

# Hektar Real Estate Investment Trust

sustainable **GROWTH**



ANNUAL REPORT 2011



## 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 trust.

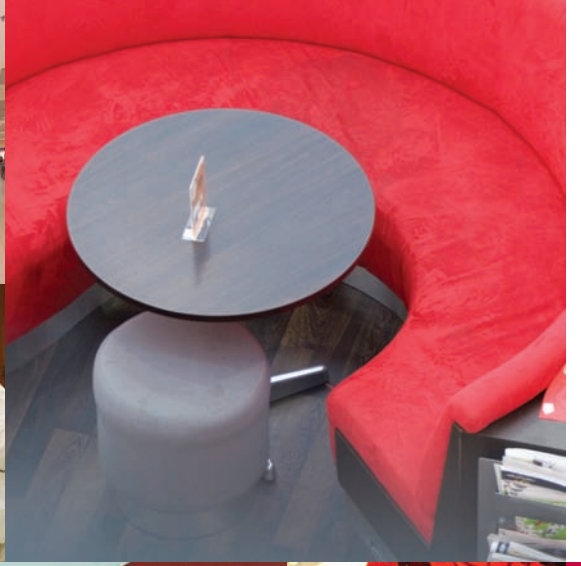
Hektar REIT invests in income-producing real estate primarily used for retail purposes. Hektar REIT's portfolio currently consists of quality shopping centres situated in Subang Jaya, Melaka and Muar with a combined value of RM822 million as of 31 December 2011.

Hektar REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 4 December 2006 and has posted a continuous positive track record of 5 years since 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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# Financial Highlights



## Financial Highlights

FY2011 dividend per unit (DPU) increased to 10.50 sen

### Financial Year

Ended 31 December

	FY 2011 12 months RM ('000)	FY 2010 12 months RM ('000)	FY 2009 12 months RM ('000)	FY 2008 12 months RM ('000)	FY 2007 <sup>1</sup> 13 months RM ('000)
Gross Revenue	94,881	90,873	87,712	84,092	78,331
Direct Cost & Property Expenses	36,585	35,530	34,688	31,377	29,052
Net Property Income (NPI)	58,296	55,343	53,024	52,715	49,279
Net Income	86,651	39,184	37,137	60,353	80,524
Earnings Per Unit	27.08	12.24	11.61	18.86	25.16
Net Income – Realised	38,914	38,172	36,737	36,238	36,682
Net Income Per Unit – Realised (sen)	12.16	11.93	11.48	11.32	11.46*
Income Distribution	33,600	32,960	32,960	32,640	34,272
Dividend Per Unit (DPU) (sen)	10.5	10.3	10.3	10.2	10.71**

### Balance Sheet

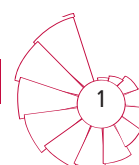
As at 31 December

	FY 2011 RM ('000)	FY 2010 RM ('000)	FY 2009 RM ('000)	FY 2008 RM ('000)	FY 2007 RM ('000)
Total Assets	867,059	782,439	777,125	738,108	587,797
Total Liabilities	391,906	360,977	360,927	326,407	213,408
Total Borrowings	363,480	334,000	334,000	301,500	184,000
Gearing Ratio	41.92%	42.70%	43.00%	40.80%	31.30%
Net Assets	475,153	421,462	416,198	411,701	374,389
No. of Units in Circulation (Units)	320,001	320,001	320,001	320,001	320,001
NAV per Unit (RM)	1.48	1.32	1.30	1.29	1.17

<sup>1</sup> FY2007 represents a 13-month period from Hektar REIT's listing on 4 December 2006 to 31 December 2007.

\* Annualised Net Income per Unit (Realised) for FY 2007 is 10.58 sen.

\*\* Annualised DPU for FY 2007 is 9.89 sen.





# Financial Highlights (Cont'd)

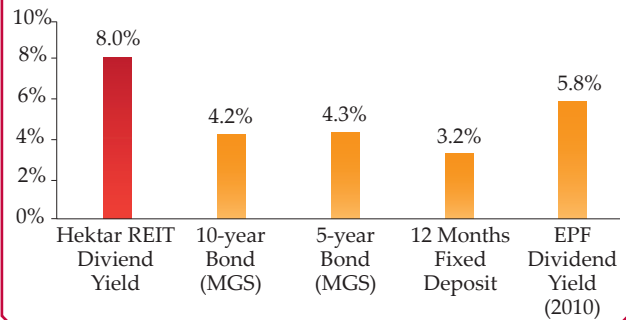
Hektar REIT provides a defensible investment vehicle for investors

## Dividend Distributions FY2011

Interim 1st Quarter DPU (31 Mar)	2.50 sen
Interim 2nd Quarter DPU (30 Jun)	2.50 sen
Interim 3rd Quarter DPU (30 Sep)	2.50 sen
Final 4th Quarter DPU (31 Dec)	3.00 sen
<b>Total DPU</b>	<b>10.50 sen</b>
DPU Yield*	8.0%

\* Based on DPU of 10.50 sen and the closing unit price of RM1.32 for FY2011. Source : Bloomberg

## Comparative Yields\*



Barring unforeseen circumstances, Hektar REIT will pay at least 90% of its distributable net income for its financial year.

## Unit Price Statistics FY2011

High	RM1.38
Low	RM1.21
Opening Price (3 January 2011)	RM1.35
Closing Price (30 December 2011)	RM1.32
Change In Price	- 2.2%

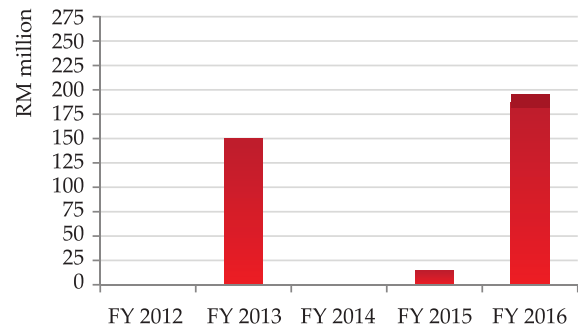
## Unit Price Performance FY2011



## Debt Structure as at 31 December 2011

Al-Murabahah / Overdraft	
Fixed Term Loan, Annual Floating Rate	
<b>Total Debt</b>	<b>RM363 million</b>
Weighted Cost of Debt	4.2%
Gearing Ratio	41.9%
Interest Cover	7.78

## Debt Expiry Profile as at 31 December 2011



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



# Financial Highlights (Cont'd)



## Portfolio Highlights

Hektar REIT's portfolio remains resilient

Net Lettable Area		Occupancy		Market Valuation	
2010	2011	2010	2011	2010	2011
1.1 mil. sq ft	1.1 mil. sq ft	95.5%	97.5%	RM752 mil.	RM822 mil.

Market Catchment <sup>1</sup>	Visitor Traffic		Number of Tenancies <sup>2</sup>	
1.3 mil. residents	2010	2011	2010	2011
	20.2 mil.	22.1mil.	318	325

Data current as at 31 December 2011.

<sup>1</sup> MIRP Surveys (2007-2008)

<sup>2</sup> NLA Tenants only

## Strategy

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

## Focus

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

## Portfolio Optimisation

Providing Sustainable Returns and Income Defensibility on portfolio by:

- Active Leasing: 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

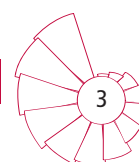
## Yield-Accretive Acquisitions

Enhancing the Long-Term Value and Growth of Hektar REIT by acquisition of:

- Stabilised Properties: assets with sustainable cash flow, requiring selective optimisation
- Turnaround Properties: assets with solid fundamentals which are underserving their current market, requiring intensive value creation initiatives to 'turnaround' the property, increasing yields in the long term

## 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

The Year in Review

## *Dear Valued Unitholder of Hektar REIT,*

I am pleased to report that Hektar REIT has recorded another year of encouraging results in 2011. Hektar REIT's portfolio of three retail malls have made solid contributions in delivering positive results for the financial year ended 31 December 2011 (FY2011).

**Dato' Jaafar bin Abdul Hamid**  
*Chairman and Chief Executive Officer*



# Letter to Unitholders (Cont'd)

The Year in Review



The prolonged economic uncertainties posed by the Eurozone's sovereign debt crisis and the slow US economic growth recovery has not significantly dampened the domestic retail industry in 2011. The local economy and specifically the domestic retail sector have shown their resiliency to external shocks. Malaysia Retailers Association (MRA) reported in their 3rd Quarter Malaysia Retail Industry Report that retailers still saw their sales rise by 6.8 percent in the first 9 months period of January-September 2011 amid the attractive discounts thrown in to lure shoppers. On quarter per quarter basis, the 7.0 percent 3rd quarter 2011 sales growth is lower than the 2nd quarter 2011 growth rate of 9.1 percent. Nonetheless, the members of the retailers' association remained optimistic that in the 4th quarter 2011 will see sales rise by 10 percent as compared to the same period last year. The Malaysian economy has remained strong where its third quarter Gross Domestic Product (GDP) expanded at a higher rate of 5.8 percent from 4.3 percent growth in the second quarter. Bank Negara Malaysia (BNM) reported that the robust domestic demand was driven by strong household and business spending as well as higher public sector expenditures.

Given that Eurozone's sovereign debt crisis is still persisting and the risk of further worsening economic condition remains high, we are cautiously optimistic in our plans moving forward. We are confident at maintaining positive results in the forthcoming year on the back of our tried and tested business model based on best practices and a focused commitment to our customers - the tenants and their shoppers.

We have a committed management team who is focused in ensuring effective and efficient execution of business plans made for the financial year. The encouraging FY2011 results are a testament to the sound foundation that Hektar REIT has developed throughout the years since its listing.

## FINANCIAL PERFORMANCE

### Solid Financial Performance

For the FY2011, gross revenue reached RM94.9 million, up approximately 4 percent from the previous year, while Net Property Income (NPI) reached RM58.3 million, also up 5 percent from the preceding financial year ended 31 December 2010 (FY2010). Net Income reached RM86.7 million, significantly higher by 121 percent over FY 2010 at the back of the RM 47.7 million gain on fair value adjustment on investment properties. Hektar REIT's realised net income edged up 1.9 percent to RM 38.9 million in FY 2011.

In summary, gross revenue was higher whilst costs of operation had remained under control despite the inflationary push in 2011 generated from the pull back of government fuel subsidies.

Following these results, the portfolio's assets were revalued upwards and are now collectively valued at RM822 million. As a result, Hektar REIT's Net Asset Value (NAV) has also increased to RM1.48 per unit.

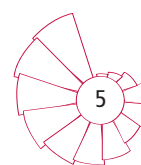
### Fair Value Adjustment

Fair value adjustment is a non-cash item and is part of the Financial Reporting Standards (FRS) guidelines adopted on the valuation adjustment for Hektar REIT's property portfolio on an annual basis. Valuations are conducted by independent valuers whose reports are made objectively to determine the market value of a property at that time. Asset managers constantly look for ways to enhance or refurbish properties to improve their income generating potential and ultimately increasing their property values. The 9.3 percent increase in valuation of the properties in FY2011 to RM822 million fairly reflected the portfolio's income-generating capability. The various planned asset enhancement and tenant remixing exercises during the year had achieved the desired results envisioned by the asset manager. Please read on for more details on our asset enhancement activities executed during the year.

### Dividend Payout and Accounting Policy

Hektar REIT announced a dividend per unit (DPU) of 10.50 sen for FY 2011, a 2 percent improvement as compared with the dividend payout made in FY2010.

We have maintained a policy of paying out at least 90 percent of our distributable net income in four quarterly dividend payments throughout the year. We should clarify that distributable net income is net income excluding non-cash items, such as fair value adjustments (usually attributed to property value increases under FRS 140) and items under FRS 117, an accounting standard implemented in FY2010 (see the notes to the accounts for more details). As a result, the FY2011 distributable net income is lower than the net income. After paying 90 percent of the distributable net income, Hektar retains the remaining 10 percent for future asset enhancements of the properties and potential acquisitions of sold lots throughout the Hektar REIT portfolio.







# Letter to Unitholders (Cont'd)

## The Year in Review

### Positive Track Record

In terms of revenue, NPI, EPU, NAV and asset value, Hektar has continuously recorded improvements every year since its initial public offering (IPO) at the end of 2006. The stock market took cognizant of these records and rewarded Hektar REIT's unitholders with a fair valuation of the units in circulation. Throughout FY2011, the market price of Hektar REIT had consistently mirrored the NAV of Hektar REIT.

### Refinancing in 2011

Following the last 25 basis points increase of the Overnight Policy Rate (OPR) in the month of May this year to 3 percent, the OPR rate has remained unchanged since. The Bank Negara Malaysia stance of maintaining the OPR is consistent with the general assessment of heightened uncertainties arising from the global developments that have created bigger downside risks to growth.

Hektar REIT's financing is secured by Al-Murabahah overdraft facilities with 3 tranches worth RM150 million, RM15 million and RM184 million expiring in 2013, 2015 and 2016 respectively. Hektar REIT's gearing ratio is 41.9 percent of gross asset value which is well within the 50 percent limit set by the authorities and the weighted average cost of financing as at the weighted average cost of financing as at end FY 2011 is 4.2 percent. The financing cost during FY2011 increased by 26 percent compared to FY2010 mainly due to the rise of the interest rate and borrowing level.

The first tranche of the debt of RM184 million had expired and was extended by another 5 years. Our bankers have again supported Hektar REIT and we are very thankful for their continuous faith in us.

### PORTFOLIO PERFORMANCE

Hektar REIT's portfolio of assets consists of Subang Parade in Subang Jaya, Mahkota Parade in Melaka and Wetex Parade in Muar. Collectively, these properties serve a market catchment of 1.3 million Malaysians. As they are located in densely populated areas, the properties enjoy a relatively high loyalty rate from locals. More than 300 tenancies representing a spectrum of businesses from retail to entertainment are present in Hektar REIT's properties.

### The Shopping Centre Experience

Hektar REIT's motto is about "Creating The Places Where People Love to Shop" and the business model employs international standard best practices. Our team constantly researches and reviews best practices through training and conferences around the world. Consumers want the latest retail concepts and offerings, and therefore we are constantly on the lookout to bring in new retail formats to keep our centres relevant to customers.

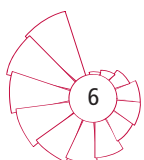
One of Hektar REIT's proven strategies for a differentiated retailer mix is to incubate new local retailers thus providing a differentiated experience for our shoppers. We have successfully introduced new retailing methods for our budding entrepreneurs in the form of the Retail Merchandising Unit (RMU) and Stand-Alone Counters (SAC).

The RMU is essentially a cart vehicle with a point-of-sale podium which we lease out for short periods to new retailers. The start-up costs for the new retailers are comparatively lower as the RMU is a ready-made store and display unit. We have set up RMUs at all our centres and have received encouraging responses, mainly from fashion and specialty / novelty retailers. The concentration of such units attracts traffic and ultimately, customers for the retailers.

Once proven to be successful, these new local retailers can then opt for larger and more permanent outlets, of which we offer the Stand-Alone Counter (SAC) and the Net Lettable Area (NLA) lots. The SACs are permanent counters set up in common area spaces which allow retailers more versatility to display their retail offerings without requiring high capital expenditure whilst, the NLA lots are the standard lots with the highest start-up capital.

An entrepreneur could grow along Hektar's incubator system in the following manner: from RMU to SAC and finally to their own NLA lot. At each step of the way, the entrepreneur can refine their retailing concept with reduced start-up costs. When successful, the emerging retailer can invest further to expand the retailing concept for the full-fledged experience.

We believe this incubator concept will prove useful in cultivating new retailing ideas over time and ultimately provide a differentiated retailing experience for our shoppers. Our retailers are our business partners and therefore, we strive to offer them an environment which closely meets their business requirements. This incubator service is one of the ways in which Hektar can attract new business partners over time.



# Letter to Unitholders (Cont'd)

The Year in Review



Over the years, one of the shifts in retailing is the revitalisation of the shopping centre as a communal place. Shopping centres continue to emerge as a 'favourite meeting place' in this part of the world. Our overall strategy is focused on ensuring that Hektar REIT's properties remain as prime points of communal gatherings.

Let us examine below our strategy in the context of our portfolio performance in 2011 below.

## Subang Parade's Challenge & Opportunity

Last year, we reported that a major strategy was formulated to counter the effect brought about by the entry of a new shopping centre opened across the street. We were of the view that the new shopping centre was complementary to what our Subang Parade had to offer. It therefore has generated positive impact to the existing retail mix in the general surrounding area. In some areas, the new centre did overlap and we did lose our co-anchor, Toys R Us. As a result, Subang Parade's occupancy fell to 95 percent in FY2010, mainly due to the 20,000 sq ft of space vacated by the co-anchor.

Our management team found a solution to these challenges by introducing the cinema concept in Subang Parade. The main thrust behind the cinema is to substantially increase shopper traffic. A surge in shopper traffic is expected to trigger a cascading effect, which ultimately will result in an upward rental pressure among tenants, as well as attracting new tenants whom, before the cinema, are not keen to do business in Subang Parade. The entry of several international F&B chains like Carl's Jr Charbroil Burgers, Starbucks, Subway Restaurant and Sunshine Kebab, located in close proximity to the cinema, and are paying relatively higher rental, is early evidence of this cascading effect.

The new cineplex offers 8-screens including the latest 3-D screens. Subang Parade is now the only shopping centre with a cineplex in the Subang Jaya City Centre. With the successful launch of MBO Cinemas in mid September 2011, the cinema concept has reinforced Subang Parade's appeal as a 'favourite meeting place', serving a diverse array of retail offerings that include entertainment for young couples and teenagers.

Other than the development of a cineplex on the first floor, the year 2011 also saw Subang Parade going through other major asset enhancement programs. The management introduced a new food and beverage (F&B) space known as Market Place located on the lower ground floor in the month of October 2011.

This new retail area has enhanced Subang Parade's F&B offering by another 10,000 square feet combining the local favorites such as JM Bariani House, Kafe Bawang Merah, Siam Express, Rosie, Noodle Express, Sisters Food & Beverages with western delectables such as pizza and pasta brought in by Ristorante Italiano Capriciossa.

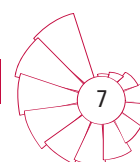
Occupancy in Subang Parade has edged up to 99 percent in FY2011. Although the launching of the new initiatives mentioned earlier had only materialized in the latter part of FY2011, Subang Parade visitor traffic was positively impacted, up by 6 percent to 7.95 million visits in FY2011 when compared with the previous year. We are extremely delighted with the reception given by our shoppers and look forward to experience the positive impact on rental reversions in 2012.

## Mahkota Parade's Revival

Mahkota Parade completed its refurbishment and was re-launched in May 2010. It enjoyed a full year of post refurbishment operation in 2011. I am pleased to report that the refurbishment has revived Mahkota Parade as the leading shopping centre destination in Melaka. The most encouraging support has come from retailers with new and large flagship stores opening in the centre. Mahkota Parade now boasts Melaka's largest IT store with tenants from national and international chain occupying the second floor space (ie. All IT and Challenger IT Superstore). Other exciting tenancy mix initiatives lined up during FY 2011 were the entry of Al-Ikhsan, one of the nation's largest sports store chains, L'Occitane (beauty products outlet), Bossini fashion store and the introduction of new Bonia and Carlo Rino flagship stores at the main entrance.

Mahkota Parade has enjoyed high occupancy rate of 95 percent in FY2011. While the 2009-2010 refurbishment periods had impacted visitor traffic negatively, I am pleased to report that Mahkota Parade had since recaptured the lost traffic in 2011. Traffic had increased by a healthy 14 percent to 8.17 million in 2011.

The responses by retailers and the feedback from shoppers have been very encouraging. They provided us with validation that our refurbishment was the right move to revitalize our centre in Melaka and thus ensuring that Mahkota Parade remains as a leading shopping mall in the city centre of Melaka. We also welcome our new tenants as their brand strength will add to the vitality of our retail offering. I wish them the best of luck and look forward to strengthen our partnering relationship for years to come.







# Letter to Unitholders (Cont'd)

## The Year in Review

### Wetex Parade's Leading Position in Muar

Wetex Parade enjoyed another year of solid performance in 2011 with increasing rental rates whilst maintaining high occupancy rate of 99 percent. Since acquiring the shopping centre in May 2008, management has continuously implemented tenancy mix changes and improvements on the amenities. We are applying our best practices' templates and localizing them to the Muar market. The culmination of our market research and introduction of best practices management have encouraged national retailers to venture into the Muar market for the first time. Wetex Parade's rental reversions had recorded another year of overall positive increases in 2011 reflecting the aggressive tenancy mixing changes that were implemented during the year.

