholders. Since the announcement made by the Manager on 21 May 2009, Hektar REIT has been in full compliance of the new requirement.

Acquisition of Sold Lot

The acquisitions of Lots LG03, LG04, LG05 & LG06 at Subang Parade from previous individual owners which were announced in the 2008 annual report were completed on 26 February 2009, as announced in the first quarter 2009 report dated 18 May 2009.

Change in Boardroom

On 10 March 2009, an announcement was made to Bursa Malaysia on the appointment of Mr. Jack Lam Juck Ngai who is currently the Deputy CEO of Frasers Centrepoint Asset Management Limited as Alternate Director to Mr. Christopher Tang Kok Kai who is on the Board of Hektar Asset Management Sdn Bhd as a Non Executive Director.

GEARING

DEBT FACILITIES

In the financial year ended 31 December 2009, Hektar REIT has increased its borrowings from RM301,500,000 to RM334,000,000. The additional loan of RM32,500,000 was obtained to primarily refurbish Mahkota Parade as well as towards capital expenditure for Subang Parade and Wetex Parade. The total borrowings of RM334,000,000 are long term and secured.

GEARING CAPACITY

As at 31 December 2009, Hektar REIT had a gearing ratio (external borrowings to total assets) of 43%. Based on the GAV of RM777,125,349 as at 31 December 2009, there is capacity to borrow an additional RM54,562,675 before reaching the 50% limit permitted under the SC Guidelines on REITs.

Manager's Report (Cont'd)

UNITS IN ISSUE

The total number of units in issue of Hektar REIT as at 31 December 2009 is 320,001,000.

INVESTMENTS OF THE TRUST

Total Investments as at 31 December 2009 was RM720,000,000.

	Value as at 1 January 2009 (RM' mil)	Refurbish./ Acquisition of Sold Lot (RM' mil)	Total (RM' mil)	Revaluation (RM' mil)	Unrealised gain/(loss) (RM' mil)
Subang Parade	331.4	4.6	336.0	343.0	7.0
Mahkota Parade	252.0	0.8	252.8	257.0	4.2
Wetex Parade	130.0	0.8	130.8	120.0	(10.8)
Total	713.4	6.2	719.6	720.0	0.4

NET ASSET VALUE OF HEKTAR REIT

The Net Asset Value of Hektar REIT as at 31 December 2009 is RM1.27 per unit.

This concludes the Manager's Report with a resolution of the Board of Directors.

DATO JAAFAR BIN ABDUL HAMID
Chairman & Chief Executive Officer

ZALILA BINTI MOHD TOON
Executive Director & Chief Financial Officer

Kuala Lumpur
February 2010

Corporate Governance

The management of Hektar REIT is governed by a Trust Deed executed on 5 October 2006 between the Manager and the Trustee (“The Deed”). The Deed, inter alia, details out the roles, duties, obligations and power of the Manager and the Trustee. Essentially, the Trustee and the Manager play countervailing roles against each other to ensure that the REIT is managed with efficiency and integrity.

The Board of the Manager views corporate governance in four key concepts:

1. good performance
2. accountability
3. transparency
4. integrity

The Board has the responsibility to ensure that the abovementioned concepts were rigorously observed throughout the year ended 31 December 2009. To this end, the Manager applied the principles and best practices as set out in Parts 1 and 2 respectively of the Malaysian Code of Corporate Governance (“the Code”) and Bursa Malaysia’s Listing Requirements (“LR”).

The Board of Directors

The Board of the Manager is responsible for the overall corporate governance of Hektar REIT, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The role and function of the Board, as well as the differing roles of the Executive Directors and Non-Executive Directors, are clearly documented in the Operations Manual.

Executive Committee

An Executive Committee is delegated by the Board to, among other things:

- make decisions in relation to investments to be made or expenditure to be incurred by Hektar REIT;
- make decision in relation to operations and management of Hektar REIT; and
- carry out and undertake such other functions as may be determined by the Board by unanimous resolution and to act in accordance with the instructions of the Board

The committee comprises three directors, namely, Dato’ Jaafar bin Abdul Hamid as Chairman, Zalila binti Mohd Toon and Christopher Tang.

Audit Committee

An Audit Committee, comprising the Independent Directors Dato’ Syed Amin Aljeffri as Chairman, Dato’ Robert Lim Git Hooi and Philip Eng Heng Nee is delegated by the Board to undertake, among other things, the following duties and responsibilities:

- Review and deliberate on Hektar REIT’s Financial Performance
- Review and deliberate on the Quarterly Report to Bursa Malaysia
- Receive and deliberate on report issued by the external and internal auditor

Board Meetings

The Board ordinarily meets at least once every financial quarter with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. For the year ended 31 December 2009, the Board met on 4 occasions, where it deliberated upon and considered a variety of matters including Hektar REIT’s financial results and strategic and major investment decisions.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both qualitative and quantitative factors so that informed decisions can be made. All proceedings from the Board meetings are minuted.

Corporate Governance (Cont'd)

Board Balance

As at the date of this statement, the Board consists of eight (8) members, comprising one (1) Executive Chairman, one (1) Executive Director, three (3) Non-Executive Directors and three (3) Independent Non-Executive Directors. As more than 37% of Directors are considered independent, this complies and exceeds the directors' independence requirements set out under paragraph 15.02 of Bursa Malaysia's LR which requires that at least one-third of the Board be independent Directors. A brief profile of each Director is presented in the Board of Directors section of this annual report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in Section 1.01 of Bursa Malaysia's LR.

The Directors, with their varied backgrounds and areas of expertise, collectively bring with them a wide range of experience and expertise in areas such as strategy, finance, corporate affairs, legal, marketing and operations. The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Directors bring objective and independent judgment to the decision making of the Board and provide a review and challenge on the performance of management. As such, there is proper balance in the Board because of the presence of Independent Directors of the caliber necessary to carry sufficient weight in Board decisions.

