

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED BALANCE SHEET FOR THE QUARTER ENDED 31 MARCH 2008 (UNAUDITED)

	As at 31.03.2008 RM	As at 31.12.2007 RM (Audited)
<u>NON-CURRENT ASSETS</u>		
Investment Properties	559,405,100	559,400,000
<u>CURRENT ASSETS</u>		
Trade receivables	963,197	915,562
Other receivables, deposits, prepayments	17,837,185	6,629,415
Capital work in progress	3,386,396	2,755,559
Cash and bank balances	16,137,027	18,096,940
	<u>38,323,805</u>	<u>28,397,476</u>
TOTAL ASSETS	<u>597,728,905</u>	<u>587,797,476</u>
<u>LIABILITIES</u>		
Trade payables	427,071	134,968
Other payables and accruals	2,115,542	1,959,281
Tenancy deposits	16,317,984	16,082,588
Provision for income distribution	7,680,024	11,232,035
Borrowings	195,750,000	184,000,000
TOTAL LIABILITIES	<u>222,290,621</u>	<u>213,408,872</u>
NET ASSET VALUE	<u>375,438,284</u>	<u>374,388,604</u>
<u>FINANCED BY:</u>		
Unitholders' capital	328,136,711	328,136,711
Undistributed income - realised	3,459,956	2,410,276
- unrealised	43,841,617	43,841,617
TOTAL UNITHOLDERS' FUND	<u>375,438,284</u>	<u>374,388,604</u>
NET ASSET VALUE PER UNIT (RM)	1.1732	1.1700
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 2007 and the accompanying explanatory notes attached to the interim financial statements.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2008 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2008 RM	Preceding Year Corresponding Quarter * 31.3.2007 RM	Current YTD 31.3.2008 RM	Preceding YTD* 31.3.2007 RM
Revenue	18,780,986	23,583,684	18,780,986	23,583,684
Property operating expenses	(6,763,243)	(8,720,866)	(6,763,243)	(8,720,866)
Net property income	12,017,743	14,862,818	12,017,743	14,862,818
Interest Income	32,804	49,159	32,804	49,159
Other Income	575	7,544	575	7,544
Trust expenses	(1,392,693)	(1,147,009)	(1,392,693)	(1,147,009)
Borrowing costs	(1,928,725)	(2,530,797)	(1,928,725)	(2,530,797)
Income before taxation	8,729,704	11,241,715	8,729,704	11,241,715
Taxation	-	-	-	-
Net income for the period	8,729,704	11,241,715	8,729,704	11,241,715
Provision for income distribution	(7,680,024)	(7,680,024)	(7,680,024)	(7,680,024)
	1,049,680	3,561,691	1,049,680	3,561,691
Earnings per unit (sen)	2.73	3.51	2.73	3.51

* The individual & cumulative quarter for the period ended 31 March 2007 comprised a 4-month result, December 2006 to March 2007.

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE QUARTER ENDED 31 MARCH 2008 (UNAUDITED)

	Unitholders' capital RM	Undistributed income		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 quarter ended 31 March 2008</u>				
Net Income for the period	-	8,729,704		8,729,704
	<u>328,136,711</u>	<u>11,139,980</u>	<u>43,841,617</u>	<u>383,118,308</u>
<u>Unitholders' transaction</u>				
Distribution to unitholders	-	(7,680,024)		(7,680,024)
	<u>-</u>	<u>(7,680,024)</u>		<u>(7,680,024)</u>
Balance at 31 March 2008	<u>328,136,711</u>	<u>3,459,956</u>	<u>43,841,617</u>	<u>375,438,284</u>

QUARTER ENDED 31 MARCH 2007 (UNAUDITED)

	Unitholders' capital RM	Undistributed income		Unitholders' capital RM
		Realised RM	Unrealised RM	
<u>Balance at date of establishment</u>	1,000	-	-	1,000
<u>Operation for the quarter ended 31 March 2007</u>				
Net Income for the period	-	11,241,715	-	11,241,715
	<u>1,000</u>	<u>11,241,715</u>	<u>-</u>	<u>11,242,715</u>
<u>Unitholders' transaction</u>				
Creation of units	336,585,000	-	-	336,585,000
Listing expenses	(8,395,782)	-	-	(8,395,782)
Distribution to unitholders	-	(7,680,024)	-	(7,680,024)
	<u>328,189,218</u>	<u>(7,680,024)</u>	<u>-</u>	<u>320,509,194</u>
Balance at 31 March 2007	<u>328,190,218</u>	<u>3,561,691</u>	<u>-</u>	<u>331,751,909</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