The Quadrix located on the fourth floor was launched late in 2010 as our introduction to Muar of the latest in retailing concept. New tenants were introduced upon the completion of our asset enhancement initiatives to embark on remodeling and refurbishing the top floor retail space. The Quadrix is now anchored by The Music Bank, a family-style karaoke centre while the rest of the floor features lifestyle retailers that include fashion, novelties and communication outlets.

Visitor traffic growth remained steady at 5.9 million visits. Wetex Parade with an NLA of around 155,921 square feet receives a high density of visits per square foot compared to other shopping centres, reflecting its position as the leading purpose-built shopping centre in Muar.

### Preparing for Difficult Times Ahead

Our shoppers visit our properties on a daily basis, our retailers are business partners for years and our buildings are expected to last generations. With this perspective, the management is committed to enhancing the values of these assets over the long term horizon. Whilst we aim to improve Hektar REIT's portfolio value every year, we must be mindful that the economic cycles and investor sentiment may work against these objectives in the short term.

We expect 2012 to be a difficult year given the uncertain global economic outlook. Our domestic economy is not expected to be spared from these challenges and cautious retail environment is envisioned. We will seek to position ourselves in order to cope with adversities that may lie ahead whilst remaining alert to opportunities that may be presented by the vagaries of dampening economic cycle.

In the past, the focused strategy on neighborhood retail adopted by Hektar REIT has proven to be resilient during periods of economic downturn. Neighborhood retail focuses on primary catchment area where the management scans retailers that serve the need of the primary catchment area usually within 15 minutes driving distance. As an example, the targeted retailers are those that sell non-discretionary basic necessities, mid-tier food and beverages, groceries and prescriptions which are proven to be less affected during economic downturn. We therefore remain positive in our outlook for retail development in Malaysia as a source of growth for Hektar REIT.

### Acquisition Update

It has always been Hektar REIT's strategy to increase its portfolio with potentially yield accretive assets. In evaluating potential assets, we employ the following criteria before deciding whether or not to proceed:-

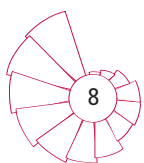
- i. The property yield of the target asset meets industry standard
- ii. The offer price of the target asset reflects market value
- iii. The target asset has the potential for improvement
- iv. Dividend distribution to unitholders is not compromised post-acquisition

In late 2011, we identified two assets that fulfilled all the abovementioned criteria. The requisite announcement to regulators was made in early December 2011. The proposed acquisition of the two malls, both of which are located in the northern state of Kedah, is expected to be completed by the second quarter of 2012. We look forward to share with you more details of the proposed acquisition once we are permitted to do so by the regulators.

### Acknowledgements

On behalf of the Board of Directors, I wish to thank our team at Hektar REIT for their commitment and dedication to their work. Our appreciation is also extended to our retailers, vendors and business partners. Your contributions and support ensure that Hektar REIT remains a defensible, safe investment for our investors.

**DATO' JAAFAR BIN ABDUL HAMID**  
*Chairman and Chief Executive*



# Perutusan Pengerusi

Ulasan Tahun



## Kepada Pemegang Unit Hektar REIT yang dihormati,

Saya dengan sukacita ingin melaporkan bahawa Hektar REIT telah mencatat satu lagi pencapaian yang membanggakan bagi tahun 2011. Portfolio Hektar REIT yang terdiri dari tiga buah pusat membeli-belah telah menyumbang kepada prestasi positif bagi tahun kewangan berakhir 31 Disember 2011 (FY2011).

Keadaan ekonomi tidak menentu yang berpanjangan di Zon Euro akibat krisis hutang negara serta pemulihan ekonomi yang lembap di Amerika Syarikat tidak memberi kesan ketara terhadap industri peruncitan sepanjang tahun 2011. Suasana ekonomi tempatan khususnya di sektor peruncitan, telah mempamerkan ketahanan terhadap kejutan ekonomi antarabangsa. Persatuan Peruncit Malaysia (MRA) di dalam Laporan Industri Peruncitan Malaysia untuk suku kewangan ketiga 2011 mereka telah melaporkan bahawa para peruncit telah menyaksikan peningkatan dalam jualan sebanyak 6.8 peratus dalam sembilan bulan pertama 2011. Penawaran diskaun yang menarik kepada para pembeli merupakan antara punca peningkatan jualan tersebut. Dari segi perbandingan jualan dalam tempoh masa suku kewangan, suku ketiga telah mencatat peningkatan jualan sebanyak 7.0 peratus. Peratusan peningkatan jualan ini adalah lebih rendah berbanding pencapaian suku kewangan kedua sebanyak 9.1 peratus dahulu. Namun, ahli-ahli persatuan peruncit tetap yakin bahawa suku keempat akan menyaksikan peningkatan sebanyak 10.0 peratus berbanding suku kewangan yang sama tahun lalu. Kedudukan ekonomi Malaysia masih lagi kukuh dimana Keluaran Kasar Dalam Malaysia pada suku tahun ketiga menunjukkan kenaikan sebanyak 5.8 peratus berbanding dengan kenaikan 4.3 peratus pada suku tahun kedua. (sumber : Institut Penyelidikan Ekonomi Malaysia). Bank Negara Malaysia (BNM) ada melaporkan bahawa permintaan domestik yang kukuh tersebut telah dipacu oleh perbelanjaan lebih tinggi dari pihak individu, sektor perniagaan serta perbelanjaan sektor awam negara.

Berhadapan dengan keadaan krisis hutang di Zon Euro yang berterusan dan risiko ekonomi dunia yang meruncing, kami mengambil sikap berhati-hati tapi optimistik dalam perancangan masa hadapan kami. Kami yakin bahawa pencapaian positif yang telah dicatat ini dapat terus dipertahankan dalam tahun mendatang. Ini berdasarkan model perniagaan kami yang telah teruji bersandarkan amalan-amalan terbaik dan fokus serta komitmen kepada kesemua pelanggan kami - para penyewa dan pelanggan mereka.

Kami mempunyai pasukan pengurusan yang komited dan fokus dalam memastikan pelaksanaan rancangan perniagaan yang cekap dan berkesan bagi tahun kewangan akan datang. Keputusan menggalakkan pada FY2011 menjadi bukti bahawa Hektar REIT berada pada landasan yang kukuh yang membolehkannya menikmati pertumbuhan terus-menerus sejak penyenaaraiannya di Bursa Malaysia lima tahun yang lepas.

## PRESTASI KEWANGAN

### Prestasi Kewangan yang kukuh

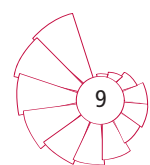
Bagi FY2011, pendapatan kasar telah mencapai RM94.9 juta, meningkat kira-kira 4.0 peratus berbanding tahun lepas, sementara keuntungan bersih hartanah (NPI) mencecah RM58.3 juta, juga meningkat 5.0 peratus dari tahun kewangan berakhir 31 Disember 2010 (FY2010). Keuntungan bersih mencapai RM86.7 juta, 121 lebih tinggi berbanding FY 2010 berikutan penambahan nilai hartanah sebanyak RM 47.7 juta. Keuntungan bersih tunai Hektar REIT meningkat sebanyak 1.9% ke tahap RM 38.9 juta bagi FY 2011.

Secara ringkasnya, pendapatan kasar telah meningkat lebih tinggi sementara kos operasi masih lagi terkawal walaupun terdapat tekanan inflasi akibat penarikan balik subsidi bahan bakar oleh kerajaan.

Ekoran dari pencapaian ini, nilai aset-aset portfolio telah meningkat dan secara terkumpul bernilai RM822 juta. Oleh yang demikian, Nilai Aset Bersih (NAV) Hektar REIT turut meningkat kepada kira-kira RM1.48 per unit.

### Pelarasan Nilai Hartanah

Pelarasan Nilai Hartanah bukanlah sumber perolehan tunai. Sebaliknya, ia merupakan sebahagian dari Laporan Piawai Kewangan (FRS) yang digunakan untuk melaraskan nilai tahunan aset-aset milik Hektar REIT. Penilaian objektif dibuat oleh penilai bebas untuk menentukan nilai pasaran aset-aset tersebut pada satu-satu masa. Para pengurus aset sentiasa mencari jalan untuk memperbaiki atau menaik taraf hartanah dengan tujuan meningkatkan potensi pulangan pendapatan dan seterusnya menambah nilai aset-aset tersebut. Peningkatan nilai aset keseluruhan sebanyak 9.3 peratus kepada RM822 juta bagi FY2011 mencerminkan potensi sebenar aset-aset tersebut di dalam menjana pendapatan. Pelbagai rancangan untuk meningkatkan mutu aset dan menyemak semula gabungan penyewa sepanjang tahun lepas telah membuahkan hasil seperti yang diharapkan oleh pengurus aset. Sila baca seterusnya untuk penjelasan yang lebih terperinci mengenai aktiviti-aktiviti penaikan taraf aset yang dilaksanakan sepanjang tahun lepas.





### Pembayaran Dividen dan Polisi Perakaunan

Hektar REIT telah mengumumkan bayaran dividen seunit (DPU) sebanyak 10.50 sen bagi FY2011, peningkatan sebanyak 2.0 peratus berbanding FY 2010.

Kami telah mengekalkan polisi pembayaran sekurang-kurangnya 90 peratus dari pendapatan bersih diagihkan dalam pembayaran dividen setiap suku kewangan sepanjang tahun. Kami ingin menjelaskan bahawa pendapatan bersih diagihkan adalah pendapatan bersih tidak termasuk item bukan tunai, seperti pelarasan nilai hartanah (ekoran peningkatan dalam nilai hartanah di bawah FRS 140) dan item di bawah FRS 117, piawai perakaunan yang dilaksanakan dalam FY2010 (sila rujuk Nota kepada Laporan Kewangan untuk maklumat lebih lanjut). Disebabkan oleh perkara-perkara di atas, pendapatan bersih yang boleh diagihkan untuk FY2011 adalah lebih rendah berbanding pendapatan bersih. Selepas membuat pembayaran 90 peratus dari pendapatan bersih diagihkan, Hektar mengekalkan baki 10 peratus untuk penaikan taraf aset pada masa hadapan dan juga sebagai dana pembelian semula lot-lot yang telah dijual.

### Rekod Prestasi Positif

Dari segi perolehan, NPI, EPU, NAV dan nilai aset, Hektar telah mencatat prestasi positif yang berterusan tiap-tiap tahun sejak disenaraikan di Bursa Malaysia pada akhir tahun 2006. Pasaran saham mengakui akan fakta rekod prestasi tersebut dan telah memberi tindak balas wajar dimana harga pasaran saham Hektar REIT adalah pada tahap nilai hampir sama dengan NAV. Bagi FY2011, harga seunit Hektar REIT ditutup pada harga RM1.32, penurunan kira-kira 2.2 peratus daripada RM1.35 pada permulaan tahun.

Sekiranya anda melabur dalam Hektar REIT pada awal tahun 2011 dengan harga belian RM1.35 dan kekal sebagai pemegang unit sepanjang tahun, anda telah mendapat dividen yang dibayar sebanyak empat kali dalam tahun 2011 berjumlah 10.5 sen seunit, yang memberi pulangan dividen sebanyak 7.8 peratus. Oleh itu jumlah pulangan yang anda peroleh hasil pelaburan dalam Hektar REIT untuk FY2011 adalah dianggarkan sebanyak 5.6 peratus.

### Pembiayaan Semula Tahun 2011

Berikutan peningkatan 25 mata asas dalam Kadar Polisi Semalaman (OPR) dalam bulan Mei tahun 2011 kepada 3 peratus, kadar OPR telah kekal tidak berubah. Pendirian Bank Negara Malaysia dalam mengekalkan kadar OPR adalah sejajar dengan pendapat umum bahawa keadaan tidak menentu ekoran perkembangan global akan menjejaskan perkembangan ekonomi.

Pembiayaan Hektar REIT di bawah kemudahan overdraf Al-Murabahah diberi dalam tiga ansuran berjumlah RM150 juta, RM15 juta dan RM184 juta masing-masing akan tamat tempoh pada tahun 2013, 2015 dan 2016. Nisbah pinjaman Hektar REIT adalah 42.7 peratus daripada nilai aset kasar. Nisbah ini masih berada dalam lingkungan had 50 peratus seperti yang diputuskan oleh pihak berkuasa. Sementara itu, timbangan purata kos pembiayaan pada akhir FY2011 ialah 4.2 peratus. Kos pembiayaan sepanjang FY2011 meningkat sebanyak 26 peratus berbanding FY2010 rata-ratanya berpunca dari peningkatan kadar faedah serta tahap pinjaman.

Ansuran pinjaman pertama sebanyak RM184 million telah tamat tempoh pada Disember 2011 dan berjaya disambung selama 5 tahun lagi. Pihak bank telah sekali lagi memberi sokongan kepada Hektar REIT dan kami berterima kasih di atas kepercayaan berterusan mereka.

## PRESTASI PORTFOLIO

Aset portfolio Hektar REIT terdiri daripada Subang Parade di Subang Jaya, Mahkota Parade di Melaka dan Wetex Parade di Muar. Secara terkumpul, hartanah-hartanah tersebut menawarkan kemudahan membeli-belah kepada 1.3 juta rakyat Malaysia. Oleh kerana pusat-pusat membeli-belah ini terletak berhampiran dengan kawasan kepadatan penduduk yang tinggi, ia mempunyai pengunjung-pengunjung yang setia. Ekoran dari itu, hartanah-hartanah Hektar REIT mempunyai lebih daripada 300 penyewa yang menyediakan pelbagai jenis barangan, perkhidmatan dan hiburan.

### Suasana Membeli-belah

Cogan kata Hektar REIT adalah "Mewujudkan Suasana Membeli-belah Kegemaran Ramai" dan model pengurusan perniagaannya pula bersandarkan amalan terbaik antarabangsa. Pasukan kami sentiasa menyelidik dan mengkaji amalan terbaik melalui latihan-latihan dan menghadiri persidangan-persidangan luar negara. Oleh kerana para pengguna sentiasa mahukan peruncit-peruncit yang menyediakan produk dan perkhidmatan terkini, kami sentiasa berusaha mencari dan membawa masuk format peruncitan terbaru untuk terus menarik pengunjung ke pusat-pusat membeli-belah kami.

# Perutusan Pengerusi (Sambungan)

Ulakan Tahun



Salah satu strategi Hektar REIT di dalam memberi kelainan kepada pengunjung-pengunjung dari segi gabungan peruncit ialah melalui konsep pengeraman peruncit-peruncit baru tempatan menggunakan format Retail Merchandising Unit (RMU) dan Kaunter Sendirian (SAC) sebagai pengenalan awal untuk memupuk perkembangan para pengusaha baru kami.

RMU ialah sebuah kereta sorong yang disewa kepada peruncit untuk jangka masa pendek. Sebuah RMU berfungsi sebagai sebuah kedai kecil yang mempunyai unit peragaan serta kaunter bayaran. Konsep RMU dapat mengurangkan kos permulaan untuk usahawan-usahawan baru. Kami telahpun memperkenalkan unit-unit RMU di semua pusat membeli-belah kami dan telah menerima maklum balas yang menggalakkan, terutamanya dari kategori fesyen dan barangan hadiah-hadiah kecil. Daya tarikan unit-unit RMU tersebut akan meninggikan jumlah trafik dan seterusnya menambahkan pengunjung-pengunjung untuk para peruncit kami.

Jika berjaya dengan konsep RMU, usahawan-usahawan ini boleh memilih untuk menyewa ruang yang lebih besar, sama ada dalam bentuk format SAC atau lot-lot kedai. SAC ialah sebuah kaunter tetap yang terletak di ruang umum pusat membeli-belah. SAC memberikan peruncit lebih ruang niaga dan keleksibelan di dalam memperagakan barangan mereka tanpa memerlukan modal yang banyak. Lot kedai pula adalah ruang sewa yang terbesar berbanding RMU dan SAC, yang menawarkan suasana membeli-belah terbaik lantas memerlukan modal permulaan yang tertinggi.

Seseorang usahawan boleh maju bersama sistem pengeraman Hektar secara berperingkat, iaitu bermula dengan RMU diikuti dengan SAC dan akhirnya lot kedai sendiri. Pada setiap langkah, seseorang usahawan itu boleh memperbaiki konsep peruncitan mereka dengan kos permulaan yang lebih rendah. Apabila mereka berjaya, peruncit-peruncit baru ini boleh melabur dengan lebih tinggi di dalam mengembangkan konsep peruncitan mereka, sekaligus mewujudkan suasana membeli-belah yang lebih baik.

Kami percaya konsep pengeraman ini akan terbukti berkesan di dalam memupuk idea peruncitan baru dalam masa yang terdekat ini, dan akhirnya akan memberi kelainan di dalam suasana peruncitan kepada pengunjung-pengunjung kami. Para peruncit merupakan rakan niaga kami. Oleh itu kami sentiasa berusaha untuk menyediakan suasana perniagaan yang sesuai yang mampu melariskan barangan dan perkhidmatan mereka.

Sejak beberapa tahun yang lalu, antara anjakan yang dialami oleh industri peruncitan adalah, pusat membeli-belah bukan hanya merupakan tempat membeli barangan dan perkhidmatan tetapi menjadi satu pusat pertemuan antara rakan-rakan dan keluarga di rantau ini. Secara keseluruhannya, strategi kami kekal fokusnya di dalam memastikan hartanah-hartanah Hektar REIT terus menjadi tempat pertemuan utama masyarakat setempat.

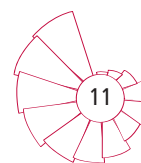
Seterusnya, marilah kita meneliti strategi Hektar REIT dalam konteks prestasi portfolio pada tahun 2011.

## Cabaran & Peluang di Subang Parade

Tahun lalu, kami melaporkan bahawa strategi utama yang dirangka adalah untuk mengatasi kesan pembukaan pusat membeli-belah baru yang terletak berdekatan dengan Subang Parade. Pada pandangan kami, pusat membeli-belah baru tersebut adalah bersifat saling melengkapi penawaran dari Subang Parade. Ini bermakna kehadiran pusat membeli-belah itu telah menjana impak yang positif kepada gabungan peruncitan sedia ada di kawasan tersebut. Walau bagaimanapun, terdapat juga kesan bertindih yang menyebabkan kehilangan Toys R Us, salah sebuah penyewa utama Subang Parade. Ini telah menyebabkan kadar penginapan Subang Parade jatuh kepada 95 peratus pada FY2010, atau berkurangan sebanyak 20,000 kaki persegi akibat pengosongan ruang Toys R Us.

Pihak pengurusan kami telah menemui satu penyelesaian kepada cabaran ini dengan memperkenalkan konsep pawagam di Subang Parade yang sekaligus dapat meningkatkan trafik pengunjung di Subang Parade. Peningkatan dalam trafik pengunjung dijangka dapat mencetuskan kesan berangkai, yang akhirnya akan memberi tekanan untuk kenaikan sewa di kalangan penyewa, serta menarik penyewa baru yang dahulunya kurang berminat berniaga di Subang Parade sebelum kehadiran pawagam berkenaan. Kemasukan beberapa rangkaian makan dan minuman (F&B) antarabangsa, terletak berhampiran dengan pawagan seperti Carl's Jr Charbroil Burgers, Starbucks, Restoran Subway dan Sunshine Kebab, yang membayar kadar sewa lebih tinggi, adalah bukti awal kesan berangkai tersebut.

Pawagam baru ini menawarkan 8-layar termasuk layar 3-D terkini. Kini Subang Parade adalah satu-satunya pusat membeli-belah yang mempunyai pawagam di kawasan pusat bandar Subang Jaya. Kejayaan pembukaan Pawagam MBO Cinemas pada pertengahan bulan September 2011 telah mengukuhkan tarikan Subang Parade sebagai 'tempat pertemuan kegemaran semua', menyediakan pelbagai perkhidmatan peruncitan termasuk hiburan untuk pasangan muda dan remaja.



Selain pembukaan pawagam di tingkat pertama, tahun 2011 juga menyaksikan lain-lain program penaikan taraf aset untuk Subang Parade. Dalam bulan Oktober 2011, pihak pengurusan telah memperkenalkan ruang jualan F&B baru yang dikenali dengan nama Market Place yang terletak di tingkat bawah.

