



TOWER REAL ESTATE INVESTMENT TRUST

CONDENSED INCOME STATEMENT

FOR THE SECOND QUARTER ENDED 30 JUNE 2009

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2009 RM	Preceding Year Corresponding Quarter Ended 30.06.2008 RM	Current Year To Date 30.06.2009 RM	Preceding Year To Date 30.06.2008 RM
<u>INCOME</u>				
Gross revenue	12,756,017	12,130,071	25,303,868	23,180,939
Property operating expenses	(2,984,804)	(2,449,333)	(5,717,763)	(4,888,790)
Net property income	9,771,213	9,680,738	19,586,105	18,292,149
Interest income	9,339	40,321	18,179	165,206
Other income	23,993	4,684	37,813	10,413
	9,804,545	9,725,743	19,642,097	18,467,768
<u>EXPENSES</u>				
Manager's fees	680,527	666,239	1,364,288	1,296,160
Trustee's fees	34,348	30,883	67,578	61,585
Administrative expenses	142,687	49,488	328,458	192,253
Interest expenses	1,238,869	1,319,914	2,455,537	2,718,552
	2,096,431	2,066,524	4,215,861	4,268,550
INCOME BEFORE TAXATION	7,708,114	7,659,219	15,426,236	14,199,218
Taxation	-	-	-	-
NET INCOME FOR THE PERIOD	7,708,114	7,659,219	15,426,236	14,199,218
Net income for the period is made up as follows:				
- Realised	7,708,114	7,659,219	15,426,236	14,199,218
- Unrealised	-	-	-	-
	7,708,114	7,659,219	15,426,236	14,199,218
EARNINGS PER UNIT (SEN)				
- Basic	2.75	2.73	5.50	5.06
- Diluted	N/A	N/A	N/A	N/A
DISTRIBUTION PER UNIT (SEN)				
- Interim	5.00	5.00	5.00	5.00
- Final	N/A	N/A	N/A	N/A

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.

The figures have not been audited.

	As At 30.06.2009 RM	As At 31.12.2008 RM
ASSETS		
Investment properties	590,404,636	589,900,000
Trade receivables	96,939	182,880
Other receivables, deposits and prepayments	209,739	393,389
Deposits placed with licensed financial institution	250,000	-
Cash and bank balances	142,110	497,189
TOTAL ASSETS	591,103,424	590,973,458
LIABILITIES		
Trade payables	357,598	371,064
Other payables and accrued expenses	2,095,393	2,084,641
Tenants' deposits	12,996,811	13,288,617
Provision for income distribution	14,025,000	12,201,750
Borrowings	113,700,000	116,500,000
TOTAL LIABILITIES	143,174,802	144,446,072
NET ASSET VALUE	447,928,622	446,527,386
REPRESENTED BY :		
Unitholders' capital	285,344,766	285,344,766
Undistributable income - unrealised (Investment fluctuation reserves)	159,586,337	159,586,337
Undistributable income - realised	2,997,519	1,596,283
	447,928,622	446,527,386
NUMBER OF UNITS IN CIRCULATION (UNITS)	280,500,000	280,500,000
NET ASSET VALUE PER UNIT (RM)		
- before income distribution	1.6469	1.6354
- after income distribution	1.5969	1.5919

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.

The figures have not been audited.

	Unitholders' Capital RM	-----Distributable----- Undistributed Income		Total RM
		Unrealised RM	Realised RM	
<u>Current Year To Date</u>				
At 1 January 2009	285,344,766	159,586,337	1,596,283	446,527,386
Operation for the period ended 31 March 2009				
Net income for the period	-	-	15,426,236	15,426,236
	-	-	15,426,236	15,426,236
Unitholders' transaction				
Provision for income distribution	-	-	(14,025,000)	(14,025,000)
	-	-	(14,025,000)	(14,025,000)
At 30 June 2009	285,344,766	159,586,337	2,997,519	447,928,622
<u>Preceding Year Corresponding Period</u>				
At 1 January 2008	285,344,767	120,933,313	1,051	406,279,131
Operation for the period ended 30 June 2008				
Net income for the period	-	-	14,199,218	14,199,218
	-	-	14,199,218	14,199,218
Unitholders' transaction				
Provision for income distribution	-	-	(14,025,000)	(14,025,000)
	-	-	(14,025,000)	(14,025,000)
At 30 June 2008	285,344,767	120,933,313	175,269	406,453,349

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached.



TOWER REAL ESTATE INVESTMENT TRUST

CONDENSED CASH FLOW STATEMENT

FOR THE SECOND QUARTER ENDED 30 JUNE 2009

The figures have not been audited.

