

Summary of key matters discussed at the general meeting of unitholders (“Unitholders’ Meeting”) of Tower Real Estate Investment Trust (“Tower REIT”) held at Wau Bulan 3, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Friday, 22 March 2024 at 10.30 a.m.

1. Will Tower REIT comply with the public unitholding spread requirement as stipulated in the Main Market Listing Requirements upon completion of the proposed renounceable rights issue of new units (“Proposed Rights Issue”)?

Response:

- Tower REIT will continue to be in compliance with the public unitholding spread requirement which states that at least 25% of the total units in Tower REIT are held by public unitholders.
- Upon completion of the Proposed Rights Issue, the public unitholding spread of Tower REIT will be approximately 26.10% under Maximum Scenario 1 as illustrated in the Circular to Unitholders dated 7 March 2024 (“Circular”).
- Under Maximum Scenario 1, the unitholding of GLM Equities Sdn Bhd (“GLME”) in Tower REIT will increase from 21.66% to 53.19% upon completion of the Proposed Rights Issue arising from GLME’s subscription of new units (“Rights Units”) pursuant to its additional undertaking to take up all Rights Units not subscribed by other entitled unitholders (“Additional Undertaking”). Under this circumstance, GLME will trigger the mandatory general offer (“MGO”) obligation as its unitholding in Tower REIT exceed the 33% MGO threshold.

As detailed in the Circular, subject to obtaining the approval of non-interested unitholders to the Proposed Exemption (as defined herein), GLME and GuocoLand (Malaysia) Berhad will apply for an exemption from the Securities Commission Malaysia to exempt GLME, GuocoLand (Malaysia) Berhad and their parties acting in concert from the obligation to undertake the MGO for all the remaining units not already owned by them arising from GLME’s subscription of Rights Units pursuant to its Additional Undertaking (“Proposed Exemption”).

2. What will happen if the Proposed Rights Issue is not fully subscribed by the unitholders?

Response:

- If the non-interested unitholders and the Securities Commission Malaysia approve the Proposed Exemption, GLME will subscribe for all the Rights Units not subscribed by other entitled unitholders pursuant to GLME’s Additional Undertaking. As illustrated in the Circular under Maximum Scenario 1, Tower REIT will be able to raise the gross proceeds of up to RM66.00 million from the Proposed Rights Issue.

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- If the non-interested unitholders do not approve the Proposed Exemption, GLME’s Additional Undertaking will lapse and GLME will not take up any Rights Units not subscribed by other entitled unitholders. Consequently, Tower REIT will not be able to raise the gross proceeds of up to RM66.00 million. The Proposed Rights Issue will be undertaken on a minimum subscription basis to raise approximately RM17.25 million as illustrated in the Circular under Minimum Scenario.
- Under the Minimum Scenario, no other entitled unitholders subscribe for their Rights Units entitlements except GLME and Associated Land Sendirian Berhad. The funds of approximately RM17.25 million raised will be used to repay some of the bank borrowings of Tower REIT in order to enjoy interest savings.

3. With the funds raised from the Proposed Rights Issue, will Tower REIT perform better in the next few years?

Response:

- The funds raised from the Proposed Rights Issue will be used to repay bank borrowings and refurbish the existing properties of Tower REIT. The repayment of bank borrowings will allow Tower REIT to enjoy interest savings. The refurbishment is expected to improve the occupancy rate, leasing pipeline of the existing properties and enhance Tower REIT’s environmental, social and corporate governance performance.
- The office rental market remains challenging particularly in the Klang Valley, with high vacancies, depressed rental rates, higher operating cost and rising interest cost. Despite the difficult operating environment, the Manager of Tower REIT has achieved an improved occupancy in all its properties over the past 12 months, while recognising that more refurbishment work needs to be carried out.

Barring unforeseen circumstances, Tower REIT should be able to perform better in the next few years.

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4. Is there any plan for Tower REIT to increase the number of properties in its portfolio?

Response:

- Currently, the Manager of Tower REIT is focusing on improving the occupancy rate and the leasing pipeline of the existing properties of Tower REIT.
- The Proposed Rights Issue will result in a lower pro forma gearing ratio of Tower REIT and will strengthen the financial position of Tower REIT by increasing its capital base. This will allow Tower REIT to have greater flexibility in sourcing for funding in the future, to expand its portfolio.

It is part of the Manager of Tower REIT’s strategy to continue lookout for new properties for Tower REIT, if opportunities arise in the near future.