Kawasan peruncitan baharu ini telah mempelbagaikan tawaran F&B Subang Parade sebanyak 10,000 kaki persegi. Market Place ini telah menggabungkan tarikan tempatan seperti JM Barians House, Kafe Bawang Merah, Siam Express, Rosie, Noodle Express, Sisters Food & Beverages serta masakan ala barat seperti pizza dan pasta yang disajikan oleh Ristorante Italiano Capriciosa.

Tahap penginapan di Subang Parade telah meningkat kepada 99 peratus dalam FY2011. Walaupun inisiatif-inisiatif baru ini hanya dilancarkan pada penghujung FY2011, trafik pengunjung ke Subang Parade telah menunjukkan impak positif, meningkat sebanyak 6 peratus kepada 7.95 juta pengunjung pada FY2011 berbanding tahun sebelumnya. Kami amat gembira dengan sambutan yang diberikan oleh para pengunjung dan menjangkakan impak positif tersebut akan membawa kepada semakan semula kadar sewaan yang positif pada tahun 2012.

### Kebangkitan Semula Mahkota Parade

Penaikan taraf Mahkota Parade telah disempurnakan dan pelancaran semula telah dilaksanakan pada bulan Mei 2010. Ia telah menikmati satu tahun penuh pasca penaikan taraf pada 2011. Saya gembira melaporkan bahawa kerja-kerja penaikan taraf Mahkota Parade telah meletakkannya sebagai destinasi utama pusat membeli-belah di Melaka. Sokongan paling memberangsangkan telah diberi oleh penyewa-penyewa yang telah membuka gedung-gedung induk mereka di pusat ini. Kini, Mahkota Parade mempunyai gedung IT terbesar di Melaka dengan penyewa yang terdiri dari rangkaian tempatan dan antarabangsa yang menyewa ruang di tingkat kedua (seperti All IT dan Challenger IT Superstore). Gabungan penyewa lain yang menjadi tarikan pada FY 2011 adalah kemasukan Al-Ikhsan, gedung sukan terbesar di Malaysia, L'Occitane (kedai produk kecantikan), Kedai Fesyen Bossini dan gedung induk Bonia dan Carlo Rino di pintu masuk ke Mahkota Parade.

Mahkota Parade telah menikmati kadar penginapan tinggi sebanyak 95 peratus pada FY2011. Walaupun kerja-kerja penaikan taraf dalam tempoh masa 2009-2010 memberi impak negatif terhadap trafik pengunjung, saya ingin melaporkan bahawa Mahkota Parade telah berjaya mengembalikan trafik pengunjung tersebut pada tahun 2011. Trafik pengunjung telah bertambah pada kadar yang memberangsangkan sebanyak 14 peratus kepada 8.17 juta pada tahun 2011.

Sambutan para peruncit dan maklumbalas pengunjung sangat menggalakkan. Mereka telah mengesahkan bahawa langkah penaikan taraf adalah tepat untuk mencergaskan semula pusat membeli-belah di Melaka dan memastikan Mahkota Parade kekal sebagai pusat membeli-belah utama di Bandaraya Bersejarah Melaka. Kami juga mengalu-alukan kehadiran penyewa-penyewa baru. Jenama barangan dan perkhidmatan mereka pasti dapat menyegarkan lagi portfolio peruncitan yang kami tawarkan. Saya mengucapkan setinggi-tinggi tahniah kepada semua penyewa kami dengan harapan perkongsian yang terjalin terus diperkukuh untuk tahun-tahun akan datang.

### Kedudukan Terunggul Wetex Parade di Muar

Prestasi Wetex Parade pada tahun 2011 amat memberangsangkan dengan peningkatan dalam kadar sewa dan pengekaln kadar penginapan setinggi 99 peratus. Sejak dibeli pada bulan Mei 2008, kami telah melaksanakan pembaharuan berterusan dari segi gabungan penyewa-penyewa serta memperbaiki kemudahan-kemudahan di pusat tersebut. Kami berpandukan amalan-amalan terbaik yang disesuaikan dengan pasaran Muar. Hasil selidikan pasaran dan amalan terbaik telah menarik lebih ramai peruncit ternama untuk membuka kedai-kedai mereka di Muar. Kadar sewa di Wetex Parade telah menunjukkan peningkatan positif secara keseluruhannya pada tahun 2011. Peningkatan ini menggambarkan perubahan gabungan penyewa-penyewa yang dilaksanakan dengan lebih agresif sepanjang tahun.

"The Quadrix" yang bertempat di tingkat empat Wetex Parade dibuka pada akhir tahun 2010 adalah salah satu inisiatif konsep peruncitan baru kami di Muar. Penyewa-penyewa baru telah diperkenalkan sebaik sahaja kerja penaikan taraf aset selesai di ruang runcit tingkat atas Wetex Parade. The Quadrix ditunjangi oleh The Music Bank, pusat karaoke keluarga sementara ruang-ruang lain di tingkat tersebut menampilkan peruncitan gaya hidup terkini seperti kedai-kedai fesyen, hiasan dan komunikasi.

Trafik pengunjung mantap pada 5.9 juta kunjungan. Wetex Parade dengan anggaran NLA 155,921 kaki persegi menerima kepadatan pengunjung yang tinggi sekaki persegi berbanding pusat-pusat membeli-belah lain. Ini melambangkan kedudukan Wetex Parade sebagai pusat membeli-belah terunggul di Muar.



# Perutusan Pengerusi (Sambungan)

Ulasan Tahun



## Bersedia Menghadapi Masa Sukar

Pembeli-belah mengunjungi hartanah kami setiap hari, penyewa-penyewa kami adalah rakan niaga untuk bertahun-tahun dan bangunan kami dijangka berdiri kukuh untuk beberapa generasi lagi. Dengan perspektif ini, pihak pengurusan beriltizam untuk meningkatkan nilai aset-aset itu untuk suatu tempoh masa yang panjang. Walaupun kami berazam untuk terus meningkatkan nilai portfolio-portfolio Hektar REIT setiap tahun, namun kami sedar bahawa kitaran ekonomi dan sentimen pelabur mungkin tidak menyebelahi objektif-objektif tersebut dalam tempoh jangka masa pendek.

Kami menjangkakan tahun 2012 adalah sukar memandangkan keadaan ekonomi global tidak menentu sekarang. Ekonomi tempatan juga turut dijangka menerima tempias cabaran global dan suasana persekitaran peruncitan yang berwaspada. Kami akan terus mengorak langkah mengukuhkan posisi kami dalam usaha menghadapi cabaran dan sentiasa peka akan peluang-peluang yang mendatang dalam suasana ekonomi dunia yang tidak menentu ini.

Pada masa lalu, strategi yang berfokus kepada peruncitan kejranaan yang diguna pakai oleh Hektar REIT telah terbukti kukuh dalam menghadapi ekonomi merudum semasa. Dalam konteks peruncitan kejranaan, pihak pengurusan telah mengimbas kawasan tumpuan asas untuk mengenal pasti peruncit-peruncit yang boleh memenuhi kehendak penduduk yang mendiami di dalam kawasan lingkungan pemanduan selama 15 minit. Sebagai contoh, peruncit-peruncit yang menjadi sasaran adalah mereka yang menjual barangan keperluan asas, F&B peringkat pertengahan, barangan runcit dan preskripsi yang terbukti dapat bertahan dalam suasana kemerosotan ekonomi. Oleh yang demikian, kami terus positif dalam pandangan kami terhadap perkembangan industri peruncitan di Malaysia sebagai sumber untuk perkembangan Hektar REIT.

## Pembelian Terkini

Strategi Hektar REIT adalah menambah portfolio-portfolio dengan mencari pusat-pusat membeli-belah yang berpotensi untuk dibeli. Dalam menilai aset yang berpotensi, kami menggunakan kriteria-kriteria tersebut sebagai dasar dalam membuat sesuatu keputusan dan penilaian:

- i. Pulangan modal aset sasaran menepati piawai industri hartanah
- ii. Harga tawaran aset sasaran mengikut nilai pasaran
- iii. Aset sasaran berpotensi untuk dinaik taraf
- iv. Agihan dividen kepada pemegang saham tidak terjejas selepas perolehan aset

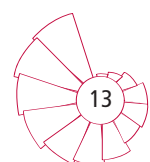
Pada akhir tahun 2011, kami telah mengenalpasti dua aset yang memenuhi kriteria-kriteria di atas. Notis pengumuman yang disyaratkan oleh pihak berkuasa telah dibuat pada awal bulan Disember 2011. Cadangan pengambil-alihan dua pusat membeli-belah yang terletak di Kedah dijangka selesai pada suku kedua tahun kewangan 2012. Kami akan berhubung dengan anda untuk berkongsi maklumat mutakhir mengenai program perolehan aset berkenaan sebaik sahaja ia diluluskan oleh pihak berkuasa.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pasukan warga kerja Hektar REIT kerana komitmen dan dedikasi mereka menjalankan tugas. Kami juga ingin mengambil peluang ini untuk merakamkan penghargaan kepada penyewa-penyewa, penjual-penjual dan rakan-rakan niaga kami. Sumbangan dan sokongan anda telah berjaya mengekalkan Hektar REIT sebagai sebuah pelaburan yang selamat dan berdaya tahan untuk para pelabur kami.

**DATO' JAAFAR BIN ABDUL HAMID**

*Pengerusi dan Ketua Pegawai Eksekutif*



## 致尊貴的賀達房地產投資信託基金單位持有人，

我謹欣然呈報賀達房地產投資信託基金(Hektar REIT)於2011年經歷業績令人鼓舞的另一年。賀達房地產投資信託基金旗下包括三家零售購物中心的投資組合皆於截至2011年12月31日之財政年(2011財政年)呈報正面業績而作出紮實的貢獻。

歐元區主權債券危機和緩慢的美國經濟成長所造成的經濟持續不明朗狀況並無在2011年對國內的零售業帶來顯著的不利影響。我國經濟，尤其是國內經濟領域，展示對外在衝擊的彈力。馬來西亞零售商協會(MRA)在其第三季度的馬來西亞零售業報告中透露，在介於2011年1月至9月的首九個月時期，零售商仍然見證了6.8巴仙的營業額增長，這是因為它們提供吸引人的折扣以吸引購物人士。按季計算，2011年第三季度的7.0巴仙營業額成長率則比2011年第二季度的9.1巴仙來得低。無論如何，該零售商協會的會員仍然樂觀地認為2011年第四季度的營業額將比去年同時期增長10巴仙。馬來西亞經濟保持強勁，其第三季度國內生產總值(GDP)成長率提高至5.8巴仙，第二季度則為4.3巴仙。馬來西亞中央銀行(BNM)在其報告中表示，穩健國內需求的推動力來自強勁的家庭和商業消費，以及更高的公共領域開銷。

鑑於歐元區主權債券危機持續存在，經濟狀況進一步惡化的風險偏高，我們在規劃未來之際持謹慎樂觀態度。在本公司經得起考驗之商業模式作為後盾和基於最佳實踐法及專注於對顧客們-即租戶及它們之購物人士的承諾，我們有信心在來年維持正面的業績。

我們擁有一支全力以赴的管理團隊，它專注於確保實際和有效地執行本財政年度的商業計劃。令人鼓舞的2011財政年業績乃是賀達房地產投資信託基金自上市以來年復一年鞏固堅穩基礎的明證。

## 財務業績表現

### 穩健的財務業績表現

2011財政年的營業額達9千4百90萬令吉，比前一年增長4巴仙，淨產業收入(NPI)達5千8百30萬令吉，比截至2010年12月31日之財政年(2010財政年)業績高5巴仙。淨收入達8千6百70萬令吉，比2010財政年高121巴仙。就每單位獲利(EPU)而言，2011財政年的每單位獲利上揚至27.08仙，相比之下，2010財政年的每單位獲利為12.24仙。

綜合以上，儘管營業額增加，在面對政府燃料補貼而導致2011年的通貨膨脹壓力加劇的情況下，營運成本仍然受到控制。

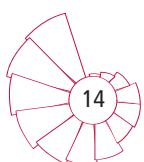
隨著這些業績出爐後，各投資組合的資產已向上重估，現在總值8億2千2百萬令吉。因此，賀達房地產投資信託基金的淨資產價值(NAV)也增至大約每單位1.48令吉。

## 合理估值調整

合理估值調整是一個非現金項目，並且是依照年度方式為賀達房地產投資信託基金之房地產投資組合價值調整而採納的財務報告準則(FRS)。這些估價是由獨立估值師進行，他們提供客觀性報告以確定一宗房地產在當時的市價。資產管理公司將不時尋找方法以提升或翻新產業，目的在於提高它們的產生收入潛能，並最終提高產業的價值。在2011財政年，這些產業的估值提高9巴仙而達到8億2千2百萬令吉，並合理地反映投資組合的收入產生能力。今年計劃的各項資產增值和租戶重新混合活動已取得資產管理公司理想中的成果。詳情請參閱在本年度執行的資產增值活動。

## 派息與會計政策

賀達房地產投資信託基金宣佈在2011財政年派發10.50仙的每單位股息(DPU)，比2010財政年的派息率增加2巴仙。



我們常年維持在四個季度派息時派息率達可分配淨收入之至少90巴仙的政策。我們謹此澄清，可分配淨收入並不包括非現金項目如合理估值調整(通常得益於FRS 140之下的產業估值漲升)和於2010財政年落實之財務報告準則RS 117之下的項目(詳情請參閱賬目註釋)。因此，2011財政年的可分配淨收入比淨收入來得低。在派發可分配淨收入之90巴仙後，賀達保留其餘10巴仙充作產業之未來資產提升和潛在收購賀達投資組合之已售單位的用途。

## 正面的紀錄

自2006年底首度公開獻售(IPO)以來，就營業額，淨房地產收入，每單位獲利，淨資產值和資產價值而言，賀達每年都取得增長。股市已反映這些價值和通過在市面上流通之單位的合理估值而嘉獎賀達房地產投資信託基金單位持有人。在2011財政年，賀達房地產投資信託基金的閉市單位價格為1.32令吉，比年初的1.35令吉下降了大約2.2巴仙。

## 2012年之再融資

隨著隔夜政策利率(OPR)在今年5月調高25個基點至3巴仙之後，隔夜利率維持不變至今。馬來西亞中央銀行維持其隔夜政策利率的立場與一般人對成長率因全球發展所帶來的的偏高不確定性而面對更大下調風險的評估是一致的。

賀達房地產投資信託基金的融資是第三批符合回教教義的透支便利，分別為1億5千萬令吉，1千5百萬令吉和1億8千4百萬令吉，並於2013,2015和2016年到期。賀達房地產投資信託基金資助的資產負債比率為其資產毛值的42.7巴仙，即在當局規定的50巴仙限額內，而截至2011年底的加權平均融資成本為4.2巴仙。與2010財政年相比之下，2011財政年繁體的融資成本增長了26巴仙，主要是因為利率和借貸水平的提高。

首批1億8千4百萬令吉債務已到期和已再延長5年。我們的銀行家再次支持賀達房地產投資信託基金，我們非常感激它們繼續對本公司具有信心。

## 投資組合表現

賀達房地產投資信託基金的投資組合資產包括首邦市的首邦百利廣場，馬六甲的皇冠百利廣場和麻坡的威德百利廣場。這些產業總共為1百30萬馬來西亞人的人流市場服務。由於它們皆座落於人口密集的人流區域，這些產業享有當地人的相對高忠誠度。因此，賀達房地產投資信託基金的產業目前擁有超過300家由零售乃至娛樂業者組成的租戶。

## 購物中心體驗

賀達房地產投資信託基金的口號是"創造大家都愛購物的好去處"，其經營模式採用國際標準最佳實踐法。我們的團隊經常通過全球各地的培訓和會議以研究和檢討最佳實踐法。消費者希望得到最新的零售概念和優惠。我們不斷尋覓以引進新零售模式來確保我們的購物中心受到消費者重視。

賀達針對不同零售商分類的經證實策略是孵育新的本地零售商，以便為我們的購物人士提供不同的體驗。我們已成功為后起企業家推介新零售方法，即零售促銷單位(RMU)和獨立式櫃檯(SAC)。

基本上，RMU是一部備有銷售平台的小車，我們把它出租給新零售商一段短時期。新企業家的創業成本將相對減低，因為RMU是一家現成的商店兼陳列單位。我們已在所有購物中心設立RMU和已獲得令人鼓舞的反應，主要是來自時裝和特定/新奇物品零售商。這些集中一處的單位能吸引人潮和最終為零售商引來顧客。

若獲得成功，這些新零售商可選擇更大和更長久的商店，即我們將提供SAC和淨可出租面積(NLA)單位。這些SAC乃是在公用區空間的永久櫃檯，讓零售商可更靈活地陳列他們的貨品而無需龐大資本。NLA單位則是創業成本最高的標準單位。



一名企業家可通過以下方式跟隨賀達的孵育系統成長：從'RMU'至'SAC'，以及最終到他們本身的NLA單位。企業家可一步一腳印地以低創業成本改善他們的零售概念。若獲得成功，新崛起的零售商可進一步投資以擴展他們的零售概念為全面的體驗。

假以時日，我們相信這個孵育概念將證明可培育新零售概念，並最終為我們的購物人士提供不同的零售體驗。我們的零售商乃是我們的商業夥伴，因此，我們致力獻予他們一個緊密迎合他們的商業需求的環境。該孵育服務乃是賀達可陸續吸引新商業夥伴的途徑之一。

多年來，零售業的其中一個轉移乃是購物中心復興成為社區場所。地球上这个区域有许多購物中心繼續崛起為"人們愛到的聚會場所"。我們的整體策略是專注於確保賀達房地產投資信託基金的產業一直是社區聚會的主要地點。

讓我們通過本公司投資組合在2011年的表現來探討我們的策略。

### 首邦百利廣場的挑戰和機會

在去年，我們曾經匯報為了應對一家新購物中心在對面街開張營業而製定的一項主要策略。我們認為該新購物中心足以彌補首邦百利廣場的不足。因此，它其實已為鄰近地區既有的零售業者群帶來正面影響。在某些範圍，該新購物中心確實造成業務重疊，而我們也流失了聯合主要租戶Toys R Us。因此，在2010財政年，首邦百利廣場的出租率降低至95巴仙，主要是因為該聯合主要租戶騰空了20,000方尺的空間。

我們的管理團隊已為這些挑戰找到一個解決方案，即在首邦百利廣場推介電影院概念。該電影院的主要目的是推高購物者流量。購物者流量激增預料將帶來一種連鎖效應，最終導致租戶面對租金上調壓力，以及吸引新的租戶，在設立電影院之前，這些租戶是無意在首邦百利廣場做生意的。多家國際餐飲連鎖店如Carl's Jr Charbroil Burgers, Starbucks, Subway Restaurant和Sunshine Kebab已進駐和設於該電影院附近，並繳付相對高的租金，這正是此連鎖效應的初期證據。

新的迷你電影院備有8個屏幕，包括最新的立體屏幕。首邦百利廣場目前是首邦市中心唯一擁有迷你電影院的購物中心。隨著在2011年9月成功推介MBO電影院，該電影院概念已強化首邦百利廣場作為"人們愛到的聚會場所"之吸引力，並呈獻多樣化的零售體驗，包括吸引年輕伴侶和青少年的娛樂活動。

除了開發位於第一層的迷你電影院之外，首邦百利廣場也在2011年落實其他主要的資產提升計劃，管理層已在2011年10月於地面底層推介一個新的餐飲區，稱為Market Place。

該新的零售部位已提升首邦百利廣場的餐飲選擇，即呈獻另外10,000方尺的空間，以結合受到本地人歡迎的JM Bariani House, Kafe Bawang Merah, Siam Express, Rosie, Noodle Express, Sisters Food & Beverages, 以及由Ristorante Italiano Capriciosa帶來的美味西餐如燒餅和意大利粉。

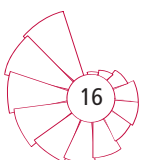
首邦百利廣場的出租率已在2011財政年攀升至99巴仙。儘管較早時提及的新倡議僅將在2011財政年較後時成為事實，這已對首邦百利廣場的人流量帶來正面影響，即於2011財政年增長6巴仙而達到7百95萬人。我們對獲得購物者的熱烈反應感到十分振奮，並展望在2012年體驗租金回升的正面效應。

### 皇冠百利廣場的復興

皇冠百利廣場已完成翻新工程和在2010年5月重新推介。它在2011年經歷了一整年的翻新後營運。我欣然呈報，該翻新工程已使皇冠百利廣場復興為馬六甲頂尖的購物中心。隨著新且大型的旗艦商店進駐A5中心，零售商給予它最令人鼓舞的支持。皇冠百利廣場目前擁有馬六甲最具規模的全國和國際連鎖店租戶，它們佔用第二層的空間(即All IT和Challenger IT Superstore)。2011財政年的其他令人振奮租戶混合倡議排列包括Al-Ikhsan，即國內其中一家最大型的運動用品連鎖店，L'Occitane(美容產品店)，Bossini時裝店和新Bonia的推介和位於皇冠百利廣場主要入口處的Carlo Rino旗艦店。

