

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 30 JUNE 2009

	As at 30.6.2009 RM (Unaudited)	As at 31.12.2008 RM (Audited)
<u>NON-CURRENT ASSETS</u>		
Investment Properties	716,950,908	713,400,000
<u>CURRENT ASSETS</u>		
Trade receivables	395,771	471,741
Other receivables, deposits, prepayments	6,161,433	5,909,684
Capital work in progress	1,422,426	106,234
Cash and bank balances	13,288,209	18,220,797
	<u>21,267,839</u>	<u>24,708,456</u>
TOTAL ASSETS	<u>738,218,747</u>	<u>738,108,456</u>
<u>LIABILITIES</u>		
Trade payables	585,588	188,183
Other payables and accruals	3,155,656	4,463,463
Tenancy deposits	20,577,888	20,255,544
Provision for income distribution	7,680,024	9,600,030
Borrowings	301,500,000	301,500,000
TOTAL LIABILITIES	<u>333,499,156</u>	<u>336,007,220</u>
NET ASSET VALUE	<u>404,719,591</u>	<u>402,101,236</u>
<u>FINANCED BY:</u>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	8,626,618	6,008,263
- unrealised	67,956,262	67,956,262
TOTAL UNITHOLDERS' FUND	<u>404,719,591</u>	<u>402,101,236</u>
NET ASSET VALUE PER UNIT (RM)	1.2647	1.2566
NUMBER OF UNITS IN CIRCULATION	320,001,000	320,001,000

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2009 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2009 RM	Preceding Year Corresponding Quarter 30.6.2008 RM	Current YTD 30.6.2009 RM	Preceding YTD 30.6.2008 RM
Revenue	21,849,765	20,888,305	43,618,023	39,669,290
Property operating expenses	(8,891,260)	(7,401,487)	(17,171,052)	(14,164,731)
Net property income	12,958,505	13,486,817	26,446,971	25,504,560
Interest Income	25,029	27,468	53,572	60,272
Other Income	256	1,553	1,236	2,128
Trust expenses	(1,090,234)	(1,224,627)	(2,281,857)	(2,617,320)
Borrowing costs	(3,041,525)	(2,884,575)	(6,241,520)	(4,813,300)
Fair value adjustment of investment properties	-	-	-	-
Income before taxation	8,852,031	9,406,637	17,978,403	18,136,340
Taxation	-	-	-	-
Net income for the period	8,852,031	9,406,637	17,978,403	18,136,340
Provision for income distribution	(7,680,024)	(7,680,024)	(15,360,048)	(15,360,048)
	<u>1,172,007</u>	<u>1,726,613</u>	<u>2,618,355</u>	<u>2,776,292</u>
Earnings per unit (sen)	2.77	2.94	5.62	5.67
Realised Earnings per unit (sen)				

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2009 (UNAUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u> Realised Unrealised RM RM		Unitholders' Fund RM
<u>Balance at 1 January 2009</u>	328,136,711	6,008,263	67,956,262	402,101,236
<u>Operation for the cumulative quarter ended 30 June 2009</u>				
Net Income for the period	-	17,978,403	-	17,978,403
Fair value adjustment of investment properties	-	-	-	-
	<u>328,136,711</u>	<u>23,986,666</u>	<u>67,956,262</u>	<u>420,079,639</u>
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(15,360,048)	-	(15,360,048)
Balance at 30 June 2009	<u>328,136,711</u>	<u>8,626,618</u>	<u>67,956,262</u>	<u>404,719,591</u>

CUMULATIVE QUARTER ENDED 31 DECEMBER 2008 (AUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u> Realised Unrealised RM RM		Unitholders' Fund RM
<u>Balance at 1 January 2008</u>	328,136,711	2,410,276	43,841,617	374,388,604
<u>Operation for the cumulative quarter ended 31 December 2008</u>				
Net Income for the period	-	36,238,089	24,114,645	60,352,734
Fair value adjustment of investment properties	-	-	-	-
	<u>328,136,711</u>	<u>38,648,365</u>	<u>67,956,262</u>	<u>434,741,338</u>
<u>Unitholders' transaction</u>				
Creation of units	-	-	-	-
Listing expenses	-	-	-	-
Distribution to unitholders	-	(32,640,102)	-	(32,640,102)
	<u>-</u>	<u>(32,640,102)</u>	<u>-</u>	<u>(32,640,102)</u>
Balance at 31 December 2008	<u>328,136,711</u>	<u>6,008,263</u>	<u>67,956,262</u>	<u>402,101,236</u>

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

**CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2009**

	Current YTD 30.6.2009 RM	Preceding YTD 30.6.2008 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	17,978,403	18,136,340
Adjustments for :-		
Interest income	(53,572)	(60,272)
Interest expenses	6,241,520	4,813,300
Provision for doubtful debts	110,542	60,000
Fair value adjustments	-	-
	<u>24,276,893</u>	<u>22,949,368</u>
Operating income before changes in working capital :-		
Receivables	(286,322)	751,187
Payables	(588,057)	4,219,419
Net cash generated from operating activities	<u>23,402,514</u>	<u>27,919,974</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of properties	(3,550,908)	(120,612,243)
Refurbishment of investment properties	(1,316,193)	(557,044)
Interest income	53,572	60,272
Net cash used for investing activities	<u>(4,813,528)</u>	<u>(121,109,015)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Unitholders' capital	-	-
Interest expenses	(6,241,520)	(4,813,300)
Listing expenses	-	-
Borrowings	-	117,500,000
Distribution to Unitholders	(17,280,054)	(18,912,058)
Net cash generated from / (used for) financing activities	<u>(23,521,574)</u>	<u>93,774,642</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,932,588)	585,601
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,220,797	18,096,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>13,288,209</u>	<u>18,682,541</u>

