Quarterly rpt on consolidated results for the financial period ended 31 Dec 2024

TOWER REAL ESTATE INVESTMENT TRUST

Financial Year End	30 Jun 2025
Quarter	2 Qtr
Quarterly report for the financial period ended	31 Dec 2024
The figures	have not been audited

Attachments

Tower REIT Q2 Results.pdf
901.2 kB

Default Currency | Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
31 Dec 2024

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
		MYR'000	MYR'000	MYR'000	MYR'000
1	Revenue	10,027	9,083	20,083	18,137
2	Profit/(loss) before tax	2,342	418	4,321	700
3	Profit/(loss) for the period	2,342	418	4,321	700
4	Profit/(loss) attributable to ordinary equity holders of the parent	2,342	418	4,321	700
5	Basic earnings/(loss) per share (Subunit)	0.48	0.15	0.88	0.25
6	Proposed/Declared dividend per share (Subunit)	0.82	0.23	0.82	0.23
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent	1.1625		1.1614	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	20 Jan 2025
Category	Financial Results
Reference Number	FRA-16012025-00002

TOWERreit

TOWER REAL ESTATE INVESTMENT TRUST

CONDENSED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2024

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TOWERreit

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2024

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2024 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2023 RM'000	Current Period To Date 31.12.2024 RM'000	Preceding period To Date 31.12.2023 RM'000
Income				
Gross revenue	10,027	9,083	20,083	18,137
Property operating expenses	(4,129)	(4,475)	(8,442)	(9,188)
Net property income	5,898	4,608	11,641	8,949
Interest income	230	15	506	32
Other income	15	20	32	32
	6,143	**4,643**	**12,179**	**9,013**
Expenses				
Manager's fees	(612)	(568)	(1,228)	(1,133)
Trustee's fee	(43)	(38)	(86)	(76)
Administrative expenses	(259)	(167)	(726)	(249)
Interest expense	(2,887)	(3,452)	(5,818)	(6,855)
	(3,801)	**(4,225)**	**(7,858)**	**(8,313)**
Net Trust Income	**2,342**	**418**	**4,321**	**700**
Change in fair value of investment properties	-	-	-	-
Income before tax	**2,342**	**418**	**4,321**	**700**
Taxation	-	-	-	-
Income after tax	**2,342**	**418**	**4,321**	**700**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**2,342**	**418**	**4,321**	**700**
Total comprehensive income for the period is made up as follows:				
- Realised	2,342	418	4,321	700
- Unrealised	-	-	-	-
	2,342	**418**	**4,321**	**700**
BASIC EARNINGS PER UNIT (SEN)				
- Realised	0.48	0.15	0.88	0.25
- Unrealised	-	-	-	-
	0.48	0.15	0.88	0.25

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached.

TOWERreit

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

The figures have not been audited.

	Unaudited As At 31.12.2024 RM'000	Audited As At 30.06.2024 RM'000
ASSETS		
Non-current assets		
Plant and equipment	8,137	4,925
Investment properties	802,000	802,000
	810,137	806,925
Current Assets		
Trade receivables	1,786	459
Other receivables, deposits and prepayments	3,353	3,388
Cash and bank balances	25,607	26,846
	30,746	30,693
TOTAL ASSETS	840,883	837,618
LIABILITIES		
Non-current liabilities		
Tenants' deposits	5,951	8,105
Borrowings	232,421	232,312
Deferred tax liability	17,291	17,291
	255,663	257,708
Current liabilities		
Trade payables	432	61
Other payables and provisions	6,959	5,049
Tenants' deposits	7,208	4,720
	14,599	9,830
TOTAL LIABILITIES	270,262	267,538
NET ASSET VALUE	**570,621**	**570,080**
REPRESENTED BY :		
Unitholders' capital	350,025	350,025
Undistributed income - unrealised	158,165	158,165
Undistributed income - realised	62,431	61,890
	570,621	**570,080**
NUMBER OF UNITS IN CIRCULATION (UNITS)	**490,875,000**	**490,875,000**
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.1625	1.1614
- After income distribution	1.1543	1.1537

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached.

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TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2024

The figures have not been audited.