在2011財政年，皇冠百利廣場享有95巴仙的高出租率。而2009-2010年的翻新工程對人流量造成負面衝擊，我欣然宣布皇冠百利廣場已重新吸引在2011年流失的人流。人流量已取得健康的14巴仙成長率而在2011年增至8百17萬人。

零售商的反應和購物者的回饋十分令人鼓舞。他們給予的肯定證明我們通過翻新以復興我們在馬六甲的購物中心乃是一項正確行動，進而確保皇冠百利廣場依舊是馬六甲市中心的頂尖購物廣場。我們也歡迎新租戶，這是因為它們的品牌實力將可增添我們的零售選項組合的活力。我祝福它們好運，並展望在來年加強雙方的合作關係。



## 威德百利廣場在麻坡居領先地位

威德百利廣場繼續在2011年取得穩健表現，其租金收入增加，並維持99巴仙的高出租率。自從在2008年5月收購該購物中心以來，管理層不斷落實租戶種類改變和改善設施。我們採用我們的最佳實踐法模式以融入麻坡地方的市場。我們進行市場調查和推行最佳實踐法以鼓勵全國性零售商首次進軍麻坡市場開店。威德百利廣場的租金回升已在2011年帶來另一年的整體正面上揚，這反映在去年落實的積極租戶種類改變。

位於第四層的The Quadrix是於2010年底推介，因為我們要在麻坡推介最新零售概念。我們在這項重新塑造和翻新頂層零售空間的資產提升倡議完成後引進了新租戶。The Quadrix的主要租戶是The Music Bank，即一家家庭式卡拉OK中心，該層的其餘空間則出租予生活姿彩零售商，包括時裝，新奇物品和通訊店。

人流量成長率保持穩定於5百90萬。威德百利廣場的淨可出租面積約為155,921方尺，與其他購物中心相比，其每方尺人流密度偏高，這反映了它作為麻坡之頂尖專用購物中心的地位。

## 為未來的艱辛時期做好准备

我們的購物人士每日光臨我們的產業，我們的零售商都是多年的商業夥伴，而我們的建築物預料將存在數代。基於這個觀點，管理層承諾將在長遠上提升這些資產的價值。在每年改善賀達房地產投資信託基金的投資組合價值之際，我們必須關注經濟周期和投資者的情緒可能在短期上與這些目標背道而馳。

由於全球經濟展望不明朗，我們預測2012年將會是艱辛的一年。我們國內的經濟預料將無法倖免於這些挑戰，預料零售環境不宜掉以輕心。我們將致力自我定位以應付可能出現的逆境，並對不利經濟周期造成情況難以預測的可能性保持警惕。

在過去，賀達房地產投資信託基金所採取的專注於鄰里零售策略已證實經濟放緩時期展示彈力。鄰里零售專注於通常在15分鐘車程之內主要人流來源區的需求。例如，目標零售商為那些出售非自由裁定基本必需品，中層飲食，雜貨和處方藥物，並經證實經濟不景氣時期受到較小影響者。因此，我們仍然對馬來西亞零售發展作為賀達房地產投資信託基金之成長源頭的展望保持樂觀。

## 最新收購消息

一直以來，賀達房地產投資信託基金的策略是為其投資組合添購具收益增值潛能的資產。在評估潛在資產時，我們依照以下準繩以決定是否才決定是否繼續進行收購:-

- i. 目標資產的產業收益符合行業標準
- ii. 目標資產的獻售價格反映市場價值
- iii. 目標資產具有改進潛能
- iv. 不在收購後犧牲分配予單位持有人的股息

在2011年底，我們鑑定了兩宗符合以上所有準繩的資產。並於2011年12月作出監管當局所規定的宣布。所建議收購的兩座廣場皆位於北馬的吉打州，並預料可在2012年第二季度完成。我們展望在獲得監管當局准許之後與諸位分享這些建議收購的進一步詳情。

房地產投資信託基金獨一無二之處在於賀達房地產投資信託基金得為任何未來建議收購計劃發行額外的單位，並作為借貸來源。這是因為馬來西亞房地產投資信託基金的一般結構是房地產投資信託基金得分配任何一年之可分派收入的至少90%以獲享減稅優惠。根據目前賀達房地產投資信託基金的交易價格範圍仍然高於其淨資產價值，並可取得容易負擔的銀行融資，我們自信有能力為上述收購計劃取得融資。

## 鳴謝

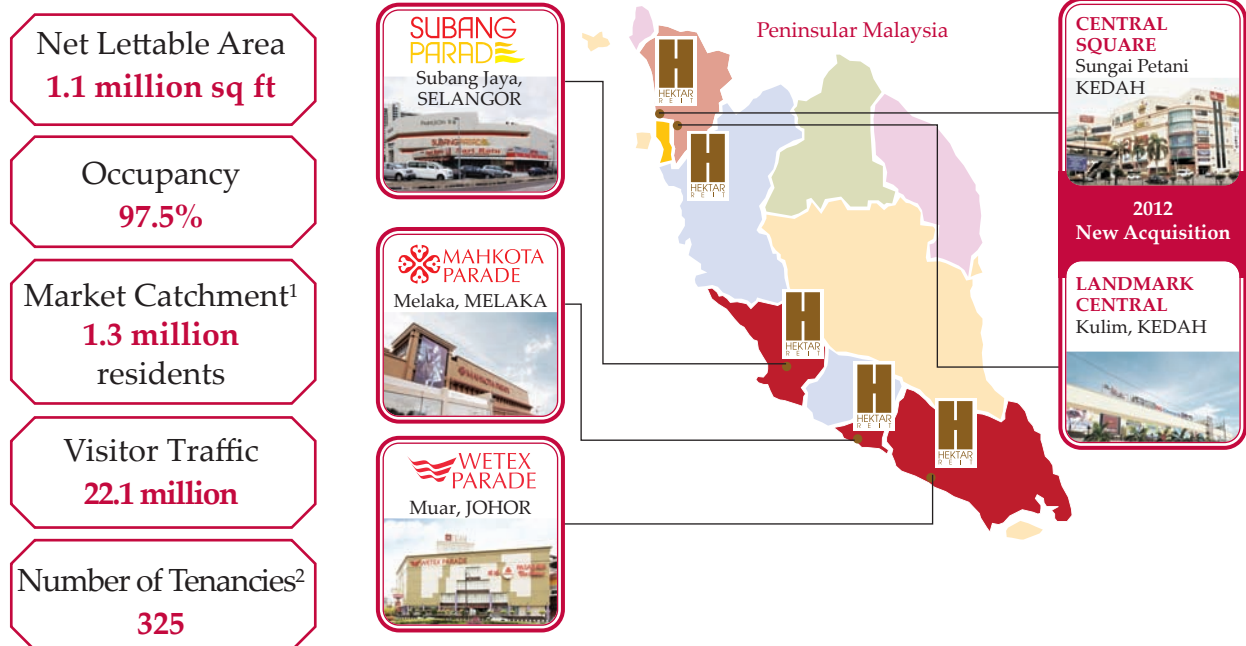
我謹代表董事會衷心感謝賀達的團隊，謝謝他們忠於職守和獻身精神。我們也向諸位零售商，供應商和商業夥伴致謝。你們的貢獻和支持確保賀達房地產投資信託基金繼續是諸位投資者的抗跌，安全投資選項。

**DATO' JAAFAR BIN ABDUL HAMID**  
主席兼首席執行長

# Portfolio Performance

## PROPERTY PROFILES

Hektar REIT's portfolio consists of three well-established destination centres – Subang Parade, located in Subang Jaya, Selangor, Mahkota Parade, located in Bandar Melaka, Melaka and Wetex Parade & Classic Hotel, located in Muar, Johor. The REIT is also in the process of acquiring two malls in Kedah – Central Square in Sungai Petani and Landmark Central in Kulim\*.



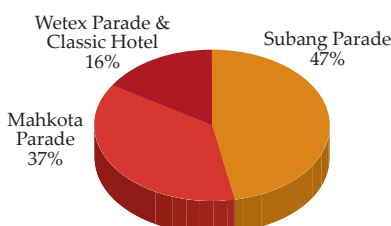
Data current as at 31 December 2011. <sup>1</sup> MIRP Surveys (2007-8) <sup>2</sup> NLA Tenants only  
\* Bursa Malaysia announcement dated 8 December 2011

	Subang Parade	Mahkota Parade	Wetex Parade & Classic Hotel
State	Selangor	Melaka	Johor
Title	Freehold	Leasehold ( Expiring in 2101)	Freehold
Primary Trade Area <sup>1</sup>	833,538 (within 15-mins drive)	350,000 (within 15-mins drive)	154,000 (10km radius)
NLA (Retail)	494,541 sq ft	461,067 sq ft	155,921 sq ft
Tenancies	124	103	98
Occupancy <sup>2</sup>	99.9%	94.5%	98.6%
Visitor Traffic FY2011	8.0 million	8.2 million	5.9 million
Purchase Price (RM)	280.0 million	232.0 million	117.5 million
Valuation (RM) <sup>2</sup>	385.0 million	307.0 million	130.0 million
Gross Revenue FY2011 (RM)	44.4 million	37.1 million	12.2 million
Net Property Income (NPI) FY2011(RM)	28.2 million	21.5 million	7.4 million

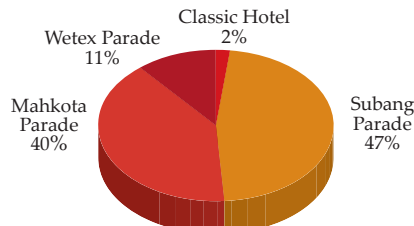
<sup>1</sup> Malaysia Census , MIRP (Independent Research)  
<sup>2</sup> As at 31 December 2011

## Diversified Portfolio

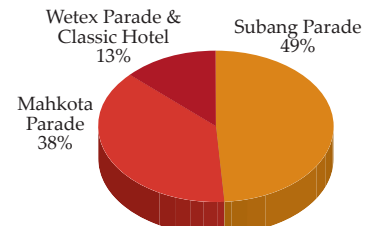
Valuation by Property



Gross Revenue by Property



NPI by Property





# Portfolio Performance (Cont'd)



## Portfolio Occupancy

Overall portfolio occupancy was at 97.5% as at 31 December 2011. Subang Parade's occupancy improved to 99.9% with the introduction of the cinema whilst Mahkota Parade's occupancy decreased to 94.5% due to tenant remixing initiatives. Wetex Parade's occupancy increased to 98.6% due to the opening of a new entertainment and lifestyle retail zone.

Property	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009	As at 31 December 2008	As at 31 December 2007	As at 31 December 2006
Subang Parade	99.9%	94.8%	100.0%	99.8%	99.9%	98.5%
Mahkota Parade	94.5%	96.1%	93.6%	96.5%	93.9%	94.9%
Wetex Parade	98.6%	95.6%	90.1%	83.1%	-	-
Overall*	97.5%	95.5%	95.8%	95.8%	96.9%	96.7%

\* Average weighted by NLA

## Visitor Traffic

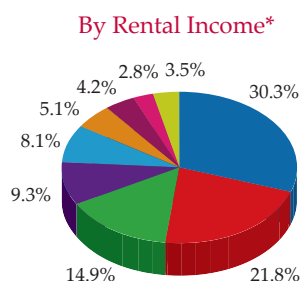
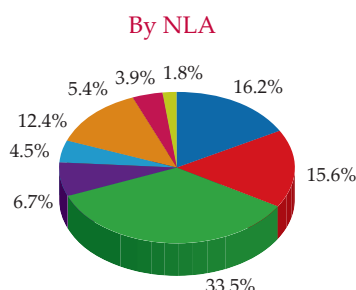
Visitor traffic is measured by Footfall, a UK-based computerised video traffic monitoring system. Visits to Subang Parade and Mahkota Parade increased by 5.8% and 14.0% respectively in 2011. The improvement in Subang Parade is due to the completion of its cinema whilst Mahkota Parade evidenced an increase in visitors post refurbishment and due to the vibrant tourism industry in Melaka. Visits to Wetex Parade have also increased by 7.6%. Overall, the portfolio received 22.1 million visits in 2011.

Property	No. of Visits 2011	No. of Visits 2010	No. of Visits 2009	No. of Visits 2008	No. of Visits 2007	No. of Visits 2006
Subang Parade	7.95 million	7.52 million	7.76 million	7.62 million	7.84 million	5.92 million
% Change in Traffic	5.8%	-3.1%	1.8%	-2.8%	32.6%	4.0%
Mahkota Parade	8.17 million	7.19 million	7.88 million	8.32 million	8.82 million	8.64 million
% Change in Traffic	14.0%	-8.8%	-5.3%	-5.7%	2.1%	7.8%
Wetex Parade*	5.93 million	5.51 million	5.63 million	1.96 million	-	-
% Change in Traffic	7.6%	-2.2%	-	-	-	-
Total	22.1 million	20.2 million	21.3 million	17.9 million	16.7 million	14.6 million

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

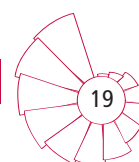
## Portfolio Tenancy Mix

The portfolio tenancy mix is dominated by department stores and supermarkets, which led by Parkson and The Store, constitute approximately 33.5% of total portfolio NLA. In terms of rental income, the largest segment remains fashion and footwear, which contributes approximately 30.3% of monthly rental income.



- Fashion & Footwear
- Food & Beverage / Food Court
- Department Store / Supermarket
- Gifts / Books / Toys / Specialty
- Education / Services
- Leisure & Entertainment, Sport & Fitness
- Electronics & IT
- Housewares & Furnishing
- Others

\* Based on monthly rental income for December 2011



## Portfolio Performance (Cont'd)

### Portfolio's Top Ten Tenants

The top ten tenants in the portfolio contributed approximately 26.4% of total monthly rental income, providing a diversified revenue base. After the top tenant, Parkson, which contributed approximately 11.1% monthly rental income, no other tenant contributed more than 4.0%.

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	254,009	22.9%	11.1%
2 The Store	Department Store	85,413	7.7%	3.1%
3 McDonald's	Food & Beverage	12,946	1.2%	1.9%
4 The Reject Shop	Fashion & Footwear	17,695	1.6%	1.7%
5 Ampang Superbowl	Leisure & Entertainment	36,717	3.3%	1.5%
6 World Of Sports	Fashion & Footwear	11,517	1.0%	1.5%
7 Kenny Rogers Roasters	Food & Beverage	7,096	0.6%	1.5%
8 K.F.C.	Food & Beverage	10,282	0.9%	1.4%
9 Celebrity Fitness	Sport & Fitness	34,317	3.1%	1.4%
10 Bata	Fashion & Footwear	4,200	0.4%	1.3%
Top 10 Tenants (By Monthly Rental Income)		474,192	42.7%	26.4%
Other Tenants		637,337	57.3%	73.6%
Total		1,111,529	100.0%	100.0%

\* Based on monthly rental income for December 2011.

### Portfolio Rental Reversions

For the year ended 31 December 2011, the portfolio recorded 124 new and renewed tenancies, with an overall weighted average rental reversion of 20%. Subang Parade's rental reversion improved for the year, with 35% of NLA reverting with a 31% rental rate increase. This reflects its success in introducing new tenants along with the establishment of the cinema. Wetex Parade recorded an overall 20% increase in rental rates, reflecting the efforts of the tenant remixing exercise after its refurbishment in the past year. Mahkota Parade accounted for an average 3% increase for new or renewed tenants amidst an environment of growing competition for the year.

Full Year 2011 (12 months) Ended 31 December	No. of New Tenancies / Renewals	NLA (sq ft)	% of Total NLA	% Increase / (Decrease) Over Previous Rental Rates
Subang Parade	68	173,683	35%	31%
Mahkota Parade	32	114,276	25%	3%
Wetex Parade	24	101,405	65%	20%
Total / Average*	124	389,364	35%	20%

\* Approximate average, weighted by Net Lettable Area. Figures as at 31 December 2011.

# Portfolio Performance (Cont'd)



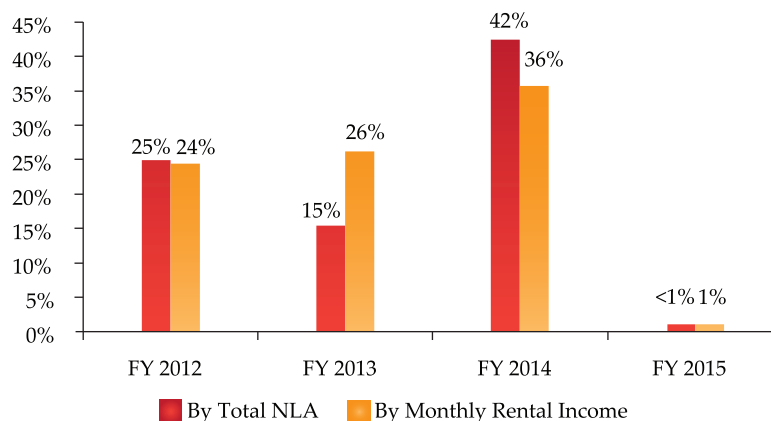
## Portfolio Tenancy Expiry Profile

For the year 2012, a total of 108 tenancies will expire, representing approximately 25% of NLA and 24% of monthly rental income as at 31 December 2011. 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 Expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Rental Income*
FY 2012	108	276,787	25%	24%
FY 2013	93	171,700	15%	26%
FY 2014	81	472,267	42%	36%
FY 2015	42	4,817	<1%	1%

\* Based on monthly rental income for December 2011.

## Portfolio Tenancy Provisions

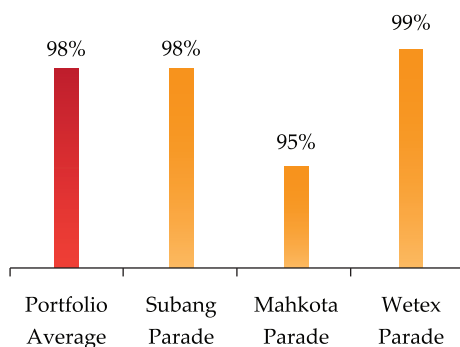


As at 31 December 2011, turnover rent provisions were present in approximately 98% of the tenancies in the portfolio. Step-up rent provisions were present in approximately 58% of tenancies within the portfolio.

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 tenancy agreements 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.

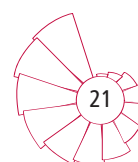
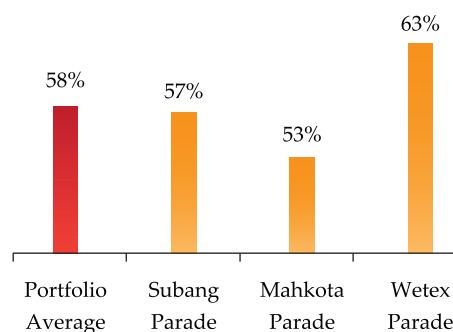
### Hektar Reit Tenancy Provisions

Turnover Rent



### Hektar Reit Tenancy Provisions

Step-up Rent





## 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. This year, the introduction of a cinema and the marketplace have further enhanced the tenant mix of the centre, bringing us closer to our purpose in meeting customers' needs.