HEKTAR REAL ESTATE INVESTMENT TRUST QUARTERLY REPORT

CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 31 MARCH 2008

	Current YTD 31.3.2008 RM	Preceding YTD 31.3.2007 * RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	8,729,704	11,241,715
Adjustments for :-		
Interest income	(32,804)	(49,159)
Interest expenses	1,886,034	2,530,797
Provision for doubtful debts	15,000	40,000
	<hr/>	<hr/>
Operating income before changes in working capital :-	10,597,934	13,763,353
Receivables	(11,270,406)	(4,891,574)
Payables	683,760	18,209,384
	<hr/>	<hr/>
Net cash generated from operating activities	11,288	27,081,163
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of properties	(5,100)	(354,422,362)
Refurbishment of investment properties	(630,836)	-
Interest income	32,804	49,159
	<hr/>	<hr/>
Net cash used for investing activities	(603,132)	(354,373,203)
CASH FLOW FROM FINANCING ACTIVITIES		
Unitholders' capital	-	176,086,000
Interest expenses	(1,886,034)	(2,530,797)
Listing expenses	-	(8,395,782)
Borrowings	11,750,000	184,000,000
Distribution to Unitholders	(11,232,035)	-
	<hr/>	<hr/>
Net cash generated from/ (used for) financing activities	(1,368,069)	349,159,421
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	(1,959,913)	21,867,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,096,940	-
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16,137,027	21,867,381

*The preceding YTD for the period ended 31 March 2007 comprised a 4-month result- December 2006 to March 2007.

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

A. EXPLANATORY NOTES FOR THE QUARTER ENDED 31 MARCH 2008 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 2007 in their report dated 4 February 2008.

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 2008, there will be a First Interim Distribution of 2.40 sen per unit, amounting to RM7,680,024 to be made on 3 June 2008.

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 current quarter except for:-

The Proposed Acquisition of Wetex Parade and Classic Hotel and Proposed Lease Back of Classic Hotel

On 18 February 2008, Hektar Asset Management Sdn Bhd (“Hektar AM”) the manager for Hektar REIT, announced that AmTrustee Berhad (“AmTrustee”) on behalf of Hektar REIT has entered into a Sale and Purchase Agreement with Wetex Realty Sdn Bhd (“Wetex”) for the acquisition of a 5 storey shopping complex known as “Wetex Parade” and a hotel tower known as “Classic Hotel” in Muar, Johor for a total cash consideration of RM117,500,000. Simultaneously, AmTrustee has also entered into a Lease Agreement with Wetex to lease back Classic Hotel to Wetex on a ten (10) year fixed lease period. An announcement has been made to Bursa Malaysia to inform that the proposed acquisition was completed on 30 April 2008.

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

Hektar AM is pleased to report that for the first quarter ended 31 March 2008, the total revenue of Hektar REIT was RM18,814,365 comprising gross rental income of RM18,780,986, interest income of RM32,804 and other income of RM575.

The total revenue exceeded forecast by 7% while actual expenses were capped within forecast. Savings on interest expenses were also substantial as the actual interest rate of 4.95% per annum was significantly lower than the forecasted interest rate of 5.85% per annum.

Income before taxation was RM8,729,704 after deducting total trust expenditure and borrowing costs of RM3,321,418.

B2 VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter Ended 31.3.2008	Preceding Quarter Ended 31.3.2007
Income before tax (“IBT”)	8,729,704	11,241,715

The IBT for the current quarter of RM8,729,704 is 22% lower than the IBT for the preceding quarter, as the preceding quarter comprised a 4-month result (December 2006 to March 2007). For comparison purposes, if the IBT for December 2006 is excluded from the tabulation of the IBT for the preceding quarter, then the adjusted IBT for the preceding quarter will be RM8,246,532. Therefore, the IBT for the current quarter will be 6% higher than the adjusted IBT of the preceding quarter. The increase is mainly due to improvement in rental rates.