The Board is satisfied that the current Board composition fairly reflects the interest of Hektar REIT's minority unitholders.

Directors Training

In May 2009, Mr. Lim Ee Seng, Mr. Christopher Tang, and Mr. Jack Lam Juck Ngai attended the Mandatory Accreditation Programme of Directors for Public Listed Companies ("MAP") organised by Bursatra, Bursa Malaysia's training arm. With this, all the Directors of Hektar Asset Management Sdn Bhd have attended the MAP.

Supply of Information

The Board recognizes that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have full and unrestricted access to any information pertaining to Hektar REIT.

The Chairman plays a key role in ensuring that all Directors have full and timely access to information relevant to matters that will be deliberated at the Board meeting. The agenda and set of Board papers are circulated in advance of the Board meetings. A comprehensive balance of financial and non-financial information is encapsulated in the papers covering strategic, operational, financial, regulatory and marketing issues.

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making, that Board procedures are followed and the statutory and regulatory requirements are met. The Secretary also assists the Chairman in ensuring that all Directors are properly briefed on issues arising at Board meetings. The Board believes that the current Company Secretary is capable of carrying out the appropriate duties to ensure the effective functioning of the Board while the terms of appointment permit the removal and appointment by the Board as a whole.

Unitholders

The Manager recognizes the importance of being accountable to investors of Hektar REIT and as such maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with Hektar REIT's investors, stakeholders and public generally. This is achieved principally through quarterly reports, interim reports and annual reports.

The Manager also holds periodic briefings for fund managers, analysts and institutional investors. Press conferences are held when required, to brief members of the media on Hektar REIT's strategic direction, performance and key events.

While the Manager endeavours to provide as much information possible to Hektar REIT's unitholders, it is mindful of the legal and regulatory frameworks governing the release of material and price-sensitive information.

Corporate Governance (Cont'd)

Financial reporting

It is the Board's commitment to provide a balanced and meaningful assessment of Hektar REIT's financial performance and prospects at the end of the financial year, primarily through annual financial statements, quarterly and half yearly announcements of results to unitholders.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of Hektar REIT as at the end of the accounting period and of their profit & loss and cash flows for the period ended. In preparing the financial statements, the Directors endeavour to ensure that applicable approved accounting standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 are applied.

In preparing the financial statements, the Directors endeavour to select and apply consistently suitable accounting policies and make reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Hektar REIT and to prevent and detect fraud and other irregularities.

Statement on Internal Control

The Board acknowledges its responsibilities for maintaining sound internal control systems to safeguard unitholders' interest and Hektar REIT's assets and for reviewing the adequacy and integrity of these systems. Due to the limitations that are inherent in any system of internal control, the system currently employed is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provide for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with the publication of an Employees Handbook. There are also established procedures for planning, capital expenditure and for monitoring Hektar REIT's business and performance.

These procedures provide for continuous assurance to be given at increasingly higher levels of management, and finally, the Board.

The Chairman/Chief Executive Officer reports to the Board on significant changes in the business and external environment. The Chief Financial Officer provides the Board with quarterly financial information, which includes key financial indicators. This includes, among others, the monitoring of results against budget, with variances being followed up and management action taken, where necessary.

Statement By The Manager

In the opinion of the Directors of Hektar Asset Management Sdn. Bhd., the accompanying financial statements are drawn up in accordance with the provisions of the Deed dated 5 October 2006, Securities Commission Act, 1993, Securities Commission's Guidelines on Real Estate Investment Trusts and accompanying Financial Reporting Standards so as to give a true and fair view of the state of affairs of Hektar Real Estate Investment Trust ("Hektar REIT") as at 31 December 2009 and of the results and cash flows of Hektar REIT for the financial year then ended.

Signed on behalf of the Board of the Directors of the Manager in accordance with a resolution of the Board of Directors dated 2 February 2010

DATO' JAAFAR BIN ABDUL HAMID

ZALILA BINTI MOHD TOON

Kuala Lumpur
8 February 2010

Statutory Declaration

I, Zalila Binti Mohd Toon, being the Director of Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

ZALILA BINTI MOHD TOON

Subscribed and solemnly declared by the
abovenamed at Shah Alam in
the State of Selangor on this day of 8 February 2010

Before me:

ROSMAH BINTI OSMAN (B 260)
Commissioner for Oaths

Report Of The Trustee

To The Unitholders of Hektar Real Estate Investment Trust
(Established in Malaysia)

We have acted as Trustee of Hektar Real Estate Investment Trust (“Hektar REIT”) for the financial year ended 31 December 2009. In our opinion and to the best of our knowledge, Hektar Asset Management Sdn. Bhd., the Manager has managed Hektar REIT in accordance with the limitation imposed on the investment powers of the Manager and the Trustee under the Deed dated 5 October 2006 (“the Deed”), the Securities Commission Act, 1993, the Securities Commission’s Guidelines on Real Estate Investment Trusts and other applicable laws during the financial year then ended.

We have also ensured the following:-

- (a) the procedures and processes employed by the Manager to value and price the units of Hektar REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) the creation of units are carried out in accordance with the Deed and other regulatory requirements.

We confirm that the income distributions declared and paid for the financial year ended are in line with and are reflective of the objective of Hektar REIT. Four distributions have been declared for the financial year ended 31 December 2009 as follows:-

- 1. First interim dividend of 2.4 sen paid on 16 June 2009
- 2. Second interim dividend of 2.4 sen paid on 11 September 2009
- 3. Third interim dividend of 2.4 sen paid on 4 December 2009; and
- 4. Proposed final distribution of 3.1 sen payable on 5 March 2010

For and on behalf of the Trustee,
AmTrustee Berhad

RAJA AMIR SHAH BIN RAJA ABDUL AZIZ
Chief Executive Officer

Kuala Lumpur
8 February 2010

Independent Auditors' Report

To The Unitholders of Hektar Real Estate Investment Trust
(Established in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Hektar Real Estate Investment Trust ("the Trust"), which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in net asset value and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 79.

