

10. FINANCIAL INFORMATION OF TOWER REIT

10.1 Proforma Income Statements

We have prepared the proforma income statements of Tower REIT based on the information extracted from the Vendors' audited financial statements for the past 5 financial years ended 30 June 2005 and their unaudited financial statements for the 7 month period ended 31 January 2006 and based on the representation and opinion of the Directors of GLM that the revenue and expenses stated below are directly related to the operations of the REIT Properties.

	Financial year ended 30 June					7 months ended 31 January
	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
Revenue ⁽¹⁾	24,356	25,801	22,932	18,007	21,888	15,032
Property operating expenses						
Quit rent and assessment	(1,203)	(2,607)	(2,668)	(2,522)	(2,541)	(1,515)
Insurance	(181)	(179)	(197)	(168)	(188)	(127)
Other operating expenses ⁽²⁾	(4,072)	(5,203)	(4,983)	(5,903)	(5,669)	(3,667)
	(5,456)	(7,989)	(7,848)	(8,593)	(8,398)	(5,309)
Net property income	18,900	17,812	15,084	9,414	13,490	9,723

Notes:

⁽¹⁾ Revenue includes income earned from rental, naming rights, signage space and parking.

⁽²⁾ Other operating expenses comprise repair and maintenance, utilities, staff expenses and other direct expenses.

The extraction of expenses above consists of expenses directly related to the operations of the REIT Properties. Since Tower REIT was only established on the Establishment Date, the unaudited proforma income statements do not include the expenses specifically incurred by Tower REIT (for example trustee fee, management fee etc.) and the purpose of this proforma is to mainly illustrate the past performance of the REIT Properties. The unaudited proforma income statements of Tower REIT are prepared and presented for illustrative purposes only and are not indicative of the total income that would have been attained had Tower REIT actually existed in the financial years/period under review.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.2 Analysis of the Past Performance of the REIT Properties

10.2.1 Analysis of the Past Performance of HP Towers

	Financial year ended 30 June					7 months ended 31 January
	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
Revenue	13,269	12,459	10,139	8,632	10,384	6,205
Property operating expenses	(3,704)	(3,596)	(3,635)	(4,464)	(4,169)	(2,427)
Net property income	9,565	8,863	6,504	4,168	6,215	3,778
Average occupancy rate for the year (%)	81.1	77.8	65.7	65.5	85.4	84.3
Average gross rental per sq. ft. per month (RM)	3.67	3.55	3.36	3.02	2.89	2.86

- (1) The decrease in net property income for the financial year ended 30 June 2002 was mainly due to the lower occupancy rate recorded following the relocation of 2 government departments, which occupied 37,123 sq. ft., to Putrajaya.
- (2) The decrease in net property income for the financial year ended 30 June 2003 was mainly due to the reduction in rental income as a result of certain tenants, who occupied 134,083 sq. ft., moved out to their own buildings.
- (3) The decrease in net property income for the financial year ended 30 June 2004 was mainly due to decrease in rental income and increase in property operating expenses. The decline in rental income was primarily due to lower average rental rates and decline in the occupancy rate in the first half of the financial year ended 30 June 2004 as a result of a major tenant, who occupied 20,283 sq. ft., relocated to its own building. Subsequently in the second half of the financial year ended 30 June 2004, a competitive package was offered to an anchor tenant who took up approximately 28.3% of the net lettable area of HP Towers. The increase in property operating expenses by 22.8% from RM3.6 million to RM4.5 million was mainly due to the renovation and refurbishment works carried out at HP Towers.
- (4) The increase in net property income for the financial year ended 30 June 2005 was mainly due to the full year effect of the tenancy of the anchor tenant (tenancy commenced in January 2004) as well as expansion by existing tenants.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.2.2 Analysis of the Past Performance of Menara HLA

	←-----Financial year ended 30 June----->					7 months ended 31 January 2006
	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)	(RM'000)
Revenue	11,087	13,342	12,793	9,375	11,504	8,827
Property operating expenses	(1,752)	(4,393)	(4,213)	(4,129)	(4,229)	(2,882)
Net property income	9,335	8,949	8,580	5,246	7,275	5,945
Average occupancy rate for the year (%)	60.6	72.1	68.5	50.0	61.0	81.8
Average gross rental per sq. ft. per month (RM)	3.59	3.75	3.77	3.75	3.80	3.90

- (1) Menara HLA's first tenancy commenced in February 2000, shortly after its completion. For the financial year ended 30 June 2001, Menara HLA recorded a net property income of RM9.3 million. The property operating expenses was low at RM1.8 million as there was minimal cost incurred for repairs and maintenance as the building was newly completed.
- (2) For the financial year ended 30 June 2002, Menara HLA recorded higher revenue primarily due to the full year effect of Hong Leong Assurance Bhd's tenancy. The increase in property operating expenses was as a result of the full year effect of the operation of Menara HLA.
- (3) The decrease in net property income for the financial year ended 30 June 2003 was mainly attributed to the reduction in floor area occupied by a related company of GLM as a result of an internal reorganisation and restructuring exercise in May 2003. Accordingly, the average occupancy rate for the financial year ended 30 June 2003 was lower at 68.5% compared to 72.1% recorded in the previous financial year.
- (4) The decrease in net property income for the financial year ended 30 June 2004 was mainly attributed to lower occupancy rate as several tenants moved out and the full year effect of the reduction in floor space occupied by a related company of GLM. However, in the second half of the financial year, the occupancy rate improved with the commencement of several tenancies with new tenants who occupied 14,371 sq. ft. and as a result of an existing tenant taking up an additional 6,503 sq. ft.. Overall, the average occupancy rate for the financial year ended 30 June 2004 declined to 50.0%, as compared to 68.5% for the financial year ended 30 June 2003.
- (5) The increase in net property income for the financial year ended 30 June 2005 was mainly attributed to higher average rental rates achieved and higher occupancy rate resulting from the commencement of new tenancies by new tenants and expansion by existing tenants.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.3 Future Financial Information

10.3.1 Profit Forecast and Projections

Barring any unforeseen circumstances, our Board forecasts and projects that the net income after taxation of Tower REIT from the Establishment Date to 31 December 2006 and the 2 financial years ending 31 December 2008 to be as follows:

	<-----Forecast----->		<-----Projection----->	
	From the Establishment Date to 31 December		<-----Financial year ending-----> 31 December	
	2006 (RM'000)	2007 (RM'000)	2007 (RM'000)	2008 (RM'000)
Revenue				
Rental income	19,835	29,205	30,378	30,378
Car park income	1,386	2,047	2,145	2,145
Other income	608	874	894	894
	21,829	32,126	33,417	33,417
Property operating expenses				
Property management fee	(278)	(409)	(425)	(425)
Assessment, quit rent and insurance cost	(2,095)	(2,954)	(2,957)	(2,957)
Other operating expenses	(3,677)	(5,481)	(5,728)	(5,728)
	(6,050)	(8,844)	(9,110)	(9,110)
Net property income	15,779	23,282	24,307	24,307
Trust expenses				
Manager's fees:				
- Base fee	(523)	(901)	(901)	(901)
- Performance fee	-	(729)	(820)	(820)
Trustee's fee	(52)	(74)	(74)	(74)
Valuation fee	(20)	(20)	(20)	(20)
Administration expenses	(348)	(377)	(292)	(292)
	(943)	(2,101)	(2,107)	(2,107)
Borrowing cost	(3,288)	(4,642)	(4,642)	(4,642)
Net income before taxation	11,548	16,539	17,558	17,558
Taxation	-	-	-	-
Net income after taxation	11,548	16,539	17,558	17,558
MER (%) ⁽¹⁾	0.54 ⁽²⁾	0.85	0.85	0.85

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

Notes:

(1) The MER provides a measure by which investors can assess and compare the fees and administration expenses incurred by the Fund.

MER is based on the following computation:

$$\frac{\text{Trust expenses}}{\text{Average NAV of the Fund for the year}} \times 100$$

Where:

Trust expenses = All fees, including the Manager's fees, Trustee's fee and valuation fee, and administration expenses to be charged to the Fund from the Establishment Date to 31 December 2006 and the 2 financial years ending 31 December 2008 are as follows:

From the Establishment Date to 31 December	Financial Year Ended 31 December		
	2006 (RM'000)	2007 (RM'000)	2008 (RM'000)
943	2,101	2,107	

Average NAV of the Fund = The forecast and projected NAV of the Fund as at 31 December 2006, 2007 and 2008 is approximately RM246.724 million.

(2) Annualised.

The profit forecast and projections have been prepared based on the principal bases and assumptions set out in Section 10.6 (Reporting Accountants' Letters on the profit forecast and projections). We advise you to read Section 10.6 (Reporting Accountants' Letters on the profit forecast and projections) together with the profit forecast and projections set out above.

