

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2020

TOWER REAL ESTATE INVESTMENT TRUST

Financial Year End	30 Jun 2020
Quarter	4 Qtr
Quarterly report for the financial period ended	30 Jun 2020
The figures	have not been audited

Attachments

 [Tower REIT Q4 Results \(30.06.2020\).pdf](#)
229.4 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2020

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	4,808	0	21,604	0
2	Profit/(loss) before tax	1,572	0	7,790	0
3	Profit/(loss) for the period	1,542	0	7,760	0
4	Profit/(loss) attributable to ordinary equity holders of the parent	1,542	0	7,760	0
5	Basic earnings/(loss) per share (Subunit)	0.45	0.00	2.67	0.00
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	5.18	0.00
		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 (\$\$)		1.9013		1.9254

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	23 Jul 2020
Category	Financial Results
Reference Number	FRA-21072020-00003

**CONDENSED FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

<u>Contents</u>	<u>Page</u>
Condensed Statement of Comprehensive Income	1 - 2
Condensed Statement of Financial Position	3
Condensed Statement of Changes In Net Asset Value	4
Condensed Statement of Cash Flow	5
Notes to the Financial Statements	6 - 13

TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited.

	Individual Quarter	Cumulative Quarter
	Current Year Quarter Ended 30.06.2020 RM'000	Current Year To Date 30.06.2020 RM'000
<u>Income</u>		
Gross revenue	4,808	21,604
Property operating expenses	(2,830)	(11,558)
Net property income	1,978	10,046
Interest income	20	105
Other income	4	101
	2,002	10,252
<u>Expenses</u>		
Manager's fees	(389)	(1,632)
Trustee's fee	(41)	(161)
Administrative expenses	(53)	(482)
Interest expenses	(247)	(487)
	(730)	(2,762)
Net Trust Income	1,272	7,490
Change in fair value of investment properties	300	300
Income before tax	1,572	7,790
Taxation	(30)	(30)
Income after tax	1,542	7,760
Other comprehensive income	-	-
Total comprehensive income for the period	1,542	7,760
Total comprehensive income for the period is made up as follows:		
- Realised	1,272	7,490
- Unrealised	270	270
	1,542	7,760
BASIC EARNINGS PER UNIT (SEN)		
- Realised	0.45	2.67
- Unrealised	0.10	0.10
	0.55	2.77

Due to change of financial year end from 31 December 2018 to 30 June 2019, there are no comparatives to be presented in this Condensed Statement of Comprehensive Income.

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached.

The figures have not been audited.

	Individual Quarter	Cumulative Quarter
	Current Year Quarter Ended 30.06.2020 RM'000	Current Year To Date 30.06.2020 RM'000
Statement of Income Distribution:		
Rental income	4,808	21,604
Interest income	20	105
Other income	4	101
	4,832	21,810
Less:		
Expenses	(3,560)	(14,320)
Taxation	-	-
Realised income for the period/year	1,272	7,490
Previous quarter/year undistributed realised income	60,697	69,009
Total realised income available for distribution	61,969	76,499
Less: Proposed/declared income distribution	-	(14,530)
Balance undistributed realised income	61,969	61,969
Distribution per unit (sen)	-	5.18

Due to change of financial year end from 31 December 2018 to 30 June 2019, there are no comparatives to be presented in this Condensed Statement of Comprehensive Income.

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached.