Directors of The Manager Responsibilities for the Financial Statements

The Directors of the Manager of the Trust are responsible for the preparation and fair presentation of these financial statements in accordance with the Deed dated 5 October 2006, the Securities Commission Act, 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Deed dated 5 October 2006, the Securities Commission Act, 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards so as to give a true and fair view of the financial position of the Trust as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

Other Matters

This report is made solely to the Unitholders of the Trust, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trust in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))

Kuala Lumpur
8 February 2010

Balance Sheet

As at 31 December 2009

	Note	2009 RM	2008 RM
UNITHOLDERS' CAPITAL	4	328,136,711	328,136,711
UNDISTRIBUTED INCOME-REALISED		9,784,716	6,008,263
UNDISTRIBUTED INCOME-UNREALISED		68,356,781	67,956,262
Total Unitholders' funds		406,278,208	402,101,236
Represented by:-			
ASSETS			
Investment properties	5	720,000,000	713,400,000
Capital work in progress		14,202,085	106,234
Fixed deposit with a licensed bank	6	2,141,013	1,767,432
Trade receivables	7	375,188	471,741
Other receivables, deposits and prepayments	8	3,832,728	4,142,252
Cash and bank balances		36,574,334	18,220,797
Total assets		777,125,348	738,108,456
LIABILITIES			
Trade payables		3,466,092	188,183
Other payables and accruals	9	23,461,017	24,719,007
Provision for income distribution	10	9,920,031	9,600,030
Borrowings	11	334,000,000	301,500,000
Total liabilities		370,847,140	336,007,220
NET ASSET VALUE ("NAV")		406,278,208	402,101,236
Number of units in circulation	4	320,001,000	320,001,000
Net asset value ("NAV") per unit (RM)			
- before income distribution		1.37	1.36
- after income distribution		1.27	1.26

The accompanying notes form an integral part of the financial statements.

Income Statement

For the financial year ended 31 December 2009

	Note	2009 RM	2008 RM
Gross revenue	12	87,712,338	84,092,285
Property expenses	13	(34,687,631)	(31,376,978)
<hr/>			
Net rental income		53,024,707	52,715,307
Interest income		121,566	171,797
Fair value adjustment on investment properties		400,519	24,114,645
Other income		21,014	12,319
<hr/>			
Total income		53,567,806	77,014,068
Manager's fees	14	3,790,195	3,612,149
Trustee's fee	15	143,838	134,239
Audit fees		40,000	40,000
Tax agent's fees		15,700	19,040
Valuation fees		110,000	12,000
Professional fees		135,304	1,111,475
Allowance for doubtful debts		37,364	108,473
Administration expenses		213,731	228,101
Interest expenses		11,944,599	11,395,857
<hr/>			
Total expenses		16,430,731	16,661,334
Net income before taxation		37,137,075	60,352,734
Taxation	16	-	-
<hr/>			
Net income for the financial year		37,137,075	60,352,734
<hr/>			
Net income for the financial year is made up as follows:-			
Realised		36,736,556	36,238,089
Unrealised - Fair value adjustment on investment properties		400,519	24,114,645
<hr/>			
		37,137,075	60,352,734
<hr/>			

The accompanying notes form an integral part of the financial statements.

Income Statement

For the financial year ended 31 December 2009 (Cont'd)

	Note	2009 RM	2008 RM
Earnings per unit			
- After manager's fees (sen)	17(a)	11.61	18.86
- Before manager's fees (sen)	17(b)	12.79	19.99
Earnings per unit (Realised)			
- After manager's fees (sen)	17(c)	11.48	11.32
- Before manager's fees (sen)	17(d)	12.66	12.45
Net income distribution	18		
- Interim distribution of 7.2 sen (2008: 7.2 sen) per unit		23,040,072	23,040,072
- Proposed final distribution of 3.1 sen (2008: 3.0 sen) per unit payable on 5.3.2010 (2008: 5.3.2009)		9,920,031	9,600,030
		32,960,103	32,640,102
Interim income distribution per unit			
- Gross (sen)		7.20	7.20
- Net (sen) *		7.20	7.20
Final income distribution per unit			
- Gross (sen)		3.10	3.00
- Net (sen) *		3.10	3.00

* Withholding tax will be deducted for distributions made to the following types of Unitholders:-

	YA* 2009	YA* 2010
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Non-resident companies	25%	25%

* YA refers to year of assessment of 2009 and 2010 respectively.

Statement of Changes in Net Asset Value

For the financial year ended 31 December 2009

	Unitholders' capital RM	Undistributed income Realised RM	Unrealised RM	Total Unitholders' fund RM
At 1 January 2008	328,136,711	2,410,276	43,841,617	374,388,604
Operations for the financial year ended 31 December 2008				
- Net income for the financial year	-	36,238,089	24,114,645	60,352,734
Increase in net assets resulting from operations	328,136,711	38,648,365	67,956,262	434,741,338
Unitholders' transactions				
Distribution to Unitholders	-	(32,640,102)	-	(32,640,102)
Decrease in net assets resulting from Unitholders' transactions	-	(32,640,102)	-	(32,640,102)
Balance at 31 December 2008	328,136,711	6,008,263	67,956,262	402,101,236
At 1 January 2009	328,136,711	6,008,263	67,956,262	402,101,236
Operations for the financial year ended 31 December 2009				
- Net income for the financial year	-	36,736,556	400,519	37,137,075
Increase in net assets resulting from operations	328,136,711	42,744,819	68,356,781	439,238,311
Unitholders' transactions				
Distribution to Unitholders	-	(32,960,103)	-	(32,960,103)
Decrease in net assets resulting from Unitholders' transactions	-	(32,960,103)	-	(32,960,103)
Balance at 31 December 2009	328,136,711	9,784,716	68,356,781	406,278,208

