

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2007 RM	Preceding Year Corresponding Quarter Ended 30.06.2006 * RM	Current Year To Date 30.06.2007 RM	Preceding Year To Date 30.06.2006 * RM
<u>INCOME</u>				
Gross revenue	10,397,475	6,282,822	18,998,313	6,282,822
Property operating expenses	(1,994,728)	(1,895,045)	(4,168,936)	(1,895,045)
Net property income	8,402,748	4,387,777	14,829,378	4,387,777
Interest income	81,234	255,611	224,423	255,611
Other income	4,403	-	9,403	-
	8,488,384	4,643,388	15,063,203	4,643,388
<u>EXPENSES</u>				
Manager's fees	560,090	153,100	1,054,402	153,100
Trustee's fees	24,956	15,200	48,005	15,200
Administrative expenses	117,181	82,990	137,612	82,990
Interest expenses	1,453,803	926,608	2,599,708	926,608
	2,156,030	1,177,898	3,839,727	1,177,898
Income before taxation	6,332,354	3,465,490	11,223,476	3,465,490
Taxation	-	-	-	-
Net income for the period	6,332,354	3,465,490	11,223,476	3,465,490
Provision for income distribution	(6,332,354)	-	(11,220,000)	-
	-	3,465,490	3,476	3,465,490
Earnings Per Unit (sen) #	2.26	1.46	4.28	1.46

* The Trust was established on 21 February 2006 and commenced business on 17 April 2006. Hence, the comparative figures represent the period from 17 April 2006 to 30 June 2006.

Based on the weighted average number of units in issued (Refer to Note B12).

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

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET
AS AT 30 JUNE 2007

	As At 30.06.2007 RM	As At 31.12.2006 RM
<u>ASSETS</u>		
Investment properties	467,501,460	390,000,000
Trade receivables	412,154	475,323
Other receivables, deposits and prepayment	245,587	9,207,874
Deposits with licensed financial institutions	14,100,000	13,669,216
Cash and bank balances	272,615	418,054
TOTAL ASSETS	482,531,815	413,770,467
<u>LIABILITIES</u>		
Trade payables	357,346	620,804
Other payables and accrued expenses	997,002	804,922
Tenant deposits	10,577,497	8,953,484
Provision for income distribution	11,220,000	12,692,475
Borrowings	135,500,000	105,500,000
TOTAL LIABILITIES	158,651,845	128,571,685
NET ASSET VALUE	<u>323,879,970</u>	<u>285,198,782</u>
<u>REPRESENTED BY :</u>		
Unitholders' capital	285,344,766	246,667,055
Undistributable income - realised	3,531	54
Undistributable income - unrealised (Investment fluctuation reserves)	38,531,673	38,531,673
	<u>323,879,970</u>	<u>285,198,782</u>
Number of Units in Circulation (unit)	280,500,000	237,500,000
Net Asset Value Per Unit (RM)	1.1547	1.2008

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

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 30 JUNE 2007

	Unitholders' Capital RM	-----Distributable-----		Total RM
		Undistributed Unrealised RM	Realised RM	
<u>Current Year To Date</u>				
At 1 January 2007	246,667,055	38,531,673	54	285,198,782
Operation for the period ended 30 June 2007				
Net income for the period	-	-	11,223,476	11,223,476
	-	-	11,223,476	11,223,476
Unitholders' transaction				
Creation of units	39,130,000	-	-	39,130,000
Establishment and issue expenses	(452,288)	-	-	(452,288)
Distribution to unitholders	-	-	(11,220,000)	(11,220,000)
	38,677,712	-	(11,220,000)	27,457,712
At 30 June 2007	285,344,767	38,531,673	3,530	323,879,970
<u>Preceding Year Corresponding Period *</u>				
At 21 February 2006	1	-	-	1
Operation for the period ended 30 June 2006				
Net income for the period	-	-	3,465,490	3,465,490
	-	-	3,465,490	3,465,490
Unitholders' transaction				
Creation of units	251,631,180	-	-	251,631,180
Establishment and issue expenses	(4,820,795)	-	-	(4,820,795)
	246,810,385	-	-	246,810,385
At 30 June 2006	246,810,386	-	3,465,490	250,275,876

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

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2007**

	Current Year To Date 30.06.2007 RM	Preceding Year To Date 30.06.2006 * RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	11,223,476	3,465,490
Adjustments for:		
Interest income	(224,423)	(255,611)
Interest expense	<u>2,599,708</u>	<u>926,608</u>
Operating profit before changes in working capital	13,598,761	4,136,487
Trade and other receivables	9,025,457	(674,838)
Trade and other payable	<u>1,552,635</u>	<u>9,849,841</u>
Net cash generated from operating activities	<u>24,176,853</u>	<u>13,311,490</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment properties	(77,501,460)	(351,094,400)
Interest income	<u>224,423</u>	<u>255,611</u>
Net cash used in investing activities	<u>(77,277,037)</u>	<u>(350,838,789)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2,599,708)	(926,608)
Proceeds from issue of units	39,130,000	251,631,180
Proceeds from borrowings	30,000,000	105,500,000
Dividend paid to unitholders	(12,692,475)	-
Establishment and issue expenses	<u>(452,288)</u>	<u>(4,820,795)</u>
Net cash generated from financing activities	<u>53,385,529</u>	<u>351,383,777</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	285,345	13,856,478
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>14,087,270</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,372,615</u>	<u>13,856,478</u>
Cash and cash equivalents at end of period comprise of:		
Deposits placed with licensed financial institutions	14,100,000	5,625,104
Cash and bank balances	<u>272,615</u>	<u>8,231,374</u>
	<u>14,372,615</u>	<u>13,856,478</u>

* The Trust was established on 21 February 2006 and commenced business on 17 April 2006. Hence, the comparative figures represent the period from 17 April 2006 to 30 June 2006.

