

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 31 MARCH 2010

	As at 31.3.2010 RM (Unaudited)	As at 31.12.2009 RM (Audited)
<u>NON-CURRENT ASSETS</u>		
Investment Properties	715,972,878	720,000,000
<u>CURRENT ASSETS</u>		
Trade receivables	580,033	375,188
Other receivables, deposits, prepayments	10,777,971	5,973,742
Capital work in progress	23,092,913	14,202,085
Cash and bank balances	25,286,643	36,574,334
	59,737,560	57,125,349
TOTAL ASSETS	775,710,438	777,125,349
<u>LIABILITIES</u>		
Trade payables	1,805,770	3,466,091
Other payables and accruals	2,615,205	2,776,199
Tenancy deposits	19,957,065	20,684,816
Deferred income	1,016,750	-
Provision for income distribution	8,000,025	9,920,031
Borrowings	334,000,000	334,000,000
TOTAL LIABILITIES	367,394,815	370,847,137
NET ASSET VALUE	408,315,623	406,278,212
<u>FINANCED BY:</u>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	11,822,130	9,784,720
- unrealised	68,356,781	68,356,781
TOTAL UNITHOLDERS' FUND	408,315,623	406,278,212
NET ASSET VALUE PER UNIT (RM)	1.2760	1.2696
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 2009 and the accompanying explanatory notes attached.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2010 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2010 RM	Preceding Year Corresponding Quarter 31.3.2009 RM	Current YTD 31.3.2010 RM	Preceding YTD 31.3.2009 RM
Revenue	23,015,069	21,768,259	23,015,069	21,768,259
Property operating expenses	(8,885,532)	(8,279,792)	(8,885,532)	(8,279,792)
Net property income	14,129,537	13,488,467	14,129,537	13,488,467
Interest Income	37,683	28,543	37,683	28,543
Other Income	1,163	980	1,163	980
Trust expenses	(1,678,475)	(1,191,623)	(1,678,475)	(1,191,623)
Borrowing costs	(2,452,472)	(3,199,995)	(2,452,472)	(3,199,995)
Fair value adjustment of investment properties	-	-	-	-
Income before taxation	10,037,436	9,126,372	10,037,436	9,126,372
Taxation	-	-	-	-
Net income for the period	10,037,436	9,126,372	10,037,436	9,126,372
Provision for income distribution	(8,000,025)	(7,680,024)	(8,000,025)	(7,680,024)
	2,037,411	1,446,348	2,037,411	1,446,348
Earnings per unit (sen)	3.14	2.85	3.14	2.85

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 31 MARCH 2010 (UNAUDITED)

	Unitholders' Capital RM	<u>Undistributed income</u> Realised Unrealised RM RM		Unitholders' Fund RM
<u>Balance at 1 January 2010</u>	328,136,711	9,784,720	68,356,781	406,278,212
<u>Operation for the cumulative quarter ended 31 March 2010</u>				
Net Income for the period	-	10,037,436	-	10,037,436
Fair value adjustment of investment properties	-	-	-	-
	328,136,711	19,822,156	68,356,781	416,315,648
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(8,000,025)	-	(8,000,025)
Balance at 31 March 2010	328,136,711	11,400,356	68,356,781	408,315,623

CUMULATIVE QUARTER ENDED 31 DECEMBER 2009 (AUDITED)

	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	374,388,604
<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	-
	328,136,711	42,744,823	67,956,262	439,238,315
<u>Unitholders' transaction</u>				
Creation of units	-	-	-	-
Listing expenses	-	-	-	-
Distribution to unitholders	-	(32,960,103)	-	(32,960,103)
	-	-	-	-
Balance at 31 December 2009	328,136,711	9,784,720	68,356,781	406,278,212

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 2009 and the accompanying explanatory notes.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2010

