

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2006**

	As at End of Current Quarter 30.06.06 RM
<u>NON-CURRENT ASSETS</u>	
Investment properties	351,094,400
<u>CURRENT ASSETS</u>	
Trade receivables	294,323
Other receivables	380,515
Cash and bank balances	13,856,478
	14,531,316
TOTAL ASSETS	365,625,716
<u>CURRENT LIABILITIES</u>	
Trade payables	295,938
Other payables	1,159,927
Rental deposits	8,393,976
	9,849,841
TOTAL CURRENT LIABILITIES	
NET ASSET VALUE	355,775,875
<u>FINANCED BY:</u>	
Unitholders' fund	251,631,180
Less: Establishment and issue expenses	(4,820,795)
Retained earnings	3,465,490
	250,275,875
<u>NON-CURRENT LIABILITY</u>	
Bank borrowings	105,500,000
	355,775,875
NET ASSET VALUE PER UNIT	1.054
NUMBER OF UNITS IN CIRCULATION	237,500,000

No comparative figures are available as this is the first quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the Listing Requirements.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2006**

	Current Year Quarter 30.06.06 RM
Revenue	6,538,434
Property operating expenses	<u>(1,895,045)</u>
Net property income	4,643,389
Trust expenses	(251,291)
Borrowing cost	<u>(926,608)</u>
Net income before taxation	3,465,490
Taxation	<u>-</u>
Retained earnings	<u>3,465,490</u>
Earnings per unit (sen)	<u>1.46</u>

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TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2006

	Unitholders' Capital RM	Distributable Undistributed Income RM	Unitholders' Fund RM
At 17 April 2006	251,631,180	-	251,631,180
Establishment and issue expenses	(4,820,795)	-	(4,820,795)
Retained earnings	-	3,465,490	3,465,490
	<u>246,810,385</u>	<u>3,465,490</u>	<u>250,275,875</u>

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**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2006**

	Current Year To Date 30.06.06 RM
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	3,465,490
Adjustments for:	
Interest income	(255,611)
Interest expense	<u>926,608</u>
Operating profit before changes in working capital	4,136,487
Increase in receivables	(674,838)
Increase in payables	<u>9,849,841</u>
Net cash generated from operating activities	<u>13,311,490</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Establishment and issue expenses	(4,820,795)
Purchase of investment properties	(351,094,400)
Interest income	<u>255,611</u>
Net cash used in investing activities	<u>(355,659,584)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(926,608)
Borrowings	105,500,000
Unitholders' fund	<u>251,631,180</u>
Net cash generated from financing activities	<u>356,204,572</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,856,478
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>13,856,478</u>
Cash and cash equivalents at end of period comprise of:	
Deposits with licensed financial institution	5,625,104
Cash and bank balances	<u>8,231,374</u>
	<u>13,856,478</u>

No comparative figures are available as this is the first quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the Listing Requirements.

TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE QUARTERLY REPORT - 30 JUNE 2006

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

A1. Basis of Preparation

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

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the proforma financial information presented in the prospectus of Tower Real Estate Investment Trust ("Tower REIT" or "Trust") dated 22 March 2006.

A2. Qualified Audit Report

There were no preceeding year annual financial statements as Tower REIT was established on 21 February 2006 and commenced operations on 17 April 2006.

A3. Comments on Seasonality or Cyclicity of Operations

The business operations of the Trust are not affected by material seasonal or cyclical factors.

A4. Unusual Items

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and period-to-date.

A7. Income Distribution

No income distribution has been recommended for the quarter and period-to-date as the Trust only commenced operations on 17 April 2006.

A8. Segmental reporting

Not applicable.

A9. Valuation of Investment Properties

The valuations of investment properties have been brought forward without any amendments from the valuation reports dated 10 June 2005 and 15 June 2005 for HP Towers and Menara HLA respectively.

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

There is no material event subsequent to the end of the interim period.

A11. Changes in the Composition of the Trust

There was no change in the composition of the Trust during the current quarter and the Fund size stands at 237,500,000 units.

A12. Contingent Liabilities and Contingent Assets

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

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

B1. Review of Performance

The Trust recorded RM6,538,434 and RM3,465,490 revenue and net income before taxation respectively for the period from 17 April 2006 to 30 June 2006.

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

There was no comparison with the immediate preceding quarter as this is the first interim financial report by the Trust.

B3. Prospects

The Trust, after considering the strength of the real estate portfolio invested, is expected to achieve satisfactory performance for the financial period ending 31 December 2006.

B4. Taxation

There was no tax payable as the Trust, barring any unforeseen circumstances, intends to distribute 100% of the distributable income to unitholders for the period from 17 April 2006 to 31 December 2006.

B5. Sales of Unquoted Investment and/or Properties

There was no sale of unquoted investment or properties during the current quarter.

B6. Quoted Investment

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

B7. Corporate Developments

There was no corporate proposal announced during the current quarter.

B7. Borrowings and Debt Securities

The borrowing of RM105,500,000 is long term and secured.

B8. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current quarter.

B9. Material Litigation

There was no material litigation as at the end of the current quarter.

B10. Income Distribution

No income distribution has been recommended for the quarter and period-to-date as the Trust only commenced operations on 17 April 2006.

B11. Distribution per Unit

	Period 17.04.06 to 30.06.06
Net income attributable to unitholders	<u>3,465,490</u>
Number of units in issue	<u>237,500,000</u>
Distribution per unit (sen)	<u>NIL</u>

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

LIM YEW YOKE
Kuala Lumpur
15 August 2006