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

For the financial year ended 31 December 2009

	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	37,137,075	60,352,734
Adjustments for:-		
Fair value adjustment on investment properties	(400,519)	(24,114,645)
Interest expenses	11,944,599	11,395,857
Interest income	(121,566)	(171,797)
Allowance for doubtful debts	37,364	108,473
Operating income before working capital changes:-	48,596,953	47,570,622
Payables	368,722	6,730,353
Receivables	2,019,910	1,543,982
Cash generated from operations	50,985,585	55,844,957
Interest paid	(11,944,599)	(11,395,857)
Interest received	121,566	171,797
Net cash generated from operating activities	39,162,552	44,620,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties	(3,500,000)	(120,980,000)
Expenditure for enhancement of investment properties incurred	(84,748)	(4,062,299)
Expenditure for refurbishment of investment properties incurred	(16,710,584)	(2,193,731)
Placement of fixed deposit	(373,581)	(488,903)
Net cash used in investing activities	(20,668,913)	(127,724,933)

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

For the financial year ended 31 December 2009 (Cont'd)

	2009 RM	2008 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	32,500,000	117,500,000
Distribution to Unitholders	(32,640,102)	(34,272,107)
Net cash (used in)/generated from financing activities	(140,102)	83,227,893
CASH AND CASH EQUIVALENTS		
Net changes	18,353,537	123,857
At beginning of the financial year	18,220,797	18,096,940
At end of financial year	36,574,334	18,220,797

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:-

	2009 RM	2008 RM
Cash and bank balances	36,574,334	18,220,797

Notes to the Financial Statements

As of 31 December 2009

1. GENERAL INFORMATION

Hektar Real Estate Investment Trust (“Hektar REIT” or “the Trust”) was constituted on 5 October 2006 pursuant to a trust deed dated 5 October 2006 (“the Deed”) between Hektar Asset Management Sdn. Bhd. (“the Manager”) and AmTrustee Berhad (“the Trustee”).

Hektar REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 4 December 2006.

The principal activity of Hektar REIT is to acquire and invest in income-producing real-estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with stable distribution of income and potential capital growth. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the Manager consist of managing and administering the fund for Hektar REIT and other management services. The Manager, incorporated in Malaysia is a subsidiary of Hektar Klasik Sdn. Bhd.

The Manager’s registered office is located at Unit 419, Block A, Kelana Business Centre, No. 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor. The principal place of business of the Manager is located at Block C-0-5, Plaza Damas, No. 60, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur.

2. FINANCIAL RISK MANAGEMENT POLICIES

Hektar REIT’s financial risk management policy seeks to ensure that adequate financial resources are available for the development of the REIT’s business whilst managing its risks. Hektar REIT operates within clearly defined guidelines as set out in the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the Guidelines”). These Guidelines seek to provide a regulatory framework that would protect the interests of the investing public. Hektar REIT’s risk management policies, which ensure compliance with the spirit of the Guidelines, are set out below. It is not the Trust’s policy to engage in speculative transactions.

(a) Interest rate risk

Hektar REIT’s exposure to changes in interest rates are primarily due to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rate.

(b) Credit risk

The Trust controls credit risk by the application of credit approvals, limits and monitoring procedures.

(c) Liquidity and cash flow risks

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Hektar REIT’s operations and mitigate the effects of fluctuations in cash flows.

In addition, the Manager also monitors and observes the Guidelines concerning limits on total borrowing.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention (unless otherwise indicated in the summary of significant accounting policies) and complied with the applicable provisions of the Deed, the provisions of the Securities Commission Act, 1993, the Guidelines and the Financial Reporting Standards.

These financial statements are presented in Ringgit Malaysia (RM), which is the Trust's functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 12 February 2009.

(b) Adoption of Revised Financial Reporting Standards ("FRS")

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Trust:-

- | | | | |
|----|-------------------------|---|--|
| a) | Amendments to FRS 1 | - | First-time Adoption of Financial Reporting Standards. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate |
| b) | FRS 1 (#) | - | First time Adoption of Financial Reporting Standards |
| c) | Amendments to FRS 2 | - | Share Based Payment. Amendments relating to vesting conditions and cancellations |
| d) | Amendments to FRS 2 (#) | - | Share Based Payment. Amendments relating to the scope of the Standard |
| e) | FRS 3 (#) | - | Business Combinations |
| f) | FRS 4 | - | Insurance Contracts |
| g) | Amendments to FRS 5 | - | Non-current Assets Held for Sale and Discontinued Operations. Amendments relating to disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations. |
| h) | Amendments to FRS 5 (#) | - | Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard |
| i) | FRS 7 | - | Financial Instruments: Disclosures |
| j) | Amendment to FRS 7 | - | Financial Instruments: Disclosures. Amendment relating to financial assets |
| k) | FRS 8 | - | Operating Segments |
| l) | Amendments to FRS 8 | - | Operating Segments – Amendment relating to disclosure information about segment assets |
| m) | FRS 101 | - | Presentation of Financial Statements (Revised) |
| n) | Amendment to FRS 107 | - | Cash flow Statements. Amendment relating to classification of expenditures on unrecognised assets |
| o) | Amendment to FRS 108 | - | Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies |
| p) | Amendments to FRS 110 | - | Events After the Balance Sheet Date. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period |
| q) | Amendment to FRS 116 | - | Property, Plant and Equipment. Amendment relating to derecognition of asset |
| r) | Amendment to FRS 117 | - | Leases. Amendment relating to classification of leases |
| s) | Amendment to FRS 118 | - | Revenue. Amendment relating to Appendix of this standard and recognition and measurement |
| t) | Amendment to FRS 119 | - | Employee Benefits. Amendment relating to definition, curtailment and settlements |