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

TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2007

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

A1. Basis of Preparation

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

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

A2. Audit Report of Preceding Financial Year

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

A3. Seasonality or Cyclicity of Operations

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

A4. Unusual Items

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter. The outstanding debts are disclosed in Note B8.

A7. Income Distribution

No income distribution was paid during the quarter under review. However, for the six-month period ended 30 June 2007, the Manager is declaring an interim income distribution of 4 sen per unit, totalling RM11,220,000, representing approximately 100% of distributable income after taxation, payable on 28 August 2007 as disclosed in Note B11.

A8. Segmental reporting

Not applicable.

TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2007

A9. Valuation of Investment Properties

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

The newly acquired investment property known as Menara ING had been valued on 15 September 2006 by Ooi & Zaharin Sdn. Bhd. (Knight Frank), an independent professional firm of registered valuers.

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

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

A11. Changes in the Composition of the Trust

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

A12. Contingent Liabilities and Contingent Assets

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

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TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2007

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

B1. Review of Performance

For the current quarter ended 30 June 2007, the Trust recorded gross revenue and income before taxation of RM10.397 million and RM6.332 million respectively, representing an increase of 65% and 83% respectively as compared to previous corresponding quarter ended 30 June 2006.

Similarly, the Trust recorded higher gross revenue and income before taxation of RM18.998 million and RM11.223 million respectively for the current year to date as compared to RM6.283 million and RM3.465 million respectively in the preceding year's corresponding period.

The increase in gross revenue and income before taxation was mainly due to the short period in the previous corresponding quarter and year to date's results i.e. 17 April 2006 (date of commencement of operation) to 30 June 2006 as compared to the current year full quarter and year to date as well as an additional contribution from the newly acquired property, namely Menara ING which acquisition was completed on 27 March 2007.

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

The Trust recorded an income before taxation of RM6.332 million for the current quarter as compared to RM4.891 million in the preceding quarter, an increase of 29% or RM1.441 million mainly contributed by additional income before taxation from the newly acquired property, namely Menara ING.

B3. Prospects

The Manager, after considering the strength of the real estate portfolio invested and the positive economic outlook, expects the Trust to perform satisfactory in the remaining period of the financial year ending 31 December 2007.

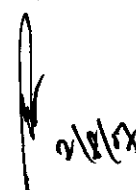
As such, the Manager is of the opinion that the Trust will perform better than its forecasted profit for the financial year ending 31 December 2007 as disclosed in the Circular to Unitholders of the Trust dated 14 February 2007.

B4. Taxation

There was no tax payable as the Trust, barring any unforeseen circumstances, intends to distribute approximately 100% of the distributable income to unitholders for the financial year ending 31 December 2007.

B5. Sales of Unquoted Investments and/or Properties

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

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TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2007

B6. Quoted Investments

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

B7. Corporate Developments

There was no corporate proposal announced during the current quarter.

B8. Borrowings and Debt Securities

Particulars of the Trust's borrowings as at 30 June 2007 are as follows:

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

B9. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were executed for the current quarter except for the interest rate swaps entered into by the Trust during the quarter to hedge its floating rate borrowing exposure into fixed rate as a pre-emptive move to mitigate the Trust's interest rate risk exposure.

As at 30 June 2007, the Trust had a total interest rate swaps contracts of RM65,000,000, fixed for 5 years at rates ranging from 3.58% to 3.63% against 3-month KLIBOR. The fair value of these interest rate swaps as at 30 June 2007 was RM65,798,643 in favour of the Trust.

B10. Material Litigation

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

B11. Income Distribution

The Board of GLM REIT Management Sdn. Bhd. has declared an interim income distribution of 4 sen per unit, totalling RM11,220,000, representing approximately 100% of the distributable income after taxation for the six-month period ended 30 June 2007, payable on 28 August 2007 to the unitholders registered in the Record of Depositors on 17 August 2007.

Pursuant to Section 61A of the Income Tax Act, 1967, the Trust is exempted from tax provided that it distributes at least 90% of its total income to its unitholders. Withholding tax will be deducted for distributions made to the following categories of unitholders:

- Resident corporate (tax at prevailing rate)
- Resident non-corporate (withholding tax 15%)
- Non-resident individual (withholding tax 15%)
- Non-resident corporate (withholding tax 27%)
- Non-resident institutional (withholding tax 20%)



TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE SECOND QUARTER ENDED 30 JUNE 2007

B12. Distribution per Unit and Earnings per Unit

	Current Year Quarter Ended 30.06.07 RM	Current Year To Date 30.06.07 RM
Net income for the period	6,332,354	11,223,476
Provision for income distribution	11,220,000	11,220,000
Number of units in issue *	280,500,000	261,969,613
Basic earnings per unit (sen)	2.26	4.28
Distribution per unit (sen)	4.00	4.00

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

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

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

LIM YEW YOKE
LEE SOW YEANG
Secretaries

Kuala Lumpur
2 August 2007

