

**HEKTAR REAL ESTATE INVESTMENT TRUST****QUARTERLY FINANCIAL REPORT**

Second Quarter financial results for the quarter ending 30 June 2007. The figures have not been audited.

**CONDENSED BALANCE SHEET (UNAUDITED)  
AS AT 30 JUNE 2007**

	<b>As at 30.6.2007 RM</b>	<b>As at 31.3.2007 RM</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Investment Properties	514,922,362	514,922,362
<b><u>CURRENT ASSETS</u></b>		
Trade receivables	216,083	439,029
Other receivables	4,856,983	4,452,545
Cash and bank balances	23,241,174	21,867,381
	<u>28,314,240</u>	<u>26,758,955</u>
<b>TOTAL ASSETS</b>	543,236,602	541,681,317
<b><u>CURRENT LIABILITIES</u></b>		
Trade payables	1,450,222	1,151,283
Other payables	450,797	546,392
Tenancy deposits	17,098,133	16,551,709
Provision for income distribution	7,680,024	7,680,024
	<u>26,679,176</u>	<u>25,929,408</u>
	<b><u>516,557,426</u></b>	<b><u>515,751,909</u></b>
<b><u>FINANCED BY:</u></b>		
Unitholders' fund	336,586,000	336,586,000
Less: Establishment and issue expenses	(8,395,782)	(8,395,782)
Undistributable income	4,367,208	3,561,691
	<u>332,557,426</u>	<u>331,751,909</u>
<b><u>NON-CURRENT LIABILITY</u></b>		
Bank borrowings	184,000,000	184,000,000
	<b><u>516,557,426</u></b>	<b><u>515,751,909</u></b>
<b>NET ASSET VALUE PER UNIT</b>	1.039	1.037
<b>NUMBER OF UNITS IN CIRCULATION</b>	320,001,000	320,001,000

**HEKTAR REAL ESTATE INVESTMENT TRUST  
CONDENSED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 JUNE 2007**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30.6.07 RM</b>	<b>Preceding Year Corresponding Quarter 30.6.06 RM</b>	<b>Current Year To Date 30.6.07 RM</b>	<b>Preceding Year To Date 30.6.06 RM</b>
Revenue	18,062,360	n/a	41,646,045	n/a
Property operating expenses	(6,674,584)	n/a	(15,395,450)	n/a
<b>Net property income</b>	<b>11,387,776</b>	n/a	<b>26,250,595</b>	n/a
Interest Income	14,745	n/a	63,904	n/a
Other Income	420	n/a	7,964	n/a
Trust expense	(997,030)	n/a	(2,144,039)	n/a
Borrowing cost	(1,920,371)	n/a	(4,451,168)	n/a
<b>Income before taxation</b>	<b>8,485,540</b>	n/a	<b>19,727,256</b>	n/a
Taxation	-	n/a	-	n/a
<b>Net income for the period</b>	<b>8,485,540</b>	n/a	<b>19,727,256</b>	n/a
Provision for income distribution	(7,680,024)	n/a	(15,360,048)	n/a
	805,516	n/a	4,367,208	n/a
Earnings per unit (sen) :	2.65	n/a	6.16	n/a
Net income for the period is made up as follows :				
Realised	<b>8,485,540</b>	n/a	<b>19,727,256</b>	n/a
Unrealised	-	n/a	-	n/a
	8,485,540	n/a	19,727,256	n/a

**The comparative financial information for corresponding period is not available as the trust commenced operations on 1 December 2006.**

**HEKTAR REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)**  
**FOR THE PERIOD ENDED 30 JUNE 2007**

	Unitholders' capital RM	<u>Undistributed</u> Undistributed income		Unitholders' fund RM
		Unrealised RM	Realised RM	
<u>At 5 October 2006</u>	1,000	-	-	1,000
<u>Operation for the period ended</u> <u>30 June 2007</u>				
Net Income for the period	-	-	19,727,256	19,727,256
	<u>1,000</u>	<u>-</u>	<u>19,727,256</u>	<u>19,728,256</u>
<u>Unitholders' transaction</u>				
Creation of units	336,585,000			336,585,000
Listing expenses	(8,395,782)			(8,395,782)
Distribution to unitholders	-	-	(15,360,048)	(15,360,048)
	<u>328,189,218</u>	<u>-</u>	<u>(15,360,048)</u>	<u>312,829,170</u>
At 30 June 2007	<u>328,190,218</u>	<u>-</u>	<u>4,367,208</u>	<u>332,557,426</u>

**The comparative financial information for corresponding period is not available as the trust commenced operations on 1 December 2006.**

