Quarterly rpt on consolidated results for the financial period ended 30 Sep 2024

TOWER REAL ESTATE INVESTMENT TRUST

Financial Year End	30 Jun 2025
Quarter	1 Qtr
Quarterly report for the financial period ended	30 Sep 2024
The figures	have not been audited

Attachments

Tower REIT Q4 Results.pdf
831.2 kB

Default Currency | **Other Currency**

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
30 Sep 2024

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
		MYR'000	MYR'000	MYR'000	MYR'000
1	Revenue	10,058	9,054	10,058	9,054
2	Profit/(loss) before tax	1,979	282	1,979	282
3	Profit/(loss) for the period	1,979	282	1,979	282
4	Profit/(loss) attributable to ordinary equity holders of the parent	1,979	282	1,979	282
5	Basic earnings/(loss) per share (Subunit)	0.40	0.10	0.40	0.10
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	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	1.1577		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	30 Oct 2024
Category	Financial Results
Reference Number	FRA-28102024-00002

TOWERreit

TOWER REAL ESTATE INVESTMENT TRUST

CONDENSED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

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TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2024 RM'000	Preceding Year Corresponding Quarter Ended 30.09.2023 RM'000	Current Period To Date 30.09.2024 RM'000	Preceding period To Date 30.09.2023 RM'000
Income				
Gross revenue	10,058	9,054	10,058	9,054
Property operating expenses	(4,313)	(4,713)	(4,313)	(4,713)
Net property income	5,745	4,341	5,745	4,341
Interest income	276	17	276	17
Other income	17	12	17	12
	6,038	**4,370**	**6,038**	**4,370**
Expenses				
Manager's fees	(616)	(565)	(616)	(565)
Trustee's fee	(44)	(38)	(44)	(38)
Administrative expenses	(468)	(82)	(468)	(82)
Interest expense	(2,931)	(3,403)	(2,931)	(3,403)
	(4,059)	**(4,088)**	**(4,059)**	**(4,088)**
Net Trust Income	**1,979**	**282**	**1,979**	**282**
Change in fair value of investment properties	-	-	-	-
Income before tax	**1,979**	**282**	**1,979**	**282**
Taxation	-	-	-	-
Income after tax	**1,979**	**282**	**1,979**	**282**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**1,979**	**282**	**1,979**	**282**
Total comprehensive income for the period is made up as follows:				
- Realised	1,979	282	1,979	282
- Unrealised	-	-	-	-
	1,979	**282**	**1,979**	**282**
BASIC EARNINGS PER UNIT (SEN)				
- Realised	0.40	0.10	0.40	0.10
- Unrealised	-	-	-	-
	0.40	0.10	0.40	0.10

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.

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TOWER REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

The figures have not been audited.

	Unaudited As At 30.09.2024 RM'000	Audited As At 30.06.2024 RM'000
ASSETS		
Non-current assets		
Plant and equipment	5,156	4,925
Investment properties	802,000	802,000
	807,156	806,925
Current Assets		
Trade receivables	720	459
Other receivables, deposits and prepayments	4,427	3,388
Cash and bank balances	24,248	26,846
	29,395	30,693
TOTAL ASSETS	836,551	837,618
LIABILITIES		
Non-current liabilities		
Tenants' deposits	5,871	8,105
Borrowings	232,367	232,312
Deferred tax liability	17,291	17,291
	255,529	257,708
Current liabilities		
Trade payables	14	61
Other payables and provisions	5,694	5,049
Tenants' deposits	7,035	4,720
	12,743	9,830
TOTAL LIABILITIES	268,272	267,538
NET ASSET VALUE	**568,279**	**570,080**
REPRESENTED BY :		
Unitholders' capital	350,025	350,025
Undistributed income - unrealised	158,165	158,165
Undistributed income - realised	60,089	61,890
	568,279	**570,080**
NUMBER OF UNITS IN CIRCULATION (UNITS)	**490,875,000**	**490,875,000**
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.1577	1.1614
- After income distribution	1.1577	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 FIRST QUARTER ENDED 30 SEPTEMBER 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 30 September 2024				
Net income for the period	-	-	1,979	1,979
Total comprehensive income for the period	-	-	1,979	1,979
Unitholders' transactions				
Distribution to unitholders				
- 2024 final (paid on 30 August 2024)	-	-	(3,780)	(3,780)
	-	-	(3,780)	(3,780)
At 30 September 2024	**350,025**	**158,165**	**60,089**	**568,279**
Preceding Period To Date				
At 1 July 2023	**285,345**	**155,631**	**60,095**	**501,071**
Operations for the period ended 30 September 2023				
Net income for the period	-	-	282	282
Total comprehensive income for the period	-	-	282	282
Unitholders' transactions				
Distribution to unitholders				
- 2023 final (paid on 30 August 2023)	-	-	(757)	(757)
	-	-	(757)	(757)
At 30 September 2023	**285,345**	**155,631**	**59,620**	**500,596**

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 FIRST QUARTER ENDED 30 SEPTEMBER 2024

The figures have not been audited.