TOWERreit
TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Unaudited As At 30.06.2020 RM'000	Audited As At 30.06.2019 RM'000
ASSETS		
<u>Non-current assets</u>		
Plant and equipment	22,358	-
Investment properties	562,600	562,300
	584,958	562,300
<u>Current Assets</u>		
Trade receivables	395	243
Other receivables, deposits and prepayments	1,812	3,182
Deposits placed with licensed bank	1,100	5,662
Cash and bank balances	506	779
	3,813	9,866
TOTAL ASSETS	588,771	572,166
LIABILITIES		
<u>Non-current liabilities</u>		
Tenants' deposits	2,957	2,639
Deferred tax liability	20,653	20,623
	23,610	23,262
<u>Current liabilities</u>		
Trade payables	314	686
Other payables and provisions	4,825	3,447
Tenants' deposits	2,716	4,595
Borrowings	24,000	100
	31,855	8,828
TOTAL LIABILITIES	55,465	32,090
NET ASSET VALUE	<u>533,306</u>	<u>540,076</u>
<u>REPRESENTED BY :</u>		
Unitholders' capital	285,345	285,345
Undistributed income - unrealised	185,992	185,722
Undistributed income - realised	61,969	69,009
	<u>533,306</u>	<u>540,076</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	<u>280,500,000</u>	<u>280,500,000</u>
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.9013	1.9254
- After income distribution	<u>1.8895</u>	<u>1.8861</u>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached.

The figures have not been audited.

	Undistributed Income			Total RM'000
	Unitholders' Capital RM'000	Non-distributable Unrealised RM'000	Distributable Realised RM'000	
<u>Current Period To Date</u>				
At 1 July 2019	285,345	185,722	69,009	540,076
Operations for the period ended 30 June 2020				
Net income for the year	-	270	7,490	7,760
Total comprehensive income for the year	-	270	7,490	7,760
Unitholders' transactions				
Distribution to unitholders				
- 2019 final (paid on 28 August 2019)	-	-	(11,024)	(11,024)
- 2020 interim (paid on 28 February 2020)			(3,506)	(3,506)
	-	-	(14,530)	(14,530)
At 30 June 2020	285,345	185,992	61,969	533,306

Due to change of financial year end from 31 December 2018 to 30 June 2019, there are no comparatives to be presented in this Condensed Statement of Changes in Net Asset Value.

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached.

 **TOWERreit**
TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited.	Current Period To Date 30.06.2020 RM'000
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	
Income before tax	7,790
Adjustments for:	
Depreciation	248
Interest expense	487
Interest income	(105)
Change in fair value of investment properties	(300)
Operating profit before working capital changes	<u>8,120</u>
Changes in working capital:	
Trade and other receivables	1,218
Trade and other payables	(555)
Net cash generated from operating activities	<u>8,783</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Payment for enhancement of investment properties	(22,606)
Withdrawal of deposits placed with licensed financial bank	300
Interest income	105
Net cash used in investing activities	<u>(22,201)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Interest paid	(487)
Proceeds from borrowings	26,300
Repayment of borrowings	(2,400)
Distribution paid to unitholders	(14,530)
Net cash generated from financing activities	<u>8,883</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,535)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,141</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,606</u>
Cash and cash equivalents at end of period comprise:	
Cash and bank balances	506
Deposits placed with licensed financial bank	1,100
Cash and bank balances	<u>1,606</u>

Due to change of financial year end from 31 December 2018 to 30 June 2019, there are no comparatives to be presented in this condensed statement of cash flow.

The Condensed Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 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 period ended 30 June 2019.

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 period ended 30 June 2019. The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of Tower REIT

A2. Audit Report of Preceding Financial period

The Auditors' Report of the preceding financial period ended 30 June 2019 was not subject to any qualification.

A3. Seasonality or Cyclicity 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/period

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

A6. Debt and Equity Securities

There were 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 ended 30 June 2020.

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

During the quarter under review, a revaluation exercise was undertaken for both properties pursuant to Clause 10.02 of the Securities Commission's Listed REIT Guidelines:

	RM'000
At 1 July 2019	562,300
Change in fair value of investment properties	300
At 30 June 2020	<u>563,600</u>

A10. Borrowing and Debt Securities

Particulars of the Trust's borrowings as at 30 June 2020 are as follows:

	RM'000
Secured	24,000
Unsecured	-
	<u>24,000</u>

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 of 280,500,000 units.

A13. Contingent Liabilities and Contingent Assets

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

A14. Change of Financial Year End

The Trust had, on 13 September 2018, changed its financial year end from 31 December 2018 to 30 June 2019 to cover the 18 month period from 1 January 2018 to 30 June 2019 and thereafter, to end on 30 June each year. There are no comparatives to be presented for the condensed statement of comprehensive income, condensed statement of changes in net asset value and condensed statement of cash flow as the amounts are not comparable.