		Undistributed Income		
	Unitholders' Capital RM'000	Non-distributable Unrealised RM'000	Distributable Realised RM'000	Total RM'000
Current Period To Date				
At 1 July 2024	**350,025**	**158,165**	**61,890**	**570,080**
Operations for the period ended 31 December 2024				
Net income for the period	-	-	4,321	4,321
Total comprehensive income for the period	-	-	4,321	4,321
Unitholders' transactions				
Distribution to unitholders				
- 2024 final (paid on 30 August 2024)	-	-	(3,780)	(3,780)
	-	-	(3,780)	(3,780)
At 31 December 2024	**350,025**	**158,165**	**62,431**	**570,621**
Preceding Period To Date				
At 1 July 2023	**285,345**	**155,631**	**60,095**	**501,071**
Operations for the period ended 31 December 2023				
Net income for the period	-	-	700	700
Total comprehensive income for the period	-	-	700	700
Unitholders' transactions				
Distribution to unitholders				
- 2023 final (paid on 30 August 2023)	-	-	(757)	(757)
	-	-	(757)	(757)
At 31 December 2023	**285,345**	**155,631**	**60,038**	**501,014**

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached.

TOWERreit

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2024

The figures have not been audited.

	Current Period To Date 31.12.2024 RM'000	Preceding Period To Date 31.12.2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	4,321	700
Adjustments for:		
Depreciation	409	410
Interest expense	5,818	6,855
Interest income	(506)	(32)
Net loss on impairment of trade receivables	292	-
Operating profit before working capital changes	10,334	7,933
Changes in working capital:		
Trade and other receivables	(1,584)	(479)
Trade and other payables	2,615	1,229
Net cash generated from operating activities	11,365	8,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(3,621)	(2,311)
Interest income	506	32
Net cash used in investing activities	(3,115)	(2,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,709)	(6,746)
Proceeds from borrowings	-	2,400
Repayment of borrowings	-	(1,600)
Distribution paid to unitholders	(3,780)	(757)
Net cash used in financing activities	(9,489)	(6,703)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,239)	(299)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,846	1,324
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	25,607	1,025
Cash and cash equivalents comprise:		
Short term deposits	25,359	-
Cash and bank balances	248	1,025
	25,607	1,025

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached.

A. Explanatory Notes pursuant to the Malaysian Financial Reporting Standard ("MFRS") 134

A1. Basis of preparation

The quarterly financial report is unaudited and prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of Tower Real Estate Investment Trust ("Tower REIT" or "Trust") for the financial year ended 30 June 2024.

Changes in Accounting Policies

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those adopted in the preparation of the audited financial statements of Tower REIT for the financial year ended 30 June 2024. The initial application of the accounting standards, amendments or interpretations do not have any material financial impact to the current year and prior year's financial statements of Tower REIT.

A2. Audit Report of Preceding Financial Year

The Auditors' Report of the preceding financial year ended 30 June 2024 was not subject to any qualification.

A3. Seasonality or Cyclicality of Operations

The business operations of the Trust were 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 of Amounts Reported in Prior Interim Periods of the Current Financial year or in Prior Financial years

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have had a material impact in the current financial year.

A6. Debt and Equity Securities

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

A7. Income Distribution Paid During the Current Quarter

No income distribution was paid during the quarter under review.

A8. Segmental Reporting

No operating segment information has been prepared as the Trust has only one reportable segment and its assets are located in Malaysia.

A9. Valuation of Investment Properties

The valuation of Menara HLX, Plaza Zurich and Menara Guoco had been brought forward without any amendments from the previous audited financial statements

A10. Borrowing and Debt Securities

Particulars of the Trust's borrowings as at 31 December 2024 are as follows:

	RM'000
Secured	232,421
Unsecured	-
	232,421

The above borrowing is denominated in Ringgit Malaysia.

A11. Material Events

There were no material events subsequent to the current period under review up to the date of this quarterly report that required disclosure.

A12. Changes in the Composition of the Trust

There was no change in the composition of the Trust during the current quarter, and the fund comprised 490,875,000 units.