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



### Subang Parade

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	1,169,038 sq ft
Net Lettable Area	494,541 sq ft
Car Park	1,250
Valuation	RM385.0 million
Tenants*	124
Key Tenants	Parkson, Celebrity Fitness, Best Denki, Digital One, MPH
Occupancy	99.9%
Visitor Traffic	8.0 million
Year Opened	1988
Year Acquired by REIT	2006
Year Refurbished	2006-7

Data as of 31 December 2011. \* Only NLA Lots

# Portfolio Performance (Cont'd)

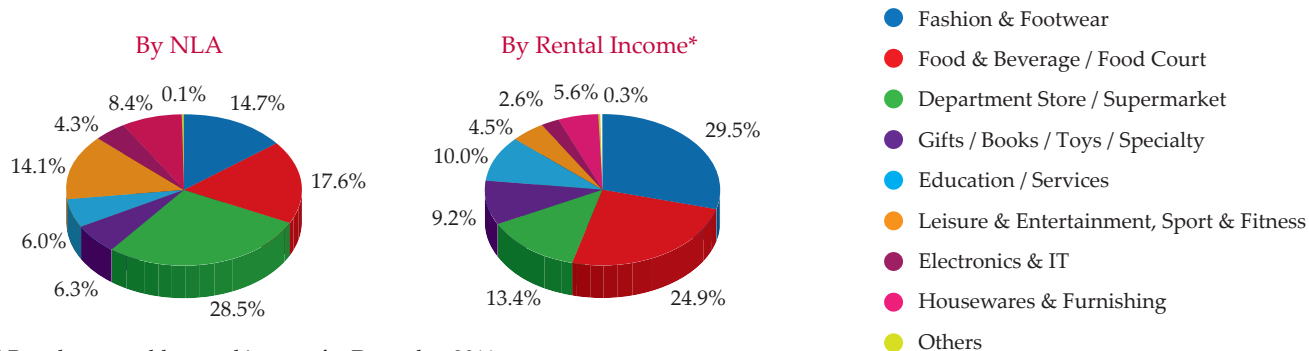


## Subang Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	140,620	28.4%	13.3%
2 Celebrity Fitness	Leisure & Entertainment	34,317	6.9%	2.8%
3 Digital One	Electronics & IT	21,361	4.3%	2.6%
4 Best Denki	Electronics & IT	24,739	5.00%	2.2%
5 TGI Friday's	Food & Beverage	5,655	1.1%	2.1%
6 Kenny Rogers Roasters	Food & Beverage	3,610	0.7%	2.0%
7 World of Sports	Fashion & Footwear	5,769	1.2%	1.9%
8 MPH Bookstores	Gifts/Specialty	17,385	3.5%	1.8%
9 Voir	Fashion & Footwear	4,387	0.9%	1.8%
10 The Reject Shop	Fashion & Footwear	9,192	1.9%	1.8%
Top 10 Tenants (By Monthly Rental Income)		267,035	53.9%	32.3%
Other Tenants		227,506	46.1%	67.7%
Total		494,541	100.0%	100.0%

\* Based on monthly rental income for December 2011

## Subang Parade's Tenancy Mix

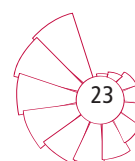
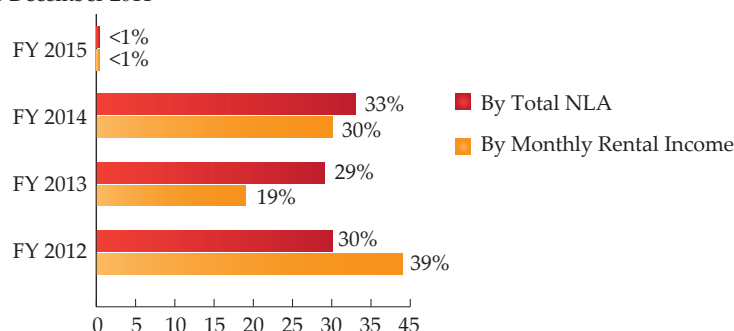


\* Based on monthly rental income for December 2011

## 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 2012	27	194,097	39%	30%
FY 2013	33	95,934	19%	29%
FY 2014	41	149,074	30%	33%
FY 2015	38	1,129	<1%	<1%

\* Based on monthly rental income for December 2011







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 leading shopping centre in the Melaka region. The centre also serves as a key destination for major community events and exhibitions. Mahkota Parade was awarded by the International Council of Shopping Centers (ICSC) with a Silver Award for Marketing Excellence at the 2009 ICSC Asia Awards.

Mahkota Parade was re-launched on May 1, 2010, following a complete refurbishment. The revitalised shopping centre improved the overall shopping experience for customers. The refurbishment is part of Hektar's continuing efforts to invest in the Melaka market and maintain Mahkota Parade as the leading shopping centre in the state.



## Mahkota Parade

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	1,079
Valuation	RM307.0 million
Tenants*	103
Key Tenants	Parkson, Ampang Superbowl, LFS Cinemas, Giant
Occupancy	94.5%
Visitor Traffic	8.2 million
Year Opened	1994
Year Acquired by REIT	2006
Year Refurbished	2009-10

Data as of 31 December 2011. \* Only NLA Lots

# Portfolio Performance (Cont'd)

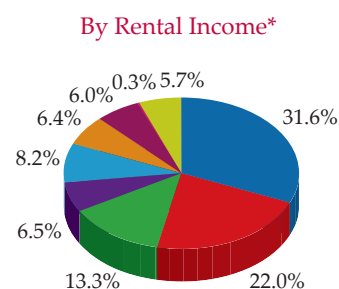
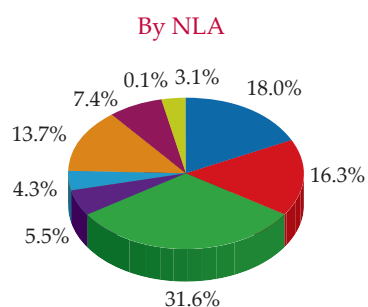


## Mahkota Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 Parkson	Department Store	113,389	24.6%	11.7%
2 Ampang Superbowl	Leisure & Entertainment	36,717	8.0%	3.8%
3 KFC	Food & Beverage	5,403	1.2%	2.7%
4 McDonald's	Food & Beverage	5,942	1.3%	2.3%
5 The Reject Shop	Fashion & Footwear	8,503	1.8%	2.1%
6 Pizza Hut	Food & Beverage	5,725	1.2%	2.1%
7 SenQ	Electronics & IT	14,815	3.2%	1.5%
8 Subzero Jeans	Fashion & Footwear	2,266	0.5%	1.5%
9 Hush Puppies & Obermain	Fashion & Footwear	2,831	0.6%	1.4%
10 World of Sports	Fashion & Footwear	5,748	1.2%	1.4%
Top 10 Tenants (By Monthly Rental Income)		201,339	43.6%	30.5%
Other Tenants		259,728	56.4%	69.5%
Total		461,067	100.0%	100.0%

\* Based on monthly rental income for December 2011

## Mahkota Parade's Tenancy Mix



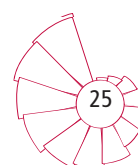
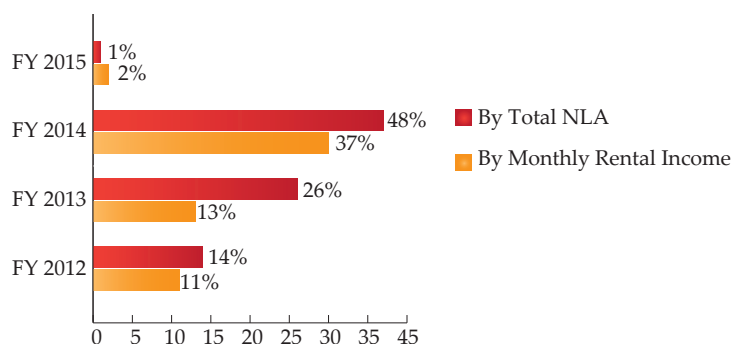
- Fashion & Footwear
- Food & Beverage / Food Court
- Department Store / Supermarket
- Gifts / Books / Toys / Specialty
- Education / Services
- Leisure & Entertainment, Sport & Fitness
- Electronics & IT
- Housewares & Furnishing
- Others

\* Based on monthly rental income for December 2011

## 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 2012	26	51,549	11%	14%
FY 2013	35	60,479	13%	26%
FY 2014	27	223,506	48%	37%
FY 2015	4	3,688	1%	2%

\* Based on monthly rental income for December 2011





# Portfolio Performance (Cont'd)



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, situated on top of Wetex Parade is one of the leading hotels in Muar. 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 was recognised by the International Council of Shopping Centers (ICSC) with a Gold Award for Marketing Excellence at the 2010 ICSC Asia Awards.



## Wetex Parade

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	155,921 sq ft
Car Park	178
Valuation	RM130.0 million**
Tenants*	98
Key Tenants	The Store, McDonald's, Watson's
Occupancy	98.6%
Visitor Traffic	5.9 million
Year Opened	1996
Year Acquired by REIT	2008
Year Refurbished	2010 - 2011

Data as of 31 December 2011. \* Only NLA Lots  
\*\* Valuation inclusive of Wetex Parade and Classic Hotel

# Portfolio Performance (Cont'd)

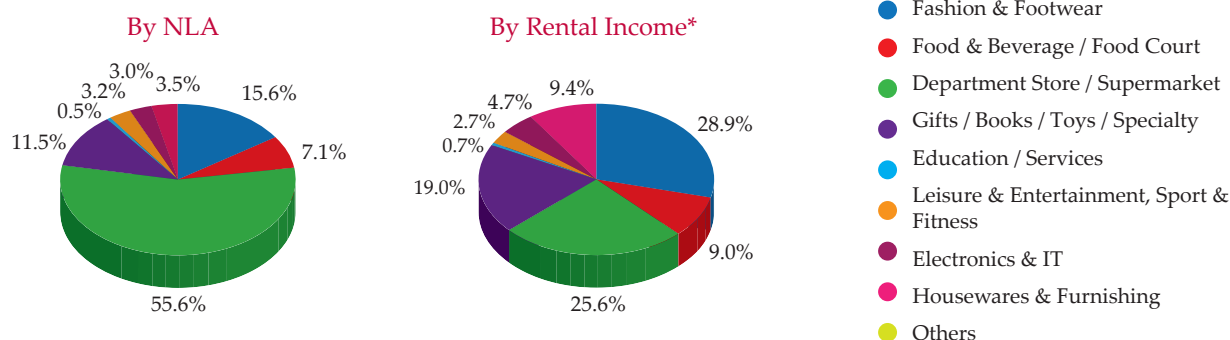


## Wetex Parade's Top Ten Tenants

Tenant	Trade Sector	NLA (sq ft)	% of Total NLA	% of Monthly Rental Income*
1 The Store	Department Store	85,413	54.8%	25.5%
2 Watson's	Others	2,027	1.3%	4.5%
3 Silverho	Gifts/Specialty	3,178	2.0%	2.8%
4 McDonald's	Food & Beverage	2,489	1.6%	2.6%
5 Tangjongmas Bookstore	Gifts/Specialty	4,037	2.6%	2.3%
6 AD Jeans	Fashion & Footwear	2,110	1.4%	2.3%
7 Workshop	Fashion & Footwear	1,880	1.2%	2.1%
8 Fabiano Ricco / Ecco	Fashion & Footwear	1,292	0.8%	2.1%
9 Bata	Fashion & Footwear	1,240	0.8%	1.8%
10 Pao Sing	Others	1,023	0.7%	1.6%
Top 10 Tenants (By Monthly Rental Income)		104,689	67.2%	47.6%
Other Tenants		51,232	32.8%	52.4%
Total		155,921	100.0%	100.0%

\* Based on monthly rental income for December 2011

## Wetex Parade's Tenancy Mix

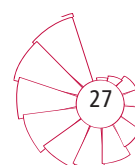
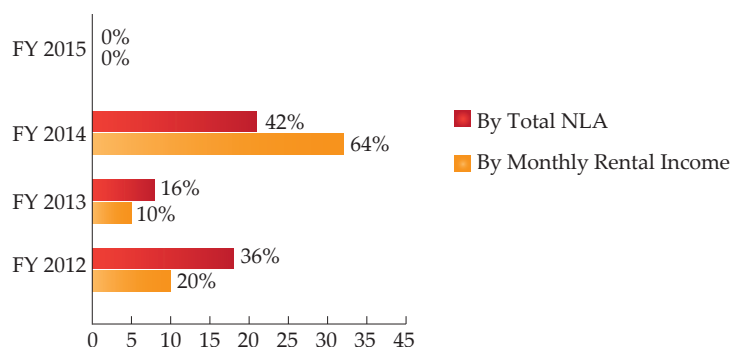


\* Based on monthly rental income for December 2011

## 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 2012	55	31,141	20%	36%
FY 2013	25	15,287	10%	16%
FY 2014	13	99,687	64%	42%
FY 2015	-	-	0%	0%

\* Based on monthly rental income for December 2011







McDonald's



MARKSON





# Corporate Social Responsibility



Hektar REIT recognizes the importance in establishing best sustainable business practices that encourages giving back to the community. The management believes that adopting such sustainable best practices have positively impacted its its customers, stakeholders and unitholders.

Hektar REIT's asset portfolio anchors around neighborhood shopping complexes which forms the heartbeats of their communities. Currently, the REIT's portfolio covers three major markets through Peninsular Malaysia: Subang Jaya in Selangor, Bandar Melaka in Melaka, and Muar in Johor. The REIT is also expanding into the northern region via its latest acquisitions in Sungai Petani and Kulim in Kedah this year. With its tagline "It's Our Place!", the REIT broadcasts its shopping malls as the focal point of its community in that they touch the lives of many people who come to work, shop, dine, rest or relax with families and friends.



SFYS - 2nd Prize SJK (C) Ayer Keroh

This year, our management has carried out various charity and civic events towards its cause for corporate social responsibility. Subang Parade has organized a charity durian fest with the collaboration of various local government representatives and corporate organizations. Tickets for a durian buffet were sold publicly and to corporate and public figures to raise funds for Children's Wish Society, an organization aiding children suffering from terminal and life-threatening illnesses. The event successfully raised RM180,000 for the organization. The centre has also carried out the annual 'Shop For Your School' event where approximately RM 75,000 worth of gifts were raised and contributed to local school communities in Subang Jaya.



Agape Care Society

Our management has also continued to pursue other good causes relating to community development this year. In Wetex Parade, a spelling competition was organized to encourage an aptitude for English Language in the society by inculcating an appetite for reading and pronouncing words correctly. The event was recognized by the Muar Education Board and has also attracted the participation of the Erican Language Centre and students in the area.

In Mahkota Parade, the management took the 1 Malaysia spirit at heart and has carried out various charitable events during the festival celebrations of Hari Raya, Chinese New Year and Deepavali. During Chinese New Year, a "Light A Lantern" charity campaign was organized, where RM12,000 was raised for the Seck Kia Eenh Cancer Fund. Following that, in conjunction with the Hari Raya and Deepavali celebrations, RM10,000 was collected for Rumah Anak-Anak Yatim Fatimah Al-Zaharah and the Agape Care Society through two charity drives.



Rumah Anak-Anak Yatim Fatimah Al-Zaharah



# Shopper Testimonials



**Diana Sulamazra  
Abdul Rahman**

Mahkota Parade is definitely my family's No. 1 shopping destination choice because the layout of the mall is very family friendly and family oriented. There are ample parking space and a wide variety of dining outlets. It has everything under one roof, from bookstores to sporting goods outlet, to fashion and accessories outlets as well as electronic items store!

**Tan Cheak Ean**

Wetex Parade definitely meets everyone's needs and expectations. The decorations are nice and it is a convenient place for us to come again.



**Parames Anand**

Mahkota Parade is the place in Melaka where family and friends (even those from out of town) know very well to meet for shopping, for meals at the food court, fast foods and to "chill out" - without getting lost! It has always been my favourite place to relax too. Thank you, Mahkota Parade for such a fun place to be.

**Nagarathuam Rajagopal**

Subang Parade has very good choices of shopping outlets and variety for a whole family to spend valuable and meaningful time together. I'm always for Subang Parade as a family outing place.



**Michelle Fung**

Love the mall because of it's never ending surprises and upgrades to satisfy customers' needs. There are always lively and exciting performances or mini-concerts to entertain the dull lives of Malaccan. With its strategic location and excellent services, I love the mall!

**James Chong**

It is a complete shopping centre now as it has a cinema now. There are also certain shops which I used to shop every now and then too, especially the Levi's & Dockers shop.



**Ngo Hui Hui**

I have lived in Muar for the past 14 years and witnessed the changes in Wetex Parade. I am really impressed with the new outlook and the change in the layout and design that the new management has taken. Most of all the shops have been revamped and indeed it has given us Muarians a more enjoyable and relaxing shopping experience.

**Sharikh Omar**

My four kids and I love coming to Subang Parade not just for shopping but also for the heck of it. Subang Parade is like their playground ever since they could walk. They know practically every inch of the place. As a parent, I feel safe for my kids to roam around in the mall while I shop for our needs.



# Retailer Testimonials



**Kenny Rogers ROASTERS**  
Kenny Rogers ROASTERS is glad to be a tenant of Mahkota Parade. Our restaurant has benefitted from the mall's efforts to evolve in tune with the current market trend and shoppers' demand. The management team has been continuously implementing attractive advertising and promotion activities to increase the traffic flow. It has been a great working relationship with the supportive management team.

**The Studio Sdn Bhd – iStudy**  
Even though iStudy is a new tenant in Subang Parade, we are enjoying rapid growth since last year. The management team has been supportive of our progress and we are looking forward to our expansion plan within the mall. We have enjoyed the working relationship and strongly believe that with our combined efforts, we will continue to grow and embrace the challenges ahead.



**W.O.S. World of Sports (M) Sdn Bhd**  
We are impressed with Mahkota Parade's dedicated management team. Armed with their professional know-how, the management team has executed the revamping of the mall well emphasizing on having an excellent tenancy mix. Their aggressive marketing campaigns had generated tremendous shoppers' traffic flow and had contributed to the success of our retail business. Their devotion toward fostering a great long term working relationship with tenants and understanding of the retail market had elevated our believe to cooperate for future expansion with Hektar Group.

**Eminent Mobile Communication Sdn Bhd**  
This is our first partnership with Hektar. We would like to express our deepest gratitude to Hektar for the successful opening of Sony Ericsson Concept Shop in Muar Town that enabled us to extend professional and complete services to our customers. We look forward to another partnership with Hektar and the management team.



**Best Denki Malaysia Sdn Bhd – Best Denki**  
It is wonderful to now have a cinema at Subang Parade. It has filled in the void in all these past years for the benefit of the surrounding area customers. With the cinema in place, it definitely builds up the customer traffic to the mall. Great job from the management staff and leasing team to rope in MBO. In addition to that, it is always been a nice experience dealing with the ever helpful and patient Subang Parade team. We are looking forward to a continuous partnership with your team for many years to come.

**My Fragrance Beauty Enterprise**  
We are truly appreciative towards the Hektar management in setting a high standard for us to improve. With the assistance and support from the management team, the improvements have been sustainable. The management team has achieved the highest quality in work and they have always been efficient and very responsive in getting everything done. We look forward to more success in the future.

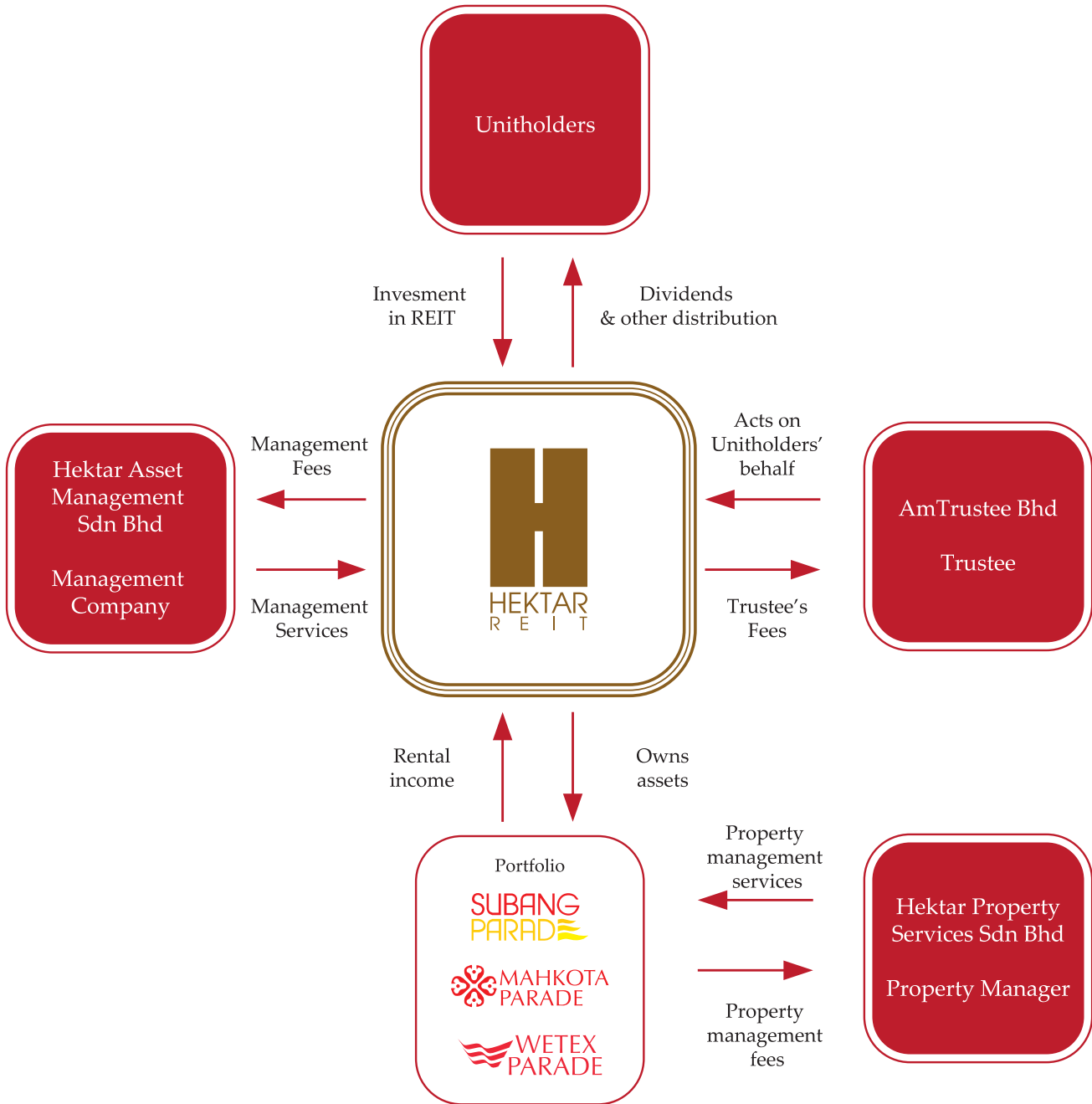


**Chaswood Resources Sdn Bhd – TGI Friday's Restaurant**  
Over the years, Chaswood Resources Sdn Bhd has had a good partnership with the Management of Hektar Group. With the upgrading of the mall and the improvement of their marketing activities, Hektar Group is well aware and has a great understanding of the customer's needs. Hektar Group continuously makes an effort to engage with us and we at Chaswood Resources have enjoyed the working relationship and will grow together to make the business a success.

