

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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### CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 31 DECEMBER 2009

	As at 31.12.2009 RM (Unaudited)	As at 31.12.2008 RM (Audited)
<b><u>NON-CURRENT ASSETS</u></b>		
Investment Properties	720,000,000	713,400,000
<b><u>CURRENT ASSETS</u></b>		
Trade receivables	375,188	471,741
Other receivables, deposits, prepayments	5,973,742	5,909,684
Capital work in progress	14,202,085	106,234
Cash and bank balances	36,574,334	18,220,797
	<u>57,125,349</u>	<u>24,708,456</u>
<b>TOTAL ASSETS</b>	<u>777,125,349</u>	<u>738,108,456</u>
<b><u>LIABILITIES</u></b>		
Trade payables	3,466,091	188,183
Other payables and accruals	2,776,199	4,463,463
Tenancy deposits	20,684,816	20,255,544
Provision for income distribution	9,920,031	9,600,030
Borrowings	334,000,000	301,500,000
<b>TOTAL LIABILITIES</b>	<u>370,847,137</u>	<u>336,007,220</u>
<b>NET ASSET VALUE</b>	<u>406,278,212</u>	<u>402,101,236</u>
<b><u>FINANCED BY:</u></b>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	9,784,720	6,008,263
- unrealised	68,356,781	67,956,262
<b>TOTAL UNITHOLDERS' FUND</b>	<u>406,278,212</u>	<u>402,101,236</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>	1.2696	1.2566
<b>NUMBER OF UNITS IN CIRCULATION</b>	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 31 DECEMBER 2009 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2009 RM	Preceding Year Corresponding Quarter 31.12.2008 RM	Current YTD 31.12.2009 RM	Preceding YTD 31.12.2008 RM
Revenue	21,529,758	22,258,667	87,712,338	84,092,285
Property operating expenses	(8,547,953)	(9,094,324)	(34,687,631)	(31,376,978)
<b>Net property income</b>	<b>12,981,806</b>	<b>13,164,343</b>	<b>53,024,707</b>	<b>52,715,307</b>
Interest Income	41,312	38,113	121,565	171,797
Other Income	19,758	-	21,014	12,319
Trust expenses	(1,095,437)	(1,412,371)	(4,486,128)	(5,265,477)
Borrowing costs	(2,777,375)	(3,277,440)	(11,944,599)	(11,395,857)
Fair value adjustment of investment properties	400,519	24,114,645	400,519	24,114,645
<b>Income before taxation</b>	<b>9,570,583</b>	<b>32,627,290</b>	<b>37,137,079</b>	<b>60,352,734</b>
Taxation	-	-	-	-
<b>Net income for the period</b>	<b>9,570,583</b>	<b>32,627,290</b>	<b>37,137,079</b>	<b>60,352,734</b>
Provision for income distribution	(9,920,031)	(9,600,030)	(32,960,103)	(32,640,102)
	<b>(349,448)</b>	<b>23,027,260</b>	<b>4,176,976</b>	<b>27,712,632</b>
Earnings per unit (sen)	2.99	10.20	11.61	18.86
Realised Earnings per unit (sen)	2.87	2.66	11.48	11.32
<b>Net income for the period is as follows :</b>				
Realised	9,170,064	8,512,644	36,736,560	36,238,089
Unrealised	400,519	24,114,645	400,519	24,114,645

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

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### CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 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 31 December 2009</u>				
Net Income for the period	-	36,736,560	-	37,137,079
Fair value adjustment of investment properties	-	-	400,519	-
	<u>328,136,711</u>	<u>42,744,823</u>	<u>68,356,781</u>	<u>439,238,315</u>
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(32,960,103)	-	(32,960,103)
Balance at 31 December 2009	<u>328,136,711</u>	<u>9,784,720</u>	<u>68,356,781</u>	<u>406,278,212</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	-	60,352,734
Fair value adjustment of investment properties	-	-	24,114,645	-
	<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)
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.

