

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	As at 30.9.2009 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	490,424	471,741
Other receivables, deposits, prepayments	6,986,998	5,909,684
Capital work in progress	4,181,106	106,234
Cash and bank balances	11,936,780	18,220,797
	<u>23,595,308</u>	<u>24,708,456</u>
TOTAL ASSETS	<u>740,546,216</u>	<u>738,108,456</u>
<u>LIABILITIES</u>		
Trade payables	573,517	188,183
Other payables and accruals	2,621,690	4,463,463
Tenancy deposits	20,743,324	20,255,544
Provision for income distribution	7,680,024	9,600,030
Borrowings	302,300,000	301,500,000
TOTAL LIABILITIES	<u>333,918,555</u>	<u>336,007,220</u>
NET ASSET VALUE	<u>406,627,661</u>	<u>402,101,236</u>
<u>FINANCED BY:</u>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	10,534,687	6,008,263
- unrealised	67,956,262	67,956,262
TOTAL UNITHOLDERS' FUND	<u>406,627,661</u>	<u>402,101,236</u>
NET ASSET VALUE PER UNIT (RM)	1.2707	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 SEPTEMBER 2009 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2009 RM	Preceding Year Corresponding Quarter 30.9.2008 RM	Current YTD 30.9.2009 RM	Preceding YTD 30.9.2008 RM
Revenue	22,564,556	22,164,328	66,182,580	61,833,618
Property operating expenses	(8,968,626)	(8,117,923)	(26,139,678)	(22,282,653)
Net property income	13,595,930	14,046,405	40,042,901	39,550,965
Interest Income	26,682	73,412	80,254	133,684
Other Income	20	10,191	1,256	12,319
Trust expenses	(1,108,834)	(1,235,787)	(3,390,691)	(3,853,107)
Borrowing costs	(2,925,704)	(3,305,117)	(9,167,224)	(8,118,417)
Fair value adjustment of investment properties	-	-	-	-
Income before taxation	9,588,093	9,589,104	27,566,496	27,725,445
Taxation	-	-	-	-
Net income for the period	9,588,093	9,589,104	27,566,496	27,725,445
Provision for income distribution	-	(7,680,024)	(23,040,072)	(23,040,072)
	<u>9,588,093</u>	<u>1,909,080</u>	<u>4,526,424</u>	<u>4,685,373</u>
Earnings per unit (sen)	3.00	3.00	8.61	8.66
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 SEPTEMBER 2009 (UNAUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u>		Unitholders' Fund RM
		Realised RM	Unrealised 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 September 2009</u>				
Net Income for the period	-	27,566,496	-	27,566,496
Fair value adjustment of investment properties	-	-	-	-
	328,136,711	33,574,759	67,956,262	429,667,732
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(23,040,072)	-	(23,040,072)
Balance at 30 September 2009	328,136,711	10,534,687	67,956,262	406,627,661

CUMULATIVE QUARTER ENDED 31 DECEMBER 2008 (AUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u>		Unitholders' Fund RM
		Realised RM	Unrealised 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	-	-	-	-
	328,136,711	38,648,365	67,956,262	434,741,338
<u>Unitholders' transaction</u>				
Creation of units	-	-	-	-
Listing expenses	-	-	-	-
Distribution to unitholders	-	(32,640,102)	-	(32,640,102)
	-	(32,640,102)	-	(32,640,102)
Balance at 31 December 2008	328,136,711	6,008,263	67,956,262	402,101,236

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 SEPTEMBER 2009**

	Current YTD 30.9.2009 RM	Preceding YTD 30.9.2008 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	27,566,496	27,725,445
Adjustments for :-		
Interest income	(80,254)	(133,684)
Interest expenses	9,167,224	8,118,417
Provision for doubtful debts	102,325	90,000
Fair value adjustments	-	-
	<u>36,755,791</u>	<u>35,800,178</u>
Operating income before changes in working capital :-		
Receivables	(1,679,837)	422,938
Payables	(973,853)	5,108,049
	<u>34,102,102</u>	<u>41,331,165</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of properties	(3,550,908)	(122,339,578)
Refurbishment of investment properties	(3,588,163)	(2,047,686)
Interest income	80,254	133,684
Net cash used for investing activities	<u>(7,058,817)</u>	<u>(124,253,581)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Unitholders' capital	-	-
Interest expenses	(9,167,224)	(8,118,417)
Listing expenses	-	-
Borrowings	800,000	117,500,000
Distribution to Unitholders	(24,960,078)	(25,817,824)
Net cash generated from / (used for) financing activities	<u>(33,327,302)</u>	<u>83,563,759</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,284,017)	641,344
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,220,797	18,096,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,936,780</u>	<u>18,738,284</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 SEPTEMBER 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 September 2009, there will be a Third Interim Distribution of 2.4 sen per unit, amounting to RM7,680,024 to be made on 4 December 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 September 2009, Hektar REIT generated a total revenue of RM66,264,090 comprising rental income of RM66,182,580, interest income of RM80,254 and other income of RM1,256.

Actual revenue of RM66,264,090 was higher than the preceding year's corresponding period by 7%. This is primarily due to Wetex Parade's 9-month performance in 2009 compared to a 5-month performance in 2008 (Wetex Parade was acquired in May 2008)

Despite higher revenue, net income of RM27,566,496 is still marginally lower than the preceding year's corresponding period. This is due to:

- (a) higher operating cost arising from an increase in electricity tariff; and
- (b) 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 30.9.2009	Preceding Quarter Ended 30.9.2008
Income before tax	9,588,093	9,589,104
- Realised income before tax		

The individual third quarter's net income of RM9,588,093 is comparable to that of the preceding year's corresponding individual quarter of RM9,589,104.

B3 PROSPECTS

Hektar Asset Management Sdn Bhd ("Hektar AM") expects the final quarter of 2009 to be as challenging as the first three quarters of 2009. The prevailing uncertain economic conditions have negatively impacted the performance of some retailers in Hektar REIT's shopping complexes. This has resulted in premature terminations of a few tenancies and rental reductions in others.

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.

Barring unforeseen circumstances, there will be no tax 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

Effective 3 August 2009, Bursa Malaysia has amended the shareholding spread requirement by abolishing the minimum numbers requirement but has retained the need for the public shareholding portion to be a minimum of 25% of total unitholdings . This means that as long as 25% of total unitholdings is in the hands of public unitholders, it does not have to comply with the previous additional requirement that it also be in the hands of a minimum of 1,000 unitholders. As at 30 September 2009, Hektar REIT's public unitholders is 28%. Therefore, it is in full compliance of the new requirement.

B9 BORROWINGS AND DEBT SECURITIES

Hektar REIT's total borrowings of RM302,300,000 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 third interim income distribution of 2.40 sen per unit amounting to RM7,680,024 for the third quarter ended 30 September 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 30.9.2009	Preceding Quarter Ended 30.9.2008
Income before tax	9,588,093	9,589,104
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)	3.00	3.00
- 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
4 November 2009