10.3.2 Forecast and Projected Revenue, Property Operating Expenses and Net Property Income of the REIT Properties

(i) HP Towers

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses and net property income of HP Towers from the Establishment Date to 31 December 2006 and the 2 financial years ending 31 December 2008 to be as follows:

	<---Forecast--->	<-----Projection----->	
	From the Establishment Date to 31 December	<---Financial year ending---> 31 December	
	2006 (RM'000)	2007 (RM'000)	2008 (RM'000)
Revenue	8,679	13,400	13,770
Property operating expenses	(2,748)	(4,083)	(4,214)
Net property income	5,931	9,317	9,556
Average occupancy rate (%)	93.4	93.2	94.4

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

(ii) Menara HLA

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses and net property incomes of Menara HLA from the Establishment Date to 31 December 2006 and the 2 financial years ending 31 December 2008 to be as follows:

	<---Forecast--->	<-----Projection----->	
	From the Establishment Date to 31 December	<---Financial year ending---> 31 December	
	2006	2007	2008
	(RM'000)	(RM'000)	(RM'000)
Revenue	12,986	18,494	19,415
Property operating expenses	(3,302)	(4,761)	(4,896)
Net property income	9,684	13,733	14,519
Average occupancy rate (%)	94.0	94.0	94.6

10.3.3 Our Directors' Analysis and Commentary on the Profit Forecast and Projections

From the Establishment Date to 31 December 2006, our Board forecasts a net income after taxation of RM11.5 million for Tower REIT after taking into account the effect of the Master Tenancy in respect of Menara HLA which is for a fixed term of 2 years commencing from the completion of Menara HLA Acquisition and the expected improvement in the occupancy and rental rates of HP Towers.

For the financial year ending 31 December 2007, our Board projects an increase in net income after taxation of Tower REIT mainly due to the expected increase in the average gross rental rate of HP Towers.

For financial year ending 31 December 2008, our Board projects that the net income after taxation of Tower REIT will increase by 6.2% to RM17.6 million mainly as a result of the expected increase in average rental rates and occupancy levels of both the REIT Properties. With regard to Menara HLA, the increase in average rental rates and occupancy levels is based on the projected continued escalation in demand of new prime office buildings in the Golden Triangle and after taking into consideration the prime location, attractive rental rates and quality specifications of the building. With regard to HP Towers, the increase in average rental rates and occupancy levels is based on the projected limited supply of prime office buildings in the Damansara Heights area.

Our Board confirms that the profit forecast and projections of Tower REIT and the underlying bases and assumptions stated herein have been reviewed by our Board after due and careful enquires, and that our Board, having taken into account the future prospects of the real estate industry, the future direction and strategies of Tower REIT, its level of gearing, liquidity and working capital requirements as well as the bases and assumptions used in preparing the profit forecast and projections, is of the opinion that the profit forecast and projections of Tower REIT are fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the profit forecast and projections cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often beyond our control. Therefore certain assumptions used in the preparation of the profit forecast and projections may differ significantly from the date of this Prospectus and this may have a material impact on the profit forecast and projections.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.4 Distribution Forecast and Projections

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. Based on the profit forecast and projections set out in Section 10.3.1 of this Prospectus, our Board forecasts and projects that the distributions to Unitholders from the Establishment Date to 31 December 2006 and the 2 financial years ending 31 December 2008 to be as follows:

	<----- Forecast ----->	<----- Projection ----->	
	From the Establishment Date to 31 December	<-----Financial year ending-----> 31 December	
	2006	2007	2008
Distributable Income (RM'000) ⁽¹⁾	11,548	16,539	17,558
Distribution per Unit (sen) ⁽²⁾	6.87 ⁽⁴⁾	6.96	7.39 ⁽⁵⁾
Distribution yield (%) ⁽³⁾	6.42 ⁽⁴⁾	6.51	6.91 ⁽⁵⁾
Distribution rate (%)	100	100	100 ⁽⁵⁾
Distribution cover (%)	100	100	100 ⁽⁵⁾

Notes:

- ⁽¹⁾ The Distributable Income is expected to be the same as the net income after taxation as set out in Section 10.3.1 of this Prospectus.
- ⁽²⁾ Distribution per Unit is calculated by dividing the Distributable Income by the enlarged Units in issue of 237,500,000 Units.
- ⁽³⁾ Distribution yield is calculated by dividing the distribution per Unit by the issue price of RM1.07 per Unit.
- ⁽⁴⁾ Annualised for comparative purposes.
- ⁽⁵⁾ Computed based on the assumption that Tower REIT will distribute 100% of its Distributable Income to Unitholders.

For further information on our distribution policy, you may refer to Section 6.3 of this Prospectus.

10.5 Sensitivity Analysis

The profit forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Section 10.6 of this Prospectus. The profit forecast and projections are also subject to a number of risks as disclosed in Section 4 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviations from the figures forecast or projected in this Prospectus are to be expected. The impact of changes in rental income (includes income earned from rental, naming rights, signage space and parking) on Tower REIT's net income after taxation and distribution yield are set out below. The assumptions for rental income have been set out in Section 10.6 of this Prospectus.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges presented. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

	5% above Base Case	Base Case	5% below Base Case
From the Establishment Date to 31 December 2006			
(i) Net Income after taxation (RM'000)	12,631	11,548	10,465
% change	9.38%	-	-9.38%
(ii) Distribution yield (%)	7.03%	6.42% ⁽¹⁾	5.81%
% change	9.38%	-	-9.38%
Financial year ending 31 December 2007			
(i) Net Income after taxation (RM'000)	18,134	16,539	14,944
% change	9.64%	-	-9.64%
(ii) Distribution yield (%)	7.14%	6.51%	5.88%
% change	9.64%	-	-9.64%
Financial year ending 31 December 2008			
(i) Net Income after taxation (RM'000)	19,217	17,558	15,899
% change	9.45%	-	-9.45%
(ii) Distribution yield (%)	7.56%	6.91%	6.26%
% change	9.45%	-	-9.45%

Note:

⁽¹⁾ Annualised.

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10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.6 Reporting Accountants' Letters on the Profit Forecast and Projections



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Chartered Accountants
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The Board of Directors
GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Our ref: A8/LKY/EOBS

1 March 2006

Dear Sirs

Reporting accountants' letter on the profit forecast for the period from 21 February 2006 (date of establishment) to 31 December 2006

We have reviewed the profit forecast of Tower Real Estate Investment Trust ("Tower REIT") from 21 February 2006 (Date of establishment) to 31 December 2006 (hereafter referred as "financial period ending 31 December 2006"), as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (AI 3400: The Examination of Prospective Financial Information (previously known as AI 810)) applicable to the review of forecast. The profit forecast has been prepared for inclusion in the prospectus to be dated 22 March 2006 in connection with the public offering of units in Tower REIT.

The listing scheme entails the following transactions:

- i. AmTrustee Berhad has on 23 February 2006, entered into conditional sales and purchase agreements with Kiapeng Development Sdn Bhd ("KDSB") for the acquisition of Menara HLA ("Acquisition of Menara HLA") and with Prophills Development Sdn Bhd for the acquisition of HP Towers ("Acquisition of HP Towers") (hereafter collectively known as "Acquisition") for a total purchase consideration of RM351,000,000. The Acquisition is financed by part proceed from the public offering of RM209,875,000, issuance of 35,625,000 units at the issue price of RM1.00 per unit and borrowing of RM105,500,000.

<i>Vendors</i>	<i>Subject Properties</i>	<i>Considerations RM</i>
Kiapeng Development Sdn Bhd@	Menara HLA (as defined in the prospectus)	221,000,000
Prophills Development Sdn Bhd*	HP Towers (as defined in the prospectus)	130,000,000

@ an indirect 70% owned subsidiary of GuocoLand (Malaysia) Berhad

* an indirect wholly owned subsidiary of GuocoLand (Malaysia) Berhad

KPMG, a partnership established under the Malaysian law, is the Malaysian member firm of KPMG International, a Swiss cooperative.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



Tower REIT
Reporting accountants' letter on the profit forecast
for the financial period ending 31 December 2006
1 March 2006

- ii. Public offering of 201,874,000 units in Tower REIT for subscription at the issue price of RM1.07 per unit which comprise of the following:
- 9,300,000 new units to the Malaysian public;
 - 2,500,000 new units available for application by eligible directors and employees of GLM REIT Management Sdn Bhd (formerly known as Premiumview Development Sdn Bhd) ("GLM REIT Management"), GuocoLand (Malaysia) Berhad ("GLM"), GuocoLand Limited ("GLL") and subsidiaries and associated companies of GLM and GLL; and
 - 190,074,000 new units by way of private placement to identified investors.
- iii. Listing of 237,500,000 units in Tower REIT on the Main Board of Bursa Malaysia Securities Berhad which includes the units highlighted in Note (ii) above and the following:
- 1,000 initial units issued to GLM REIT Management as promoter units at the issue price of RM1.00 per unit to facilitate the initial constitution of Tower REIT; and
 - 35,625,000 units to be issued to HLP Equities Sdn Bhd, a wholly-owned subsidiary of GLM at the issue price of RM1.00 per unit pursuant to the Acquisition of HP Towers.

The forecast has been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit forecast is, in all material aspects, properly prepared on the basis of the assumptions made by the Directors of GLM REIT Management and are presented on a basis consistent with accounting policies to be adopted by Tower REIT and complies with generally accepted accounting principles. The Directors of GLM REIT Management are solely responsible for the preparation and presentation of the profit forecast and the assumptions on which the profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which GLM REIT Management expects to take place and the actions which GLM REIT Management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

The profit forecast also excludes the effect of any potential fair value adjustments to the Subject Properties and has assumed that the fair value of the Subject Properties as at 31 December 2006 remains the same as the purchase consideration in the Acquisition. Any fair value adjustments will have a corresponding impact on the profit forecast for the financial period ending 31 December 2006.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



*Tower REIT
Reporting accountants' letter on the profit forecast
for the financial period ending 31 December 2006
1 March 2006*

Subject to the above and except for any potential fair value adjustments stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of GLM REIT Management, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of GLM REIT Management and are presented on a basis consistent with applicable approved accounting standards to be adopted by Tower REIT as disclosed in Note 18 of Appendix I.