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 30 JUNE 2009 PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134

A1 BASIS OF PREPARATION

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

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

A2 AUDIT REPORT OF PRECEDING FINANCIAL YEAR

The auditors have expressed an unqualified opinion on Hektar REIT's financial statements for the year ended 31 December 2008 in their report dated 12 February 2009.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4 UNUSUAL ITEMS

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

A5 CHANGES IN ESTIMATES

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

A6 DEBT AND EQUITY SECURITIES

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

A7 INCOME DISTRIBUTION

Based on the quarterly result ended 30 June 2009, there will be a Second Interim Distribution of 2.4 sen per unit, amounting to RM7,680,024 to be made on 11 September 2009.

A8 SEGMENT INFORMATION

Not applicable.

A9 VALUATION OF INVESTMENT PROPERTIES

The valuations of the Investment Properties have been brought forward, without amendment from the previous annual report.

A10 MATERIAL SUBSEQUENT EVENTS TO THE END OF THE INTERIM PERIOD

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

A11 CHANGES IN THE COMPOSITION OF THE TRUST

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

A12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

B1 REVIEW OF PERFORMANCE

For the cumulative quarter ended 30 June 2009, Hektar REIT generated a total revenue of RM43,672,831 comprising rental income of RM43,618,023, interest income of RM53,572 and other income of RM1,236.

Actual revenue of RM43,672,831 was higher than the preceding year's corresponding period by 10%. This is primarily due to Wetex Parade's 6-month performance in 2009 compared to a 2-month performance in 2008 (Wetex Parade was acquired in May 2008)

However, Net Income of RM17,978,403 is marginally lower than the preceding year's corresponding period (less than 1%). This is due to (a) an increase in utilities cost arising from higher electricity tariff, (b) lower revenue from Mahkota Parade and (c) higher borrowing cost arising from full blown impact of the additional loan obtained to acquire Wetex Parade.

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter Ended 30.6.2009	Preceding Quarter Ended 30.6.2008
Income before tax	8,852,031	9,406,637
- Realised income before tax		

The individual second quarter's net income of RM8,852,031 is lower than the preceding year's corresponding individual quarter of RM9,406,637 by 5.9%. The reason has been explained earlier in section B1.

B3 PROSPECTS

Hektar Asset Management Sdn Bhd ("Hektar AM") expects the second half of 2009 to be more challenging than the first half. The prevailing uncertain economic conditions have impacted the performance of some retailers, resulting in some premature terminations and rental reductions.

Notwithstanding the above, Hektar AM will continue its strategy to optimise the property portfolio and improve the capital value of Hektar REIT over time including the timely refurbishment of Mahkota Parade.

B4 VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE

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

B5 TAX EXPENSE

Pursuant to the introduction of the new tax regime 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.

No tax is expected to be payable as Hektar REIT intends to distribute at least 90% of the distributable income to unitholders for the year ending 31 December 2009.

B6 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

B7 QUOTED INVESTMENTS

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

B8 CORPORATE DEVELOPMENTS

Public Spread

On 22 May 2009, Hektar Asset Management Sdn Bhd ("Hektar AM") announced to Bursa Malaysia that it has successfully rectified its public shareholding spread issue with a total of 1,093 public unitholders holding 28% of total units issued. Thus, Hektar REIT now complies with clause 8.15 of Bursa Malaysia's Listing Requirements which requires a public-listed entity 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. This compliance is within the 6 months extension period until 31 May 2009 which was granted by Bursa Malaysia and announced on 4 December 2008.

Bursa Malaysia has since announced an amendment to the public shareholding spread requirement whereby effective 3 August 2009, the shareholding spread is maintained at 25% of the total listed shares but there is no more requirement on the minimum number of public shareholders as a continuing listing requirement.

B9 BORROWINGS AND DEBT SECURITIES

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

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B11 MATERIAL LITIGATION

There was no material litigation as at date of reporting.

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B12 INCOME DISTRIBUTION

The Board of Directors of Hektar AM has recommended and the Trustee has approved a second interim income distribution of 2.40 sen per unit amounting to RM7,680,024 for the second quarter ended 30 June 2009.

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

B13 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	Current Quarter Ended 30.6.2009	Preceding Quarter Ended 30.6.2008
Income before tax	8,852,031	9,406,637
Provision for income distribution	7,680,024	7,680,024
Number of units in issue	320,001,000	320,001,000
Basic earning per share (sen)	2.77	2.94
- realised basic earning per share		
Distribution per unit (sen)	2.40	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)

Joint Company Secretaries

Kuala Lumpur
11 August 2009