

**TOWER REAL ESTATE INVESTMENT TRUST**  
**CONDENSED INCOME STATEMENT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2007 RM	Preceding Year Corresponding Quarter Ended 31.12.2006 RM	Current Year To Date 31.12.2007 RM	Preceding Year To Date 31.12.2006 RM
<b><u>INCOME</u></b>				
Gross revenue	10,887,481	7,960,703	40,323,351	22,339,656
Property operating expenses	(2,584,582)	(1,867,571)	(8,996,133)	(6,013,127)
Net property income	8,302,898	6,093,132	31,327,217	16,326,529
Interest income	92,229	109,635	419,961	495,445
Other income	6,728	7,005	28,978	58,000
	<b>8,401,855</b>	<b>6,209,772</b>	<b>31,776,156</b>	<b>16,879,974</b>
<b><u>EXPENSES</u></b>				
Manager's fees	517,583	213,406	2,125,414	565,481
Trustee's fees	27,048	19,469	100,047	53,640
Administrative expenses	98,751	132,880	273,767	251,520
Interest expenses	1,429,720	1,184,259	5,489,532	3,316,804
	<b>2,073,101</b>	<b>1,550,014</b>	<b>7,988,759</b>	<b>4,187,445</b>
<b>NET TRUST INCOME</b>	<b>6,328,754</b>	<b>4,659,758</b>	<b>23,787,397</b>	<b>12,692,529</b>
Fair value adjustment on investment properties	82,401,640	38,531,673	82,401,640	38,531,673
<b>INCOME BEFORE TAXATION</b>	<b>88,730,394</b>	<b>43,191,431</b>	<b>106,189,037</b>	<b>51,224,202</b>
Taxation	-	-	-	-
<b>NET INCOME FOR THE PERIOD</b>	<b>88,730,394</b>	<b>43,191,431</b>	<b>106,189,037</b>	<b>51,224,202</b>
<b>Net Income for the period is made up as follows:</b>				
- Realised	6,328,754	4,659,758	23,787,397	12,692,529
- Unrealised - Fair value adjustment on investment properties	82,401,640	38,531,673	82,401,640	38,531,673
	<b>88,730,394</b>	<b>43,191,431</b>	<b>106,189,037</b>	<b>51,224,202</b>
<b>INCOME DISTRIBUTION</b>				
- Distributed income	-	-	11,220,000	-
- Provision for income distribution	12,566,400	12,692,475	12,566,400	12,692,475
	<b>12,566,400</b>	<b>12,692,475</b>	<b>23,786,400</b>	<b>12,692,475</b>
<b>EARNINGS PER UNIT (SEN) *</b>				
- Basic	31.63	18.19	39.14	21.57
- Diluted	N/A	N/A	N/A	N/A

\* Based on the weighted average number of units in issued (Refer to Note B13).

The Condensed Income Statement should be read in conjunction with the audited financial statements for the period ended 31 December 2006 and the accompanying explanatory notes attached.

**TOWER REAL ESTATE INVESTMENT TRUST**  
**CONDENSED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	<b>As At 31.12.2007 RM</b>	<b>As At 31.12.2006 RM</b>
<b><u>ASSETS</u></b>		
Investment properties	550,000,000	390,000,000
Trade receivables	401,428	475,323
Other receivables, deposits and prepayment	504,004	9,207,874
Deposits with licensed financial institutions	16,100,000	13,669,216
Cash and bank balances	238,314	418,054
<b>TOTAL ASSETS</b>	<b>567,243,746</b>	<b>413,770,467</b>
<b><u>LIABILITIES</u></b>		
Trade payables	441,825	620,804
Other payables and accrued expenses	1,402,772	804,922
Tenant deposits	11,053,618	8,953,484
Provision for income distribution	12,566,400	12,692,475
Borrowings	135,500,000	105,500,000
<b>TOTAL LIABILITIES</b>	<b>160,964,615</b>	<b>128,571,685</b>
<b>NET ASSET VALUE</b>	<b>406,279,131</b>	<b>285,198,782</b>
<b><u>REPRESENTED BY :</u></b>		
Unitholders' capital	285,344,767	246,667,055
Undistributable income - realised	1,051	54
Undistributable income - unrealised (Investment fluctuation reserves)	120,933,313	38,531,673
	<b>406,279,131</b>	<b>285,198,782</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>280,500,000</b>	<b>237,500,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<b>1.448</b>	<b>1.201</b>

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the period ended 31 December 2006 and the accompanying explanatory notes attached.