**HEKTAR REAL ESTATE INVESTMENT TRUST  
CONDENSED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 30 JUNE 2007**

	<b>Current Year To Date 30.6.07 RM</b>	<b>Preceding Year To Date 30.6.06* RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
Profit before taxation	12,047,232	n/a
Adjustments for:		
Interest income	(63,904)	n/a
Interest expense	4,451,168	n/a
Provision for doubtful debts	70,000	n/a
Operating profit before changes in working capital		
Decrease/(Increase) in receivables	(5,073,066)	n/a
(Decrease)/Increase in payables	26,609,176	n/a
Net cash generated/(used) from operating activities	<u>38,040,605</u>	<u>n/a</u>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Acquisition of properties	(354,421,362)	n/a
Interest income	63,904	n/a
Net Cash generated/(used) from investing activities	<u>(354,357,458)</u>	<u>n/a</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Unitholders' capital	176,085,000	n/a
Interest paid	(4,451,168)	n/a
Listing expenses	(8,395,782)	n/a
Borrowings	184,000,000	n/a
Distribution to Unitholders	(7,680,024)	n/a
Net cash used in financing activities	<u>339,558,026</u>	<u>n/a</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	23,241,174	n/a
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	-	n/a
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<u>23,241,174</u>	<u>n/a</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE :</b>		
Fixed Deposit placed with licensed financial institutions	1,257,000	n/a
Cash and bank balances	21,984,174	n/a
	<u>23,241,174</u>	<u>n/a</u>

**\*The comparative financial information for corresponding period is not available as the trust commenced operations on 1 December 2006.**

**HEKTAR REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE QUARTERLY REPORT - 30 JUNE 2007**

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134**

**A1** *Basis of preparation*

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

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

**A2** *Audit Report of Preceding Financial Year*

There was no annual year report of preceding final year ended 31 December 2006 as Hektar REIT was established on 5 October 2006 and commenced operations on 1 December 2006.

**A3** *Seasonality or cyclicity of operations*

The business of the Trust is not affected by material, seasonal or cyclical factors.

**A4** *Unusual items*

There were no unusual items to be disclosed for the quarter under review.

**A5** *Change in Estimates*

There were no unusual items to be disclosed for the quarter under review.

**A6** *Debt and Equity Securities*

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

**A7** *Income distribution*

Based on the quarterly result ending 30 June 2007, there will be an Interim Distribution of 2.4 sen per unit, amounting to RM7,680,024 to be made on 30 August 2007.

**A8** *Segment information*

Not applicable.

**A9** *Valuation of Investment Properties.*

To date, no revaluation has taken place.

**A10** *Material Subsequent Events to the End of the Interim Period*

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

**A11** *Changes in the Composition of the Trust*

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

**A12** *Contingent Liabilities and Contingent Assets*

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

**B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SDN BHD.**

**B1** *Review of performance*

For the quarter ended 30 June 2007, Hektar REIT recorded a total revenue of RM18,077,525. Total expenditure for the quarter under review was RM9,591,985 of which RM 6,674,584 was attributed to property operating expenses and RM2,917,401 to non-operating expenses (including interest expense). For the quarter under review, income before tax available for distribution amounts to RM8,485,540 .

**B2** *Variation of results against preceding quarter*

	<b>Current Quarter Ended 30.6.07 RM</b>	<b>Preceding Quarter Ended 31.3.07 RM</b>
Income before tax	8,485,540	11,241,715

The current quarter income before tax of RM8,485,540 is 24.5% lower than the preceding quarter. This is because the preceding quarter comprises a 4-month period (December 06 - Mar 07)

**B3** *Prospects*

The Trust is expected to achieve satisfactory performance for the financial period ending 31 December 2007. The Manager formulated a three-pronged strategy to achieve its objectives, i.e., via :

- a) Yield-accretive acquisition
- b) Active leasing
- c) Asset enhancement

The Manager is currently undertaking due-diligence exercises on several shopping centres for the purpose of acquisition. In connection with this, the Manager will make the relevant announcements in due course.

**B4** *Variance of profit forecast or profit guarantee*

This is not applicable as there was no profit forecast or profit guarantee issued for this financial quarter.

**B5** *Tax expense*

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

Barring unforeseen circumstances, there was no tax payable as the Trust intends to distribute at least 90% of the distributable income to unitholders for the 13-month ended 31 December 2007.