A13. Contingent Liabilities and Contingent Assets

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

B. Additional Information pursuant to Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

Performance of the Second Quarter/Six-Month Financial Period

Gross revenue for the quarter ended 31 December 2024 ("Second Quarter") recorded an increase of 10.4% to RM10.0 million as compared to the corresponding quarter of the preceding year. This was mainly due to better occupancy and higher rental rates. Property operating costs were lower by 7.7% mainly due to assessment rebates received for Menara HLX and Plaza Zurich. Interest expenses fell by 16.4% due to lower borrowings. Accordingly, net trust income before change in fair value of investment properties and tax improved by RM1.9 million as compared to the corresponding quarter of the preceding year.

For the six-month financial period, gross revenue and net trust income improved by RM1.9 million (10.7%) and RM3.6 million (517.3%) respectively as compared to the corresponding period of the preceding year. The improvement in the results was due to the gains from higher rental and interest income, reduced property operating expenses and lower interest costs.

B2. Material Change in Income before Tax for the Second Quarter Compared with Immediate Preceding Quarter

Net trust income for the Second Quarter of RM2.3 million was higher as compared to net trust income of RM2.0 million in the immediate preceding quarter. This was mainly due to improved occupancy and lower property operating expenses in the current quarter.

B3. Changes in State of Affairs

There were no material changes in the state of affairs of the Trust for the Second Quarter.

B4. Changes in Portfolio Composition

As at 31 December 2024, Tower REIT's composition of investment portfolio was as follows:

Real Estate	RM'000	% of Total Real Estate Portfolio
Menara HLX	327,600	41
Plaza Zurich	225,000	28
Menara Guoco	249,400	31
	802,000	100

B5. Changes in Net Asset Value

	As at 31.12.2024 RM'000	As at 30.09.2024 RM'000
Net asset value ('NAV')	570,621	568,279
NAV per unit (RM)	1.1625	1.1577

NAV per unit as at 31 December 2024 was comparable with the immediate preceding quarter.

B6. Changes in Unit Price

Tower REIT's unit price was last traded at RM0.310 per unit on 31 December 2024 (RM0.310 as at 30 September 2024).

B7. Utilisation of Proceeds Raised from any Issuance of New Units

Tower REIT received total proceeds of RM65.2 million from the Rights Issue exercise. As at 31 December 2024, the proceeds were utilised as follows:

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for Utilisation
Refurbishment of existing properties	23,865	3,432	Within 18 to 24 months
Repayment of bank borrowings	40,000	40,000	Within 12 months
Expenses in relation to the Corporate Exercises	1,351	1,197	Within 1 month
Total	65,216	44,629	

The balance of the rights proceeds of RM20.6 million is placed in fixed deposit with a commercial bank pending their utilisation.

B8. Circumstances Affecting Interest of the Unitholders

There were no unusual circumstances that had materially affected the interest of the unitholders for the current quarter.

B9. Prospects

The Manager achieved improved occupancy in all Tower REIT properties during the current financial period despite the challenging office rental market particularly in the Klang Valley higher-grade offices. Notwithstanding increasing vacancies, depressed office rental rate and rising operating expenses, the uptick in leasing inquiries and growing business confidence signal a positive trajectory for the REIT. The Manager continues to pursue renewal/enhancement initiatives to improve building attributes and enhance ESG performance while expanding the leasing pipeline. This, together with effective cost management remain the strategic imperatives of Tower REIT to strengthen and sustain its competitive position.

B10. Material Litigation

The Inland Revenue Board ("IRB") had on 7 December 2021, appealed to the Court of Appeal against the decision of the High Court, which was in favour of Tower REIT on the assessment of real property gains tax ("RPGT") of RM2.4 million in relation to the disposal of Menara ING in year 2014. The IRB has subsequently on 5 March 2024 withdrawn the appeal against the decision of the High Court. On 23 April 2024, the IRB issued a notice on tax refund amounting to RM2.4 million which had been recognised as a tax recoverable in preceding financial year. The refund is currently pending receipt from IRB.

B11. Soft Commission

During the quarter ended 31 December 2024, 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.