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of Revised Financial Reporting Standards ("FRS") (Cont'd)

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Trust (cont'd):-

- | | | | |
|-----|---------------------------------------|---|---|
| u) | Amendment to FRS 120 | - | Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan at a below – market rate of interest |
| v) | FRS 123 | - | Borrowing Costs (Revised) |
| w) | Amendments to FRS 123 | - | Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing |
| x) | Amendments to FRS 127 | - | Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate |
| y) | FRS 127 (#) | - | Consolidated Separate Financial Statements |
| z) | Amendment to FRS 128 | - | Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard |
| aa) | Amendment to FRS 129 | - | Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used |
| ab) | Amendment to FRS 131 | - | Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131 |
| ac) | Amendment to FRS 132 | - | Financial Instruments: Presentation. Amendment relating to puttable financial instruments |
| ad) | Amendment to FRS 134 | - | Interim Financial Reporting. Amendment relating to disclosure of earnings per share |
| ae) | Amendment to FRS 136 | - | Impairment of assets. Amendment relating to the disclosure of recoverable amount |
| af) | Amendment to FRS 138 | - | Intangible assets. Amendment relating to recognition of an expense |
| ag) | Amendment to FRS 138 (#)- | - | Intangible assets. Amendments relating to the revision to FRS 3 |
| ah) | FRS 139 | - | Financial instruments: Recognition and measurement |
| ai) | Amendment to FRS 139 | - | Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives |
| aj) | Amendment to FRS 140 | - | Investment Property. Amendment relating to inability to determine fair value reliably |
| ak) | IC Interpretations 9 | - | Reassessment of Embedded Derivates |
| al) | Amendment to IC Interpretations 9 (#) | - | Reassessment of Embedded Derivates. Amendments relating to the scope of the IC and revision to FRS 3 |
| am) | IC Interpretation 10 | - | Interim Financial Reporting and Impairment |
| an) | IC Interpretation 11 | - | FRS 2 - Group and Treasury Share Transactions |
| ao) | IC Interpretation 12 (#) | - | Service Concession Agreements |
| ap) | IC Interpretation 13 | - | Customer Loyalty Programmes |
| aq) | IC Interpretation 14 | - | FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction |
| ar) | IC Interpretation 15 (#) | - | Agreement for the Construction of Real Estate |
| as) | IC Interpretation 16 (#) | - | Hedges of a Net Investment in a Foreign Operation |
| at) | IC Interpretation 17 (#) | - | Distributions of Non-Cash Assets to Owners |

All the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8 and those marked with (#) which will be applicable to accounting period beginning on or after 1 July 2009 and 1 July 2010 respectively. The existing FRS 1, FRS 3, FRS 127 as well as FRS 201₂₀₀₄ will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of Revised Financial Reporting Standards ("FRS") (Cont'd)

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Trust (cont'd):-

Notes:

With the issuance of IC Interpretation 15, FRS 201₂₀₀₄ Property Development Activities is withdrawn.

FRS 2, FRS 4, FRS 5, FRS 128, FRS 129, FRS 131, IC Interpretation 9, 11, 12, 13, 14, 15 and 16 are not expected to be relevant to the operations of the Trust. The Directors of the Manager anticipate that the other FRS, amendments to FRS and IC Interpretations and amendments to IC Interpretation will be adopted in the annual financial statements of the Trust for the financial year commencing 1 January 2010 and that the adoption of these new/revised FRS, amendments to FRS, Interpretations and amendments to IC Interpretations will have no material impact on the financial statements of the Trust in the period for initial application, except for the following:-

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Trust's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114₂₀₀₄ Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Trust's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Trust identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Trust's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Trust's reportable segments may change.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Trust shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of Revised Financial Reporting Standards ("FRS") (Cont'd)

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Trust (cont'd):-

IC Interpretation 17 Distributions of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Trust should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Trust. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Trust's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future financial years affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 5 to the Financial Statements.

(d) Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose.

Investment properties are stated at fair value, which reflects market condition at the balance sheet date. The fair value is based on market value, which is the price at which the properties could be exchanged between knowledgeable, willing parties in an arm length transaction. Gain or losses arising from changes in the fair values of investment properties are included in the income statement in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the financial year of retirement or disposal.

(e) Capital work in progress

Capital work in progress represents refurbishment work undertaken to enhance the value of the properties which will be transferred to investment properties upon the completion of the work.

(f) Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Income tax (Cont'd)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(g) Receivables

Known bad debts are written off and specific allowance is made to debts which are considered doubtful of collection.

(h) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(i) Provision for liabilities

Provisions are recognised when there is a present obligation legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

Provision for income distribution is recognised when any distribution declared, determined or publicly recommended by the Directors of the Manager and approved by the Trustee but not distributed at the balance sheet date.

(j) Cash and cash equivalents

Cash comprises of cash and bank balances, short-term demand deposits and bank overdraft. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Borrowing

Interest bearing borrowing is recorded at the amount of proceeds received.

(l) Impairment of assets

At each balance sheet date, Hektar REIT reviews the carrying amounts of its assets (except for investment properties that are measured at fair value) which are reviewed at each balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years.

All reversals of impairment losses are recognised as income immediately in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future financial years to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

(m) Revenue recognition

- (i) Rental income is recognised in the Income Statement on accrual basis.
- (ii) Carpark income is recognised in the Income Statement on accrual basis.
- (iii) Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the year to maturity, when it is determined that such income will be accrued.