**B6** *Unquoted investments and/or properties*

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

**B7** *Quoted investments*

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

## **B8** *Corporate Developments*

### **Partnership with Frasers Centrepoint Limited**

On 16 May 2007, an announcement was made to Bursa Malaysia to inform that Hektar Klasik Sdn Bhd ("HKSB"), the holding company of Hektar Asset Management Sdn Bhd ("Hektar AM") had on 16 May 2007 entered into a conditional Sale and Purchase Agreement with Frasers Centrepoint Limited ("FCL") for FCL to acquire 400,000 ordinary shares of RM 1.00 each comprising 40% of the issued and paid up share capital in Hektar AM for a total cash consideration of RM 500,000.

FCL is a wholly-owned subsidiary of Fraser & Neave, Limited, Singapore, a leading international and diversified business group.

The announcement also added that, as part of a multi-tiered partnership between the Hektar Group and the FCL Group, Hektar Black Sdn Bhd ("HBSB"), a company related to HKSB, has also entered into a Sale and Purchase Agreement with HSBC Institutional Trust Services (Singapore) Limited, the trustee to Frasers Centrepoint Trust ("FCT"), for FCT to acquire 32,000,000 units of RM1.00 each in Hektar REIT at a purchase consideration of RM1.21 per unit, representing 10% of the total issued units of Hektar REIT from HBSB.

The two agreements are not inter-conditional.

The acquisition of the REIT units by FCT as mentioned above has been completed on 5 June 2007. However, the Sale & Purchase Agreement ("SPA") for the acquisition of the 40% interest in the issued and paid up share capital of Hektar AM by FCL is still ongoing and pending approvals from the authorities. The completion date for this SPA has since been extended by mutual agreement to 16 September 2007.

### **Public Spread**

On 5 July 2007, Hektar Asset Management Sdn Bhd ("Hektar AM") the Manager to Hektar REIT informed Bursa Malaysia that the public spread of Hektar REIT as at 29 June 2007 is 31.96% in the hands of 503 public unit holders holding not less than 100 units each.

This is in relation to an earlier announcement made by Hektar AM on 29 March 2007 regarding the non-compliance of the public spread requirement as provided for under Clause 8.13 of Bursa Malaysia Listing Requirements as well as the letter from Bursa Malaysia dated 28 March 2007 wherein Bursa had granted Hektar an extension of time of 6 months, until 1 September 2007 to comply with this requirement.

Hektar AM is continuing to exercise its best endeavours to rectify the public spread number by continuing investor relations programmes via (a) investor and broker conferences; (b) roadshow presentations to fund managers and (c) marketing and investor education of REIT's to new and foreign investors.

### **Acquisition of Sold Lot**

On 10 April 2007, AmTrustee Berhad acting for and on behalf of Hektar REIT had entered into a SPA to acquire Lot F28A, a retail space at Subang Parade, for RM510,000. Lot F28A represents one of the individual lots which was previously sold prior to the acquisition of Subang Parade by Hektar REIT.

The transaction was completed on 9 July 2007.

## **B9** *Borrowings and Debt Securities*

The borrowings of RM184,000,000.00 is long term and secured.

## **B10** *Off balance sheet financial instruments*

No off balance sheet financial instruments were utilised for the current quarter.

**B11** *Material litigation*

There was no material litigation as at the end of the current quarter.

**B12** *Income distribution*

The Board of Hektar Asset Management Sdn Bhd has declared an interim income distribution of 2.4 sen of the income after taxation (realised) for the quarter ended 30 June 2007, to be paid on 30 August 2007 to the unitholders registered in the Record of Depositors on 15 August 2007. The interim distribution is based on the projected annual Distribution per unit of 9.63 sen as contained in the Prospectus dated 15 November 06.

Withholding tax will be deducted for distribution made to the following types of unitholders :

- Resident individual (withholding tax at 15%)
- Non Resident individual (withholding tax at 15%)
- Resident institutional investors (withholding tax at 20%)
- Non-resident institutional investors (withholding tax at 20%)
- Resident companies (No withholding tax. Subject to corporate tax at prevailing rate of 27%)
- Non-resident companies (withholding tax at 27% for Year of Assessment 2007)

**B13** *Distribution per unit and Earnings per unit*

	<b>As at end of Current Quarter 30.6.07</b>
<b>Income after taxation</b>	
- realised and distributable for the period	8,485,540
<b>Provision for income distribution</b>	<u>7,680,024</u>
<b>Number of units in issue</b>	<u>320,001,000</u>
<b>Basic earning per unit (sen)</b>	<u>2.65</u>
<b>Distribution per unit (sen)</b>	<u>2.40</u>

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

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

Kuala Lumpur  
6 August 2007