

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2006**

	As at End of Current Quarter 31.12.06 RM
<u>NON-CURRENT ASSETS</u>	
Investment properties	390,000,000
<u>CURRENT ASSETS</u>	
Trade receivables	475,323
Other receivables	9,207,874
Cash and bank balances	14,087,270
	23,770,466
TOTAL ASSETS	413,770,466
<u>CURRENT LIABILITIES</u>	
Trade payables	620,803
Other payables	804,922
Rental deposits	8,953,484
Provision for income distribution	12,692,475
	23,071,684
TOTAL CURRENT LIABILITIES	23,071,684
	390,698,782
<u>FINANCED BY:</u>	
Unitholders' fund	251,631,180
Less: Establishment and issue expenses	(4,964,125)
Undistributable income - realised	54
Undistributable income - unrealised (Investment fluctuation reserves)	38,531,673
	285,198,782
<u>NON-CURRENT LIABILITY</u>	
Bank borrowings	105,500,000
	390,698,782
NET ASSET VALUE PER UNIT	1.201
NUMBER OF UNITS IN CIRCULATION	237,500,000

The comparative financial information for corresponding period is not available as the Trust was established on 21 February 2006.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Current Year Quarter 31.12.06 RM	Current Year To Date 31.12.06 RM
Revenue	7,967,708	22,339,656
Property operating expenses	<u>(1,867,571)</u>	<u>(6,013,127)</u>
Net property income	6,100,137	16,326,529
Interest Income	109,635	495,445
Other Income	-	58,000
Fair value adjustment of investment properties	38,531,673	38,531,673
Trust expenses	(365,755)	(870,641)
Borrowing cost	<u>(1,184,259)</u>	<u>(3,316,804)</u>
Income before taxation	43,191,431	51,224,202
Taxation	<u>-</u>	<u>-</u>
Net income for the period	<u>43,191,431</u>	<u>51,224,202</u>
Provision for income distribution	<u>(4,659,758)</u>	<u>(12,692,475)</u>
	<u>38,531,673</u>	<u>38,531,727</u>
Net income for the period is made up as follow:		
Realised	4,659,758	12,692,529
Unrealised - Fair value adjustment on investment properties	<u>38,531,673</u>	<u>38,531,673</u>
	<u>43,191,431</u>	<u>51,224,202</u>
Earnings per unit (sen)	<u>18.19</u>	<u>21.57</u>

The comparative financial information for corresponding period is not available as the Trust was established on 21 February 2006.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Unitholders' Capital RM	-----Distributable----- Undistributed Income		Unitholders' Fund RM
		Unrealised RM	Realised RM	
At 21 February 2006	1,000	-	-	1,000
<u>Operation for the period ended</u>				
<u>31 December 2006</u>				
Net income for the period	-	-	12,692,529	12,692,529
Fair value adjustment		38,531,673	-	38,531,673
	<u>-</u>	<u>38,531,673</u>	<u>12,692,529</u>	<u>51,224,202</u>
<u>Unitholders' transaction</u>				
Creation of units	251,630,180	-	-	251,630,180
Establishment and issue expenses	(4,964,125)	-	-	(4,964,125)
Distribution to unitholders	-	-	(12,692,475)	(12,692,475)
	<u>246,666,055</u>	<u>-</u>	<u>(12,692,475)</u>	<u>233,973,580</u>
At 31 December 2006	<u>246,667,055</u>	<u>38,531,673</u>	<u>54</u>	<u>285,198,782</u>

The comparative financial information for corresponding period is not available as the Trust was established on 21 February 2006.

**TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Current Year To Date 31.12.06 RM
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	51,224,202
Adjustments for:	
Interest income	(495,445)
Interest expense	3,316,804
Fair value adjustment of investment properties	<u>(38,531,673)</u>
Operating profit before changes in working capital	15,513,888
Increase in receivables	(9,683,197)
Increase in payables	<u>10,379,209</u>
Net cash generated from operating activities	<u>16,209,901</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of investment properties	(351,468,327)
Interest income	<u>495,445</u>
Net cash used in investing activities	<u>(350,972,882)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(3,316,804)
Borrowings	105,500,000
Unitholders' fund	251,631,180
Establishment and issue expenses	<u>(4,964,125)</u>
Net cash generated from financing activities	<u>348,850,251</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,087,270
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,087,270</u>
Cash and cash equivalents at end of period comprise of:	
Deposits with licensed financial institution	13,669,216
Cash and bank balances	<u>418,054</u>
	<u>14,087,270</u>

The comparative financial information for corresponding period is not available as the Trust was established on 21 February 2006.

TOWER REAL ESTATE INVESTMENT TRUST
NOTES TO THE QUARTERLY REPORT - 31 DECEMBER 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. Audit Report of Preceding Financial Year

There was no annual report of preceding financial year ended 31 December 2005 as Tower REIT was established on 21 February 2006 and commenced operations on 17 April 2006.