Yours faithfully

KPMG
Firm No. AF0758
Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang
Partner
Approval Number: 2012/11/06(J)

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

Tower Real Estate Investment Trust ("Tower REIT")

**Profit forecast and assumptions for the period
from 21 February 2006 (Date of establishment) to 31 December 2006**

The Directors of GLM REIT Management forecast that in the absence of unforeseen circumstances, the net income after taxation of Tower REIT for the period from 21 February 2006 (Date of establishment) to 31 December 2006 (hereafter referred as financial period ending 31 December 2006) will be as follows:

	<i>2006*</i>
	<i>RM'000</i>
Revenue	21,829
	=====
Net income before taxation	11,548
Taxation	-

Net income after taxation	11,548
	=====

* The numbers presented are for the period from 21 February 2006 (Date of establishment) to 31 December 2006

The principal bases and assumptions made by the Directors of GLM REIT Management upon which the profit forecast has been prepared are set out below:

Revenue

1. Rental income is recognised in the income statement when it accrues and it is based on the assumption that there is no forfeiture of existing tenancy agreements and that most of the tenancy agreements expiring in the forecast period will be renewed at revised rental rates. In addition, rental income is also expected to be derived from new tenants in the forecast period. Rental income is derived based on forecast average occupancy rate of 94.00% for Menara HLA for the financial period ending 31 December 2006. Whereas, HP Towers' forecast average occupancy rates is 93.42% for the financial period ending 31 December 2006.
2. Rent free given to tenants is amortised in the income statement over the rental tenancy period.
3. The tenancy agreements are generally committed for a period of 3 years. Upon expiry of existing tenancy agreements, the increase in the rental rates is expected to range from 5% to 10% per annum ("p.a.").
4. The car park operations of Menara HLA and HP Towers will be outsourced to Metro Parking (M) Sdn Bhd with a forecasted return of RM1.386 million for the financial period ending 31 December 2006. The forecasted return is derived from fixed rental income/net car park collection from car park operation and profit sharing income.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

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(Formerly known as Premiumview Development Sdn Bhd)
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Appendix I

5. Income from naming rights/signage and hawker centre of the Subject Properties are forecasted at RM444,000 for the financial period ending 31 December 2006.
6. Tower REIT will enter into a 2-year Master Tenancy agreement with KDSB in respect of Menara HLA and this agreement will commence immediately upon the completion of the Acquisition of Menara HLA, assumed to be on 16 April 2006. Under the Master Tenancy, a pre-identified area of 373,011 sq ft (94% of the net lettable area of Menara HLA) is leased to KDSB at RM3.85 per sq ft per month. Accordingly, total rental income to be derived by Tower REIT under the Master Tenancy is RM12.207 million for the financial period ending 31 December 2006. KDSB will accordingly sub-lease to the existing and/or new tenants of Menara HLA during the Master Tenancy period.

Operating Expenses

7. Assessment, quit rent and insurance cost will remain at the current rates. There will be no material changes for operating expenses during the forecast period.
8. The property management fee is in accordance with the Valuers, Appraisers and Estate Agent Acts, 1981 with permissible discount amounting to approximately RM278,000 for the financial period ending 31 December 2006.
9. There are no bad debts assumed in the forecast for Menara HLA and HP Towers and all rental due are assumed to be collected.

Trust Expenses

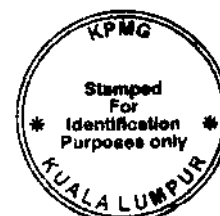
10. The manager's fee consists of a base fee (excluding any goods and services tax payable) of up to 0.75% p.a. of the gross asset value and a performance fee (excluding any goods and services tax payable) of up to 4% p.a. of the net property income, but before deduction of property management fee.

The base fee payable is tabulated as below:

Gross asset value	Financial period ending 31 December 2006
Up to RM400 million	up to 0.205% p.a.
Next RM400 million	up to 0.150% p.a.
Subsequent amounts above RM800 million	up to 0.100% p.a.

The performance fee payable is tabulated as below:

Net property income	Financial period ending 31 December 2006
Up to RM25 million	-
Subsequent amounts above RM25 million	up to 2.00% p.a.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
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(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

The details of the manager's fee are as follow:

	Financial period ending 31 December 2006 *
	RM'000
Base fee	523 **
Performance fee	- ***

Total REIT Manager fee	523
	=====

* The numbers presented are for the period from 21 February 2006 (Date of establishment) to 31 December 2006

** The base fee for the financial period ending 31 December 2006 is 0.205% p.a. of the gross asset value excluding any goods and services tax payable.

*** No performance fee is payable for the financial period ending 31 December 2006

11. The Trustee's fees are based on 0.03% p.a. of the net asset value, with a cap of RM200,000.

Property Value

12. Tower REIT will adopt the fair value model stipulated in Financial Reporting Standard ("FRS") 140: Investment Property. Under the fair value model of FRS 140, the fair value of the investment property shall reflect market conditions at the balance sheet date (i.e. the investment property is revalued every year). Any surplus or deficit will be recognised in the current year income statement. FRS 140 is effective for financial year beginning 1 January 2006. Tower REIT is expected to adopt FRS 140 for the financial period ending 31 December 2006. The fair value of the Subject Properties as at 31 December 2006 is assumed to be the same as the purchase consideration.

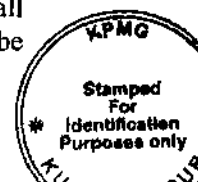
Borrowing and Borrowing Cost

13. A 5-year term loan facility has been secured to part finance the Acquisition of Menara HLA. The interest on the borrowing of RM105.5 million will be based on cost of funds of the lender bank plus 0.6% p.a. The cost of funds is estimated to range between 3.30% and 3.80% p.a. It is assumed that the cost of funds will remain at this range and the above facility will be available throughout the forecast period.

The borrowing will have a maturity of five (5) years from the date of the first drawdown under the facility or at an extended date that may be mutually determined between the lender and GLM REIT Management on behalf of Tower REIT.

Other Assumptions

14. The acquisition of the Subject Properties and the listing of Tower REIT are expected to be completed by 16 April 2006.
15. The entire distributable income for the financial period ending 31 December 2006 will be distributed to unitholders. The distributable income excludes the fair value adjustments in the income statements, if any. In accordance with the Income Tax Act, 1967, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

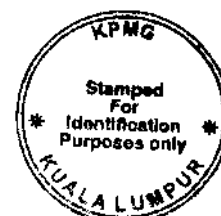
GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

16. There will be no stamp duty expenses to be incurred by Tower REIT in relation to the acquisition of the Subject Properties. Pursuant to Stamp Duty (Exemption) (No 4) Order 2004, all instruments of transfer of real property to a REIT approved by the Securities Commission are exempted from stamp duty.
17. The listing expenses of approximately RM4.9 million are expected to be borne by the unitholders' fund and will not be charged to the Tower REIT income statements.
18. The profit forecast of Tower REIT has been prepared on a basis consistent with applicable approved accounting standards in Malaysia. The following accounting policies will be adopted by Tower REIT:
 - (i) Revenue – rental income

Revenue from rental of properties is recognised on the accrual basis unless collectibility is in doubt, in which case, they are recognised on a receipt basis.
 - (ii) Expenses

All expenses, including interest and other costs incurred in connection with borrowings, are expensed as incurred.
19. There will be no material contingent liabilities during the forecast period which may materially affect the forecast. Tower REIT will not be subjected to any material litigation or proceedings which could have a material adverse impact on Tower REIT's business, operating results and financial condition.
20. There will be no material changes in present legislation or government regulations which will adversely affect the operations of Tower REIT.
21. Tower REIT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations.
22. There will be no adverse economic, political and property market conditions which will materially affect the activities of Tower REIT.
23. There will be no material changes in the planned accounting, management and operational policies of Tower REIT.
24. There will be no material changes in the current principal activities, composition and structure of Tower REIT.
25. There will be no material impact of Ringgit de-peg during the forecast period.
26. There will be no significant changes in the rate of inflation.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



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The Board of Directors
GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Our ref: A8/LKY/EOBS

1 March 2006

Dear Sirs

Reporting accountants' letter on the profit projections for the financial years ending 31 December 2007 and 2008

We have reviewed the profit projections of Tower Real Estate Investment Trust ("Tower REIT") for the financial years ending 31 December 2007 and 2008, as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (AI 3400: The Examination of Prospective Financial Information (previously known as AI 810)) applicable to the review of projections. The profit projections have been prepared for inclusion in the prospectus to be dated 22 March 2006 in connection with the public offering of units in Tower REIT.

The listing scheme entails the following transactions:

- i. AmTrustee Berhad has on 23 February 2006, entered into conditional sales and purchase agreements with Kiapeng Development Sdn Bhd ("KDSB") for the acquisition of Menara HLA ("Acquisition of Menara HLA") and with Prophills Development Sdn Bhd for the acquisition of HP Towers ("Acquisition of HP Towers") (hereafter collectively known as "Acquisition") for a total purchase consideration of RM351,000,000. The Acquisition is financed by part proceed from the public offering of RM209,875,000, issuance of 35,625,000 units at the issue price of RM1.00 per unit and borrowing of RM105,500,000.