	Current Year To Date 30.06.2009 RM	Preceding Year To Date 30.06.2008 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	15,426,236	14,199,218
Adjustments for:		
Interest income	(18,179)	(165,206)
Interest expense	2,455,537	2,718,552
Operating profit before changes in working capital	17,863,594	16,752,564
Trade and other receivables	269,591	(38,275)
Trade and other payable	(294,520)	1,931,741
Net cash generated from operating activities	17,838,665	18,646,030
CASH FLOW FROM INVESTING ACTIVITIES		
Upgrade of investment properties	(504,636)	(437,460)
Interest income	18,179	165,206
Net cash used in investing activities	(486,457)	(272,254)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,455,537)	(2,718,552)
Repayments of borrowing	(2,800,000)	(17,000,000)
Distribution paid to unitholders	(12,201,750)	(12,566,400)
Net cash used in financing activities	(17,457,287)	(32,284,952)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(105,079)	(13,911,176)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	497,189	16,338,314
CASH AND CASH EQUIVALENTS AT END OF PERIOD	392,110	2,427,138
Cash and cash equivalents at end of period comprise of:		
Deposits placed with licensed financial institutions	250,000	2,100,000
Cash and bank balances	142,110	327,138
	392,110	2,427,138

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes

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 M3 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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 year ended 31 December 2008.

A2. Audit Report of Preceding Financial Year

The Auditors' Report on the preceding financial statements for the year ended 31 December 2008 was not subject to any qualification.

A3. Seasonality or Cyclical 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 quarterly results.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of equity securities for the current quarter.

A7. Income Distribution

No income distribution was paid during the quarter under review. However, for the six-month period ended 30 June 2009, the Board of GLM REIT Management Sdn Bhd, the Manager of Tower REIT, is declaring an interim income distribution of 5.00 sen per unit, amounting to RM14,025,000 and representing approximately 91% of the distributable income after taxation (unaudited), to be payable on 28 August 2009.

A8. Segmental Reporting

Not applicable.

A9. Valuation of Investment Properties

The valuation of the existing properties, namely, Menara HLA, HP Towers and Menara ING, had been brought forward without any amendment from the previous audited financial statements.

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

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



TOWER REAL ESTATE INVESTMENT TRUST

NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2009

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 9.44 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

B1. Review of Performance

For the current year to date ended 30 June 2009, the Trust recorded gross revenue and income after taxation (realised) of RM25.304 million and RM15.426 million respectively, representing an increase of 9% and 8% respectively as compared to preceding year's corresponding period.

The increases in gross revenue and income after taxation (realised) were driven primarily by higher rental income as a result of the improvement in rental rates of the properties of the Trust, namely, Menara HLA and HP Towers, as well as lower interest expenses.

B2. Changes in State of Affairs

There were no material changes in the state of affairs of the Trust for the quarter under review

B3. Changes in Portfolio Composition

As at 30 June 2009, Tower REIT's composition of investment portfolio is as follows:

<u>Real Estate</u>	Fair Value As At 30.06.09 RM'000	Total Real Estate Portfolio %
Menara HLA	290,142	49
HP Towers	207,160	35
Menara ING	93,103	16
	590,405	100

There were no material changes in the portfolio composition and asset allocations of the Trust for the quarter under review.

B4. Changes in Net Asset Value ("NAV")

The total NAV and NAV per unit of the Trust as at 30 June 2009 are RM447.929 million and RM1.5969 respectively. There were no material changes in the total NAV and NAV per unit as compared to the immediate preceding quarter.

B5. Changes in Unit Price

On 30 June 2009, Tower REIT unit price closed at RM1.02 per unit, representing an increase of 13% as compared to the closing unit price of RM0.90 per unit on 1 April 2009.

B6. Review of Office Property Market

The on-going global financial crisis has put a halt to business expansion, which has affected the demand for new office space. However, due to the limited new supply and current high occupancy rate of the existing office buildings, the occupancy and rental rate remained stable during the quarter under review.

B7. Market Prospects

The outlook of the office market is expected to remain challenging with downward pressure on the rental and occupancy rates due to weak demand and new supply coming onstream.

The Manager takes cognizance of the challenging market conditions and has stepped up efforts on lease management and tenant retention. The Manager will continue to proactively manage the assets under Tower REIT's portfolio to optimize the yield from the existing properties whilst continuing to pursue yield accretive acquisitions whenever there are opportunities.

B8. Utilisation of Proceeds raised from any Issuance of New Units

There were no issuance of new units during the quarter under review.

B9. Circumstances affecting Interest of the Unitholders

There were no unusual circumstances which has materially affected the interest of the unitholders for the current quarter.

B10. Material Litigation

There was no material litigation as at the date of this report.

B11. Major Maintenance Cost and Capital Expenditure

There were no major maintenance cost or capital expenditure for the current quarter except the cost incurred on refurbishment of the cooling towers at HP Towers which amounted to RM142,000.