(n) Expenses

- (i) Property expenses consist of property management fees, quit rents and assessment, and other property outgoings in relation to investment properties where such expenses are the responsibility of the Trust. Property management fees are recognised on an accrual basis using the applicable formula as stated in the Property Management Agreement.
- (ii) Manager's fees are recognised on an accrual basis using the applicable formula as stated in the Deed.
- (iii) Trustee's fee is recognised on an accrual basis using the applicable formula as stated in the Deed.
- (iv) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

4. UNITHOLDERS' CAPITAL

	Trust	
	2009	2008
	No. of units	No. of units
Authorised:		
At beginning/end of financial year	320,001,000	320,001,000
<hr/>		
	2009	2008
	RM	RM
Issued and fully paid:-		
At beginning/end of financial year	328,136,711	328,136,711

As at 31 December 2009, the Manager did not hold any Units in Hektar REIT. However, the Directors of the Manager and their related parties held Units in Hektar REIT as follows:-

	2009	% of
	No. of units	total units
Manager's Directors' Direct Unitholdings in Hektar REIT:-		
Under Mayban Nominees (Tempatan) Sdn. Bhd.		
1. Dato' Jaafar Bin Abdul Hamid	344,700	0.11%
2. Zalila Binti Mohd Toon	300,000	0.09%

Substantial Unitholders' Direct Unitholdings in Hektar REIT:-

1. HSBC Nominees (Foreign) Exempt an for the Hongkong and Shanghai Banking Corporation Ltd.	99,400,000	31.06%
2. Hektar Black Sdn. Bhd. - Pledged securities account for Hektar Black Sdn. Bhd.	40,700,000	12.72%
3. Hektar Premier Sdn. Bhd. - Pledged securities account for Hektar Premier Sdn. Bhd.	300,000 87,500,000	0.09% 27.34%

The Manager's related parties' Direct Unitholdings in Hektar REIT:-

1. Hektar Premier Sdn. Bhd.	87,800,000	27.44%
2. Hektar Black Sdn. Bhd.	40,700,000	12.72%

5. INVESTMENT PROPERTIES

	2009	2008
	RM	RM
At beginning of financial year	713,400,000	559,400,000
Acquisition	3,500,000	120,980,000
Additions	2,699,481	8,905,355
Fair value adjustment	400,519	24,114,645
At end of financial year	720,000,000	713,400,000

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Details of the above are as follows:-

Description of property	Tenure of land	Location	Existing use	Acquisition cost as at 31 December 2009 RM	Valuation as at 31 December 2009 RM	Percentage of valuation to net asset value %
1. Subang Parade	Freehold	Subang	Commercial	287,490,000	343,000,000	84
2. Mahkota Parade	Leasehold	Melaka	Commercial	232,000,000	257,000,000	63
3. Wetex Parade & Classic Hotel	Freehold	Muar	Commercial	117,500,000	120,000,000	30
				636,990,000	720,000,000	

The valuation reports of Subang Parade, Mahkota Parade and Wetex Parade & Classic Hotel were issued on 29 December 2009 by Messrs. Khong & Jaafar Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers and Estate Agents Malaysia using the comparison and the investment methods of valuation.

The leasehold land for Mahkota Parade is expiring on 2101.

Subang Parade and Mahkota Parade have been pledged as security for borrowings under Note 11 of the Notes to the Financial Statements.

6. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit has been pledged to a licensed bank for bank guarantee granted to the Trust.

7. TRADE RECEIVABLES

	2009 RM	2008 RM
Trade receivables	600,869	660,058
Less: Allowance for doubtful debts	(225,681)	(188,317)
	375,188	471,741

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the other receivables, deposits and prepayments are receivables of RM 3,314,799 (2008: RM3,049,339) due from companies related to the Manager which are trade in nature, interest free and have no fixed terms of repayments.

9. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals are amounts owing to the Manager, Property Manager and Trustee of RM329,801 (2008: RM298,829), RM149,238 (2008: RM156,205) and RM12,031 (2008: RM11,229) respectively, which are unsecured, interest free and payable monthly in arrears and also the deposits received from tenants amounting to RM20,684,816 (2008: RM20,255,544).

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

10. PROVISION FOR INCOME DISTRIBUTION

	2009 RM	2008 RM
At beginning of financial year/period	9,600,030	11,232,035
Provision during the financial year/period	32,960,103	32,640,102
Payment made during the financial year/period	(32,640,102)	(34,272,107)
At the end of financial year/period	9,920,031	9,600,030

11. BORROWINGS

	2009 RM	2008 RM
Secured:-		
Murabahah Overdraft ("MOD")	334,000,000	301,500,000

The MOD is secured by way of fixed charge over Subang Parade and Mahkota Parade. The MOD has a tenor of 5 years and is subject to interest rate of cost of funds plus 75 basis points (2008: cost of funds plus 75 basis points).

12. GROSS REVENUE

	2009 RM	2008 RM
Rental income	80,342,165	76,725,364
Car park income	7,273,467	7,226,373
Other income	96,706	140,548
	87,712,338	84,092,285

13. PROPERTY EXPENSES

	2009 RM	2008 RM
Assessment and quit rent	3,086,736	2,836,210
Marketing and promotions	2,988,428	3,081,020
Property management fee	1,755,847	1,683,446
Property maintenance	15,439,348	13,704,551
Utilities	10,861,811	9,566,094
Others	555,461	505,657
	34,687,631	31,376,978

Property management fee of RM1,755,847 (2008: RM1,683,446) was incurred to Izrin & Tan Properties Sdn. Bhd. in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

14. MANAGER'S FEES

Pursuant to the Deed, the Manager's fees consist of the following:-

Manager's annual fee:-

(i) Base fee

Up to 1.0% per annum of the Gross Asset Value ("GAV") of the Trust payable monthly in arrears, excluding GST.

For the financial year ended 31 December 2009 and ending 31 December 2010, the base fee shall be 0.25% per annum of the GAV of the Trust (2008: 0.25%).

(ii) Performance fee

Up to 5.0% per annum of the Net Property Income ("NPI"), before deducting the property management fee, payable monthly in arrears, excluding GST.

For the financial year ended 31 December 2009 and ending 31 December 2010, the performance fee shall be 3.5% per annum of the NPI, before deducting the property management fee (2008: 3.5%).

15. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee up to 0.1% per annum of the NAV of the Trust, including the Manager's fees, payable annually in arrears, excluding GST.

For the financial year ended 31 December 2009 and ending 31 December 2010 the Trustee's fee shall be 0.035% (2008: 0.035%) per annum of the NAV of the Fund, including the Manager's fees but excluding GST.

16. TAXATION

	2009 RM	2008 RM
Current financial year's provision	-	-

A reconciliation of income tax expense on income before taxation for the REIT with the applicable statutory income tax rate is as follows:-

	2009 RM	2008 RM
Income before taxation	37,137,075	60,352,734
Income tax at 25% (2008: 26%)	9,284,269	15,691,711
Tax effects in respect of:-		
Non-allowable expenses	119,970	591,617
Income not subject to tax	(100,130)	(6,269,808)
Effect of income distribution exempted from tax	(9,304,109)	(10,013,520)
Total tax expenses	-	-

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

17. EARNINGS PER UNIT

- (a) The calculation of earnings per unit after Manager's fee is based on net income for the financial year of RM37,137,075 (2008: RM60,352,734) to the number of units in circulation during the financial year of 320,001,000 (2008: 320,001,000).
- (b) The calculation of earnings per unit before Manager's fee is based on net income for the financial year of RM40,927,270 after adding back Manager's fee (2008: RM63,964,883) and number of units in circulation during the financial year of 320,001,000 (2008: 320,001,000).
- (c) The calculation of earnings per unit after Manager's fee (realised) is based on realised net income for the financial year of RM36,736,556 (2008: RM36,238,089) to the number of units in circulation during the financial year of 320,001,000 (2008: 320,001,000).
- (d) The calculation of earnings per unit before Manager's fee (realised) is based on realised net income for the financial year of RM40,526,751 after adding back Manager's fees (2008: RM39,850,238) and the number of units in circulation during the financial year of 320,001,000 (2008: 320,001,000)

18. NET INCOME DISTRIBUTION

Distribution to Unitholders is from the following sources:-

	2009	2008
	RM	RM
Net rental income	53,024,707	52,715,307
Other income	21,014	12,319
Interest income	121,566	171,797
	53,167,287	52,899,423
Less: Expenses	(16,430,731)	(16,661,334)
	36,736,556	36,238,089
Gross provision for distribution per unit (sen)	10.30	10.20
Net provision for distribution per unit (sen) **	10.30	10.20

** Withholding tax will be deducted for distributions made to the following types of Unitholders:-

	YA* 2009	YA* 2010
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Non-resident companies	25%	25%

* YA refers to year of assessment of 2009 and 2010 respectively.

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

19. PORTFOLIO TURNOVER RATIO

	2009	2008
Portfolio Turnover Ratio ("PTR")(times)	0.01	0.32

The calculation of PTR is based on the average of total acquisition and total disposal of investment in Hektar REIT to the average net asset value for the financial year calculated on a quarterly basis.

20. MANAGEMENT EXPENSE RATIO

	2009	2008
Management Expense Ratio ("MER")(%)	1.11	1.37

The calculation of MER is based on the total fees and expenses of Hektar REIT incurred, including Manager's fees, Trustee's fee, auditors' remuneration, tax agent's fees, allowance for doubtful debts and administrative expenses, to the average NAV during the financial year. Since the NAV is calculated on a quarterly basis, comparison of the MER of Hektar REIT with other REITs which uses different basis of calculation may not be an accurate comparison.

21. CAPITAL COMMITMENT

Capital expenditure in respect of the following has not been provided for in the financial statements:-

	2009 RM	2008 RM
Authorised but not contracted for:-		
Acquisition of investment properties	-	3,150,000
Refurbishment of investment properties	1,590,440	-
	1,590,440	3,150,000
Authorised and contracted for:-		
Refurbishment of investment properties	14,616,638	-

22. TRANSACTION WITH A TRUST RELATED TO THE MANAGER

	2009 RM	2008 RM
Commission and service charges received - Hektar Black Sdn. Bhd.	197,888	209,607

Notes to the Financial Statements

As of 31 December 2009 (Cont'd)

23. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities are as follows:-

2009	Within 1 financial year RM	2 to 5 financial years RM	Total RM	Effective interest rate during the financial year %
<u>Financial asset</u>				
Fixed deposit with a licensed bank	-	2,141,013	2,141,013	2.90 - 3.10
<u>Financial liability</u>				
Borrowings	-	334,000,000	334,000,000	4.95
2008				
<u>Financial asset</u>				
Fixed deposit with a licensed bank	-	1,767,432	1,767,432	2.90 - 3.10
<u>Financial liability</u>				
Borrowings	-	301,500,000	301,500,000	4.95

(b) Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amounts shown in the balance sheet.

Hektar REIT has no significant concentration of credit risk with any single counterparty.

As at 31 December 2009, Hektar REIT had no significant credit risk associated with its exposure to potential counterparty failure to settle outstanding.

(c) Fair values

The carrying amounts of financial assets and liabilities of Hektar REIT at the balance sheet date approximated their fair values.