<i>Vendors</i>	<i>Subject Properties</i>	<i>Considerations RM</i>
Kiapeng Development Sdn Bhd@	Menara HLA (as defined in the prospectus)	221,000,000
Prophills Development Sdn Bhd*	HP Towers (as defined in the prospectus)	130,000,000

@ an indirect 70% owned subsidiary of GuocoLand (Malaysia) Berhad

* an indirect wholly owned subsidiary of GuocoLand (Malaysia) Berhad

KPMG, a partnership established under the Malaysian law, is the Malaysian member firm of KPMG International, a Swiss cooperative.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



Tower REIT
Reporting accountants' letter on the profit projections
for the financial years ending 31 December 2007 and 2008
1 March 2006

- ii. Public offering of 201,874,000 units in Tower REIT for subscription at the issue price of RM1.07 per unit which comprise of the following:
 - 9,300,000 new units to the Malaysian public;
 - 2,500,000 new units available for application by eligible directors and employees of GLM REIT Management Sdn Bhd (formerly known as Premiumview Development Sdn Bhd) ("GLM REIT Management"), GuocoLand (Malaysia) Berhad ("GLM"), GuocoLand Limited ("GLL") and subsidiaries and associated companies of GLM and GLL; and
 - 190,074,000 new units by way of private placement to identified investors.
- iii. Listing of 237,500,000 units in Tower REIT on the Main Board of Bursa Malaysia Securities Berhad which includes the units highlighted in Note (ii) above and the following:
 - 1,000 initial units issued to GLM REIT Management as promoter units at the issue price of RM1.00 per unit to facilitate the initial constitution of Tower REIT; and
 - 35,625,000 units to be issued to HLP Equities Sdn Bhd, a wholly-owned subsidiary of GLM at the issue price of RM1.00 per unit pursuant to the Acquisition of HP Towers.

The projections have been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit projections are, in all material aspects, properly prepared on the basis of the assumptions made by the Directors of GLM REIT Management and are presented on a basis consistent with the accounting policies to be adopted by Tower REIT and complies with generally accepted accounting principles. The Directors of GLM REIT Management are solely responsible for the preparation and presentation of the profit projections and the assumptions on which the profit projections are based.

Projections, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which GLM REIT Management expects to take place and the actions which GLM REIT Management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the projections are based, such information is generally future oriented and therefore uncertain.

We should emphasise that the projections cover an extended future period of time for which there are inherent risks and, therefore, should be treated with caution. Due to the extended period of time, there is an inherent limitation on the ability of the Directors to make best-estimate assumptions. The Directors in preparing the projections have, therefore, out of necessity, based them on assumptions of future events and actions which are not necessarily expected to take place. Thus, actual results are likely to be different from the projections since anticipated events frequently do not occur as expected and the variation could be material.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



Tower REIT
Reporting accountants' letter on the profit projections
for the financial years ending 31 December 2007 and 2008
1 March 2006

The profit projections also excludes the effect of any potential fair value adjustments to the Subject Properties and have assumed that the fair value of the Subject Properties as at 31 December 2007 and 2008 remains the same as the purchase consideration in the Acquisition. Any fair value adjustments will have a corresponding impact on the profit projections for the financial years ending 31 December 2007 and 2008.

Subject to the matter and except for any potential fair value adjustments stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of GLM REIT Management, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit projections; and
- (ii) in our opinion, the profit projections, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of GLM REIT Management and are presented on a basis consistent with applicable approved accounting standards to be adopted by Tower REIT as disclosed in Note 16 of Appendix I.

This letter is prepared at your request and is exclusively for your use for the purpose set out in the first paragraph. We do not assume any responsibility or liability for losses however occasioned to you or any other parties as a result of the circulation, publication, reproduction or use of our letter contrary to the provision of this paragraph.

Yours faithfully

KPMG
Firm No. AF 0758
Chartered Accountants

Siew Chin Kiang @ Seow Chin Kiang
Partner
Approval Number: 2012/11/06(J)

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

Tower Real Estate Investment Trust ("Tower REIT")

**Profit projections and assumptions
for the financial years ending 31 December 2007 and 2008**

The Directors of GLM REIT Management project that in the absence of unforeseen circumstances, the net income after taxation of Tower REIT for the financial years ending 31 December 2007 and 2008 will be as follows:

	<i>2007</i>	<i>2008</i>
	<i>RM'000</i>	<i>RM'000</i>
Revenue	32,126	33,417
	=====	=====
Net income before taxation	16,539	17,558
Taxation	-	-
	-----	-----
Net income after taxation	16,539	17,558
	=====	=====

The principal bases and assumptions made by the Directors of GLM REIT Management upon which the profit projections have been prepared are set out below:

Revenue

1. Rental income is recognised in the income statement when it accrues and it is based on the assumption that there is no forfeiture of existing tenancy agreements and that most of the tenancy agreements expiring in the projection years will be renewed at revised rental rates. In addition, rental income is also expected to be derived from new tenants in the projection years. Rental income is derived based on the projected average occupancy rate of 94.00% and 94.58% for Menara HLA for the financial years ending 31 December 2007 and 2008 respectively. Whereas, HP Towers' projected average occupancy rates are 93.20% and 94.44% for the financial years ending 31 December 2007 and 2008 respectively.
2. Rent free given to tenants is amortised in the income statement over the rental tenancy period.
3. The tenancy agreements are generally committed for a period of 3 years. Upon expiry of existing tenancy agreements, the increase in the tenancy rates is expected to range from 5% to 20% per annum ("p.a").
4. The car park operations of Menara HLA and HP Towers will be outsourced to Metro Parking (M) Sdn Bhd with a projected return of RM2.047 million and RM2.145 million for the financial years ending 31 December 2007 and 2008 respectively. The projected return is derived from fixed rental income/net car park collection from car park operation and profit sharing income.
5. Income from naming rights/signage and hawker centre are projected at RM642,000 and RM662,000 for the financial years ending 31 December 2007 and 2008 respectively.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
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(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix 1

6. Tower REIT will enter into a 2-year Master Tenancy agreement with KDSB in respect of Menara HLA and this agreement will commence immediately upon the completion of the Acquisition of Menara HLA, assumed to be on 16 April 2006. Under the Master Tenancy, a pre-identified area of 373,011 sq ft (94% of the net lettable area of Menara HLA) is leased to KDSB at RM3.85 per sq ft per month. Accordingly, total rental income to be derived by Tower REIT under the Master Tenancy are RM17.233 million and RM5.026 million for the financial years ending 31 December 2007 and 2008 respectively. KDSB will accordingly sub-lease to the existing and/or new tenants of Menara HLA during the Master Tenancy period. Upon expiry of the Master Tenancy on 15 April 2008, the existing tenants will lease the properties from Tower REIT.

Operating Expenses

7. Assessment, quit rent and insurance cost will remain at the current rates. Operating expenses is expected to increase 6% and 5% p.a. for the financial years ending 31 December 2007 and 2008 respectively.
8. The property management fee is in accordance with the Valuers, Appraisers and Estate Agent Acts, 1981 with permissible discount amounting to approximately RM409,000 and RM425,000 for the financial years ending 31 December 2007 and 2008 respectively.
9. There are no bad debts assumed in the projections for Menara HLA and HP Towers and all rental due are assumed to be collected.

Trust Expenses

10. The manager's fee consists of a base fee (excluding any goods and services tax payable) of up to 0.75% p.a. of the gross asset value and a performance fee (excluding any goods and services tax payable) of up to 4% p.a. of the net property income, but before deduction of property management fee.

The base fee payable is tabulated as below:

	Financial years ending 31 December	
	2007	2008
Gross asset value		
Up to RM400 million	up to 0.250% p.a.	0.250% p.a.
Next RM400 million	up to 0.150% p.a.	0.150% p.a.
Subsequent amounts above RM800 million	up to 0.100% p.a.	0.100% p.a.

The performance fee payable is tabulated as below:

	Financial years ending 31 December	
	2007	2008
Net property income		
Up to RM25 million	up to 3.11% p.a.	3.35% p.a.
Subsequent amounts above RM25 million	up to 2.00% p.a.	2.00% p.a.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
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(Company No. 659312-H)
(Incorporated in Malaysia)

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The details of the manager's fee are as follow:

	Financial years ending 31 December	
	2007	2008
	RM'000	RM'000
Base fee	901 *	901 *
Performance fee	729 **	820 **
Total REIT Manager fee	<u>1,630</u>	<u>1,721</u>

* The base fee for the financial years ending 31 December 2007 and 2008 is 0.25% p.a. of the gross asset value excluding any goods and services tax payable.

** The performance fee for the financial years ending 31 December 2007 and 2008 is 3.11% p.a. and 3.35% p.a. of the net property income excluding property management fee respectively.

11. The Trustee's fees are based on 0.03% p.a. of the net asset value, with a cap of RM200,000.

Property Value

12. Tower REIT will adopt the fair value model stipulated in Financial Reporting Standards ("FRS") 140: Investment Property. Under the fair value model of FRS 140, the fair value of the investment property shall reflect market conditions at the balance sheet date (i.e. the investment property is revalued every year). Any surplus or deficit will be recognised in the current year income statement. FRS 140 is effective for financial year beginning 1 January 2006. Tower REIT is expected to adopt FRS 140 from the financial period ending 31 December 2006. The fair value of the Subject Properties as at 31 December 2007 and 2008 is assumed to be the same as the purchase consideration.