B12. Soft Commission

During the quarter ended 30 June 2009, the Manager did not receive any soft commission (i.e. goods and services) from its brokers or dealers, by virtue of transaction conducted by the Trust.

B13. Revenue Recognition**i) Rental / Car Park Income**

Rental from investment property is recognised in the income statement on a straight-line basis over the term of the lease unless collectibility is in doubt, in which case, they are recognised on a receipt basis.

Rental/car park income is recognised on an accrual basis except where default in payment of rent has already occurred and rent dues remain outstanding for over six months, in which case, recognition of rental/car park income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

ii) Interest Income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

B14. Manager's Fee

Pursuant to the Deed constituting Tower REIT, the Manager's fees consist of a base fee (excluding any goods and services tax payable) of up to 0.75% per annum of the gross asset value and a performance fee (excluding any goods and services tax payable) of up to 4% per annum of the net property income, but before deduction of property management fee. The base fee and performance fee for the period ended 30 June 2009 of RM670,331 and RM693,956 is 0.11% and 3.35% of the gross asset value and net property income respectively.

B15. Trustee's Fee

Pursuant to the Deed constituting Tower REIT, the Trustee is entitled to receive a fee of 0.03% per annum of the Net Asset Value of Tower REIT with a cap of RM200,000. The Trustee's fee for the period ended 30 June 2009 is RM67,578.

B16. Units held by Related Parties

As at 30 June 2009, the Manager did not hold any units in Tower REIT. However, the related parties of the Manager held units in Tower REIT as follows:

	Current Year To Date 30.06.2009		Current Year To Date 30.06.2008	
	Number of Units '000	Market value RM'000	Number of Units '000	Market value RM'000
Direct/Indirect* unitholdings in Tower REIT of the related parties of the Manager:				
HLP Equities Sdn Bhd	56,019	57,139	56,019	66,102
Hong Leong Assurance Berhad	49,965	50,964	48,865	57,661
Asia Fountain Investment Company Limited	14,000	14,280	14,000	16,520
Hong Leong Bank Berhad	13,990	14,270	13,990	16,508
Hong Leong Investment Bank Berhad	5,981	6,101	5,981	7,058
Kwek Leng Seng	300	306	300	354
Tang Hong Cheong	160 *	163	160 *	189
Poh Yang Hong	6,657 *	6,790	5,917 *	6,982
Lim Chew Yan	20	20	20	24
Chan Wan Leong	90	92	140 **	165

** Inclusive of indirect unitholding of 50,000 units.

The market value is determined by multiplying the number of units with the market price of RM1.02 as at 30 June 2009 (30 June 2008: RM1.18).

B17. Tax Expense

	Current Year To Date 30.06.2009 RM'000	Current Year To Date 30.06.2008 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	15,426	14,199
Income tax using Malaysian tax rate of 25% (2008: 26%)	3,857	3,692
Non-deductible expenses	17	25
Effect of income exempted from tax	(3,873)	(3,717)
Tax expense	-	-

B18. Income Distribution

The Manager of Tower REIT is declaring an interim income distribution of 5.00 sen per unit, totalling RM14,025,000, representing approximately 91% of the distributable income after taxation for the six-month period ended 30 June 2009, payable on 28 August 2009 to the unitholders registered in the Record of Depositors on 19 August 2009.

Distribution to unitholders is from the following sources:

	Current Year To Date 30.06.2009 RM'000	Current Year To Date 30.06.2008 RM'000
Net rental income	19,586	18,292
Interest income	18	165
Other income	38	10
	<u>19,642</u>	<u>18,468</u>
Less : Expenses	<u>(4,216)</u>	<u>(4,269)</u>
	15,426	14,199
Less : Undistributed income	<u>(1,401)</u>	<u>(174)</u>
	<u>14,025</u>	<u>14,025</u>
Total distribution comprises of:		
Interim income distribution	14,025	14,025
Final income distribution	-	-
	<u>14,025</u>	<u>14,025</u>
Distribution per unit		
- Interim (sen)	5.00	5.00
- Final (sen)	-	-
	<u>5.00</u>	<u>5.00</u>

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rate (effective 1 January 2009) will be deducted for distributions made to the following categories of

- Resident corporate (no withholding tax, to tax at prevailing rate)
- Non-resident corporate (withholding tax 25%)
- Resident non-corporate (withholding tax 10%)
- Non-resident institutional (withholding tax 10%)
- Non-resident individual (withholding tax 10%)

B19. Statement by the Directors of the Managers

In the opinion of the Directors of the Manager, the quarterly financial report gives a true and fair view of the financial position of Tower REIT as at 30 June 2009 and of its financial performance and cash flows for the period ended 30 June 2009.

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

04 August 2009