B3 PROSPECTS

Hektar AM maintains a positive view on Hektar REIT's prospects for FY2008, barring any unforeseen circumstances. Hektar AM will execute portfolio optimisation and yield-accretive acquisition strategies to achieve Hektar REIT's objectives of a sustainable dividend income to unitholders and long-term capital growth of Hektar REIT.

Portfolio optimisation encompasses the active management of the properties, including active leasing, marketing and promotion, and value creation / asset enhancement initiatives. Hektar AM will maintain oversight of the performance of the properties to ensure that operating targets are achieved.

Yield-accretive acquisition strategies will target primarily retail properties. Acquisition candidates may include properties which require intensive portfolio optimisation and asset enhancement. All potential acquisitions will be assessed to ensure that the transaction would be yield-accretive to the REIT in the intermediate term, barring any unforeseen circumstances.

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 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 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 2008.

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

Partnership with Frasers Centrepoint Limited

On 5 March 2008, Hektar Klasik Sdn Bhd ("HKSB"), the holding company of Hektar AM, signed a Joint Venture Agreement ("JV Agreement") with Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd. ("FCAMM") for both parties to participate jointly in the management of Hektar REIT through their participation as shareholders of Hektar AM. The JV Agreement regulates their relationship with each other and sets out their respective rights, duties and obligations and mutual covenants relating to their relationship inter se as shareholders of Hektar AM. FCAMM is a wholly owned subsidiary of Frasers Centrepoint Limited ("FCL").

The signing of the JV Agreement fulfills the final condition under the Sale and Purchase Agreement between HKSB and FCL for FCL to acquire 400,000 ordinary shares of RM1.00 each comprising 40% of the issued and paid up share capital of Hektar AM for a total cash consideration of RM500,000 ("Sale and Purchase Agreement").

On 26 March 2008, an announcement was made to Bursa Malaysia that the Sale and Purchase Agreement has been completed.

Pursuant to the JV Agreement, two new FCAMM Directors, Mr Lim Ee Seng and Mr Christopher Tang Kok Kai and a third Independent Director Mr Philip Eng Heng Nee were appointed to the Board of Hektar AM on 17 April 2008.

Public Spread

As at 30 April 2008, the public spread for Hektar REIT was 21.81% in the hands of 414 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 6 March 2008, Hektar AM has announced that Bursa Malaysia, in its letter dated 5 March 2008 has granted until 31 May 2008 for Hektar REIT to comply with this requirement.

Hektar AM is continuing to exercise its best endeavors to rectify the public spread number by continuing its active promotion of Hektar REIT to the public via its various activities – investment roadshows, conferences, presentations to analysts, brokers and investors and press-related activities.

Acquisition of Sold Lot

On 31 March 2008, AmTrustee on behalf of Hektar REIT had entered into a Sale & Purchase Agreement to acquire Lot LG25, a retail space at Subang Parade, for RM880,000. Lot LG25 represents one of the individual lots which were previously sold prior to the acquisition of Subang Parade by Hektar REIT.

The transaction was completed on 16 April 2008.

B9 BORROWINGS AND DEBT SECURITIES

The borrowings as at 31 March 2008 of RM195,750,000 is 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.

B12 INCOME DISTRIBUTION

The Board of Directors of Hektar AM has recommended and the Trustee has approved an interim income distribution of 2.40 sen per unit (equivalent to 88% of income before tax) amounting to RM7,680,024 for the first quarter ended 31 March 2008.

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 15%)
- Non-resident institutional investors (withholding tax at 20%)
- Resident companies (No withholding tax. Subject to corporate tax at prevailing rate of 26%)
- Non-resident companies (withholding tax at 26% for Year of Assessment 2008)

B13 DISTRIBUTION PER UNIT AND EARNINGS PER UNIT

	Current Quarter Ended 31.3.2008	Preceding Quarter Ended 31.3.2007
Income before tax	8,729,704	11,241,715
Provision for income distribution	<u>7,680,024</u>	<u>7,680,024</u>
Number of units in issue	<u>320,001,000</u>	<u>320,001,000</u>
Basic earning per share (sen)	<u>2.73</u>	<u>3.51</u>
Distribution per unit (sen)	<u>2.40</u>	<u>2.40</u>

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 2008