	Current YTD 31.3.2010 RM	Preceding YTD 31.3.2009 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	10,037,436	9,126,372
Adjustments for :-		
Interest income	(37,683)	(28,543)
Interest expenses	2,452,472	3,199,995
Rental under FRS 117 as per note A13	(421,774)	-
Provision for doubtful debts	37,500	37,500
	12,067,951	12,335,323
Operating income before changes in working capital :-		
Receivables	(597,678)	(281,822)
Payables	(1,532,316)	(1,273,068)
	9,937,957	10,780,433
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of properties	-	(3,550,908)
Refurbishment of investment properties	(8,890,829)	(339,155)
Interest income	37,683	28,543
Net cash used for investing activities	(8,853,145)	(3,861,519)
CASH FLOW FROM FINANCING ACTIVITIES		
Unitholders' capital	-	-
Interest expenses	(2,452,472)	(3,199,995)
Listing expenses	-	-
Borrowings	-	-
Distribution to Unitholders	(9,920,031)	(9,108,219)
Net cash generated from / (used for) financing activities	(12,372,503)	(12,308,214)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(11,287,691)	(5,389,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	36,574,334	18,220,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,286,643	12,831,497

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 MARCH 2010 PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134, 117 & 139

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 2009 in their report dated 8 February 2010.

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 March 2010, there will be a First Interim Distribution of 2.5 sen per unit, amounting to RM8,000,025 to be made on 7 June 2010.

A8 SEGMENT INFORMATION

Not applicable.

A9 VALUATION OF INVESTMENT PROPERTIES

The Investment Properties were last valued on 31 December 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.

A13 RENTAL INCOME FROM TENANCIES (FRS 117)

Rental income receivable under tenancy agreements with provision for step-up rent is recognized on an average basis over the period of the tenancy. Meanwhile, turnover rent is recognized as income in the accounting period on a receipt basis.

A14 DEFERRED INCOME (FRS 139)

Deferred income relates to the difference between consideration received for tenancy deposits and its fair value using the discounted cash flow method.

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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 March 2010, Hektar REIT generated total revenue of RM23,053,915 comprising rental income of RM23,015,069, interest income of RM37,683 and other income of RM1,163.

Actual revenue of RM23,015,069 was higher than the preceding year's corresponding period by 6%. This is primarily due to higher recognition of turnover rent in 2010. In addition, the application of FRS117 (refer to note A13) commencing 1 January 2010 also contributed to a higher revenue by RM421,174 in 2010.

In line with Clause 15.1.2 of the Trust Deed dated 5 October 2006 constituting Hektar REIT, the annual fees to Hektar Asset Management Sdn Bhd have been revised, with effect from 1 January 2010, as follows:

1. Gross Asset Value : from 0.25% to 0.35% (maximum cap is 1%); and
2. Net Property Income : from 3.5% to 5%

The cumulative realised net income of RM10,037,436 in March 2010 is approximately 10% higher than 2009.

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter Ended 31.3.2010	Preceding Quarter Ended 31.3.2009
Income before tax		
- Realised income before tax	10,037,436	9,126,372

The individual first quarter's net income of RM10,037,436 is 10% higher of the preceding year's corresponding individual quarter of RM9,126,372. This is primarily due to recognition of turnover rent, as well as the application of FRS117 commencing 1 January 2010.

B3 PROSPECTS

Hektar continues its previous view of cautious optimism 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 2010.

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

On 12 March 2010, Hektar Asset Management Sdn Bhd, the Manager for Hektar REIT announced that the government has compulsorily acquired 0.1331 hectares (0.328 acres) of land from Hektar REIT under the Land Acquisition Act 1960 for the proposed extension of the Kelana Jaya Light Rail Transit (LRT) Phase 2 project located in Subang Jaya. It was further mentioned that the government has issued the Notice of Award (Borang H) for the compensation amount of RM 4,155,518, comprising land acquisition cost of RM4,027,122 and ancillary cost of RM128,396. AmTrustee Berhad had filed an appeal on the amount of compensation.

The land acquisition cost has been reclassified from Investment Property to Other Receivables in the balance sheet.

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.

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B12 INCOME DISTRIBUTION

The Board of Directors of Hektar AM has recommended and the Trustee has approved a first interim income distribution of 2.50 sen per unit amounting to RM8,000,025 for the first quarter ended 31 March 2010.

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

B13 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	Current Quarter Ended 31.3.2010 RM	Preceding Quarter Ended 31.3.2009 RM
Income before tax	10,037,436	9,126,372
Provision for income distribution	8,000,025	7,680,024
Number of units in issue	320,001,000	320,001,000
Basic earning per unit (sen)	3.14	2.85
- realised basic earning per unit		
Distribution per unit (sen)	2.50	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
5 May 2010