**TOWER REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Unitholders'	-----Distributable-----		Total RM
	Capital RM	Unrealised RM	Realised RM	
<b><u>Current Year To Date</u></b>				
<b>At 1 January 2007</b>	<b>246,667,055</b>	<b>38,531,673</b>	<b>54</b>	<b>285,198,782</b>
<b>Operation for the year ended 31 December 2007</b>				
Net income for the year	-	-	23,787,397	23,787,397
Fair value adjustment		82,401,640	-	82,401,640
	<u>-</u>	<u>82,401,640</u>	<u>23,787,397</u>	<u>106,189,037</u>
<b>Unitholders' transaction</b>				
Creation of units	39,130,000	-	-	39,130,000
Establishment and issue expenses	(452,288)	-	-	(452,288)
Distribution to unitholders	-	-	(23,786,400)	(23,786,400)
	<u>38,677,712</u>	<u>-</u>	<u>(23,786,400)</u>	<u>14,891,312</u>
<b>At 31 December 2007</b>	<b><u>285,344,767</u></b>	<b><u>120,933,313</u></b>	<b><u>1,051</u></b>	<b><u>406,279,131</u></b>
<b><u>Preceding Year Corresponding Period</u></b>				
<b>At 21 February 2006</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Operation for the period ended 31 December 2006</b>				
Net income for the period	-	-	12,692,529	12,692,529
Fair value adjustment		38,531,673	-	38,531,673
	<u>-</u>	<u>38,531,673</u>	<u>12,692,529</u>	<u>51,224,202</u>
<b>Unitholders' transaction</b>				
Creation of units	251,631,179	-	-	251,631,179
Establishment and issue expenses	(4,964,125)	-	-	(4,964,125)
Distribution to unitholders	-	-	(12,692,475)	(12,692,475)
	<u>246,667,054</u>	<u>-</u>	<u>(12,692,475)</u>	<u>233,974,579</u>
<b>At 31 December 2006</b>	<b><u>246,667,055</u></b>	<b><u>38,531,673</u></b>	<b><u>54</u></b>	<b><u>285,198,782</u></b>

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the period ended 31 December 2006 and the accompanying explanatory notes attached.

**TOWER REAL ESTATE INVESTMENT TRUST  
CONDENSED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>Current Year To Date 31.12.2007 RM</b>	<b>Preceding Year To Date 31.12.2006 RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	106,189,037	51,224,202
Adjustments for:		
Interest income	(419,961)	(495,445)
Interest expense	5,489,532	3,316,804
Fair value adjustment of investment properties	(82,401,640)	(38,531,673)
Operating profit before changes in working capital	28,856,968	15,513,888
Trade and other receivables	8,777,765	(9,683,197)
Trade and other payable	2,519,005	10,379,209
Net cash generated from operating activities	<u>40,153,738</u>	<u>16,209,900</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment properties	(77,598,360)	(351,468,327)
Interest income	419,961	495,445
Net cash used in investing activities	<u>(77,178,399)</u>	<u>(350,972,882)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(5,489,532)	(3,316,804)
Proceeds from issue of units	39,130,000	251,631,180
Proceeds from borrowings	30,000,000	105,500,000
Dividend paid to unitholders	(23,912,475)	-
Establishment and issue expenses	(452,288)	(4,964,125)
Net cash generated from financing activities	<u>39,275,705</u>	<u>348,850,251</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	2,251,044	14,087,269
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>14,087,270</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>16,338,314</u>	<u>14,087,269</u>
Cash and cash equivalents at end of period comprise of:		
Deposits placed with licensed financial institutions	16,100,000	13,669,216
Cash and bank balances	238,314	418,053
	<u>16,338,314</u>	<u>14,087,269</u>

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the period ended 31 December 2006 and the accompanying explanatory notes attached.

**TOWER REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

---

**A. Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134**

**A1. Basis of Preparation**

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

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial statements of Tower Real Estate Investment Trust ("Tower REIT" or "Trust") for the financial period ended 31 December 2006.