Analysis of Unitholders

TOP 30 UNITHOLDERS AS AT 29 JANUARY 2010 (AS PER RECORD OF DEPOSITORS)

No.	Name of Unitholders	No. of Units	%
1	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)	99,400,000	31.06
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR HEKTAR PREMIER SDN BHD (SFD)	47,500,000	14.84
3	AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR HEKTAR BLACK SDN BHD (BK-HEK000)	40,700,000	12.72
4	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HEKTAR PREMIER SDN BHD (564726100452)	40,000,000	12.50
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	7,000,000	2.19
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	3,177,900	0.99
7	ASCENTPAC SDN BHD	3,140,000	0.98
8	FIRSTWIDE TRADE SDN BHD	3,000,000	0.94
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-I CLT ACCT)	2,874,400	0.90
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (BNYM AS E&A)	2,248,100	0.70
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL NON-PAR)	2,000,000	0.62
12	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (UT-PM-DIV)	1,935,300	0.60
13	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	1,533,500	0.48
14	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	1,533,000	0.48
15	AMANAH RAYA TRUSTEES BERHAD PUBLIC FAR-EAST PROPERTY & RESORTS FUND	1,382,000	0.43
16	MAYBAN NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE PAR FUND)	1,335,000	0.42
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRUDENTIAL EQUITY INCOME FUND (4801)	1,200,000	0.37
18	BHLB TRUSTEE BERHAD TA SMALL CAP FUND	1,179,800	0.37
19	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,022,200	0.32
20	AMSEC NOMINEES (TEMPATAN) SDN BHD AMLIFE INSURANCE BERHAD (FM-AMAB-LNP)	979,300	0.31

Analysis of Unitholders (Cont'd)

TOP 30 UNITHOLDERS AS AT 29 JANUARY 2010 (AS PER RECORD OF DEPOSITORS) (CONT'D)

No.	Name of Unitholders	No. of Units	%
21	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (BALANCED FUND)	948,700	0.30
22	JAZELAN FIRHAN BIN JAAFAR	928,000	0.29
23	LATIFPAH BINTI M ATAN	928,000	0.29
24	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD ALLIANCE OPTIMAL INCOME FUND	880,000	0.27
25	AMSEC NOMINEES (TEMPATAN) SDN BHD AMLIFE INSURANCE BERHAD (FM-AMAB-LF)	856,000	0.27
26	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (INCOME FUND)	725,500	0.23
27	AMSEC NOMINEES (TEMPATAN) SDN BHD AMG INSURANCE BERHAD (FM-AMAB-GF)	712,000	0.22
28	HSBC NOMINEES (ASING) SDN BHD BNY LUX FOR INTERNATIONAL OPPORTUNITIES FUND - MALAYSIA EQUITY	668,800	0.21
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BERHAD FOR TA GLOBAL ASSET ALLOCATOR FUND (5436-401)	610,000	0.19
30	CMREF 1 SDN BHD	600,000	0.19

Analysis of Unitholders (Cont'd)

BREAKDOWN OF UNITHOLDERS AS AT 29 JANUARY 2010

	No. of Unitholders	% of Unitholders	No. of Units Held	% of Total Units
Less than 100	6	0.35	300	0.00
100 to 1,000	180	10.41	154,500	0.05
1,001 to 10,000	858	49.62	5,065,100	1.58
10,001 to 100,000	547	31.64	19,757,400	6.17
100,001 to less than 5% of Issued Units	134	7.75	67,423,700	21.07
5% and above of Issued Units	4	0.23	227,600,000	71.13
Total	1,729	100.00	320,001,000	100.00

CLASSIFICATION OF UNITHOLDERS AS AT 29 JANUARY 2010

Category of Unitholders	No. of Holders			No. of Units			% of Units		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1 Individual	69	1,106	24	2,788,000	28,471,900	752,200	0.87	8.90	0.24
2 Body Corporate									
a. Bank/Finance Companies	1	5		1,382,000	1,805,300		0.43	0.56	
b. Investments trusts / foundations / charities		2			57,000			0.02	
c. Other types of Companies	8	26		4,710,500	7,324,200		1.47	2.29	
3 Government agencies / institutions									
4 Nominees	273	189	26	144,726,700	20,558,900	107,424,300	45.23	6.42	33.57
5 Others									
Total	351	1,328	50	153,607,200	58,217,300	108,176,500	48.00	18.19	33.81

Glossary

Bursa Securities / the Exchange	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Deed	:	The Deed dated 5 October 2006 constituting Hektar REIT executed between the Trustee and the Manager
DPU	:	Distribution per Unit
GAV	:	Gross Asset Value
Gross Revenue	:	Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
Hektar Klasik	:	Hektar Klasik Sdn Bhd (Company No. 557687-X), being the holding company of the Manager
Hektar REIT / the Trust	:	Hektar Real Estate Investment Trust
IPO	:	Initial Public Offering. Hektar REIT's IPO was completed on 4 December 2006
MER	:	Management Expense Ratio
Manager	:	Hektar Asset Management Sdn Bhd (Company No. 732261-T), being the management company of Hektar REIT
NAV	:	Net Asset Value
NTA	:	Net Tangible Assets
NLA / Net Lettable Area	:	Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
OMV	:	Open Market Value
PTR	:	Portfolio Turnover Ratio
Property Manager	:	Izrin & Tan Properties Sdn Bhd (Company No. 602338-K)
REIT(s)	:	Real Estate Investment Trust(s)
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
SCA	:	Securities Commission Act, 1993
SC Guidelines on REITs	:	Guidelines on Real Estate Investment Trusts issued by the SC in August 2008 and any subsequent amendments or updates thereof
Sq. ft.	:	Square feet
Sqm	:	Square metres
Share Registrar	:	Mega Corporate Sdn Bhd (Company No. 187984-H)

Glossary (Cont'd)

Step-Up Rent Provision	:	Specified in tenancy agreement as a pre-determined increase in rent at defined intervals during a tenancy agreement, typically each year. Forms the base rent of any tenancy agreement.
Trustee	:	AmTrustee Berhad (Company No. 163032-V) being the Trustee of Hektar REIT
Turnover Rent Provision	:	Rent calculated as a proportion of annual turnover of the tenant's business. For Hektar REIT, Turnover Rent is paid to the REIT if it exceeds the base rent specified in the tenancy agreement on an annual basis.
Unit(s)	:	Undivided interest(s) in Hektar REIT as constituted by the Deed
Unitholder(s)	:	Holder(s) of the Units



SUBANG
PARADISE

MAHKOTA
PARADE

WETEX
PARADE



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