

HEKTAR REAL ESTATE INVESTMENT TRUST

QUARTERLY FINANCIAL REPORT

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

CONDENSED BALANCE SHEET (UNAUDITED) AS AT 30 SEPTEMBER 2007

	As at 30.9.2007 RM	*	As at 30.6.2007 RM
<u>NON-CURRENT ASSETS</u>			
Investment Properties	515,447,553		514,922,362
<u>CURRENT ASSETS</u>			
Trade receivables	1,049,349		216,083
Other receivables	8,492,238		4,856,983
Cash and bank balances	19,426,867		23,241,174
	<u>28,968,454</u>		<u>28,314,240</u>
TOTAL ASSETS	544,416,007		543,236,602
<u>CURRENT LIABILITIES</u>			
Trade payables	1,350,729		1,450,222
Other payables	313,576		450,797
Tenancy deposits	17,336,261		17,098,133
Provision for income distribution	7,680,024		7,680,024
	<u>26,680,590</u>		<u>26,679,176</u>
TOTAL CURRENT LIABILITIES	<u>26,680,590</u>		<u>26,679,176</u>
	<u>517,735,417</u>		<u>516,557,426</u>
<u>FINANCED BY:</u>			
Unitholders' fund	336,586,000		336,586,000
Less: Establishment and issue expenses	(8,449,289)		(8,395,782)
Undistributable income	5,598,706		4,367,208
	<u>333,735,418</u>		<u>332,557,426</u>
<u>NON-CURRENT LIABILITY</u>			
Bank borrowings	184,000,000		184,000,000
	<u>184,000,000</u>		<u>184,000,000</u>
TOTAL NON-CURRENT LIABILITY	<u>184,000,000</u>		<u>184,000,000</u>
NET ASSET VALUE PER UNIT	1.0429		1.0392
NUMBER OF UNITS IN CIRCULATION	320,001,000		320,001,000

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

* The Current Quarter comprises a 10-month result Dec 06 - Sept 07

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.07 RM	Preceding Year Corresponding Quarter 30.9.06 RM	YTD 30.9.07 RM	Previous YTD 30.9.06 RM
Revenue	18,331,887	n/a	59,977,931	n/a
Property operating expenses	(6,588,666)	n/a	(21,984,115)	n/a
Net property income	11,743,221	n/a	37,993,816	n/a
Interest Income	29,575	n/a	93,479	n/a
Other Income	30	n/a	7,994	n/a
Trust expense	(931,014)	n/a	(3,075,053)	n/a
Borrowing cost	(1,930,290)	n/a	(6,381,458)	n/a
Income before taxation	8,911,523	n/a	28,638,778	n/a
Taxation	-	n/a	-	n/a
Net income for the period	8,911,523	n/a	28,638,778	n/a
Provision for income distribution	(7,680,024)	n/a	(23,040,072)	n/a
	1,231,499	n/a	5,598,706	n/a
Earnings per unit (sen) :	2.78	n/a	8.95	n/a

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

* The Current Quarter comprises a 10-month result Dec 06 - Sept 07

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

	Unitholders' capital RM	Distributable income		Unitholders' fund RM
		Unrealised RM	Realised RM	
<u>At 5 October 2006</u>	1,000	-	-	1,000
<u>Operation for the quarter ended 30 September 2007</u>				
Net Income for the period	-	-	28,638,778	28,638,778
	1,000	-	28,638,778	28,639,778
<u>Unitholders' transaction</u>				
Creation of units	336,585,000			336,585,000
Listing expenses	(8,449,289)			(8,449,289)
Distribution to unitholders	-	-	(23,040,072)	(23,040,072)
	328,135,711	-	(23,040,072)	305,095,639
At 30 September 2007	328,136,711	-	5,598,706	333,735,418

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 QUARTER ENDED 30 SEPTEMBER 2007**

	Current Year To Date 30.9.07 RM	Preceding Year To Date 30.9.06 RM
CASH FLOW FROM OPERATING ACTIVITY		
Profit before taxation	28,638,778	n/a
Adjustments for:		
Interest income	(93,479)	n/a
Interest expense	6,381,458	n/a
Provision for doubtful debts	100,000	n/a
Provision for income distribution	(7,680,024)	n/a
Operating profit before changes in working capital		
Decrease/(Increase) in receivables	(9,541,587)	n/a
(Decrease)/Increase in payables	26,580,590	n/a
Net cash generated/(used) from operating activities	44,385,736	n/a
CASH FLOW FROM INVESTING ACTIVITY		
Acquisition of properties	(354,946,553)	n/a
Interest income	93,479	n/a
Net Cash generated/(used) from investing activities	(354,853,074)	n/a
CASH FLOW FROM FINANCING ACTIVITY		
Unitholders' capital	176,085,000	n/a
Interest paid	(6,381,458)	n/a
Listing expenses	(8,449,289)	n/a
Borrowings	184,000,000	n/a
Distribution to Unitholders	(15,360,048)	n/a
Net cash used in financing activities	329,894,205	n/a
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,426,867	n/a
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	-	n/a
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	19,426,867	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
NOTES TO THE QUARTERLY REPORT - 30 SEPTEMBER 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 cyclical 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 September 2007, there will be an Interim Distribution of 2.4 sen per unit, amounting to RM7,680,024 to be made on 30 Nov 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*

The Manager is pleased to report that for the ten (10) months financial period ended 30 September 2007, the total revenue of the Trust was RM60,079,404 comprising gross rental income of RM59,977,931 and interest & other income of RM101,473. On an average basis, actual revenue exceeded the forecast by 5% while actual expenses were capped within forecast. Savings on interest expenses were also substantial as the actual interest rate (4.7% p.a.) was significantly lower than forecasted (5.85% p.a.). Income before taxation was RM28,638,778 after deducting total Trust expenditure and borrowings of RM9,456,511.

B2 *Variation of results against preceding quarter*

	Current Quarter Ended 30.9.07	Preceding Quarter Ended 30.6.07
<i>Income before tax</i>	8,911,523	8,485,540

The current quarter income before tax of RM8,911,523 is 5% higher than the preceding quarter. This is primarily due to higher revenue generated in the current quarter.

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

B7 *Quoted investments*

There was 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 RM1.00 each comprising 40% of the issued and paid up share capital in Hektar AM for a total cash consideration of RM500,000.00. 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 Sales & 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.

On 11 October 2007, an announcement was made to Bursa Malaysia to inform that FCL and HKSB have mutually agreed to further extend the cut off date as defined under clause 1.1 of the SPA to 16 November 2007.

Public Spread

As at 12 October 2007, the public spread for Hektar REIT was 26.05% in the hands of 456 public unit holders holding not less than 100 units each. Under Clause 8.15 of Bursa Malaysia's Listing Requirements, a public-listed entity is required to have at least 25 % of its total listed units in the hands of a minimum of 1,000 public unit holders holding not less than 100 units each.

In relation to this, on 7 September 2007, Hektar Asset Management Sdn Bhd ("Hektar AM") has announced that Bursa Malaysia, in its letter dated 6 September 2007 has granted Hektar AM until 28 February 2008 to comply with this requirement.

Hektar AM is continuing to exercise its best endeavors 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.

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 September 2007, to be paid on 30 November 2007 to the unitholders registered in the Record of Depositors on 23 November 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

	As at end of Current Quarter 30.9.07
Income after taxation - realised and distributable for the period	8,911,523
Provision for income distribution	<hr/> 7,680,024
Number of units in issue	<hr/> 320,001,000
Basic earning per share (sen)	<hr/> 2.78
Distribution per unit (sen)	<hr/> 2.40

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
7 November 2007