**A2. Audit Report of Preceding Financial Year**

The auditors' report on the preceding financial statements for the period ended 31 December 2006 was not subject to any qualification.

**A3. Seasonality or Cyclicity of Operations**

The business operations of the Trust are not affected by any seasonal or cyclical factors for the quarter under review.

**A4. Unusual Items**

There were no unusual items to be disclosed for the quarter under review.

**A5. Changes in Estimates**

There were no changes in estimates that had a material effect in the quarter results.

**A6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter. The outstanding debts are disclosed in Note B9.

**A7. Income Distribution**

The Manager of Tower REIT is declaring a final income distribution of 4.48 sen per unit (of which 4.33 sen per unit is taxable and 0.15 sen per unit is tax exempt in the hands of unitholders) for the financial year ended 31 December 2007, amounting to RM12,566,400 and payable on 28 February 2008 as disclosed in Note B12.

**A8. Segmental Reporting**

Not applicable.

**TOWER REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

---

**A9. Valuation of Investment Properties**

During the quarter under review, the existing properties, Menara HLA, HP Towers and Menara ING have been revalued by Ooi & Zaharin Sdn. Bhd. (Knight Frank), an independent professional firm of registered valuers to a total value of RM550 million.

The purpose of revaluation was to ascertain the current market value of the existing properties for accounting purposes in line with the FRS 140. The dates of valuation of HP Towers was 3 December 2007 and Menara HLA and Menara ING were 4 December 2007.

The revaluation has resulted in an additional surplus on fair value adjustment of RM82.4 million or equivalent to RM0.29 per unit.

**A10. Material Events Subsequent to the End of the Quarterly Period**

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

**A11. Changes in the Composition of the Trust**

There was no change in the composition of the Trust during the current quarter and the fund size stands at 280,500,000 units.

**A12. Contingent Liabilities and Contingent Assets**

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

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

**B. Additional Information Pursuant to Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance**

Quarter Result

For the current quarter ended 31 December 2007, the Trust recorded gross revenue and income before taxation (realised) of RM10.887 million and RM6.328 million respectively, representing significant increases of 37% and 36% respectively as compared to preceding year corresponding quarter ended 31 December 2006.

The increases in gross revenue and income before taxation (realised) were mainly due to the contribution from Menara ING which was acquired on 27 March 2007 as well as higher rental income as a result of the higher rental rates and occupancy rates of the other properties of the Trust.

Current Year Result

For the year ended 31 December 2007, the Trust recorded gross revenue and income before taxation (realised) of RM40.323 million and RM23.787 million respectively, representing significant increases of 81% and 87% respectively as compared to preceding year's corresponding period.

The increases in gross revenue and income before taxation (realised) were mainly due the following:

- (i) short period in the preceding year's result i.e. 17 April 2006 (date of commencement of operation) to 31 December 2006 as compared to the full year result of year 2007;
- (ii) additional contribution from Menara ING which was acquired on 27 March 2007; and
- (iii) higher rental income as result of the higher rental rates and occupancy rates of the other properties of the Trust.

**B2. Material Changes in Income Before Taxation for the Quarter as compared with the Immediate Preceding Quarter**

There were no material changes in the income before taxation for the quarter under review as compared with the immediate preceding quarter except for the recognising of unrealised surplus from fair valuation adjustment of the investment properties, namely Menara HLA, HP Towers and Menara ING, of RM82.402 million in current quarter under review.

**B3. Prospects**

The Manager, after considering the strength of the real estate portfolio invested and the positive economic outlook, expects the Trust to perform better in the coming financial year ending 31 December 2008.

**TOWER REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

**B4. Profit Forecast**

	<b>Actual</b>	<b>Forecast</b>
	<b>31.12.07</b>	<b>31.12.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income after taxation</b>		
- realised and distributable for the year	23,787	19,341
- unrealised from fair value adjustment of investment properties	82,402	-
	<u>106,189</u>	<u>19,341</u>

Income after taxation for the financial year ended 31 December 2007 of RM23.787 million (excluding the unrealised surplus from fair value adjustment of investment properties of RM82.402 million) exceeded the forecast in the Circular to Unitholders of the Trust dated 14 February 2007, of RM19.341 million by 23%.