A3. 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 was paid during the quarter but a provision has been made to distribute 5.3442 sen per unit, approximately 100% of the income before tax (realised) for the financial period ended 31 December 2006 amounting to RM12.692 million.

A8. Segmental reporting

Not applicable.

A9. Valuation of Investment Properties

The existing properties, Menara HLA and HP Towers, have been revalued on 20 November 2006 by an independent firm of professional valuer to a total of RM390 million. This revaluation resulted in an unrealised surplus of RM38.531 million on fair value adjustment to the original acquisition cost of RM351 million.

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 the Listing Requirement of Bursa Malaysia Securities Berhad

B1. Review of Performance

The Trust recorded RM22.340 million and RM51.224 million revenue and income before taxation respectively for the period from 17 April 2006 to 31 December 2006.

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

	Current Quarter 31.12.06 RM'000	Preceding Quarter 30.09.06 RM'000
Revenue	7,968	8,087
Income before taxation		
- Realised	4,660	4,567
- Unrealised - Fair value adjustment on investment properties	38,532	-
	<u>43,192</u>	<u>4,567</u>

The total revenue for the preceding quarter ended 30 September 2006 was marginally higher than current quarter ended 31 December 2006.

Includes in income before taxation for the current quarter is unrealised surplus of RM38.532 million from fair value adjustment of investment properties. Excluding the unrealised surplus from fair value adjustment, the income before taxation of RM4.660 million for current quarter shown marginally higher than the preceding quarter result of RM4.567 million mainly due to the lower expenses as a result of efficient cost control.

B3. Prospects

The Trust, after considering the strength of the real estate portfolio invested and the positive economic outlook, is expected to achieve satisfactory performance for the next financial year ending 31 December 2007.

B4. Profit Forecast

	Actual 31.12.06 RM'000	Forecast 31.12.06 RM'000
Income after taxation		
- realised and distributable for the period	12,692	11,548
- unrealised from fair value adjustment of investment properties	38,532	-
	<u>51,224</u>	<u>11,548</u>

Income after taxation for the period of RM12.692 million excluded the unrealised surplus from fair value adjustment of investment properties of RM38.532 million exceeded the forecast in the prospectus dated 22 March 2006, of RM11.548 million by 10%. This favourable result was mainly attributable to the improvement in revenue and efficient cost control through the implementation of various active assets management strategies.

B5. Taxation

The Trust has provided approximately 100% of the distributable income to unitholders, which income at the Trust level is exempted from tax in accordance with the Income Tax Act, 1967. Thus, no tax is payable during the financial period.

B6. Sales of Unquoted Investments and/or Properties

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

B7. Quoted Investments

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

B8. Corporate Developments

On 16 October 2006, it was announced that AmTrustee Berhad (the Trustee of Tower REIT) and ING Insurance Berhad had on even date entered into a Sale and Purchase Agreement for Tower REIT to acquire 78.33% of the total share unit entitlement and 100% of the car parks of Menara ING ("Menara ING") for a purchase consideration of RM75,000,000 ("Proposed Acquisition"). As part of raising financing for the Proposed Acquisition, GLM REIT Management Sdn Bhd, the Manager of Tower REIT, intends to implement a proposed private placement of up to 43,000,000 new units in Tower REIT ("Proposed Placement"). On 12 January 2007, the Board of GLM REIT had fixed the issue price at RM0.91 per placement unit, being the weighted average market price of Tower REIT for the five market days up to 11 January 2007.

The valuation of Menara ING and Proposed Placement have been approved by the Securities Commission vide its letter dated 9 January 2007. Bank Negara Malaysia has also vide its letter dated 19 December 2006 approved the sale of Menara ING by ING Insurance Berhad. The Proposed Placement is now pending the approval of the unitholders of Tower REIT and Bursa Malaysia Securities Berhad for the listing of and quotation for the placement units.

B9. Borrowings and Debt Securities

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

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

B12. Income Distribution

The Board of GLM REIT Management Sdn. Bhd. has declared a final income distribution of 5.3442 sen per unit, representing approximately 100% of the income after taxation (realised) for the period ended 31 December 2006, to be paid on 28 February 2007 to the unitholders registered in the Record of Depositors on 15 February 2007.

Withholding tax will be deducted for distribution made to the following types 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%)

B13. Distribution per Unit and Earning per Unit

	Period 17.04.06 to 31.12.06 RM'000
Income after taxation	
- realised and distributable for the period	12,692
- unrealised from fair value adjustment of investment properties	38,532
	<hr/> 51,224 <hr/>
Provision for income distribution	<hr/> 12,692 <hr/>
Number of units in issue	<hr/> 237,500,000 <hr/>
Basic earning per share (sen)	21.568
Distribution per unit (sen)	<hr/> 5.3442 <hr/>

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

The distribution per unit amount is calculated by dividing the provision for income distribution for the period by the weighted average number of units in issue during the period.

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
30 January 2007