	Current Period To Date 30.09.2024 RM'000	Preceding Period To Date 30.09.2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	1,979	282
Adjustments for:		
Depreciation	205	206
Interest expense	2,931	3,403
Interest income	(276)	(17)
Net loss on impairment of trade receivables	168	-
Operating profit before working capital changes	5,007	3,874
Changes in working capital:		
Trade and other receivables	(1,468)	(1,370)
Trade and other payables	679	624
Net cash generated from operating activities	4,218	3,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(436)	(966)
Interest income	276	17
Net cash used in investing activities	(160)	(949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,876)	(3,348)
Proceeds from borrowings	-	2,000
Repayment of borrowings	-	(600)
Distribution paid to unitholders	(3,780)	(757)
Net cash used in financing activities	(6,656)	(2,705)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,598)	(526)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,846	1,324
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	24,248	798
Cash and cash equivalents comprise:		
Short term deposits	24,000	-
Cash and bank balances	248	798
	24,248	798

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

The Trust had, on 30 August 2024 paid a final income distribution of 0.77 sen per unit, amounting to RM3,779,738 for the financial year ended 30 June 2024.

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 30 September 2024 are as follows:

	RM'000
Secured	232,367
Unsecured	-
	232,367

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 First Quarter/Three-Month Financial Period

Gross revenue for the quarter ended 30 September 2024 ("First Quarter") recorded an increase of 11.1% to RM10.1 million as compared to the corresponding quarter of the preceding year. This was mainly due to higher rental income derived from all three buildings as a result of better occupancy and higher rental rates. Property operating costs were lower by 8.5% due to assessment rebates received, as well as lower agency commission, electricity and management fee. Administrative expenses increased by RM0.4 million mainly due to professional fee incurred for a tax appeal. Interest expenses fell by 13.9% due to lower drawdowns of revolving credit facilities and term loan following repayments in the preceding year. Accordingly, net trust income before change in fair value of investment properties and tax improved by RM1.7 million as compared to the corresponding quarter of the preceding year.

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

Net trust income for the First Quarter of RM2.0 million was higher as compared to net trust income of RM1.5 million in the immediate preceding quarter. This was mainly due to the 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 First Quarter.

B4. Changes in Portfolio Composition

As at 30 September 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 30.09.2024 RM'000	As at 30.06.2024 RM'000
Net asset value ('NAV')	568,279	570,080
NAV per unit (RM)	1.1577	1.1614

The movement of NAV per unit as at 30 September 2024 compared to the immediate preceding quarter was the result of payment of distribution on 30 August 2024.

B6. Changes in Unit Price

Tower REIT's unit price was last traded at RM0.310 per unit on 30 September 2024 (RM0.325 as at 30 June 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 30 September 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	2,267	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	43,464	

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 save and except for the circumstances mentioned in Note B10.

B9. Prospects

The Manager achieved improved occupancy in all the Tower REIT properties during the current financial period despite the challenging office rental market particularly in the Klang Valley with more incoming supply of higher-grade offices. Although increasing vacancies, depressed office rental rate, rising operating expenses and high interest cost remain challenging, there are positive signs that economic activities have started to pick up with more leasing enquiries as business confidence grows. The Manager continues to pursue refurbishment 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 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.

B11. Soft Commission

During the quarter ended 30 September 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 30 September 2024, gross revenue composition of rental income and non-rental income are as follows:

	RM'000
Rental income	6,022
Service charge	2,944
Car park and other income	1,092
Gross Revenue	10,058

ii) Rental income and service charge

Rental income and service charge from investment property are recognised over the term of the lease unless collectability is 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 30 September 2024 of RM417,576 and RM198,015 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 30 September 2024 is RM43,580.

B15. Taxation

	3 months ended	
	30.09.2024	**30.09.2023**
	RM'000	**RM'000**
Current tax expense	-	-
Reconciliation of tax expense		
Income before tax	1,979	282
Income tax using Malaysian tax rate of 24%	475	68
Non-deductible expenses	136	67
Effect of income exempted from tax	(611)	(135)
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

No income distribution had been declared for the current quarter.

B17. Units held by Related Parties

As at 30 September 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 30 September 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 30 September 2024 and of its financial performance and cash flows for the period ended 30 September 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
30 October 2024