

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.03.2007 RM	Preceding Year Corresponding Quarter Ended 31.03.2006 * RM	Current Year To-date 31.03.2007 RM	Preceding Year To Date 31.03.2006 * RM
<u>INCOME</u>				
Gross revenue	8,600,838	NA	8,600,838	NA
Property operating expenses	(2,174,208)	NA	(2,174,208)	NA
Net property income	6,426,631	NA	6,426,631	NA
Interest income	143,189	NA	143,189	NA
Other income	5,000	NA	5,000	NA
	6,574,820	NA	6,574,820	NA
<u>EXPENSES</u>				
Manager's fees	494,312	NA	494,312	NA
Trustee's fees	23,049	NA	23,049	NA
Administrative expenses	20,431	NA	20,431	NA
Interest expenses	1,145,905	NA	1,145,905	NA
	1,683,697		1,683,697	
Income before taxation	4,891,123	NA	4,891,123	NA
Taxation	-	NA	-	NA
Net income for the period	4,891,123	NA	4,891,123	NA
Provision for income distribution	-	NA	-	NA
	4,891,123	NA	4,891,123	NA
Net income for the period is made up as follows :				
Realised	4,891,123	NA	4,891,123	NA
Unrealised	-	NA	-	NA
	4,891,123	NA	4,891,123	NA
Earnings Per Unit (sen) #	2.011	NA	2.011	NA

* No comparative figures are available as the Trust was established on 21 February 2006 and commenced business on 17 April 2006.

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

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

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET
AS AT 31 MARCH 2007

	As At 31.03.2007 RM	As At 31.12.2006 RM
<u>ASSETS</u>		
Investment properties	467,376,320	390,000,000
Trade receivables	487,185	475,323
Other receivables, deposits and prepayment	1,289,518	9,207,874
Cash and bank balances	8,665,204	14,087,270
TOTAL ASSETS	477,818,227	413,770,467
<u>LIABILITIES</u>		
Trade payables	458,178	620,804
Other payables and accrued expenses	2,549,821	804,922
Tenant deposits	10,347,666	8,953,484
Provision for income distribution	-	12,692,475
Borrowing	135,500,000	105,500,000
TOTAL LIABILITIES	148,855,665	128,571,685
NET ASSET VALUE	328,962,562	285,198,782
<u>REPRESENTED BY</u> :		
Unitholders' capital	285,539,711	246,667,055
Undistributable income - realised	4,891,178	54
Undistributable income - unrealised (Investment fluctuation reserves)	38,531,673	38,531,673
	328,962,562	285,198,782
Number of Unit in Circulation	280,500,000	237,500,000
Net Asset Value Per Unit	1.1728	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 to the interim financial statements.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 31 MARCH 2007**

	Unitholders' Capital RM	-----Distributable----- Undistributed Income		Total RM
		Unrealised RM	Realised RM	
AT 1 JANUARY 2007	246,667,055	38,531,673	54	285,198,782
<u>Operation for the period ended</u>				
<u>31 March 2007</u>				
Net income for the period	-	-	4,891,123	4,891,123
	-	-	4,891,123	4,891,123
<u>Unitholders' transaction</u>				
Creation of units	39,130,000	-	-	39,130,000
Establishment and issue expenses	(257,344)	-	-	(257,344)
	38,872,656	-	-	38,872,656
AT 31 MARCH 2007	285,539,711	38,531,673	4,891,178	328,962,562

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 to the interim financial statements.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2007**

	Current Year To Date 31.03.07 RM	Preceding Year To Date * 31.03.06 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	4,891,123	NA
Adjustments for:		
Interest income	(143,189)	NA
Interest expense	1,145,905	NA
Operating profit before changes in working capital	5,893,839	NA
Trade and other receivables	7,906,495	NA
Trade and other payable	2,976,455	NA
Net cash generated from operating activities	16,776,789	NA
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment properties	(77,376,320)	NA
Interest income	143,189	NA
Net cash used in investing activities	(77,233,131)	NA
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,145,905)	NA
Borrowing	30,000,000	NA
Dividend paid	(12,692,475)	NA
Proceeds from issue of unit	39,130,000	NA
Establishment and issue expenses	(257,344)	NA
Net cash generated from financing activities	55,034,276	NA
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,422,066)	NA
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,087,270	NA
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,665,204	NA
Cash and cash equivalents at end of period comprise of:		
Deposits placed with licensed financial institutions	7,000,000	NA
Cash and bank balances	1,665,204	NA
	8,665,204	NA

* No comparative figures are available as the Trust was established on 21 February 2006 and commenced business on 17 April 2006.