B12. Revenue Recognition

i) Gross Revenue

For the 3-month quarter ended 31 December 2024, gross revenue composition of rental income and non-rental income are as follows:

	RM'000
Rental income	5,995
Service charge	2,888
Car park and other income	1,144
Gross Revenue	10,027

ii) Rental income and service charge

Rental income and service charge from investment property are recognised over the term of the lease unless their collectability are in doubt, in which case, are recognised on a receipt basis.

iii) Car park income

Car park income is recognised upon services being rendered.

iv) Other income

Other income consists of income from signage rental, compensation charges and other associated income. Other income is recognised when services are rendered.

v) Interest income

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

B13. Manager's Fees

Pursuant to the Deed constituting Tower REIT, the Manager's fees (excluding taxes) shall consist of:-

(1) a base fee of up to 0.75% per annum of the gross asset value;

(2) a performance fee of up to 4.00% per annum of the net property income, but before deduction of property management fees payable;

(3) an acquisition fee of 1.00% of the acquisition price of any assets acquired; and

(4) a divestment fee of 0.50% of the sale price of any asset sold or divested.

The total base fee and performance fee for the period ended 31 December 2024 of RM826,364 and RM401,672 respectively were 0.20% and 3.35% of the gross asset value and net property income respectively.

B14. Trustee's Fee

Pursuant to the Deed constituting Tower REIT, the Trustee is entitled to receive a fee of up to 0.03% per annum of the audited net asset value of Tower REIT with a cap of RM200,000. The total Trustee's fee for the period ended 31 December 2024 is RM86,178.

B15. Taxation

	3 months ended		Period -to-date	
	31.12.2024 RM'000	**31.12.2023 RM'000**	**31.12.2024 RM'000**	**31.12.2023 RM'000**
Current tax expense	-	-	-	-
Reconciliation of tax expense				
Income before tax	2,342	418	4,321	700
Income tax using Malaysian tax rate of 24%	562	100	1,037	168
Non-deductible expenses	61	116	179	183
Effect of income exempted from tax	(623)	(216)	(1,216)	(351)
Total income tax expense	-	-	-	-

Under Section 61A of the Income Tax Act 1967, the undistributed income of a REIT is exempted from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As Tower REIT intends to distribute at least 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter.

B16. Income Distribution

The Manager of Tower REIT has declared an interim income distribution of 0.82 sen per unit, amounting to RM4,025,175 (0.23 sen in previous corresponding period), representing approximately 91.03% of the realised distributable net income for the 6-month period ended 31 December 2024, payable on 28 February 2025 to the unitholders registered in the Record of Depositors on 7 February 2025.

The interim income distribution ended 31 December 2024 is derived from the following sources: -

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2024 RM'000	**Preceding Year Corresponding Quarter Ended 31.12.2023 RM'000**	**Current Year To Date 31.12.2024 RM'000**	**Preceding Year To Date 31.12.2023 RM'000**
Rental income	10,027	9,083	20,083	18,137
Interest income	230	15	506	32
Other income	15	20	32	32
	10,272	9,118	20,621	18,201
Less:				
Expenses	(7,930)	(8,700)	(16,300)	(17,501)
Taxation	-	-	-	-
Realised income for the period	**2,342**	**418**	**4,321**	**700**
Previous quarter/year undistributed realised income	60,089	59,620	58,110	59,338
Total realised income available for distribution	**62,431**	**60,038**	**62,431**	**60,038**
Less: Proposed/declared income distribution	(4,025)	(645)	(4,025)	(645)
Balance undistributed realised income	**58,406**	**59,393**	**58,406**	**59,393**
Distribution per unit (sen)	0.82	0.23	0.82	0.23

B17. Units held by Related Parties

As at 31 December 2024, the Manager did not hold any unit in Tower REIT. The related parties of the Manager held units in Tower REIT as follows:

	Number of units '000	Market Value ** RM'000
Direct unitholdings in Tower REIT of the related parties of the Manager:		
GLM Equities Sdn Bhd	163,548	50,700
Hong Leong Assurance Berhad	101,974	31,612
Asia Fountain Investment Company Limited	24,500	7,595
Associated Land Sendirian Berhad	41,466	12,854
Hong Leong Investment Bank Berhad	10,302	3,194

** The market value is determined by multiplying the number of units with the market price as at 31 December 2024 of RM0.310 per unit.

B18. Statement by the Directors of the Manager

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 31 December 2024 and of its financial performance and cash flows for the period ended 31 December 2024.

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

CHIN MIN YANN
Secretary

Kuala Lumpur
20 January 2025