**Tropicana Life Sdn Bhd**  
As part of our expansion this year, we have chosen Wetex Parade as our first branch in the southern region. This is mainly due to the kind support and the assistance from the management in line with our partnership with Hektar Property Services Sdn Bhd in Subang Parade and Mahkota Parade which have helped us in our growth throughout all these years. With this, we look forward to maintain this partnership in the future.



# Corporate Organisation





# Corporate Directory



## MANAGER

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

### Manager's Principal Place of Business

D1-U3-10, Block D1, Solaris Dutamas  
No. 1, Jalan Dutamas 1,  
50480 Kuala Lumpur  
Tel : +6 03 6205 5570  
Fax : +6 03 6205 5571  
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

**Dr Chew Tuan Chiong**  
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)  
Level 15, Menara AmFIRST  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor

## PROPERTY MANAGER

**Hektar Property Services Sdn Bhd**  
(868376-K)  
F36, First Floor, Subang Parade  
No. 5, Jalan SS 16/1  
47500 Subang Jaya  
Selangor

## 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 Sheraton 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

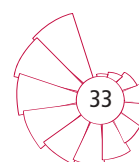
## TAX AGENT

**SJ Grant Thornton (AF : 0737)**  
Level 11 Sheraton 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 Sheraton Imperial Court  
Jalan Sultan Ismail  
P.O. Box 12337  
50774 Kuala Lumpur  
Tel : +6 03 2692 4271  
Fax : +6 03 2732 5388

**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. The Kuala Lumpur Malay Chamber of Commerce awarded him with the "Entrepreneur of the Year Award" in 2011 in recognition of his success in entrepreneurship.



**Zalila binti Mohd Toon**  
*Executive Director and 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 in 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 the Honorary Treasurer and a member of the Executive Committee of the Malaysian REIT Managers Association.



**Christopher Tang Kok Kai**  
*Non-Executive Director*

Mr Tang is the Chief Executive Officer of Frasers Centrepoint Commercial, the FCL division which is responsible for commercial property investment, development and management, fund and asset management. He is concurrently the Chief Executive Officer of Greater China, overseeing FCL's property interests in China.

Mr Tang 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 presently a director of Frasers Centrepoint Asset Management Ltd, the manager of Frasers Centrepoint Trust and Frasers Centrepoint Asset Management (Commercial) Ltd, the manager of Frasers Commercial Trust.

Mr Tang holds a Masters in Business Administration and a Bachelor of Science Degree from the National University of Singapore.

## The Board of Directors (Cont'd)



**Dr Chew Tuan Chiong**  
*Non-Executive Director*

Dr Chew is Chief Executive Officer of Frasers Centrepoint Asset Management, the manager of Frasers Centrepoint Trust. Previously, Dr Chew was the Chief Executive of Science Centre Singapore, a government statutory board, from 1995 to 2009. He has also been an Associate Professor with the National University of Singapore, and a Research Scientist with Daimler Benz in Germany and British Gas PLC in the UK, and an Adjunct Professor with the Singapore Management University. Dr Chew is a Chartered Engineer and a Fellow of the Institution of Engineers Singapore. A former government scholar, Dr Chew holds a doctorate from University of Cambridge, an M Eng from the National University of Singapore, and a B Eng (1st Class Hons) from Monash University. Dr Chew has been awarded the Sugden Award by the Combustion Institute (UK) and the Public Administration Medal (Silver) (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 Md 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, AljeffriDean. He also sits on the board of LBI Capital 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 Secretary General of the ASEAN Business Advisory Council. He is also a Council Member of the Malaysia-China Business Council and the East Asia Business Council. 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' Lim Git Hooi @ Robert Lim**  
*Independent Non-Executive Director*

Dato' Lim was previously a partner in Ernst & Young and is also an Independent Non-Executive Director of Gopeng Berhad and YNH Property 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 was appointed Independent Chairman of Frasers Centrepoint Asset Management Ltd in April 2009 and has been a Board member since April 2006. He is Non-Executive Chairman of mDR Limited and Executive Deputy Chairman of Hup Soon Global Corporation Limited. He is Director of several local and regional companies. Philip is also Singapore's Non-Resident 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 Mr Christopher Tang Kok Kai*

Jack Lam is currently General Manager (Investment & Business Development) in the commercial properties division of Frasers Centrepoint Limited. Up to July 2011 he was the Deputy Chief Executive Officer and Head, Investment of Frasers Centrepoint Asset Management Ltd, which manages Frasers Centrepoint Trust listed in Singapore. Jack has over 18 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.*

## **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).

## **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 corporate affairs, of which legal and secretarial make up the main areas and includes regulatory compliance. She was formerly with the United Engineers Malaysia Berhad ("UEM") Group of Companies for 9 years where during the first few years in UEM, she was involved in project management at Faber Hotels Holdings which culminated in the conversion of a series of Faber owned properties under the "Merlin" brand name to "Sheraton". 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.

Zarina holds two Honours degrees in separate disciplines. She graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance and also holds a Bachelor of Laws degree from the University of London.

## **Nubly Zainuham bin Ambotang**

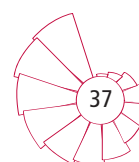
Senior Manager, Strategy

Nubly is responsible for Hektar REIT's strategic planning, investor relations, business development, research and analysis. He joined Hektar REIT in 2011. Nubly was formerly with UEM Group for 5 years where during his stint there he was involved in the formation of UEM Group's new International Business Division which was set up with the prime objective of exploring and securing new business opportunities for the Group in the Middle East and North Africa region. Prior to this he was with Cement Industries of Malaysia Berhad ("CIMA") heading the Corporate Affairs department managing CIMA's investor relation, corporate finance, corporate communication and business development activities. He graduated with a Bachelor's Degree in Accounting from the University of Hull, UK and also holds a post graduate qualification of Master of Professional Accounting from the University of Queensland, Australia.

## **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 and subsequently Zul Rafique & Partners. While in legal practice, he was responsible for handling and providing advice in property development, sale & purchase, tenancy and lease transactions involving various types of property products (including residential, commercial and agricultural properties) in Malaysia. He also handled consumer and corporate banking documentation work from a wide array of banks and financial institutions in Malaysia and provided advisory services to property developers in relation to property 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. Martin is currently a member of the Malaysian Corporate Counsel Association.







# Investor Communication

Hektar Asset Management is committed to building and nurturing relationships with long-term investors by ensuring transparent and timely disclosure to the investment community.

Hektar REIT's website contains information on the REIT's strategy, organisation, manager, portfolio and financials. The investor information section provides current and historical 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 announcements on a timely basis.

Hektar Asset Management continues to maintain regular communications to research houses, individual & institutional investors and the media. Hektar conducts one-to-one and group meetings, conference calls and continues to provide site visits to the portfolio. Since the IPO listing, Hektar has delivered presentations and papers in remisier briefings, equity roadshows, industry conferences / seminars and investor / media outreach programmes throughout Malaysia and Singapore.

Hektar Asset Management continues to improve the quality of investment disclosure for Hektar REIT.

Reports from analyst coverage may be accessed on Bursa Malaysia's website under the Research Report (CBRS) section. Over the past year, analyst coverage included Standard & Poors, AmResearch, RHB Research and CIMB.

For new and prospective investors, a brief guide, fact sheet and detailed Frequently Asked Questions are available on the website. For more information, please visit the website at [www.HektarREIT.com](http://www.HektarREIT.com), or contact:

## The Manager

Investor Relations & Corporate Communications  
Hektar Asset Management Sdn Bhd  
D1-U3-10, Block D1,  
Solaris Dutamas,  
No. 1, Jalan Dutamas 1,  
50480 Kuala Lumpur  
MALAYSIA

Tel : +6 03 6205 5570  
Fax : +6 03 6205 5571  
Email: [ir@HektarREIT.com](mailto:ir@HektarREIT.com)  
Web: [www.HektarREIT.com](http://www.HektarREIT.com)

## The Registrar

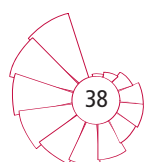
Mega Corporate Services Sdn Bhd  
Level 15-2 Faber Imperial Court  
Jalan Sultan Ismail  
P.O. Box 12337  
50774 Kuala Lumpur  
MALAYSIA

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

## Financial Year Calendar

	2012*	2011
Full Year Results Announcement	13 February 2012	17 February 2011
Annual Report	February 2012	February 2011
Final Dividend Distribution	13 March 2012	18 March 2011
First Quarter Results Announcement	May 2012	11 May 2011
First Quarter Dividend Distribution	June 2012	15 June 2011
Second Quarter Results Announcement	August 2012	17 August 2011
Second Quarter Dividend Distribution	September 2012	23 September 2011
Third Quarter Results Announcement	November 2012	4 November 2011
Third Quarter Dividend Distribution	December 2012	12 December 2011

\* Dates are tentative and subject to change







Artist appearance Anthony Neely



Artist appearance Aaron Yan



The Ghosts Must Be Crazy Movie Roadshow

## Empowering The Portfolio

*Hektar REIT's portfolio, consisting of three well established malls, have always emphasized strong advertising and promotional activities in all our malls. As part of active management best practices formula, the malls enjoy wide captive markets, enhanced connectivity and a strong and sustainable income stream.*



NTV7 Forget Me Not Roadshow



Meet & Greet Session with Lee Dewyze





# 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 2011.

## 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 2011 RM	As at 31 December 2010 RM
Total Net Asset Value		475,153,296	421,462,023
Units in Circulation	(Units)	320,001,000	320,001,000
Net Asset Value per unit		1.48	1.32
Market Value per Unit		1.32	1.35
Highest Traded Price		1.38	1.35
Lowest Traded Price		1.21	1.13

## OPERATING RESULTS

		FYE 31 December 2011 RM	FYE 31 December 2010 RM
Total Gross Income		95,058,447	91,048,232
Total Property Expenses		(36,585,339)	(35,530,023)
Change in Fair Value of Investment Properties		47,737,207	1,011,661
Reversal of Impairment Loss on Trade Receivables		82,962	-
		106,293,277	56,529,870
Total Non-Property Expenses		(19,641,901)	(17,345,980)
Net Income before taxation		86,651,376	39,183,890
Net Income before taxation - realised		38,914,169	38,172,229
Net Income before taxation - unrealised		47,737,207	1,011,661
Net Income after taxation		86,651,376	39,183,890
Earnings per Unit after Tax	(sen)	27.08	12.24
Realised Earnings per Unit after Tax	(sen)	12.16	11.93
Distribution per Unit ("DPU")	(sen)	10.50	10.30

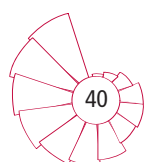
The Manager is pleased to report that for the financial year ended 31 December 2011, the total revenue of Hektar REIT is RM95,058,447 comprising gross rental income of RM94,881,213, interest income of RM163,929, other income of RM13,305 and reversal of impairment loss on trade receivable of RM82,962. Gross Rental income of RM94,881,213 includes revenue of RM1,119,656, which is due to the impact of FRS117 which took effect on 1 January 2010.

The realised net profit FYE 2010 of RM38,914,169 is higher than FYE 2010 by RM741,940. The positive variance is mostly due to increase in casual leasing income.

The Manager has recommended and AmTrustee Berhad ("Trustee") has approved a total income distribution of 10.5 sen per unit totaling RM33,600,105 for the year ended 31 December 2011.

The total income distribution of RM33,600,105 is RM640,002 higher than that of the previous period.

Dividend payment	Period covered	Income Distribution (RM)	Remarks
First interim dividend	Jan 11 - Mar 11	8,000,025	Paid in June 2011
Second interim dividend	Apr 11 - Jun 11	8,000,025	Paid in September 2011
Third interim dividend	Jul 11 - Sep 11	8,000,025	Paid in December 2011
Final dividend	Oct 11 - Dec 11	9,600,030	To be paid in March 2012
Total		33,600,105	





# Manager's Report (Cont'd)



## DIRECTORS OF THE MANAGER

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

Dato' Jaafar Bin Abdul Hamid  
Dr Chew Tuan Chiong  
Christopher Tang Kok Kai  
Zalila Binti Mohd Toon  
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 2011, 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 2011, which had the objective of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of the Hektar REIT or any other corporate body.

## MANAGER'S FEE

For the financial year ended 31 December 2011, the Manager's fee comprised the following:

1. Base fee of RM2,796,867, which is calculated at 0.32% of Gross Asset Value
2. Performance fee of RM2,963,660, which is calculated at 5% of Net Property Income

The Manager's total management fee of RM5,760,527 represents 1.2% per annum of the Net Asset Value ("NAV") of Hektar REIT.

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

The following corporate proposals have been announced but not completed.

### A) Corporate Proposal in relation to Proposed Acquisition of New Malls

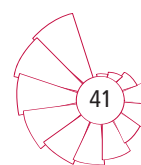
The following corporate proposals has been announced to Bursa Malaysia on 8 December 2011:

"AmTrustee Berhad, the Trustee for Hektar REIT, had on 8 December 2011 entered into two (2) separate conditional sale and purchase agreements to acquire the following properties for a total cash consideration of RM181,000,000:

- (i) all that piece of freehold land held under GM 14677, Lot No. 4015 (formerly known as H.S. (M) No: 13459, Lot No. PT 286) Seksyen 44, Bandar Kulim, District of Kulim, State of Kedah measuring approximately 291,917 sq. ft. on which is erected a three (3)-storey mall building (including six hundred and ten (610) car park bays) comprising a shopping mall known as "Landmark Central Shopping Centre" measuring in total a Net Lettable Area (NLA) of 279,291 sq. ft. for a purchase consideration of RM98,000,000 from Sri Awona Sdn Bhd; and
- (ii) one hundred and ten (110) strata parcels (out of a total of two hundred and fifty three (253) strata parcels) within a six (6)-storey mall building comprising a shopping mall known as "Central Square Shopping Centre" (measuring 464,517 sq. ft. and based on the total share units allocated to the one hundred and ten (110) strata parcels, represent 85% of the voting rights in PPKCS) together with all the accessory parcels thereto, which consists of retail space with an aggregate NLA of approximately 300,782 sq. ft. and approximately 488 car park bays erected on freehold land held under Geran 145068, Lot 134 Seksyen 56, Bandar Sungai Petani, District of Kuala Muda, State of Kedah for a purchase consideration of RM83,000,000 from Awona Land Sdn Bhd. (collectively, the "Proposed Acquisitions")

In conjunction with the Proposed Acquisitions, the following was also proposed:

- (a) proposed renounceable rights issue of new Hektar REIT units ("Rights Units") to the entitled unitholders of Hektar REIT to raise gross proceeds of approximately RM98,580,000 ("Proposed Rights Issue") to part-fund the Proposed Acquisitions;
- (b) proposed issuance of new Hektar REIT units ("Manager's Units") to the Manager amounting to RM905,000 as part of the acquisition fee due to the Manager ("Proposed Issuance to the Manager"); and



## CORPORATE DEVELOPMENTS (CONT'D)

- A) Corporate Proposal in relation to Proposed Acquisition of New Malls (Cont'd)
- (c) proposed increase in the existing approved fund size of Hektar REIT by such number of Rights Units and Manager's Units ("Proposed Increase in Fund Size").  
(collectively, the abovementioned is referred to as the "Proposals").

Submission to the Securities Commission of Malaysia's ("SC") Asset Valuation Audit department for the Proposed Acquisitions was made on 4 January 2012 while the submissions to the SC's Trust & Investment Management department for the Proposed Rights Issue, Proposed Issuance to the Manager and Proposed Increase in Fund Size were made on 20 January 2012. The Proposed Acquisitions, Proposed Rights Issue, and Proposed Increase in Fund Size are inter-conditional. The Proposed Issuance to the Manager is conditional upon the completion of the Proposed Acquisitions.

Barring any unforeseen circumstances, the Proposals are expected to be completed by the 2nd quarter of 2012."

- B) Government Land Acquisition

Following the Manager's earlier announcement in the 3rd quarter 2011 report, the Manager is currently awaiting for the official sealed copy of the court order to determine the details of the additional compensation sums awarded by the High Court and will make further announcements on the same in due course.

## GEARING

### DEBT FACILITIES

Hektar REIT's total borrowings of RM363,480,000 consist of long term and secured loans.

### GEARING CAPACITY

As at 31 December 2011, Hektar REIT had a gearing ratio (external borrowings to total assets) of 42%. Based on the GAV of RM867,059,016 as at 31 December 2011, there is capacity to borrow an additional RM70,049,508 before reaching the 50% limit permitted under the SC Guidelines on REITs.

### UNITS IN ISSUE

The total number of units in issue of Hektar REIT as at 31 December 2011 is 320,001,000.

### INVESTMENTS OF THE TRUST

Total Investments as at 31 December 2011 was RM822,000,000.

	1 January 2011 (RM' mil)	Refurbishment/ (Divestment)/ Capital Investment (RM' mil)	Total (RM' mil)	Revaluation (RM' mil)	Unrealised gain/(loss) (RM' mil)
Subang Parade	347.0	19.4	366.4	385.0	18.6
Mahkota Parade	283.0	1.9	284.9	307.0	22.1
Wetex Parade	122.0	1.0	123.0	130.0	7.0
<b>Total</b>	<b>752.0</b>	<b>22.3</b>	<b>774.3</b>	<b>822.0</b>	<b>47.7</b>

### NET ASSET VALUE OF HEKTAR REIT

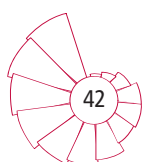
The Net Asset Value ("NAV") of Hektar REIT as at 31 December 2011 is RM1.4848 per unit.

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

**DATO JAAFAR BIN ABDUL HAMID**  
Chairman & Chief Executive Officer

**ZALILA MOHD TOON**  
Executive Director & Chief Financial Officer

Kuala Lumpur  
13 February 2012



# 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, 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 2011. 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, Dr Chew Tuan Chiong and Puan Zalila binti Mohd Toon.

## Audit Committee

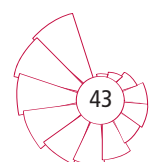
An Audit Committee, comprising the Independent Directors Philip Eng Heng Nee, Dato' Robert Lim Git Hooi and Dato' Syed Md Amin Aljeffri as chairman, is delegated by the Board to undertake, among other things, the following duties and responsibilities:

- Review and deliberate on Hektar REIT's Financial Performance
- Review and deliberate on the Quarterly Report to Bursa Malaysia
- Receive and deliberate on the Internal Auditor Report

## Board Meetings

The Board ordinarily meets at least once a 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 2011, the Board met on 5 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.