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

TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE QUARTERLY REPORT - 31 MARCH 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 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 quarter results.

A6. Debt and Equity Securities

During the quarter under review, the Trust had issued and listed an additional 43,000,000 new units via private placement at RM0.91 per unit on 20 March 2007. The proceeds arising from the private placement had been fully utilised to part-finance the acquisition of 78.33% of the total share unit entitlement and 100% of the car park bays of Menara ING.

A7. Income Distribution

During the quarter under review, Tower REIT had, on 28 February 2007, paid a final income distribution of 5.3442 sen per unit, representing approximately 100% of the income after tax (realised) for the financial period ended 31 December 2006 amounting to RM12,692,475.

A8. Segmental reporting

Not applicable.

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

The Tower REIT's fund size had increased from 237,500,000 units to 280,500,000 units arising from the completion and listing of an additional 43,000,000 new units on 20 March 2007 pursuant to the private placement and acquisition of Menara ING as disclosed in Note B7 (Corporate Developments).

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 QUARTERLY REPORT - 31 MARCH 2007

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

B1. Review of Performance

For the quarter ended 31 March 2007, the Trust recorded a total income of RM8,749,027, including interest income of RM143,189. Total expenditure for the quarter under review was RM3,857,905 of which RM2,174,208 were attributable to property operating expenses and RM1,683,697 to non-property expenses. The total income after taxation (realised) which is available for distribution for the quarter amounted to RM4,891,123.

No comparison on the performance with the preceding financial period ended 31 March 2006 was made as the Trust was established on 21 February 2006 and commenced business on 17 April 2006.

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

	Current Quarter Ended 31.03.07 RM	Preceding Quarter Ended 31.12.06 RM
Income before taxation		
- Realised	4,891,123	4,659,758
- Unrealised - Fair value adjustment on investment properties	-	38,531,673
	<u>4,891,123</u>	<u>43,191,431</u>

The current quarter income before taxation (realised) of RM4,891,123 was approximately 5% or RM231,365 higher than the preceding quarter mainly due to improvement in average occupancy rate and rental rate from the existing properties.

B3. Prospects

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

Barring any unforeseen circumstances, the Board of GLM REIT Management Sdn Bhd, the Manager of the Trust, is of the opinion that the Trust will achieve its forecasted profit for the financial year ending 31 December 2007 as disclosed in the Circular to Unitholders of the Trust dated 5 March 2007.

B4. Taxation

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

B5. Sales of Unquoted Investments and/or Properties

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

B6. Quoted Investments

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

B7. Corporate Developments

The acquisition of 78.33% of the total share unit entitlement and 100% of the car park bays of Menara ING ("Menara ING") was completed on 27 March 2007.

In connection with the acquisition of Menara ING, the private placement of additional 43,000,000 new units issued at RM0.91 per unit had been completed and the new units were listed on the Main Board of Bursa Malaysia Securities Berhad on 20 March 2007.

B8. Borrowings and Debt Securities

Particulars of the Trust's borrowing as at 31 March 2007 are as follow:

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

B9. Off Balance Sheet Financial Instruments

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

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

No income distribution was declared for the current financial quarter. The Trust intends to distribute 100% of the distributable income to its unitholders for the financial year ending 31 December 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%)

B12. Distribution per Unit and Earning per Unit

	Current Quarter Ended 31.03.07 RM
Net income for the period - realised and distributable	<u>4,891,123</u>
Provision for income distribution	<u>-</u>
Number of units in issue *	<u>243,233,333</u>
Basic earning per unit (sen)	2.011
Distribution per unit (sen)	<u>-</u>

The basic earning 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 issued. 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
8 May 2007