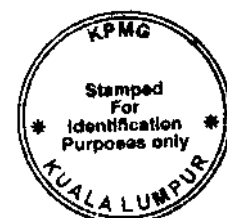
Borrowing and Borrowing Cost

13. A 5-year term loan facility has been secured to part finance the Acquisition of Menara HLA. The interest on the borrowing of RM105.5 million will be based on cost of funds of the lender bank plus 0.6% p.a. The cost of funds is estimated to range between 3.30% and 3.80% p.a. It is assumed that the cost of funds will remain at this range and the above facility will be available throughout the projection years.

The borrowing will have a maturity of five (5) years from the date of the first drawdown under the facility or at an extended date that may be mutually determined between the lender and GLM REIT Management on behalf of Tower REIT.

Other Assumptions

14. The acquisition of the Subject Properties and the listing of Tower REIT are expected to be completed by 16 April 2006.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix 1

15. The entire distributable income for the financial year ending 31 December 2007 will be distributed to unitholders. The distributable income for the financial year ending 31 December 2008 is based on the assumption that Tower REIT will distribute 100% of the distributable income to unitholders. The distributable income excludes the fair value adjustment in the income statements, if any. In accordance with the Income Tax Act, 1967, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax.
16. The profit projections of Tower REIT have been prepared on a basis consistent with applicable approved accounting standards in Malaysia. The following accounting policies will be adopted by Tower REIT:
- (i) Revenue - rental income
- Revenue from rental of properties is recognised on the accrual basis unless collectibility is in doubt, in which case, they are recognised on a receipt basis.
- (ii) Expenses
- All expenses, including interest and other costs incurred in connection with borrowings, are expensed as incurred.
17. There will be no material contingent liabilities during the projection years which may materially affect the projections. Tower REIT will not be subjected to any material litigation or proceedings which could have a material adverse impact on Tower REIT's business, operating results and financial condition.
18. There will be no material changes in present legislation or government regulations which will adversely affect the operations of Tower REIT.
19. Tower REIT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations.
20. There will be no adverse economic, political and property market conditions which will materially affect the activities of Tower REIT.
21. There will be no material changes in the planned accounting, management and operational policies of Tower REIT.
22. There will be no material changes in the current principal activities, composition and structure of Tower REIT.
23. There will be no material impact of Ringgit de-peg on during the projection years.
24. There will be no significant changes in the rate of inflation



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.7 Proforma Balance Sheets

We have presented below a summary of the proforma balance sheets of Tower REIT based on the unaudited financial statements of Tower REIT as at the Establishment Date for illustrative purposes only to show the effects of the Public Offering, Acquisitions and the utilisation of proceeds arising from the Public Offering on the assumption that these transactions were completed on that date.

	Unaudited As at the Establishment Date (RM'000)	Proforma I Public Offering, Acquisitions and utilisation of proceeds (RM'000)
Investment properties	-	351,000
CURRENT ASSET		
Deposits, cash and bank balances	1	9,274
CURRENT LIABILITY		
Tenancy deposits	-	8,050
NET CURRENT ASSET	<u>1</u>	<u>1,224</u>
	<u>1</u>	<u>352,224</u>
FINANCED BY:		
Unitholders' fund	1	251,631
Less: Establishment and issue expenses	-	(4,907)
	1	246,724
NON-CURRENT LIABILITY		
Bank borrowings	-	105,500
	<u>1</u>	<u>352,224</u>
NAV (RM'000)	1	246,724
No. of Units in issue ('000)	1	237,500
NAV per Unit (RM)	1.00	1.04

The proforma balance sheets have been prepared based on the principal bases and assumptions set out in Section 10.8 of this Prospectus (Reporting Accountant's Letters on the proforma balance sheets). We advise you to read Section 10.8 of this Prospectus (Reporting Accountant's Letters on the proforma balance sheets) together with the proforma balance sheets set out above.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

10.8 Reporting Accountants' Letter on the Proforma Balance Sheets



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The Board of Directors
GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
Level 10 Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Our Ref: A8/LKY/EOBS

1 March 2006

Dear Sirs

Tower Real Estate Investment Trust
Reporting accountants' letter on the proforma balance sheets as at its date of establishment

We have reviewed the presentation of the proforma balance sheets of Tower Real Estate Investment Trust ("Tower REIT") as at 21 February 2006 (date of establishment), which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the attachment for the purpose of inclusion in the prospectus of Tower REIT to be dated 22 March 2006 in connection with the following transactions:

- i. AmTrustee Berhad has on 23 February 2006, entered into conditional sales and purchase agreements with Kiapeng Development Sdn Bhd ("KDSB") for the acquisition of Menara HLA ("Acquisition of Menara HLA") and with Prophills Development Sdn Bhd for the acquisition of HP Tower ("Acquisition of HP Tower") (hereafter collectively known as "Acquisition") for a total purchase consideration of RM351,000,000. The Acquisition is financed by part proceed from the public offering of RM209,875,000, issuance of 35,625,000 units at the issue price of RM1.00 per unit and borrowing of RM105,500,000.

<i>Vendors</i>	<i>Subject Properties</i>	<i>Considerations RM</i>
Kiapeng Development Sdn Bhd@	Menara HLA (as defined in the prospectus)	221,000,000
Prophills Development Sdn Bhd*	HP Towers (as defined in the prospectus)	130,000,000

@ an indirect 70% owned subsidiary of GuocoLand (Malaysia) Berhad

* an indirect wholly owned subsidiary of GuocoLand (Malaysia) Berhad

KPMG, a partnership established under the Malaysian law, is the Malaysian member firm of KPMG International, a Swiss cooperative.

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)



Tower REIT
Proforma balance sheet as at its date of establishment
1 March 2006


- ii. Public offering of 201,874,000 units in Tower REIT for subscription at the issue price of RM1.07 per unit which comprise of the following:
- 9,300,000 new units to the Malaysian public;
 - 2,500,000 new units available for application by eligible directors and employees of GLM REIT Management Sdn Bhd (formerly known as Premiumview Development Sdn Bhd) (“GLM REIT Management”), GuocoLand (Malaysia) Berhad (“GLM”), GuocoLand Limited (“GLL”) and subsidiaries and associated companies of GLM and GLL; and
 - 190,074,000 new units by way of private placement to identified investors.
- iii. Listing of 237,500,000 units in Tower REIT on the Main Board of Bursa Malaysia Securities Berhad (“Listing”) which includes the units highlighted in Note (ii) above and the following:
- 1,000 initial units issued to GLM REIT Management as promoter units at the issue price of RM1.00 per unit to facilitate the initial constitution of Tower REIT; and
 - 35,625,000 units to be issued to HLP Equities Sdn Bhd, a wholly-owned subsidiary of GLM at the issue price of RM1.00 per unit pursuant to the Acquisition of HP Towers.


The proforma balance sheets have been prepared for the above purposes and should not be relied on for any other purposes.

In our opinion,

- the proforma balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies to be adopted by Tower REIT as disclosed in Note 1.1 of Appendix I; and
- the adjustments are appropriate for the purposes of the proforma balance sheets.

Yours faithfully


KPMG
Firm No. AF0758
Chartered Accountants


Siew Chin Kiang @ Seow Chin Kiang
Partner
Approval Number: 2012/11/06(J)

10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
 (Formerly known as Premiumview Development Sdn Bhd)
 (Company No. 659312-H)
 (Incorporated in Malaysia)

Appendix I

Tower Real Estate Investment Trust ("Tower REIT")

Proforma balance sheets as at its date of establishment

The proforma balance sheets of Tower REIT as at 21 February 2006 (date of establishment) as set out below are provided for illustrative purposes only and incorporate the transactions referred to in the notes as if they were effected on the date of Establishment.

		As at 21 February 2006 (Unaudited) RM'000	Proforma I RM'000
Non-current asset	Note		
Investment properties	2.2 (i)	-	351,000
Current asset			
Deposits, cash and bank balances		1	9,274
		<u>1</u>	<u>9,274</u>
Current liability			
Tenancy Deposits		-	8,050
		<u>-</u>	<u>8,050</u>
Net current asset		1	1,224
		<u>1</u>	<u>352,224</u>
FINANCED BY:			
Unitholders' funds	2.2 (ii)	1	251,631
Less: Establishment and issue expenses	2.2 (iii)	-	(4,907)
		<u>1</u>	<u>246,724</u>
Borrowing	2.2 (iv)	-	105,500
		<u>1</u>	<u>352,224</u>
Net asset value (RM'000)		1	246,724
Units in issue ('000)		1	237,500
Net asset value per unit (RM)		1.00	1.04



GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

Notes to the Proforma balance sheets

1 Basis of preparation

1.1 The proforma balance sheets of Tower REIT have been prepared based on the balance sheet as at 21 February 2006 (date of establishment). It is prepared for illustrative purposes and based on a basis consistent with applicable approved accounting standards in Malaysia and the following accounting policies will be adopted by Tower REIT:

(i) **Basis of accounting**

The financial statements of Tower REIT will be prepared on a historical cost basis except for investment properties which is based on fair value model and in compliance with the provisions of the Deed, Securities Commission's Guidelines on Real Estate Investment Trust, Securities Commission Act 1993 and applicable approved accounting standards in Malaysia.