The favourable result was mainly attributable to the improvement in revenue recorded from the existing properties, namely Menara HLA and HP Towers, as well as efficient cost control through the implementation of various active asset management strategies.

**B5. Taxation**

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, wherein the basis period for a year of assessment, 90% or more of the total income of the Trust are distributed to unitholders, the total income of the Trust for that year of assessment will be exempted from tax.

Hence, there will be no tax payable for the financial year ended 31 December 2007 as the Trust had provided approximately 100% of the distributable income for the financial year ended 31 December 2007.

**B6. Sales of Unquoted Investments and/or Properties**

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

**B7. Quoted Investments**

There was no purchase or disposal of quoted investments during the current quarter.

**B8. Corporate Developments**

There was no corporate proposal announced during the current quarter.

**B9. Borrowings and Debt Securities**

Particulars of the Trust's borrowings as at 31 December 2007 are as follows:

	<b>RM'000</b>
<b>Secured:</b>	
- Long term borrowing	105,500
- Short term borrowing	30,000
	<u>135,500</u>



**B10. Off Balance Sheet Financial Instruments**

There was no off balance sheet financial instruments as at the latest practicable date from the date of issuance of this report except for the interest rate swaps entered into by the Trust with a licensed financial institution to hedge its floating rate borrowing exposure into fixed rate as a pre-emptive move to mitigate the Trust's interest rate risk exposure.

As at 31 December 2007, the Trust had an interest rate swaps with a total notional contracts of RM65,000,000, fixed for 5 years at rates ranging from 3.58% to 3.63% against 3-month KLIBOR.

The net difference between the fixed rate and floating 3-month KLIBOR will be settled between the Trust and the licensed financial institution in every 3 months. This net difference is recognised directly to the income statement over the period of the contracts.

There is a minimal credit and market risk as the interest rate swaps contracts were executed with an established financial institution.

**B11. Material Litigation**

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

**B12. Income Distribution**

The Board of GLM REIT Management Sdn. Bhd., the Manager of Tower REIT, has declared a final income distribution of 4.48 sen per unit (of which 4.33 sen per unit is taxable and 0.15 sen per unit is tax exempt in the hands of unitholders) amounting to RM12,566,400 to be payable on 28 February 2008 to the unitholders registered in the Record of Depositors on 20 February 2008.

Together with the interim income distribution of 4 sen per unit, totalling RM11,220,000, which was paid on 28 August 2007 to the unitholders, the Trust had distributed a total income distribution of 8.48 sen amounting to RM23,786,400, approximately 100% of the distributable income after taxation for financial year ended 31 December 2007.

Pursuant to the amended Section 109D (2) of the Income Tax Act, 1967, the following withholding tax will be deducted for distributions made to the following categories of unitholders:

- Resident corporate (no withholding tax, to tax at prevailing rate)
- Resident non-corporate (withholding tax 15%)
- Non-resident individual (withholding tax 15%)
- Non-resident corporate (withholding tax 26%)
- Non-resident institutional (withholding tax 20%)

**TOWER REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

---

**B13. Earnings Per Unit**

	<b>Current Year Quarter Ended 31.12.07 RM'000</b>	<b>Current Year To Date 31.12.07 RM'000</b>
<b>Income after taxation</b>		
- realised and distributable for the year	6,329	23,787
- unrealised from fair value adjustment of investment properties	82,402	82,402
	<u>88,730</u>	<u>106,189</u>
 Number of units in issue *	 <u>280,500,000</u>	 <u>271,310,959</u>
 Basic earnings per unit (sen)	 31.63	 39.14
Diluted earnings per unit (sen)	<u>N/A</u>	<u>N/A</u>

The basic earnings per unit is calculated by dividing the income for the period attributable to unitholders over the weighted average number of units in issue during the period.

\* Based on weighted average of the number of units in issue. The total number of units issued had increased from 237,500,000 to 280,500,000 arising from the issuance of 43,000,000 additional new units on 20 March 2007.

**By Order of the Board**  
**GLM REIT Management Sdn Bhd**  
**(as the Manager of Tower Real Estate Investment Trust)**

**LIM YEW YOKE**  
**LEE SOW YEANG**  
**Secretaries**

**Kuala Lumpur**  
**31 January 2008**