## 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, Non-Independent Directors and three (3) Independent Non-Executive Directors. More than 37% of Directors are considered independent which 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 to 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

During the financial period under review, the Directors attended various conferences / programmes to enhance their knowledge and expertise, and to keep up to date with the relevant changes in law, regulations and the business environment. The training programmes, conferences and seminars attended by the Directors during the year under review covered areas such as corporate governance, leadership, professional development, financial and tax matters amongst others. For example :-

In December 2011, Puan Zalila Binti Mohd Toon attended the seminar on "Corporate Governance Blueprint and Regulatory Updates".

In February 2011, Dato' Lim Git Hooi attended the "Sustainability Programme for Corporate Malaysia" and in August 2011 and November 2011, he attended seminars on "Assessing the Risk and Control Environment" and "2012 Budget and Recent Tax Developments" respectively.

## 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.

# Corporate Governance (Cont'd)



## Unitholders

The Manager recognizes the importance of being accountable to investors of Hektar REIT and as such maintained 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.

## 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.

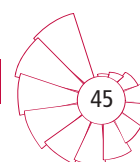
## Statement on Internal Control

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, the Securities Commission Act, 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts and Financial Reporting Standards in Malaysia 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 2011 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 13 February 2012.

**DATO' JAAFAR BIN ABDUL HAMID**  
Chairman and Chief Executive Officer

**ZALILA BINTI MOHD TOON**  
Director and Chief Financial Officer

Kuala Lumpur  
13 February 2012

## Statutory Declaration

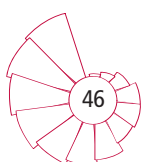
I, Zalila Binti Mohd Toon, being the Director of Hektar Asset Management Sdn. Bhd. primarily responsible for the financial management of Hektar Real Estate Investment Trust, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct 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  
Selangor Darul Ehsan this day of  
13 February 2012

Before Me:

Commissioner for Oaths





# Trustee's Report

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" or "the Trust") for the financial year ended 31 December 2011. 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.

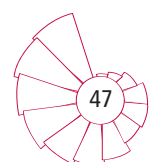
We confirm that the income distributions declared and paid during the financial year ended are in line with and are reflective of the objectives of the Trust. Four distributions have been declared and paid during the financial year ended 31 December 2011 as follows:-

1. Final dividend of 2.8 sen for the financial year ended 31 December 2010 paid on 18 March 2011;
2. First interim dividend of 2.5 sen for the financial year ended 31 December 2011 paid on 15 June 2011;
3. Second interim dividend of 2.5 sen for the financial year ended 31 December 2011 paid on 23 September 2011; and
4. Third interim dividend of 2.5 sen for the financial year ended 31 December 2011 paid on 12 December 2011.

For and on behalf of the Trustee,  
AmTrustee Berhad

**TAN KOK CHEENG**

Kuala Lumpur  
13 February 2012





# Independent Auditors' Report

to the Unitholders of Hektar Real Estate Investment Trust (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hektar Real Estate Investment Trust ("the Trust") which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 75.

### Directors of the Manager's Responsibility for the Financial Statements

The Directors of the Manager of the Trust are responsible for the preparation of financial statements that give a true and fair view 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 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 about 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 judgement, 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 of financial statements that give a true and fair view 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 in Malaysia so as to give a true and fair view of the financial position of the Trust as at 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

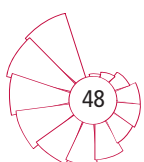
## OTHER MATTERS

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 Trusts 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

**NG CHEE HOONG**  
(NO: 2278/10/12(J))  
CHARTERED ACCOUNTANT  
PARTNER

Kuala Lumpur  
13 February 2012



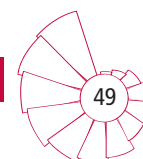
# Statement of Financial Position

As at 31 December 2011



	Note	2011 RM	2010 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	822,000,000	752,000,000
Capital work in progress	5	–	552,911
Fixed deposit with a licensed bank	6	2,338,995	2,268,626
Total non-current assets		824,338,995	754,821,537
<b>Current assets</b>			
Trade receivables	7	3,002,686	1,930,843
Other receivables, deposits and prepayments	8	20,451,827	1,016,401
Cash and bank balances		19,265,508	24,670,518
Total current assets		42,720,021	27,617,762
Total assets		867,059,016	782,439,299
<b>Current liabilities</b>			
Trade payables	9	266,763	565,158
Other payables and accruals	9	28,158,957	26,412,118
Borrowings	10	–	184,000,000
Total current liabilities		28,425,720	210,977,276
<b>Non-current liabilities</b>			
Bank borrowings	10	363,480,000	150,000,000
Total liabilities		391,905,720	360,977,276
Net assets		475,153,296	421,462,023
<b>Unitholders' funds and reserve</b>			
Unitholder's capital	11	328,136,711	328,136,711
Undistributed income-realised		29,910,936	23,956,870
Undistributed income-unrealised		117,105,649	69,368,442
Total Unitholders' funds and reserve		475,153,296	421,462,023
Number of units in circulation	11	320,001,000	320,001,000
<b>Net asset value ("NAV") per unit (RM)</b>			
- As at 31 December		1.48	1.32
- before income distribution during the financial year		1.59	1.42

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





# Statement of Comprehensive Income

For the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
Gross revenue	12	94,881,213	90,873,188
Property expenses	13	(36,585,339)	(35,530,023)
Net property income		58,295,874	55,343,165
Reversal of impairment loss on trade receivables		82,962	–
Interest income		163,928	159,748
Other income		13,306	15,296
Change in fair value of investment properties	4	47,737,207	1,011,661
Total income		106,293,277	56,529,870
Manager's fees	14	5,760,527	5,507,331
Trustee's fee	15	149,733	145,907
Auditors' remuneration:			
- current year		87,000	40,000
- underprovision in prior year		8,000	–
Tax agent's fees			
- current year		10,000	12,000
- underprovision in prior year		1,500	–
Valuation fees		120,000	25,000
Professional fees		512,673	1,232,908
Allowance for impairment loss		52,250	99,808
Administration expenses		168,375	105,002
Interest expense		12,771,843	10,149,317
Bad debt written off		–	28,707
Total expenses		(19,641,901)	(17,345,980)
Income before tax		86,651,376	39,183,890
Tax expense	16	–	–
Income for the financial year, representing total comprehensive income for the financial year		86,651,376	39,183,890
Total comprehensive income for the financial year is made up as follows:-			
Realised		38,914,169	38,172,229
Unrealised - Change in fair value of investment properties		47,737,207	1,011,661
		86,651,376	39,183,890
Earnings per unit (sen)	17	27.08	12.24

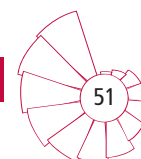
# Statement of Comprehensive Income (Cont'd)

For the financial year ended 31 December 2011



	Note	2011 RM	2010 RM
Earnings per unit (total)			
- After manager's fees (sen)	17(a)	27.08	12.24
- Before manager's fees (sen)	17(b)	28.88	13.97
Earnings per unit (Realised)			
- After manager's fees (sen)	17(c)	12.16	11.93
- Before manager's fees (sen)	17(d)	13.96	13.65
Net income distribution			
- Interim distribution of 7.5 sen (2010: 7.5 sen) per unit		24,000,075	24,000,075
- Final distribution of 2.8 sen in respect of financial year ended 31 December 2010 (31 December 2009: 3.1 sen)		8,960,028	9,920,031
		<b>32,960,103</b>	<b>33,920,106</b>
Interim income distribution per unit			
- Gross (sen)	18	7.50	7.50
- Net (sen)	18	7.50	7.50
Final income distribution per unit			
- Gross (sen)	18	2.80	3.10
- Net (sen)	18	2.80	3.10

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



# Statement of Changes in Net Asset Value

For the financial year ended 31 December 2011

Note	Unitholders' Capital RM	Undistributed income Realised RM	Undistributed income Unrealised RM	Unitholders' Fund RM
At 1 January 2010				
As previously reported	328,136,711	9,784,716	68,356,781	406,278,208
Effect of FRS 110	–	9,920,031	–	9,920,031
As restated	328,136,711	19,704,747	68,356,781	416,198,239
Operations for the financial year ended 31 December 2010				
Net income for the financial year	–	38,172,229	1,011,661	39,183,890
Increase in net assets resulting from operations	–	38,172,229	1,011,661	39,183,890
Unitholders' transactions				
Distribution to Unitholders	–	(33,920,106)	–	(33,920,106)
Decrease in net assets resulting from Unitholders' transactions	–	(33,920,106)	–	(33,920,106)
Balance at 31 December 2010	328,136,711	23,956,870	69,368,442	421,462,023
At 1 January 2011				
Operations for the financial year ended 31 December 2011				
Net income for the financial year	–	38,914,169	47,737,207	86,651,376
Increase in net assets resulting from operations	–	38,914,169	47,737,207	86,651,376
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 2011	328,136,711	29,910,936	117,105,649	475,153,296

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

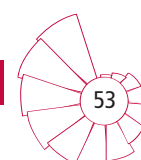


# Statement of Cash Flows

For the financial year ended 31 December 2011



	2011 RM	2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before tax	86,651,376	39,183,890
Adjustments for:-		
Reversal of impairment loss on trade receivables	(82,962)	-
Bad debt written off	-	28,707
Change in fair value of investment properties	(47,737,207)	(1,011,661)
Interest expense	12,771,843	10,149,317
Interest income	(163,928)	(159,748)
Allowance for impairment loss	52,250	99,808
Operating profit before working capital changes	51,491,372	48,290,313
Changes in working capital:		
Payables	1,448,444	50,167
Receivables	(20,476,557)	1,132,157
Net cash from operating activities	32,463,259	49,472,637
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure for enhancement of investment properties	-	(203,855)
Proceeds from disposal of investment property	-	4,027,122
Expenditure for refurbishment and enhancement of investment properties incurred	(21,709,882)	(21,162,432)
Interest received	100,659	81,035
Placement of fixed deposits	(7,100)	(48,900)
Net cash used in investing activities	(21,616,323)	(17,307,030)



# Statement of Cash Flows (Cont'd)

For the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(12,771,843)	(10,149,317)
Drawdown of borrowings		29,480,000	–
Distribution to Unitholders		(32,960,103)	(33,920,106)
Net cash used in financing activities		(16,251,946)	(44,069,423)
<b>CASH AND CASH EQUIVALENTS</b>			
Net changes		(5,405,010)	(11,903,816)
Brought forward		24,670,518	36,574,334
Carried forward	A	19,265,508	24,670,518

## NOTE TO THE STATEMENT OF CASH FLOWS

### A. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position :-

	2011 RM	2010 RM
Cash and bank balances	19,265,508	24,670,518
Fixed deposits with a licensed bank	2,338,995	2,268,626
	21,604,503	26,939,144
Less: Fixed deposits pledged	(2,338,995)	(2,268,626)
	19,265,508	24,670,518

As disclosed in Note 6 to the Financial Statements, the fixed deposits have been pledged to a licensed bank for bank guarantee granted to the Trust and hence, are not available for general use.

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

# Notes to the Financial Statements

31 December 2011



## 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 Market 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 D1-U3-10, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of directors on 13 February 2012.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The financial statements of the Trust have been prepared in accordance with the provisions of the Deed dated 5 October 2006, the Securities Commission Act 1993, the Securities Commission’s Guidelines on Real Estate Investment Trust and Financial Reporting Standards issued by the Malaysian Accounting Standards Board (“MASB”).

### 2.2 Basis of Measurement

The financial statements of the Trust are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

### 2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Trust’s functional and all values are rounded to the nearest RM except when otherwise stated.

### 2.4 Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations (“IC Int”) and Amendments to IC Int.

The following Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int have been adopted by the Trust for the current financial year:-

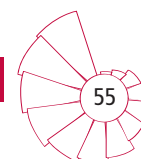
#### **Effective for annual financial period beginning 1 March 2010:**

Amendments to FRS 132 – Financial Instruments: Presentation.

#### **Effective for annual financial period beginning 1 July 2010:**

##### Revised FRSs

FRS 1	–	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	–	Business Combinations (Revised)
FRS 127	–	Consolidated and Separate Financial Statements (Revised)
IC Int 12	–	Service Concession Arrangements
IC Int 17	–	Distributions of Non-cash Assets to Owners





# Notes to the Financial Statements (Cont'd)

31 December 2011

## 2. BASIS OF PREPARATION (CONT'D)

### 2.4 Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int. (Cont'd)

The following Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int have been adopted by the Trust for the current financial year (cont'd):-

#### Amendments/Improvements to FRSs

FRS 2	-	Share-Base Payment
FRS 5	-	Non-Current Assets Held for Sale and Discontinued Operations
FRS 138	-	Intangible Assets

#### Amendments to IC Int

IC Int 9	-	Reassessment of Embedded Derivatives
IC Int 16	-	Hedges of a Net Investment in a Foreign Operation

#### **Effective for annual financial period beginning 1 January 2011:**

#### Amendments/Improvements to FRSs

FRS 1	-	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
FRS 1	-	First-time Adoption of Financial Reporting Standards
FRS 1	-	Additional Exemptions for First-time Adopters
FRS 2	-	Group Cash-settled Share-based Payment Transactions
FRS 3	-	Business Combinations
FRS 7	-	Financial Instruments: Disclosures
FRS 7	-	Improving Disclosures about Financial Instruments
FRS 101	-	Presentation of Financial Statements
FRS 121	-	The Effects of Changes in Foreign Exchange Rates
FRS 128	-	Investments in Associates
FRS 131	-	Interests in Joint Ventures
FRS 132	-	Financial Instruments : Presentation

#### Amendments/Improvements to FRSs

FRS 134	-	Interim Financial Reporting
FRS 139	-	Financial Instruments : Recognition and Measurement

#### Amendment to IC Int

IC Int 13	-	Customer Loyalty Programmes
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#### New IC Int

IC Int 4	-	Determining whether an arrangement Contains a Lease
IC Int18	-	Transfers of Assets from Customers

IC Interpretation 12 and 16 are not expected to be relevant to the operations of the Trust.

Adoption of the above relevant FRSs and IC Int has no significant impact on the financial statements of the Trust except for the following:-

#### **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.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Standards issued but not yet effective

#### **New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards**

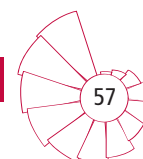
To converge with International Financial Reporting Standards ("IFRSs") in 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Trust does not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Trust:

#### **MFRSs effective on 1 January 2012:**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture



# Notes to the Financial Statements (Cont'd)

31 December 2011

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Standards issued but not yet effective (Cont'd)

#### **New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards (Cont'd)**

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Trust: (Cont'd)

#### **MFRSs effective on 1 January 2012: (Cont'd)**

IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members’ Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly controlled Entities – Non – Monetary Contribution by Ventures
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements: Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

#### **MFRSs effective on 1 July 2012:**

MFRS 101	Presentation of Financial Statement Amendments in Relation to Presentation of Items of Other Comprehensive Income
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#### **MFRSs effective on 1 January 2013:**

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (“IASB”) in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Trust has not selected which optional exemption from the retrospective application to be applied under MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. As such, the Directors are unable to anticipate the effects of the adoption of these new MFRSs and IC Int on the financial statements.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 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 and expenses, and disclosures made. Estimates and underlying assumptions 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. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

#### 2.6.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

##### *Income tax/Deferred tax liabilities*

The Trust is exposed to income taxes. Significant judgement is involved in determining the Trust's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Trust recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### *Impairment of loans and receivable*

The Trust assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Trust considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Trust's loans and receivables at the end of the reporting period is summarised in Notes 7 and 8 to the financial statements.

#### 2.6.2 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

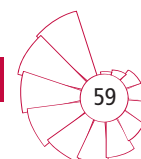
## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Trust.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statement of financial position at their open market value. These are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Investment properties are derecognised when either they are disposed off 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 profit or loss in the financial year of retirement or disposal.





## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 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.

### 3.3 Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.3.1 Current tax

Current tax expense 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 or substantively enacted by the end of the reporting period. Current tax for is recognised in financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### 3.3.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method in respect of all taxable temporary differences at the end of the reporting period between the carrying amount of an asset or liability in the financial position and its tax base including unused tax losses and capital allowances.

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Tax expense (Cont'd)

#### 3.3.2 Deferred tax (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 3.4 Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### 3.4.1 Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

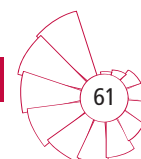
The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Trust commit to purchase or sell the asset.

As at reporting date, the Trust only carried loans and receivables on its statement of financial position.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial instruments (Cont'd)

##### 3.4.1 Financial assets (Cont'd)

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Trust's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

##### 3.4.2 Financial liabilities

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

###### Other financial liabilities

The Trust's financial liabilities include borrowings, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### 3.5 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimate reliably, 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.

Any reimbursement that the Trust can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Cash and cash equivalents

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

Bank overdrafts are shown in current liabilities in the statement of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

### 3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Trust incurred in connection with the borrowing of funds.

### 3.8 Impairment of financial assets

The Trust assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

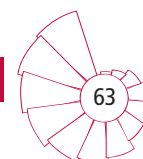
#### 3.8.1 Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Trust considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Trust's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.





## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Impairment of non-financial assets

At each end of the reporting period, the Trust reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

An impairment loss is recognised as an expense in the profit or loss immediately, except for the assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill 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 since the last impairment loss was recognised. 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 years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 3.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### 3.10.1 Rental income

Rental income receivable under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. The aggregate cost of incentives provided to leases is recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rent, which comprises gross turnover rental, is recognised as income in the accounting period on a receipt basis. No contingent rent is recognised if there are uncertainties that may result in the possible return of amount received.

#### 3.10.2 Carpark income

Carpark income is recognised in the statement of comprehensive income on accrual basis.

#### 3.10.3 Interest income

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.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.11 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 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.

### 3.12 Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently. Dividends to unitholders are recognised in equity in the period in which they are declared.

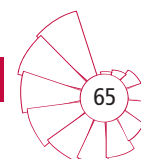
The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as deduction from equity, net of tax, from the proceeds.

### 3.13 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, they will then be recognised as a provision.

## 4. INVESTMENT PROPERTIES

	2011 RM	2010 RM
<b>At Fair Value</b>		
At 1 January	752,000,000	720,000,000
Transferred from capital work in progress (Note 5)	22,262,793	35,015,461
Disposal	-	(4,027,122)
Change in fair value	47,737,207	1,011,661
At 31 December	822,000,000	752,000,000



# Notes to the Financial Statements (Cont'd)

31 December 2011

## 4. 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 2011 RM	Valuation as at 31 December 2011 RM	Percentage of valuation to net asset value %
1. Subang Parade	Freehold	Subang	Commercial	286,980,000	385,000,000	81
2. Mahkota Parade	Leasehold	Melaka	Commercial	232,000,000	307,000,000	65
3. Wetex Parade & Classic Hotel	Freehold	Muar	Commercial	117,500,000	130,000,000	27
				636,480,000	822,000,000	

The valuation reports of Subang Parade, Mahkota Parade and Wetex Parade & Classic Hotel were issued on 31 October 2011 by Messrs. Henry Butcher Malaysia 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 expires in 2101.

Subang Parade, Mahkota Parade and Wetex Parade have been pledged as security for borrowings as disclosed in Note 10 to the Financial Statements.

## 5. CAPITAL WORK IN PROGRESS

	2011 RM	2010 RM
At 1 January	552,911	14,202,085
Additions	21,709,882	21,366,287
Transferred to investment properties (Note 4)	(22,262,793)	(35,015,461)
At 31 December	–	552,911

## 6. FIXED DEPOSITS WITH A LICENSED BANK

The weighted average interest rate of deposits with a licensed bank of the Trust is 2.78% (2010: 2.29%).

The maturities of deposits with a licensed bank of the Trust is 30 days. The fixed deposits have been pledged to a licensed bank for bank guarantee granted to the Trust.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 7. TRADE RECEIVABLES

	2011 RM	2010 RM
Trade receivables	3,290,219	2,256,332
Less: Impairment loss		
At 1 January	(325,489)	(225,681)
Addition	(52,250)	(99,808)
Reversal	82,962	-
Written off	7,244	-
At 31 December	(287,533)	(325,489)
	<b>3,002,686</b>	<b>1,930,843</b>

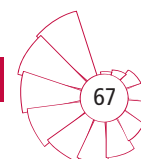
The normal credit terms granted by the Trust to the trade receivables are 7 days. Interest ranging from 12% to 18% (2010: 12% to 18%) per annum will be imposed on overdue amount.