(ii) **Investment properties**

Investment properties consist of land and buildings held for investment and rental. Investment properties are stated at fair value in accordance with the fair value model of Financial Reporting Standards ("FRS") 140 – Investment Property.

Under FRS 140, investment properties are measured initially at cost, including transaction costs and costs incurred subsequently to add to, replace part of, or service a property if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Fair value represents the amount at which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Gains and losses arising from changes in the fair value of investment properties will be recognised in the current year income statement.

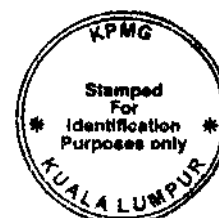
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economics benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

(iii) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(iv) **Liabilities**

Borrowings are recorded at the amount of proceeds received, net of transaction cost. Other payables are stated at cost.



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

Notes to the Proforma balance sheets (continued)**2 Proforma balance sheets of Tower REIT****2.1 Proforma balance sheets of Tower REIT as at 21 February 2006 (date of establishment)**

The proforma balance sheets of Tower REIT as at 21 February 2006 (date of establishment) includes 1,000 initial units issued to GLM REIT Management as promoter units at RM1.00 per unit to facilitate the initial constitution of Tower REIT.

2.2 Proforma I

Proforma I incorporates the public offering, the effects of the Acquisition and the use of proceeds arising from the public offering.

(i) Acquisition of Subject Properties

AmTrustee Berhad has on 23 February 2006, entered into conditional sales and purchase agreements for the Acquisition of HP Towers and Menara HLA for a total purchase consideration of RM351,000,000.

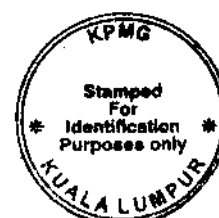
<i>Vendors</i>	<i>Subject Properties</i>	<i>Considerations RM</i>
Kiapeng Development Sdn Bhd @	Menara HLA	221,000,000
Prophills Development Sdn Bhd*	HP Towers	130,000,000

@ an indirect 70% owned subsidiary of GuocoLand (Malaysia) Berhad

* an indirect wholly owned subsidiary of GuocoLand (Malaysia) Berhad

The Acquisition will be settled by the following

	RM million
Proceeds from the public offering as detailed in Note 2.2 (iii)	209.9
Issuance of 35,625,000 units at an issue price of RM1.00 per unit pursuant to Acquisition of HP Tower	35.6
Borrowing	105.5
	<hr/> 351.0 <hr/>



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
(Company No. 659312-H)
(Incorporated in Malaysia)

Appendix I

Notes to the Proforma balance sheets (continued)

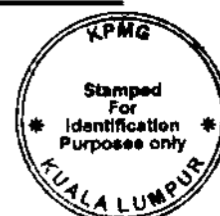
- (ii) Listing of 237,500,000 units in Tower REIT on the Main Board of Bursa Malaysia Securities Berhad Listing for the following:
- a) 1,000 initial units issued to GLM REIT Management as promoter units at the issue price of RM1.00 per unit to facilitate the initial constitution of the Tower REIT. GLM REIT Management will dispose the promoter units immediately when Tower REIT is listed;
 - b) 35,625,000 units to be issued to HLP Equities Sdn Bhd, a wholly-owned subsidiary of GLM at the issue price of RM1.00 per unit pursuant to the Acquisition of HP Towers; and
 - c) Public offering units of:
 - 9,300,000 new units to the Malaysian public at the issue price of RM1.07 per unit.
 - 2,500,000 new units available for application by eligible directors and employees of GLM REIT Management, GLM, GLL and subsidiaries and associated companies of GLM and GLL at the issue price of RM1.07 per unit.
 - 190,074,000 new units at the issue price of RM1.07 by way of private placement to identified investors.
- (iii) Utilisation of proceeds from the public offering units

The proceeds from the public offering units of RM216.0 million will be utilised as follows:

	RM million
Part finance the acquisition of HP Tower and Menara HLA as detailed in Note 2.2(i)	209.9
Working capital	1.2
Estimated listing expenses	4.9
	<hr/> <u>216.0</u> <hr/>

A breakdown of the estimated listing expenses is set out below:

	RM million
Professional fees	0.8
Regulatory fees	0.1
Brokerage, placement fee and underwriting commission	2.8
Advertising, printing and marketing expenses	0.8
Miscellaneous fees and contingencies	0.4
	<hr/> <u>4.9</u> <hr/>



10. FINANCIAL INFORMATION OF TOWER REIT (Cont'd)

GLM REIT Management Sdn Bhd
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Appendix I

Notes to the Proforma balance sheets (continued)

(iv) **Borrowing**

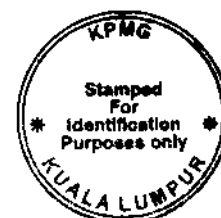
A 5-year term loan facility has been secured to part finance the acquisition of Menara HLA. The interest on the borrowing of RM105.5 million will be based on cost of funds of the lender bank plus 0.6% per annum.

The borrowing will have a maturity of five (5) years from the date of the first drawdown under the facility or at an extended date that may be mutually determined between the lender and GLM REIT Management on behalf of Tower REIT.

3 The movement in the unitholders' funds is as follows:-

3.1 Unitholders' funds

	Unitholders' funds RM'000
As at 21 February 2006 (date of establishment)	1
Add: Proforma I – Creation of new units	251,630
Establishment and issue expenses	(4,907)
	<u>246,724</u>



11. TAXATION OF TOWER REIT



KPMG Tax Services Sdn. Bhd.
(Co. No. 96860-M)
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone +60 (3) 2095 3388
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Internet www.kpmg.com.my
e-Mail info@kpmg.com.my

Private and confidential

The Board of Directors
GuocoLand (Malaysia) Berhad
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

27 February 2006

Dear Sirs

Re: Taxation of the Tower REIT and Unitholders

This letter has been prepared for inclusion in the Prospectus dated 22 March 2006 to be issued in connection with the offer of units in Tower Real Estate Investment Trust ("Tower REIT").

The purpose of this letter is to provide prospective purchasers of units in Tower REIT with an overview of the Malaysian tax consequences of acquisition, ownership and disposal of these units.

The Malaysian tax position is based on the interpretation of the Malaysian tax laws and provisions as they stand at present. Please note that these interpretations of the Malaysian tax laws and provisions may be subject to change, possibly with a retrospective effect.

All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments. Particularly prospective purchasers that are not Malaysian tax residents, should take into account the tax laws of their respective countries of residence and the existence of any tax treaty which their country of residence may have with Malaysia.

Taxation of Tower REIT

Tower REIT is treated as a unit trust for Malaysian tax purposes. The taxation of Tower REIT is therefore governed principally by Sections 61 and 63C of the Income Tax Act, 1967 ("the Act").

Income of a REIT, where subject to income tax, will be subject to tax, at the rate of 28% (prevailing rate). Effective from year of assessment 2005, income of a REIT, which is distributed to unit holders in the same basis period, will not be subject to income tax. Instead, unit holders will be taxed at their respective tax rates on the income distributed in the same period. Non-resident unit holders will be subject to withholding tax of 28% on the income distributed.



Income which were undistributed and taxed in the previous years are also taxable at the unit holders' level but the tax paid by Tower REIT is imputed to be the tax paid by the beneficiaries ("imputed tax").

Capital gains from the realisation of investments by Tower REIT will not be subject to income tax.

Taxable dividend income earned by Tower REIT would have suffered a tax deduction at source at the prevailing rate of 28%. The tax deducted will be available for set off either wholly or partly against the tax liability of Tower REIT. Any excess over the tax liability will be refundable to Tower REIT.

Interest income or profit earned by Tower REIT from the following are exempt from tax:-

- any savings certificates issued by the Government; or
- securities or bonds issued or guaranteed by the Government; or
- debentures, other than convertible loan stock, approved by the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- bonds or securities issued by Pengurusan Danaharta Nasional Berhad; or
- bonds other than convertible loan stocks, issued by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad; or
- a bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or Islamic Banking Act 1983.

Income received by Tower REIT from sources outside Malaysia will be exempt from tax.

Pursuant to Stamp Duty (Exemption) (No 4) Order 2004, all instruments of transfer of real property to a REIT approved by the Securities Commission are exempted from stamp duty. In addition to that, all instruments of deed of assignment executed between a REIT approved by the Securities Commission and the disposer relating to the purchase of real property are also exempted from stamp duty under Stamp Duty (Exemption) (No. 27) Order 2005. This would result in savings for Tower REIT, which in turn may be applied to income producing activities for the benefit of the unit holders.



Taxation of Unitholders

Income of Tower REIT distributed in the same basis period

Resident Unitholders

As a general rule, companies are tax resident in Malaysia where their management and control of its business or any of its business are exercised in Malaysia. Companies will also be viewed as Malaysian tax resident if at any time during the basis year the management and control of its affairs are exercised in Malaysia by its directors or other controlling authority. An individual is resident in Malaysia for a particular basis year of assessment if he or she is in Malaysia for a period of 182 days or more. An individual could still be tax resident if he or she is in Malaysia for less than 182 days subject to he or she meeting the other tests within the Act. The tests of residency mentioned herein are also subject to modifications by articles on residency in double taxation agreements, where applicable.

Unitholders are taxed on an amount equivalent to their share of the total taxable income of Tower REIT, to the extent that this is distributed to them.