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**HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT**

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**CONDENSED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE CUMULATIVE QUARTER ENDED 31 DECEMBER 2009**

	<b>Current YTD 31.12.2009 RM</b>	<b>Preceding YTD 31.12.2008 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	37,137,079	60,352,734
Adjustments for :-		
Interest income	(121,565)	(171,797)
Interest expenses	11,944,599	11,395,857
Provision for doubtful debts	37,363	108,473
Fair value adjustments	(400,519)	(24,114,645)
	<u>48,596,957</u>	<u>47,570,622</u>
Operating income before changes in working capital :-		
Receivables	368,711	1,543,982
Payables	2,019,918	6,730,353
	<u>50,985,586</u>	<u>55,844,957</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of properties	(3,500,000)	(120,980,000)
Refurbishment of investment properties	(16,795,333)	(6,256,030)
Interest income	121,565	171,797
Placement of fixed deposit	(373,581)	(488,903)
Net cash used for investing activities	<u>(20,547,349)</u>	<u>(127,553,136)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Unitholders' capital	-	-
Interest expenses	(11,944,599)	(11,395,857)
Listing expenses	-	-
Borrowings	32,500,000	117,500,000
Distribution to Unitholders	(32,640,102)	(34,272,107)
Net cash generated from / (used for) financing activities	<u>(12,084,701)</u>	<u>71,832,036</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,353,537	123,857
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	18,220,797	18,096,940
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>36,574,334</u>	<u>18,220,797</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 31 DECEMBER 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 31 December 2009, there will be a Final Distribution of 3.1 sen per unit, amounting to RM9,920,031 to be made on 5 March 2010.

**A8 SEGMENT INFORMATION**

Not applicable.

**A9 VALUATION OF INVESTMENT PROPERTIES**

The Investment Properties were last valued on 31 October 2009.

**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 31 December 2009, Hektar REIT generated total revenue of RM87,854,917 comprising rental income of RM87,712,338, interest income of RM121,565 and other income of RM21,014.

Actual revenue of RM87,854,917 was higher than the preceding year's corresponding period by 4%. This is primarily due to Wetex Parade's full year performance in 2009 compared to an 8-month performance in 2008 (Wetex Parade was acquired in May 2008).

The cumulative quarter's realized net income of RM36,736,560 in 2009 is 1.4% higher than 2008.

**B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>Current Quarter Ended 31.12.2009</b>	<b>Preceding Quarter Ended 31.12.2008</b>
<b>Income before tax</b>	9,570,583	32,627,290
- Realised income before tax	9,170,064	8,512,644

The individual fourth quarter's realised net income of RM9,170,064 is 8% higher of the preceding year's corresponding individual quarter of RM8,512,644. This is primarily due to higher turnover rents for Subang Parade.

**B3 PROSPECTS**

Following the financial crisis and its relative impact on Malaysia, Hektar is cautiously optimistic for the Malaysian retail sector in 2010. Hektar will continue to optimise the property portfolio, improving capital values by refurbishing Hektar REIT's existing malls, including the completion of Mahkota Parade's refurbishment by the second quarter of 2010. Hektar will also continue to explore and negotiate potential acquisition opportunities in the year ahead.

**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**

There were no new corporate developments during the quarter.

**B9 BORROWINGS AND DEBT SECURITIES**

Hektar REIT's total borrowings of RM334,000,000 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.

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

### B12 INCOME DISTRIBUTION

The Board of Directors of Hektar AM has recommended and the Trustee has approved a third interim income distribution of 3.10 sen per unit amounting to RM9,920,031 for the fourth quarter ended 31 December 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 2010
Non-resident companies	Withholding tax at 25% for year of assessment 2010

Dividend payment	Period covered	Income Distribution (RM)	Status
First Interim Dividend	Jan 09 – Mar 09	7,680,024	Paid on 16 June 2009
Second Interim Dividend	Apr 09 – June 09	7,680,024	Paid on 11 September 2009
Third Interim Dividend	Jul 09 – Sep 09	7,680,024	Paid on 4 December 2009
Final Dividend	Oct 09 – Dec 09	9,920,031	To be paid on 5 March 2010
<b>Total</b>		<b>32,960,103</b>	

### B13 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	Current Quarter Ended 31.12.2009	Preceding Quarter Ended 31.12.2008
Income before tax	9,570,583	32,627,290
Provision for income distribution	9,920,031	9,600,030
Number of units in issue	320,001,000	320,001,000
Basic earning per unit (sen)	2.99	10.20
- realised basic earning per unit	2.87	2.66
Distribution per unit (sen)	3.10	3.00

## HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

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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  
2 February 2010