

Competitive Strengths of the REIT Properties

Strategic and Prime Locations

- HP Towers is strategically situated in Damansara Heights. Due to its close proximity to the city centre of Kuala Lumpur, Damansara Heights has established itself as a popular suburban office precinct where the headquarters of several prominent multinational and local corporations are located.
- Menara HLA is located at the heart of the prestigious Golden Triangle, the most sought after office location in Kuala Lumpur. It is within the vicinity of the world renowned Kuala Lumpur City Centre and the Kuala Lumpur Convention Centre.
- Both properties are directly accessible through major access roads and highways and Menara HLA is also located close to the light rail transit (LRT) network and the monorail.

Quality Freehold Properties

- The REIT Properties are developed by GLM, a two-time International Real Estate Federation (FIABCI) Malaysian Chapter award winner for its previous commercial/office developments.
- Both properties are prime grade office buildings with excellent technical specifications and potential for capital appreciation as they sit on freehold land in prime locations.

Quality Tenant Base in Diversified Sectors

- Both properties have a diverse mix of local and foreign tenants including prominent multinational and local corporations. The tenants have strong reputable backgrounds and come from a broad range of sectors. This minimises the portfolio's exposure to any one particular sector and enhances the stability of rental income.

Potential for Improving Rental and Occupancy Rates

- As at 31 January 2006, the REIT Properties enjoy good occupancy levels with an occupancy rate of 83% based on their total net lettable area of 746,876 sq. ft. In addition, there are committed tenancies which are expected to increase the occupancy rate to 87% when these tenants take up office space by April 2006.
- HP Towers is regarded as one of the quality high-rise office towers in Damansara Heights. With no new prime quality office being completed in the short term in Damansara Heights, except for 2 office buildings which are pre-committed*, we expect that the rental rates and occupancy level of HP Towers will improve further.
- With the opening of the Kuala Lumpur Convention Centre and no new prime quality office being completed in the short term in the Golden Triangle*, we expect that the marketability of office space in Menara HLA will be enhanced and there is potential to improve its occupancy rate. This is also supported by the fact that, based on the JLW Report, the office space taken up in Menara HLA contributed approximately 24% of the total take-up of office space within the Golden Triangle in the second quarter of 2005.

* Source : JLW Report

Key Investment Highlights

Stable Yield with Growth Potential

- Barring any unforeseen circumstances, we will distribute 100% of the Distributable Income to Unitholders for the financial period from the Establishment Date to 31 December 2006 and the financial year ending 31 December 2007. Thereafter, we intend to distribute at least 90% of the Distributable Income for the relevant financial year or such other percentage and at such other intervals as determined by us at our discretion.
- The forecast and projected distribution yields, based on the profit forecast and projections set out in Section 10.3.1 of this Prospectus, are as follows:

	<----Forecast----> From the Establishment Date to 31 December 2006	<-----Projections-----> <----Financial year ending----> 31 December	
	2006	2007	2008
Distribution yield (%) ⁽¹⁾	6.42 ⁽²⁾	6.51	6.91 ⁽³⁾

Notes:

⁽¹⁾ Distribution yield is calculated by dividing distribution per Unit by the issue price of RM1.07 per Unit.

⁽²⁾ Annualised for comparative purposes.

⁽³⁾ Computed based on the assumption that Tower REIT will distribute 100% of its Distributable Income to Unitholders.

Organic Growth through Active Asset Management

- We intend to actively pursue our objective of increasing the yields of the Fund's Real Estate Investments through the following:
 - ✧ Improving the financial performance of the Real Estate Investments through, amongst others, leveraging on the demand for office space in the Damansara Heights and Golden Triangle areas and proactively managing the renewals of tenancies and sourcing for new tenants;
 - ✧ seeking to diversify the tenant base to balance the Fund's exposure to certain economic sectors;