Individuals and other non-corporate unit holders who are resident in Malaysia will be subject to income tax at scale rates. The prevailing scale rates range from 1% to 28%.

Corporate unit holders, resident or non resident in Malaysia, would be taxed at the corporate tax (the prevailing rate is 28%) on distributions of income from Tower REIT to the extent of an amount equivalent to their share of the total taxable income of Tower REIT. From Year of Assessment 2004, corporate unitholders with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the prevailing rate of 28% is still applicable.

Taxable dividends distributed by Tower REIT to the Unitholders, would have corresponding tax credits, which may be set off against the Unitholders' tax liability.

Non-Resident Unitholders

Unitholders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax (the prevailing rate is 28%) which will be withheld at source by Tower REIT. Non-resident unitholders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.



Income of Tower REIT which was not distributed in the previous years

Resident and Non-Resident Unitholders

Such income would have been subject to income tax at Tower REIT level at the rate of 28%. The income distribution from Tower REIT will carry with it a tax credit proportionate to each unitholder's share of the total taxable income in respect of the tax paid by Tower REIT. Unitholders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax (the prevailing rate is 28%).

Both resident and non-resident unitholders will be entitled to utilise the tax credit as a set off against the tax payable by them. No other withholding tax will be imposed on the income distribution of Tower REIT.

Tax Exempt Income and Capital Gain

The distribution of tax-exempt income received by Tower REIT (other than income exempted at Tower REIT level due to distributions of profits in the same basis period) will not be subject to tax in the hands of the unitholders.

Units split by Tower REIT will be exempted from Malaysian tax in the hands of the unitholders.

Any gains realised by the unitholders (other than financial institutions, insurance companies and those dealing in securities) from the transfers or redemptions of the units are treated as capital gains which are not subject to income tax in Malaysia.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chew Theam Hock', written over a horizontal line.

Chew Theam Hock
Executive Director



Ooi & Zaharin Sdn Bhd
(Company No: 585479-A)

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knightfrank.com

1st March 2006

The Board of Directors
GLM REIT Management Sdn Bhd
(Formerly known as Premiumview Development Sdn Bhd)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Dear Sirs

VALUATION OF

- 1. MENARA HLA, 3 JALAN KIA PENG, 50450 KUALA LUMPUR AND**
- 2. HP TOWERS, 12 JALAN GELENGGANG, BUKIT DAMANSARA, 50490 KUALA LUMPUR**
(*hereinafter referred to as the "Subject Properties"*)

We were instructed by GuocoLand (Malaysia) Berhad ("GLM") to advise on the Market Value of the interests in perpetuity in the Subject Properties for the purpose of the submission to the Securities Commission for the disposal of the Subject Properties owned by the GLM group to Tower Real Estate Investment Trust ("Tower REIT") in respect of the listing of Tower REIT on the Main Board of Bursa Malaysia Securities Berhad ("Listing").

This letter is prepared for inclusion in the Prospectus to be dated 22nd March 2006 in relation to the Listing.

We were instructed by GLM to conduct a valuation of the interests in perpetuity in the Subject Properties and details of the valuation are contained in our valuation reports bearing Reference Nos. V/05/0210(A)/tws and V/05/0210(B)/tws, dated 15th June 2005 and 10th June 2005 respectively. The valuation was prepared in conformity with the Guidelines on Asset Valuations issued by the Securities Commission.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We have conducted title searches at the Wilayah Persekutuan Kuala Lumpur Land Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity.

Where it is stated in the Reports that information has been supplied by the sources listed, this information is believed to be reliable and no responsibility is accepted should it prove not to be so. The Valuation Reports have been prepared on the basis that full disclosure of all information and facts which may affect the Valuation, have been made known to ourselves and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made.



For the purposes of this Prospectus, we have summarized our reports and outlined key factors which have been considered in arriving at our opinion of the respective Market Values. This letter does not contain all the necessary data and information included in our reports. For all intents and purposes, this Valuation Certificate should be read in conjunction with our abovementioned formal valuation reports, which have been submitted to GLM.

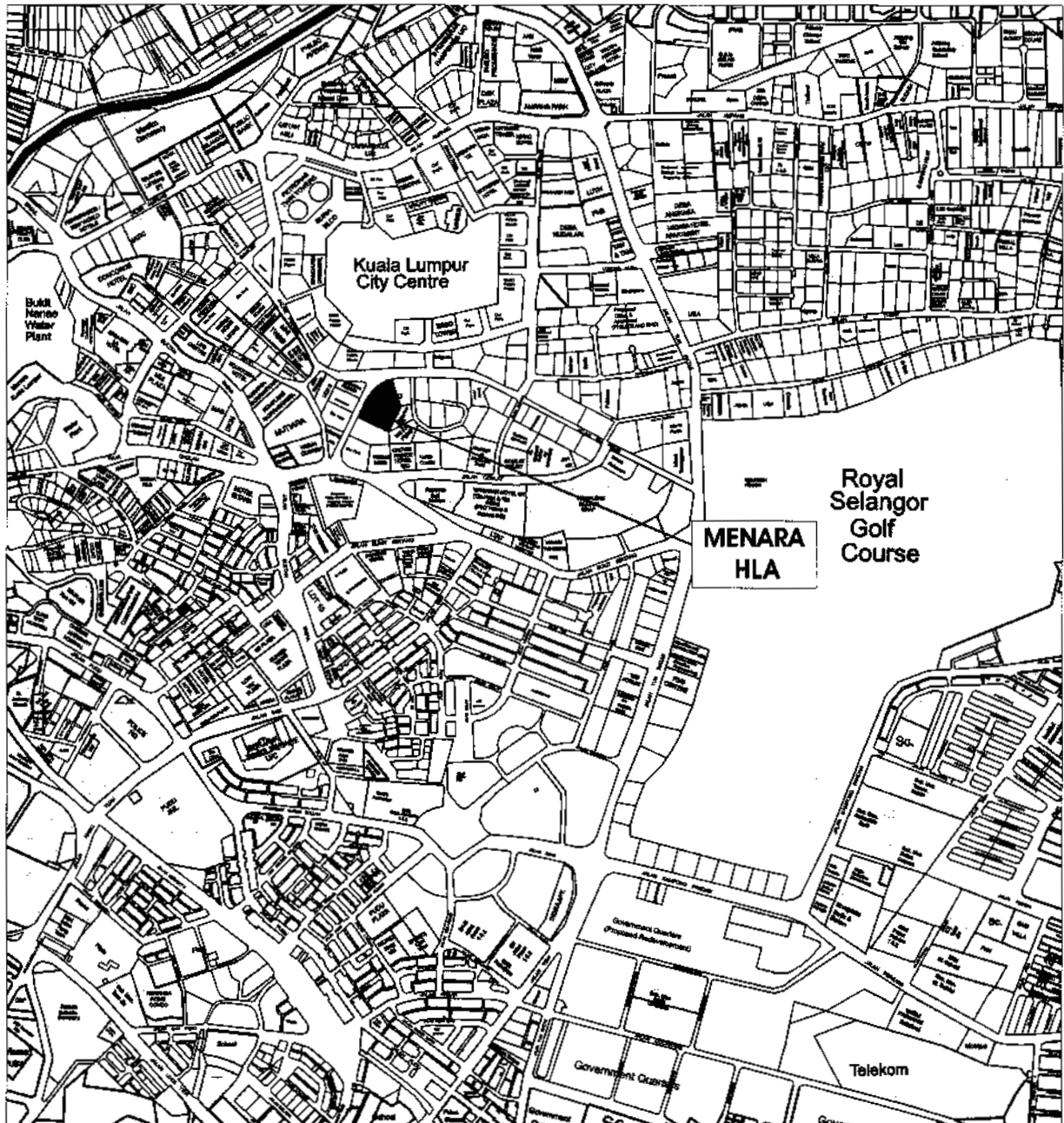
Brief descriptions and location plans of the Subject Properties are as follows:-

12. VALUATION CERTIFICATE (Cont'd)



- 1) MENARA HLA, 3 JALAN KIA PENG, 50450 KUALA LUMPUR
 Reference No. : V/05/0210(A)/tws dated 15th June 2005
 Date of Inspection: 2nd June 2005

