


## Quarterly rpt on consolidated results for the financial period ended 31 Dec 2019

### TOWER REAL ESTATE INVESTMENT TRUST

Financial Year End	30 Jun 2020
Quarter	2 Qtr
Quarterly report for the financial period ended	31 Dec 2019
The figures	have not been audited

#### Attachments

 [Tower REIT - Q2 Results \(31.12.19\).pdf](#)  
226.9 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

#### SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2019

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	5,572	0	11,231	0
2	Profit/(loss) before tax	1,717	0	3,789	0
3	Profit/(loss) for the period	1,717	0	3,789	0
4	Profit/(loss) attributable to ordinary equity holders of the parent	1,717	0	3,789	0
5	Basic earnings/(loss) per share (Subunit)	0.61	0.00	1.35	0.00
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	3.93	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 (\$\$)		1.8996		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**

<b>Company Name</b>	TOWER REAL ESTATE INVESTMENT TRUST
<b>Stock Name</b>	TWRREIT
<b>Date Announced</b>	20 Jan 2020
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-15012020-00003

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**CONDENSED FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

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**TOWER REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

The figures have not been audited.

	Individual Quarter	Cumulative Quarter
	Current Year Quarter Ended 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
<b><u>Income</u></b>		
Gross revenue	5,572	11,231
Property operating expenses	(3,220)	(6,240)
Net property income	2,352	4,990
Interest income	22	69
Other income	67	92
	<b>2,441</b>	<b>5,152</b>
<b><u>Expenses</u></b>		
Manager's fees	(405)	(814)
Trustee's fee	(40)	(81)
Administrative expenses	(177)	(338)
Interest expenses	(101)	(129)
	<b>(724)</b>	<b>(1,362)</b>
<b>Net Trust Income</b>	<b>1,717</b>	<b>3,789</b>
Change in fair value of investment properties	-	-
<b>Income before tax</b>	<b>1,717</b>	<b>3,789</b>
Taxation	-	-
<b>Income after tax</b>	<b>1,717</b>	<b>3,789</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,717</b>	<b>3,789</b>
<b>Total comprehensive income for the period is made up as follows:</b>		
- Realised	1,717	3,789
- Unrealised	-	-
	<b>1,717</b>	<b>3,789</b>
<b>BASIC EARNINGS PER UNIT (SEN)</b>		
- Realised	0.61	1.35
- Unrealised	-	-
	<b>0.61</b>	<b>1.35</b>

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 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
<b>Statement of Income Distribution:</b>		
Rental income	5,572	11,231
Interest income	22	69
Other income	67	92
	5,661	11,392
Less:		
Expenses	(3,944)	(7,603)
Taxation	-	-
	1,717	3,789
<b>Realised income for the period/year</b>		
Previous quarter/year undistributed realised income	60,058	69,009
	61,775	72,799
<b>Total realised income available for distribution</b>		
Less: Proposed/declared income distribution	-	(11,024)
	61,775	61,775
<b>Balance undistributed realised income</b>		
Distribution per unit (sen)	-	3.93

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 31 DECEMBER 2019

	Unaudited As At 31.12.2019 RM'000	Audited As At 30.06.2019 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Investment Properties	562,300	562,300
<b><u>Current Assets</u></b>		
Trade receivables	812	243
Other receivables, deposits and prepayments	8,311	3,182
Deposits placed with licensed bank	-	5,662
Cash and bank balances	1,951	779
	11,074	9,866
<b>TOTAL ASSETS</b>	573,374	572,166
<b>LIABILITIES</b>		
<b><u>Non-current liabilities</u></b>		
Tenants' deposits	2,777	2,639
Deferred tax liability	20,623	20,623
	23,400	23,262
<b><u>Current liabilities</u></b>		
Trade payables	686	686
Other payables and provisions	3,187	3,447
Tenants' deposits	4,659	4,595
Borrowings	8,600	100
	17,132	8,828
<b>TOTAL LIABILITIES</b>	40,532	32,090
<b>NET ASSET VALUE</b>	<b>532,842</b>	<b>540,076</b>
<b><u>REPRESENTED BY :</u></b>		
Unitholders' capital	285,345	285,345
Undistributed income - unrealised	185,722	185,722
Undistributed income - realised	61,775	69,009
	<b>532,842</b>	<b>540,076</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>280,500,000</b>	<b>280,500,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Before income distribution	1.8996	1.9254
- After income distribution	1.8871	1.9254