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

B1. Review of Performance

For the current quarter ended 30 June 2020, the Trust recorded gross revenue of RM4.81 million and a net trust income of RM1.27 million, representing a decrease of 38.8% and 59.4% respectively as compared to the corresponding quarter in the preceding year.

The lower net trust income in the current quarter as compared to the corresponding quarter in the preceding year is mainly due to lower rental income derived from Plaza Zurich and Menara HLX (formerly known as Menara HLA) as results of lower occupancy in Menara HLX and lower average rental rate for both buildings. Also, there were compensation received from tenants on unexpired terms in the corresponding quarter in the preceding year.

	Individual Quarter	
	3 Months 30.06.2020 RM'000	3 Months 30.06.2019 RM'000
Gross revenue	4,808	7,860
Net property income	1,978	4,635
Net trust income	1,271	3,128

B2. Material Change in Profit Before Tax for the Current Quarter Compared with Immediate Preceding Quarter

The current quarter profit before tax of RM1.5 million was RM0.9 million lower than immediate preceding quarter profit before tax of RM2.4 million. The lower profit of the current quarter was mainly due to decrease in revenue, which resulted from lower occupancy and rent rebate given to tenants due to the Movement Control Order implemented by Malaysian government in response to the Covid-19 pandemic in March 2020.

B3. Changes in State of Affairs

There were no material changes in the state of affairs of the Trust for the quarter under review.

B4. Changes in Portfolio Composition

As at 30 June 2020, Tower REIT's composition of investment portfolio was as follows:

	At Valuation RM'000	Total Real Estate Portfolio %
<u>Real Estate</u>		
Menara HLX (formerly known as Menara HLA)	342,300	61
Plaza Zurich	220,300	39
	562,600	100

B5. Changes in Net Asset Value

	As at 30.06.2020 RM'000	As at 31.03.2020 RM'000
Net asset value ("NAV")	533,306	531,764
NAV per unit (RM)	1.9013	1.8958

The NAV per unit as at 30 June 2020 was higher as compared to the immediate preceding quarter as a result of income distribution paid in previous quarter.

B5. Changes in Unit Price

Tower REIT's unit price was last traded at RM0.75 per unit on 30 June 2020 (RM0.58 as at 31 March 2020).

B6. Utilisation of Proceeds Raised from any Issuance of New Units

There was no issuance of new units during the quarter under review.

B7. Circumstances Affecting Interest of the Unitholders

There were no unusual circumstances which had materially affected the interest of the unitholders for the current quarter save and except for the circumstances mentioned in B8 below.

B8. Prospects

The Covid-19 pandemic in Malaysia which put the country in almost complete lockdown during the Movement Control Order (MCO) from March 18 to May 4, 2020 before moving into Conditional MCO followed by Recovery MCO added pressure to the Klang Valley's offices over supply woes. The pandemic, coupled with the oil price crash are expected to have negative impact on the Malaysian economic growth. The demand and rental rates for office sector may continue to be subdued. Nevertheless, the demand remains strong for office spaces in selected strategic locations in Klang Valley. The Manager will continue to take active steps to manage the portfolio in maximising the return to the unitholders.

B9. Material Litigation

There was no material litigation as at the date of this report.

B10. Soft Commission

During the quarter ended 30 June 2020, 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.

B11. Revenue Recognition

i) Gross Revenue

As at 30 June 2020, gross revenue composition of leasing income and non-leasing income are as follows:

	RM'000
Leasing income	2,061
Non-leasing income (service charge)	1,526
Others	1,221
Gross Revenue	<u>4,808</u>

ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease unless collectability is in doubt, in which case, it is recognised on a receipt basis.

iii) Car park income

Car park income is recognised on an accrual basis except where default in payment of rent has already occurred and rent dues remain outstanding for over six months, in which case, recognition of car park income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

iv) Other income

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

v) Interest Income

Interest income is recognised as it accrues using the effective interest method in statement of comprehensive income.