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
<p>Type of Property A 32 storey highrise office building with 4 levels of basement car park.</p> <p>Location Menara HLA is located in Section 57, Town of Kuala Lumpur and within the heart of the prestigious Golden Triangle of Kuala Lumpur, the city's main central business district accommodating prime office buildings, retail centres and international class hotels.</p> <p>Menara HLA is sited on the eastern (left) side of Jalan Kia Peng, a major road connecting Jalan Pinang to Jalan Raja Chulan, travelling from Kuala Lumpur City Centre (KLCC) towards Bukit Bintang.</p> <p>The world renowned development of Kuala Lumpur, known as the 'Kuala Lumpur City Centre' (KLCC), is located about 100 metres due north of Menara HLA.</p> <p>Legal Description Sited on Master Lot No. 1286, Section 57, Title No. Geran 43969, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.</p> <p>Registered Proprietor Klapeng Development Sdn Bhd.</p> <p>Tenure Interest in perpetuity.</p> <p>Category of Land Use Building.</p> <p>Express Condition "Bangunan Perniagaan".</p> <p>Encumbrances Charged to HSBC Bank Malaysia Berhad, Affin Bank Berhad and Malayan Banking Berhad.</p>	<p>Master Title Land Area 13,442 square metres (144,693 square feet).</p> <p>Building The building is constructed of reinforced concrete frame with brick infills rendered externally and plastered internally incorporating tinted glass anodised aluminium framed windows supporting reinforced concrete flat roofs and covered with a metal structure and roofed over with skylights. The external walls of the building are of quality granite.</p> <p>Gross Floor Area Office Space - 47,047 square metres (506,427 square feet) Car Park - 27,535 square metres (296,391 square feet) Total - 74,582 square metres (802,818 square feet)</p> <p>Net Lettable Area 36,865 square metres (396,820 square feet).</p> <p>Occupancy Status The subject property is tenanted and occupied by various tenants with Hong Leong Assurance Berhad occupying about 20% of the office space. As at the date of valuation, the occupancy rate is 74% with a total gross annual rental of approximately RM14,276,957.</p> <p>Planning The building is issued with a Certificate of Fitness for Occupation by Dewan Bandaraya Kuala Lumpur bearing Certificate No. 25581 and Reference No. BP T3 E19950081 (BP E950081) dated 30th May 2003.</p>	<p>Market Value RM228,000,000</p> <p>Date of Valuation 2nd June 2005.</p> <p>Method of Valuation Comparison Method This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.</p> <p>Investment Method This approach considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as <i>capitalisation rates</i>), yield or <i>discount rates</i> (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.</p>

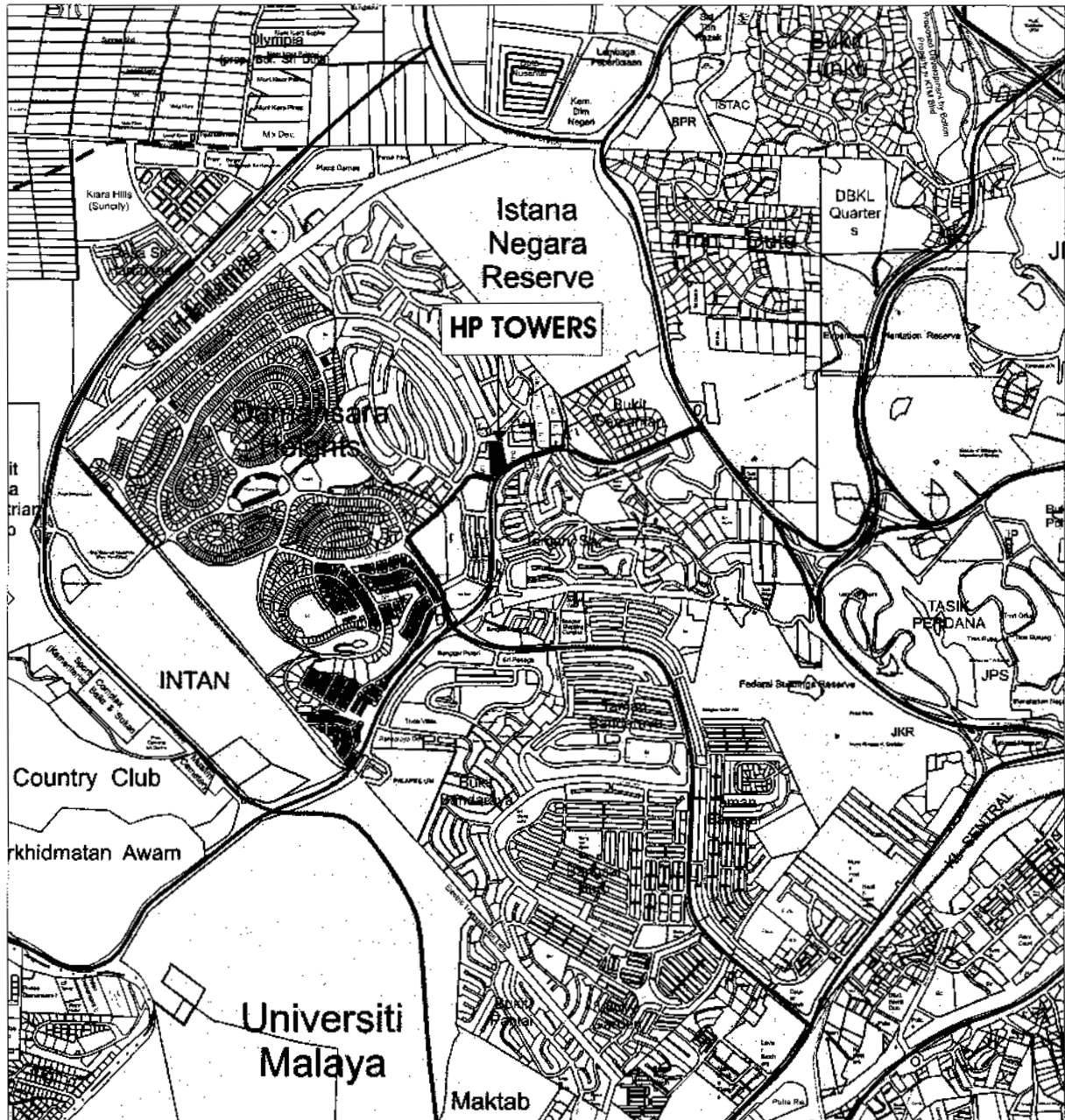


12. VALUATION CERTIFICATE (Cont'd)



- 2) HP TOWERS, 12 JALAN GELENGGANG, BUKIT DAMANSARA, 50490 KUALA LUMPUR
 Reference No. : V/05/0210(B)/tws dated 10th June 2005
 Date of Inspection: 31st May 2005

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
<p>Type of Property Two blocks of 9 and 21 storey office buildings identified as Blocks A and B with 3-level connecting podium and 4 levels of basement car park.</p> <p>Location HP Towers is situated within the commercial area of Bukit Damansara and is sited on the northern (right) side of Jalan Semantan (forming part of the SPRINT Highway), travelling from the Kuala Lumpur city centre towards Petaling Jaya. HP Towers lies about 8 kilometres due west of the Kuala Lumpur city centre.</p> <p>Bukit Damansara commercial area is an established decentralised commercial area accommodating purpose built office buildings such as Wisma John Hancock, Wisma Beringin, Wisma E&C, Wisma Perdana, Kompleks Pejabat Damansara, Wisma UOA Damansara, Wisma MBSB, Wisma KPMG, Bangunan Setia 1, Plaza Kelanamas, Bangunan Malaysia RE, Wisma Chase Perdana, Bangunan Shell, Bangunan SPPK, Wisma Socfin, Wisma Damansara, Bangunan CIMB, Commerce Square and Bangunan Amanah Raya.</p> <p>Legal Description Lot No. PT 5748, Title No. HS(D) 100327, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.</p> <p>Registered Proprietor Bungsar Hill Holdings Sdn Bhd.</p> <p>Tenure Interest in perpetuity.</p> <p>Category of Land Use Building.</p> <p>Express Condition "Bangunan Pemlagaan".</p> <p>Endorsement Private Caveat entered by HSBC Bank Malaysia Berhad.</p>	<p>Title Land Area 7,878.57 square metres (84,807 square feet).</p> <p>Building The buildings are constructed of reinforced concrete frame with brick infills rendered externally and plastered internally incorporating aluminium framed tinted glass windows supporting reinforced concrete flat roofs concealed behind parapet walls. The external walls of the buildings are clad with alucobond curtain walling. The food court located at the rear portion of the building is constructed of steel structure supporting a pitched roof laid over with metal roofing sheets.</p> <p>Gross Floor Area Office Space - 45,832 square metres (493,351 square feet) Car Park - 15,177 square metres (163,374 square feet) Total - 61,009 square metres (656,725 square feet)</p> <p>Net Lettable Area 32,520 square metres (350,056 square feet).</p> <p>Occupancy Status The subject property is tenanted and occupied by various tenants with Hewlett-Packard occupying about 33% of the office space. As at the date of valuation, the occupancy rate is 87% with a total gross annual rental of approximately RM10,682,378.</p> <p>Planning The building is issued with a Certificate of Fitness for Occupation by Dewan Bandaraya Kuala Lumpur bearing Certificate No. 23255 dated 12th January 1996.</p>	<p>Market Value RM135,000,000</p> <p>Date of Valuation 31st May 2005.</p> <p>Method of Valuation Comparison Method This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.</p> <p>Investment Method This approach considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as <i>capitalisation rates</i>), yield or <i>discount rates</i> (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.</p>



12. VALUATION CERTIFICATE (Cont'd)



Having regard to the foregoing, our opinion of the Market Value of the interests in perpetuity in the Subject Properties, with Certificates of Fitness for Occupation issued, subject to the existing tenancies and on the basis that the Subject Properties and the titles being free of all encumbrances, good, marketable and registrable, is as follows: -

Subject Property	Date of Valuation	Market Value
Menara HLA, 3 Jalan Kia Peng, 50450 Kuala Lumpur	2 nd June 2005	RM228,000,000 (Ringgit Malaysia Two Hundred And Twenty Eight Million Only).
HP Towers, 12 Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur	31 st May 2005	RM135,000,000 (Ringgit Malaysia One Hundred And Thirty Five Million Only).

Yours faithfully
KNIGHT FRANK

A handwritten signature in black ink, appearing to read 'Ooi Yew Hock'.

Ooi Yew Hock, FISM
REGISTERED VALUER, V-273
TWS