Trade receivables that are past due and not impaired are creditworthy debtors with good payment records with the Trust. None of the Trust's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The ageing analysis of these trade receivables is as follows:

	Gross RM	Individually impaired RM	Net RM
<b>2011</b>			
Not past due	2,492,699	-	2,492,699
Past due 0-30 days	413,296	-	413,296
Past due 31-60 days	31,559	-	31,559
More than 60 days	352,665	(287,533)	65,132
	<b>3,290,219</b>	<b>(287,533)</b>	<b>3,002,686</b>
<b>2010</b>			
Not past due	1,375,444	-	1,375,444
Past due 0-30 days	417,454	-	417,454
Past due 31-60 days	35,691	-	35,691
More than 60 days	427,743	(325,489)	102,254
	<b>2,256,332</b>	<b>(325,489)</b>	<b>1,930,843</b>

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.





# Notes to the Financial Statements (Cont'd)

31 December 2011

## 8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011 RM	2010 RM
Other receivables	1,234,430	278,513
Deposits	18,499,348	207,900
Prepayments	718,049	529,988
	<b>20,451,827</b>	<b>1,016,401</b>

Included in the other receivables, deposits and prepayments are deposits paid for acquisition of two Kedah Malls amounting to RM18,290,218 (2010: Nil) and receivables of RM1,161,931 (2010: RM273,713) due from companies related to the Manager. The earnest deposit and balance deposit of 2 % and 8% of the purchase price respectively is currently being held by the vendors' solicitors as stakeholders and the total sum including all accrued interest will only be released to the vendors upon fulfillment of certain conditions under the Sale and Purchase Agreements

In the event the purchaser failed to fulfill the conditions precedent (CPs) under its responsibility, the vendors shall be entitled to forfeit the earnest deposit of 2 % forthwith and all other monies paid by the purchaser towards the purchase price shall be refunded to the purchaser with accrued interests within 14 days of such termination.

In the event the vendors failed to fulfill the CPs under its responsibility, the vendors shall within 14 days of such termination refund to the purchaser all monies paid towards the purchase price with accrued interests together with a further sum equivalent to 2% of the purchase price.

The amounts due from companies related to the Manager are trade in nature, interest free and repayable on demand.

## 9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

### Trade payables

Trade payables are non-interest bearing and the normal credit term granted by trade payables to the Trust are generally 30 to 60 days (2010 : 30 to 60 days).

### Other payables and accruals

	2011 RM	2010 RM
Other payables	132,865	172,128
Accruals	4,550,608	3,623,033
Advance received	1,025,249	1,100,924
Deposits received from tenants	22,450,235	21,516,033
	<b>28,158,957</b>	<b>26,412,118</b>

Included in other payables and accruals are the following amounts:-

	2011 RM	2010 RM
Amount owing to Manager	546,772	452,188
Amount owing to Property Manager	165,696	152,157
Amount owing to Trustee	12,418	12,190

Amount owing to Manager, Property Manager and Trustee are unsecured, interest free and repayable monthly in arrears.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (CONT'D)

### Other payables and accruals (Cont'd)

Included in deposits received from tenants is RM1,534,782 (2010: RM1,045,832) representing the difference between the fair value and the amount of deposits received carried in the statement of financial position as a result of the initial recognition of the said deposits at fair value in compliance with the requirements of FRS 139 Financial Instruments: Recognition and Measurement.

## 10. BANK BORROWINGS

	2011 RM	2010 RM
<b>Secured:-</b>		
Current liabilities:		
Murabahah overdrafts ("MOD")	-	184,000,000
Non - current liabilities:		
- MOD 1	184,000,000	-
- MOD 2	150,000,000	150,000,000
- MOD 3	14,480,000	-
- Term loan	15,000,000	-
	<b>363,480,000</b>	<b>334,000,000</b>

The MOD 1, MOD 2 and MOD 3 are secured by way of fixed charge over Subang Parade, Mahkota Parade and Wetex Parade respectively. The MOD have a tenure of 5 years from the first disbursement of which MOD 1 and MOD 3 are due for repayment in 2016 and MOD 2 is due for repayment in 2013.

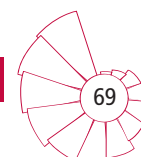
MOD 1 and MOD 2 bear interest rate of cost of funds plus 75 basis points (2010: cost of fund plus 75 basis points) whereas MOD 3 bears interest rate of cost of fund plus 75 basis points for first and second year and cost of fund plus 100 basis points for third year onwards. The effective interest rate on MOD are 3.65% (2010: 3.04%) per annum.

The term loan is secured by way of fixed charge over Mahkota Parade. The term loan has a 5-year tenure whereby the principal amount is repayable via a bullet repayment at the end of the 5-year tenure in 2016. The term loan bears interest rate of cost of funds plus 75 basis points and interest is to be serviced monthly in arrears. The average interest rate on the term loan is 4.12% (2010: Nil) per annum.

The carrying amount of the borrowings approximate the fair value.

## 11. UNITHOLDERS' CAPITAL

	Trust	
	2011 No. of units	2010 No. of units
Authorised and issued:		
At 1 January / 31 December	320,001,000	320,001,000
	<b>RM</b>	<b>RM</b>
Issued and fully paid:-		
At 1 January / 31 December	328,136,711	328,136,711



# Notes to the Financial Statements (Cont'd)

31 December 2011

## 11. UNITHOLDERS' CAPITAL (CONT'D)

As at 31 December 2011, 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:-

	2011 No. of units	% of total units
Manager's Directors' Direct Unitholdings in Hektar REIT:-		
Under Mayban Nominees (Tempatan) Sdn. Bhd.		
1. Zalila Binti Mohd Toon	246,000	0.09
Substantial Unitholders' Direct Unitholdings in Hektar REIT:-		
1. HSBC Nominees (Asing) Sdn. Bhd. for Frasers Centrepoint Trust (As Trustee)	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.	87,800,000	27.44
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

## 12. GROSS REVENUE

	2011 RM	2010 RM
Rental income	85,973,224	82,744,200
Car park income	8,440,631	7,693,713
Other income	467,358	435,275
	<b>94,881,213</b>	<b>90,873,188</b>

## 13. PROPERTY EXPENSES

	2011 RM	2010 RM
Assessment and quit rent	3,291,542	3,282,218
Marketing and promotions	3,086,382	3,412,010
Property management fee	1,879,427	1,791,581
Property maintenance	15,765,924	15,439,348
Utilities	11,907,833	11,007,569
Insurance	654,231	597,297
	<b>36,585,339</b>	<b>35,530,023</b>

Property management fee of RM769,634 (2010: RM1,791,581) and RM1,109,793 (2010: RMNil) was incurred to Izrin & Tan Properties Sdn. Bhd. and Hektar Property Services Sdn. Bhd. respectively in accordance to the Valuers, Appraisers and Estate Agents Act, 1981.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 14. MANAGER'S FEES

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

### (i) Base fee

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

For the financial year ended 31 December 2011 and ending 31 December 2012, the base fee shall be 0.35% (2010: 0.35%) per annum of the GAV of the Trust.

### (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.

For the financial year ended 31 December 2011 and ending 31 December 2012, the performance fee shall be 5.0% (2010: 5.0%) per annum of the NPI, before deducting the property management fee.

## 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.

For the financial year ended 31 December 2011 and ending 31 December 2012 the Trustee's fee shall be 0.035% (2010: 0.035%) per annum of the NAV of the Fund, including the Manager's fees.

## 16. TAX EXPENSE

### Taxation of the Real Estate Investment Trust ("REIT")

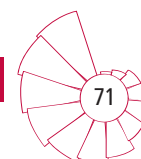
The tax transparency system under Section 61A of the Malaysian Income Tax Act 1967, exempts the REIT from income tax in a year of assessment if the REIT distributes at least 90% of its total taxable income in the same year of assessment.

Hektar REIT will not incur any tax exposure during the financial year as it will distribute more than 90% of its realised income available for distribution for the financial year ended 31 December 2011 which translates to more than 90% of its total taxable income.

	2011 RM	2010 RM
Current financial year's provision	-	-

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

	2011 RM	2010 RM
Income before tax	86,651,376	39,183,890
Income tax at 25%	21,662,844	9,795,973
Tax effects in respect of:-		
Non-allowable expenses	136,856	402,326
Income not subject to tax	(12,234,956)	(252,915)
Effect of income distribution exempted from tax	(9,564,744)	(9,945,384)
Total tax expense	-	-





# Notes to the Financial Statements (Cont'd)

31 December 2011

## 16. TAX EXPENSE (CONT'D)

### Taxation of the Unitholders

Pursuant to Section 109D(2) of Income Tax Act, 1967, where 90% or more of the REIT's total taxable income is distributed by the REIT, distributions to unit holders (other than resident corporate investors) will be subject to tax based on a withholding tax mechanism at the following rates:

Unitholders	Tax rate
Individual and all other non-corporate investors such as institutional investors	10%
Non-resident corporate investors	25%

Resident corporate investors are required to report the distributions in their normal corporate tax return and subject to the normal corporate tax rate of 25%.

## 17. EARNINGS PER UNIT

- The calculation of earnings per unit after manager's fee is based on net income for the financial year of RM86,651,376 (2010: RM39,183,890) to the number of units in circulation during the financial year of 320,001,000 (2010: 320,001,000).
- The calculation of earnings per unit before Manager's fee is based on net income for the financial year of RM92,411,903 (2010: RM44,691,221) after adding back manager's fee and number of units in circulation during the financial year of 320,001,000 (2010: 320,001,000).
- The calculation of earnings per unit (realised) after manager's fee is based on realised net income for the financial year of RM38,914,169 (2010: RM38,172,229) to the number of units in circulation during the financial year of 320,001,000 (2010: 320,001,000).
- The calculation of earnings per unit (realised) before manager's fee is based on realised net income for the financial year of RM44,674,696 (2010: RM43,679,560) after adding back manager's fees and the number of units in circulation during the financial year of 320,001,000 (2010: 320,001,000).

## 18. INCOME DISTRIBUTION

Distribution to Unitholders are from the following sources:-

	2011 RM	2010 RM
Net rental income	58,295,874	55,343,165
Other income	13,306	15,296
Interest income	163,928	159,748
Reversal of impairment loss on trade receivables	82,962	-
	<b>58,556,070</b>	55,518,209
Less: Expenses	<b>(19,641,901)</b>	(17,345,980)
	<b>38,914,169</b>	38,172,229
Gross provision for distribution per unit (sen)		
- Interim	7.50	7.50
- Final	2.80	3.10
	<b>10.30</b>	10.60
Net provision for distribution per unit (sen) **		
- Interim	7.50	7.50
- Final	2.80	3.10
	<b>10.30</b>	10.60

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 18. INCOME DISTRIBUTION (CONT'D)

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

	YA 2011 RM	YA 2010 RM
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%

## 19. PORTFOLIO TURNOVER RATIO

	2011	2010
Portfolio Turnover Ratio ("PTR")(times)	-	0.01

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

## 20. MANAGEMENT EXPENSE RATIO

	2011	2010
Management Expense Ratio ("MER")(%)	1.59	1.74

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 impairment loss 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 comparable.

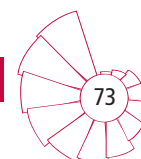
## 21. CAPITAL COMMITMENT

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

	2011 RM	2010 RM
Authorised but not contracted for:- Refurbishment of investment properties	-	4,690,635
Authorised and contracted for:- Refurbishment of investment properties	-	15,732,092

## 22. TRANSACTION WITH A PARTY RELATED TO THE MANAGER

	2011 RM	2010 RM
Commission and service charges received - Hektar Black Sdn. Bhd.	251,087	232,042



# Notes to the Financial Statements (Cont'd)

31 December 2011

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial risks

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.

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:-

	Not later than 1 year RM	2 to 5 years RM	Total RM	Effective annual interest rate during the financial year %
<b>2011</b>				
<u>Financial asset</u>				
Fixed deposit with a licensed bank	–	2,338,995	2,338,995	2.55-3.06
<u>Financial liabilities</u>				
Murabahah overdrafts	–	348,480,000	348,480,000	3.65
Term loan	–	15,000,000	15,000,000	4.12

#### *Cash flow sensitivity analysis for variable rate instruments:*

A change in 50 basis point (bp) in interest rates at the end of the reporting period would have increase/(decreased) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit for the year		Equity	
	+ 50 bp RM	- 50 bp RM	+ 50 bp RM	- 50 bp RM
<b>2011</b>				
Floating rate instruments	(1,817,400)	1,817,400	(1,817,400)	1,817,400
<b>2010</b>				
Floating rate instruments	(1,670,000)	1,670,000	(1,670,000)	1,670,000

#### (b) Credit risk

The Trust controls credit risk by the application of credit approvals, limit and monitoring procedure.

The maximum credit risk associated with recognised financial assets is the carrying amounts shown in the statement of financial position.

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

As at 31 December 2011, Hektar REIT had no significant credit risk associated with its exposure to potential counterparty failure to settle outstanding.

# Notes to the Financial Statements (Cont'd)

31 December 2011



## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Financial risks (cont'd)

#### (c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due due to shortage of funds.

In managing its exposures to liquidity risk arising principally from its various payables, loans and borrowings, the Trust maintains a level of cash and cash equivalents and bank facilities deemed adequate by the manager to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at reporting date, none of the Trust's borrowings will be maturing in the next twelve months based on the carrying amount reflected in Note 10 to the financial statements.

Following are the areas where the Trust is exposed to liquidity risk:

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:

2011	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total RM
Financial liabilities				
Secured:				
Term loan	–	–	15,000,000	15,000,000
Murabahah overdrafts	–	198,480,000	150,000,000	348,480,000
Unsecured:				
Trade and other payables	28,425,720	–	–	28,425,720
<b>Total undiscounted financial liabilities</b>	<b>28,425,720</b>	<b>198,480,000</b>	<b>165,000,000</b>	<b>391,905,720</b>

## 24. CAPITAL MANAGEMENT

The Trust's objectives when managing capital is to maintain a strong capital base and safeguard the Trust's ability to continue as a going concern, so as to maintain stakeholders and market confidence and to sustain future development of the Trust.

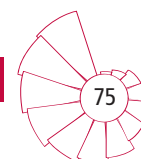
No changes were made in the objectives, policies or processes during the financial year ended 31 December 2011.

The manager monitors capital using a gearing ratio pursuant to Securities Commission's Guidelines on Real Estate Investment Trusts ("SC Guideline"). As per the SC Guideline, the total borrowings of a Trust should not exceed 50% of the total asset value of the Trust at the time the borrowings are incurred.

	2011 RM
Non-current assets	42,720,012
Current assets	824,338,995
<b>Total asset value</b>	<b>867,059,016</b>
<b>Total borrowings</b>	<b>363,480,000</b>
<b>Gearing ratio</b>	<b>41.92%</b>

## 25. SEGMENTAL REPORTING

The principal activity of the Hektar REIT is to invest in properties in Malaysia with the primary objective to derive rental income and medium to long terms capital growth. Hence, no segmental reporting is presented.





# Analysis of Unitholders

## TOP 30 UNITHOLDERS AS AT 30 DECEMBER 2011 (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	ECML NOMINEES (TEMPATAN) SDN. BHD PLEGDED SECURITIES ACCOUNT FOR HEKTAR PREMIER SDN BHD (001)	87,800,000	27.44
3	ECML NOMINEES (TEMPATAN) SDN. BHD PLEGDED SECURITIES ACCOUNT FOR HEKTAR BLACK SDN BHD (001)	40,700,000	12.72
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	7,979,100	2.49
5	ASCENTPAC SDN BHD	3,201,900	1.00
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL NON-PAR)	2,961,200	0.93
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	2,947,700	0.92
8	VALUECAP SDN BHD	2,796,200	0.87
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (BNYM AS E&A)	2,021,700	0.63
10	RUZIAH BINTI MOHD AMIN	1,500,000	0.47
11	TA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR FIRSTWIDE TRADE SDN. BHD.	1,339,900	0.42
12	LATIFFAH BINTI M ATAN	1,272,700	0.40
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-I CLT ACCT)	1,081,500	0.34
14	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KON CZE YAN @ KOON CZE YAN (REM 110-MARGIN)	950,000	0.30
15	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (BALANCED FUND)	948,700	0.30
16	JAZELAN FIRHAN BIN JAAFAR	928,000	0.29
17	DEV KUMAR MENON	806,000	0.25
18	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (INCOME FUND)	725,500	0.23
19	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD ALLIANCE OPTIMAL INCOME FUND	700,000	0.22
20	GOH MENG KEONG	697,200	0.22

# Analysis of Unitholders (Cont'd)

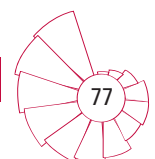


## TOP 30 UNITHOLDERS AS AT 30 DECEMBER 2011 (AS PER RECORD OF DEPOSITORS) (CONT'D)

No.	Name of Unitholders	No. of Units	%
21	LIM PEK HOOI	679,800	0.21
22	CIMSEC NOMINEES (ASING) SDN BHD BANK OF SINGAPORE LIMITED FOR KONTINENTAL INTERNATIONAL LIMITED	624,500	0.20
23	CMREF 1 SDN BHD	600,000	0.19
24	HWANGDBS INVESTMENT BANK BERHAD IVT (JBD)	592,600	0.19
25	ECML NOMINEES (TEMPATAN) SDN. BHD LIBRA INVEST BERHAD FOR SOO CHEE SIONG (SKIM P. AHLI 2-EP0570)	590,000	0.18
26	BHLB TRUSTEE BERHAD EXEMPT AN FOR EPF INVESTMENT FOR MEMBER SAVINGS SCHEME	580,100	0.17
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHONG KAH WEI (472461)	510,000	0.16
28	HLB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR RAMPAI DEDIKASI SDN BHD	502,000	0.16
29	LIM SAN LEE	500,000	0.15
30	TEO MEI CHING	500,000	0.15
	TOTAL	266,436,300	83.26

## BREAKDOWN OF UNITHOLDERS AS AT 30 DECEMBER 2011

	No. of Unitholders	% of Unitholders	No. of Units Held	% of Total Units
Less than 100	6	0.26	300	0.00
100 to 1,000	258	11.11	217,800	0.07
1,001 to 10,000	1,192	51.34	6,807,300	2.13
10,001 to 100,000	735	31.65	26,841,200	8.39
100,001 to less than 5% of Issued Units	128	5.51	58,234,400	18.20
5% and above of Issued Units	3	0.13	227,900,000	71.22
Total	2,322	100.00	320,001,000	100.00



## Analysis of Unitholders (Cont'd)

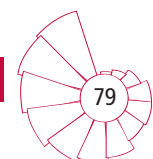
### CLASSIFICATION OF UNITHOLDERS AS AT 30 DECEMBER 2011

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	59	1,625	29	4,619,900	39,498,500	839,300	1.44	12.34	0.26
2 Body Corporate									
a. Bank/Finance Companies	1	3		2,796,200	1,194,700		0.87	0.37	–
b. Investments trusts / foundations / charities		2			57,000		–	0.02	–
c. Other types of Companies	2	25	3	710,000	6,776,100	141,000	2.22	2.12	0.04
3 Government agencies / institutions							–	–	–
4 Nominees	295	248	30	136,801,700	22,275,500	104,291,100	42.75	6.96	32.59
5 Others									
<b>Total</b>	<b>357</b>	<b>1,903</b>	<b>62</b>	<b>144,927,800</b>	<b>69,801,800</b>	<b>105,271,400</b>	<b>47.28</b>	<b>21.81</b>	<b>32.89</b>

# 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) 1 January 2011 - 30 May 2011 and Hektar Property Services Sdn Bhd (868376-K) (since 1 June 2011)
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

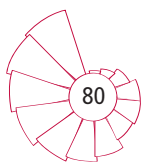






## Glossary (Cont'd)

Share Registrar	:	Mega Corporate Sdn Bhd (Company No. 187984-H)
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





The logo for Subang Parade, featuring the word "SUBANG" in a bold, sans-serif font above the word "PARADE" in a similar font. To the right of "PARADE" are three stylized, horizontal wavy lines in a light green color.

SUBANG  
PARADE

The logo for Mahkota Parade, featuring a stylized crown icon on the left, composed of four interlocking shapes. To the right of the icon, the words "MAHKOTA" and "PARADE" are stacked vertically in a sans-serif font.

MAHKOTA  
PARADE

The logo for Wetex Parade, featuring a stylized crown icon on the left, composed of three horizontal wavy lines. To the right of the icon, the words "WETEX" and "PARADE" are stacked vertically in a sans-serif font.

WETEX  
PARADE

[www.HektarREIT.com](http://www.HektarREIT.com)