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	
<b><u>Current Period To Date</u></b>				
<b>At 1 July 2019</b>	<b>285,345</b>	<b>185,722</b>	<b>69,009</b>	<b>540,076</b>
<b>Operations for the period ended 31 December 2019</b>				
Net income for the year	-	-	3,789	3,789
Total comprehensive income for the year	-	-	3,789	3,789
<b>Unitholders' transactions</b>				
Distribution to unitholders				
- 2019 final (paid on 28 August 2019)	-	-	(11,024)	(11,024)
	-	-	(11,024)	(11,024)
<b>At 31 December 2019</b>	<b>285,345</b>	<b>185,722</b>	<b>61,775</b>	<b>532,842</b>

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.

The figures have not been audited.

	<b>Current Period To Date 31.12.2019 RM'000</b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	
Income before tax	3,789
Adjustments for:	
Interest expense	129
Interest income	(69)
Operating profit before working capital changes	<u>3,849</u>
Changes in working capital:	
Trade and other receivables	(5,698)
Trade and other payables	(57)
<b>Net cash (used in)/generated from operating activities</b>	<b><u>(1,906)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Withdrawal of deposits placed with licensed financial bank	300
Interest income	69
<b>Net cash generated from investing activities</b>	<b><u>369</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
Interest paid	(129)
Proceeds from borrowings	8,500
Distribution paid to unitholders	(11,024)
<b>Net cash used in financing activities</b>	<b><u>(2,653)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,190)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>6,141</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>1,951</u></b>

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 except as mentioned below:

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The initial application of the accounting standard, amendment and interpretation is not expected to have any material financial impacts to the current period and prior period of the financial statements of Tower REIT save for the disclosures and separation of leasing income from non-leasing income in statement of comprehensive income.

**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 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 HLA and Plaza Zurich had been brought forward without any amendment from the previous audited financial statements.

**A10. Borrowing and Debt Securities**

Particulars of the Trust's borrowings as at 31 December 2019 are as follows:

	RM'000
Secured	8,600
Unsecured	-
	<u>8,600</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 31 December 2019, the Trust recorded gross revenue of RM5.57 million and a net trust income of RM1.72 million, representing a decrease of 36.2% and 70.8% 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 occupancy rate in both Menara HLA and Plaza Zurich and forfeiture of deposit and early termination compensation from tenants of Menara HLA in the corresponding quarter in the preceding year.

	<b>Individual Quarter</b>	
	<b>3 Months</b>	<b>3 Months</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross revenue	5,572	8,732
Net property income	2,352	5,747
Net trust income	1,717	5,876

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

The current quarter profit before tax of RM1.7 million was RM0.3 million lower than immediate preceding quarter profit before tax of RM2.0 million. The lower profit of the current quarter was mainly due to increase in property operating expenses in Menara HLA and interest expense.

**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 31 December 2019, Tower REIT's composition of investment portfolio was as follows:

	<b>At</b>	<b>Total Real</b>
	<b>Valuation</b>	<b>Estate</b>
	<b>RM'000</b>	<b>Portfolio</b>
		<b>%</b>
<b><u>Real Estate</u></b>		
Menara HLA	342,200	61
Plaza Zurich	220,100	39
	<u>562,300</u>	<u>100</u>

**B5. Changes in Net Asset Value**

	<b>31.12.2019</b>	<b>30.09.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Net asset value ("NAV")	532,842	531,092
NAV per unit (RM)	1.8996	1.8934

The NAV per unit as at 31 December 2019 was higher as compared to the immediate preceding quarter as a result of income distribution paid in immediate preceding quarter.

**B5. Changes in Unit Price**

Tower REIT's unit price was last traded at RM0.82 per unit on 31 December 2019 (RM0.85 as at 30 September 2019).