B12. 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 30 June 2020 of RM1,267,431 and RM364,369 respectively were 0.22% and 3.35% of the gross asset value and net property income respectively.

B13. 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 30 June 2020 is RM160,745.

B14. Tax Expense

	Current Year to Date 30.06.2020 RM'000
Current tax expense	-
Reconciliation of effective tax expense	
Income before tax	7,790
Income tax using Malaysian tax rate of 24%	1,870
Non-deductible expenses	206
Effect of income exempted from tax	(2,076)
Income tax expense	-
RPGT - change in fair value of investment properties	30
Tax expense	30

B15. Income Distribution

The Manager of Tower REIT has declared a final income distribution of 1.18 sen per unit, amounting to RM3,309,900 (3.93 sen per unit, amounting to RM11,023,650 in the previous corresponding period), representing approximately 91% of the realised distributable net income for the year ended 30 June 2020, payable on 28 August 2020 to the unitholders registered in the Record of Depositors on 11 August 2020.

B16. Units held by Related Parties

As at 30 June 2020, 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	Market Value**
	'000	RM'000
Direct unitholdings in Tower REIT of the related parties of the Manager:		
GLM Equities Sdn Bhd	60,769	45,273
Hong Leong Assurance Berhad	57,771	43,039
Asia Fountain Investment Company Limited	14,000	10,430
Associated Land Sendirian Berhad	13,409	9,990
Hong Leong Investment Bank Berhad	5,887	4,386

** The market value is determined by multiplying the number of units with the market price as at 30 June 2020 of RM0.745 per unit.

B17. 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 30 June 2020 and of its financial performance and cash flows for the period ended 30 June 2020.

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

CHEW ANN NEE
Secretary

Kuala Lumpur
23 July 2020

NET ASSET VALUE / INDICATIVE OPTIMUM PORTFOLIO VALUE

TOWER REAL ESTATE INVESTMENT TRUST

Type	Announcement
Subject	NET ASSET VALUE / INDICATIVE OPTIMUM PORTFOLIO VALUE
Description	Tower Real Estate Investment Trust - Net Asset Value ("NAV")

The NAV per unit of Tower Real Estate Trust as at 30 June 2020 is RM1.9013.

Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	23 Jul 2020
Category	General Announcement for PLC
Reference Number	GA1-21072020-00022

Income Distribution

TOWER REAL ESTATE INVESTMENT TRUST

Entitlement subject	Income Distribution
Entitlement description	Final Income Distribution of 1.18 sen per unit, taxable in the hands of unitholders
Ex-Date	10 Aug 2020
Entitlement date	11 Aug 2020
Entitlement time	5:00 PM
Financial Year End	30 Jun 2020
Period	
Share transfer book & register of members will be	to closed from (both dates inclusive) for the purpose of determining the entitlement
Payment Date	28 Aug 2020
a.Securities transferred into the Depositor's Securities Account before 4:30 pm in respect of transfers	11 Aug 2020
b.Securities deposited into the Depositor's Securities Account before 12:30 pm in respect of securities exempted from mandatory deposit	
c. Securities bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.	
Entitlement indicator	Currency
Announced Currency	Malaysian Ringgit (MYR)
Disbursed Currency	Malaysian Ringgit (MYR)
Entitlement in Currency	Malaysian Ringgit (MYR) 0.0118
Entitlement Details	
1.	
Tax Indicator	Taxable
Currency	Malaysian Ringgit (MYR)
Amount	0.0118
Income Type	REITS
Par Value (if applicable)	
Registrar or Service Provider name, address, telephone no	HONG LEONG SHARE REGISTRATION SERVICES SDN BHD Level 25, Menara Hong Leong No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan Malaysia Tel:0320888818 Fax:0321643703



Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	23 Jul 2020
Category	Entitlement(Notice of Book Closure)
Reference Number	ENT-21072020-00005
Corporate Action ID	MY200721INTR0001