**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.

**B8. Review of Office Property Market**

Both office occupancy and rental rates continue to face strong challenges due to the incoming supply of buildings and coupled by limited demand growth.

**B9. Prospects**

The office property market business prospects is expected to remain challenging due to difficult operating environment mainly caused by the oversupply situation. The Manager has taken active steps and shall continue to manage the portfolio to maximise the return to unitholders.

**B10. Material Litigation**

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

### B11. Major Maintenance Cost and Capital Expenditure

There were no major maintenance cost and capital expenditure incurred during the quarter under review.

### B12. Soft Commission

During the quarter ended 31 December 2019, 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.

### B13. Revenue Recognition

#### i) Gross Revenue

As at 31 December 2019, gross revenue composition of leasing income and non-leasing income are as follows:

	<b>RM'000</b>
Leasing income	3,349
Non-leasing income (service charge)	1,497
Others	726
Gross Revenue	<u>5,572</u>

Leasing income comprises of rental from investment property and rental/car park income. Rental from investment property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless collection is in doubt, in which case, it is recognised on a receipt basis. Rental/car park income is recognised on an accrual basis except where default in payment of rent has occurred and rent dues remain outstanding for over six months, in which case, recognition of rental/car park income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

#### ii) Interest Income

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

#### **B14. 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 2019 of RM633,602 and RM180,896 respectively were 0.22% and 3.35% of the gross asset value and net property income respectively.

#### **B15. 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 2019 is RM80,642.

#### **B16. Tax Expense**

	<b>Current Year to Date 31.12.2019 RM'000</b>
Current tax expense	-
<b>Reconciliation of effective tax expense</b>	
Income before tax	3,789
Income tax using Malaysian tax rate of 24%	909
Non-deductible expenses	9
Effect of income exempted from tax	(918)
Income tax expense	-

#### **B17. Income Distribution**

The Manager of Tower REIT has declared an interim income distribution of 1.25 sen per unit, amounting to RM3,506,250 (nil in previous corresponding period), representing approximately 92.53% of the realised distributable net income for the 6-month period ended 31 December 2019, payable on 28 February 2020 to the unitholders registered in the Record of Depositors on 6 February 2020.

### **B18. Units held by Related Parties**

As at 31 December 2019, the Manager did not hold any unit in Tower REIT. The related parties of the Manager held units in Tower REIT as follows:

	<b>Number of Units '000</b>	<b>Market Value** RM'000</b>
Direct unitholdings in Tower REIT of the related parties of the Manager:		
GLM Equities Sdn Bhd	60,769	49,830
Hong Leong Assurance Berhad	57,771	47,372
Asia Fountain Investment Company Limited	14,000	11,480
Associated Land Sendirian Berhad	13,409	10,996
Hong Leong Investment Bank Berhad	5,887	4,827

\*\* The market value is determined by multiplying the number of units with the market price as at 31 December 2019 of RM0.82 per unit.

### **B19. 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 2019 and of its financial performance and cash flows for the period ended 31 December 2019.

**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  
20 January 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 Investment Trust as at 31 December 2019 is RM1.8996.

#### Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	20 Jan 2020
Category	General Announcement for PLC
Reference Number	GA1-16012020-00022

## Income Distribution

### TOWER REAL ESTATE INVESTMENT TRUST

Entitlement subject	Income Distribution
Entitlement description	Interim Income Distribution of 1.25 sen per unit, taxable in the hands of unitholders.
Ex-Date	05 Feb 2020
Entitlement date	06 Feb 2020
Entitlement time	05:00 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 Feb 2020
a.Securities transferred into the Depositor's Securities Account before 4:30 pm in respect of transfers	06 Feb 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) 0.0125
<b>Entitlement Details</b>	
1.	
Tax Indicator	Taxable
Currency	Malaysian Ringgit (MYR)
Amount	0.0125
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:0320888990

**Remarks :**

This announcement is dated 20 January 2020.

#### Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	20 Jan 2020

<b>Category</b>	Entitlement(Notice of Book Closure)
<b>Reference Number</b>	ENT-16012020-00002
<b>Corporate Action ID</b>	MY200116INTR0001