Circular/Notice to Shareholders

TOWER REAL ESTATE INVESTMENT TRUST

Subject	CIRCULAR TO UNITHOLDERS IN RELATION TO THE: PART A - (I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW UNITS IN TOWER REAL ESTATE INVESTMENT TRUST ("TOWER REIT") TO RAISE GROSS PROCEEDS OF UP TO RM66.00 MILLION ("PROPOSED RIGHTS ISSUE"); AND (II) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS TO GLM EQUITIES SDN BHD ("GLME"), BEING A MAJOR UNITHOLDER OF TOWER REIT, AND GUOCOLAND (MALAYSIA) BERHAD, BEING THE HOLDING COMPANY OF GLME, TOGETHER WITH THEIR PERSONS ACTING IN CONCERT ("PAC(S)"), FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL THE REMAINING UNITS IN TOWER REIT NOT ALREADY OWNED BY THEM DUE TO THE IMPLEMENTATION OF GLMES ADDITIONAL UNDERTAKING (AS DEFINED IN THE DEFINITION) PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION"); PART B - INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES SDN BHD TO THE NON-INTERESTED UNITHOLDERS OF TOWER REIT IN RELATION TO THE PROPOSED EXEMPTION AND NOTICE OF UNITHOLDERS MEETING

Please refer attachment below.

Attachments

Tower REIT - Circular.pdf
1.3 MB

Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	07 Mar 2024
Category	Document Submission
Reference Number	DCS-06032024-00018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Exemption (as defined herein) prior to the issuance of this Circular.

The Securities Commission Malaysia ("**SC**") had on 5 March 2024 notified that it had no further comments to the contents of this Circular and Independent Advice Letter for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC agrees with the recommendations of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL as set out in Part B of this Circular. The SC is not responsible for the content of this Circular, does not represent that this Circular is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular.

TOWERreit

Tower Real Estate Investment Trust

CIRCULAR TO UNITHOLDERS IN RELATION TO THE

PART A

(I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW UNITS IN TOWER REAL ESTATE INVESTMENT TRUST ("TOWER REIT") TO RAISE GROSS PROCEEDS OF UP TO RM66.00 MILLION ("PROPOSED RIGHTS ISSUE"); AND

(II) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS TO GLM EQUITIES SDN BHD ("GLME"), BEING A MAJOR UNITHOLDER OF TOWER REIT, AND GUOCOLAND (MALAYSIA) BERHAD, BEING THE HOLDING COMPANY OF GLME, TOGETHER WITH THEIR PERSONS ACTING IN CONCERT ("PAC(S)"), FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL THE REMAINING UNITS IN TOWER REIT NOT ALREADY OWNED BY THEM DUE TO THE IMPLEMENTATION OF GLME'S ADDITIONAL UNDERTAKING (AS DEFINED IN THE DEFINITION) PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")

PART B

INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES SDN BHD TO THE NON-INTERESTED UNITHOLDERS OF TOWER REIT IN RELATION TO THE PROPOSED EXEMPTION

AND

NOTICE OF UNITHOLDERS' MEETING

Principal Adviser for Part A

HongLeong Investment Bank

Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Independent Adviser for Part B

Malacca Securities
Building Wealth Together

MALACCA SECURITIES SDN BHD
(Registration No. 197301002760 (16121-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Unitholders' Meeting of Tower REIT and the Form of Proxy are enclosed in this Circular.

As a unitholder, you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Form of Proxy at the Registered Office of GLM REIT Management Sdn Bhd at Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time set for the unitholders' meeting of Tower REIT ("**Unitholders' Meeting**") or at any adjournment thereof. You are not precluded from attending and voting in person at the Unitholders' Meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Wednesday, 20 March 2024 at 10:30 a.m.
Date and time of the Unitholders' Meeting	:	Friday, 22 March 2024 at 10:30 a.m.
Venue of the Unitholders' Meeting	:	Wau Bulan 3, Level 2, Sofitel Kuala Lumpur Damansara No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur

This Circular is dated 7 March 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Additional Undertaking	:	Additional irrevocable undertaking from GLME to subscribe for Rights Units not subscribed for by other Entitled Unitholders for an amount of approximately RM47.97 million, subject to the Proposed Exemption being approved by the non-interested Unitholders at our forthcoming Unitholders' Meeting and by the SC
Abridged Prospectus	:	The abridged prospectus and its accompanying documents to be issued in connection with the Proposed Rights Issue
AFIC	:	Asia Fountain Investment Company Limited, a company incorporated in Hong Kong and a PAC of GLME and GuocoLand in relation to the Proposed Exemption pursuant to the paragraph 216(3)(a) of the CMSA
ALSB	:	Associated Land Sendirian Berhad, a PAC of GLME and GuocoLand in relation to the Proposed Exemption pursuant to the paragraph 216(2)(b) of the CMSA
Board	:	Board of Directors of our Manager
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular dated 7 March 2024 to the Unitholders in relation to the Proposals
Code	:	Malaysian Code on Take-overs and Mergers 2016
CMSA	:	Capital Markets and Services Act 2007
DPU	:	Distribution per Unit
Entitlement Basis	:	The entitlement basis for the Proposed Rights Issue to be determined and announced later
Entitlement Date	:	The entitlement date of the Proposed Rights Issue to be determined and announced later
Entitled Unitholder(s)	:	The Unitholders whose names appear in the record of depositors of Tower REIT as at the close of business on the Entitlement Date
ESG	:	Environmental, social and corporate governance
FYE	:	Financial year ended / ending, as the case may be
FPE	:	Financial period ended / ending, as the case may be
GCA	:	GuoLine Capital Assets Limited
GLME	:	GLM Equities Sdn Bhd, a major unitholder of Tower REIT
GuocoLand or Interested Major Shareholder	:	GuocoLand (Malaysia) Berhad
HLA	:	Hong Leong Assurance Berhad, a PAC of GLME and GuocoLand in relation to the Proposed Exemption pursuant to the paragraph 216(2)(b) of the CMSA
HLCM	:	Hong Leong Company (Malaysia) Berhad

HLIB or Principal Adviser	:	Hong Leong Investment Bank Berhad, a PAC of GLME and GuocoLand in relation to the Proposed Exemption pursuant to the paragraph 216(2)(b) of the CMSA
HVAC	:	Heating, ventilation and air conditioning
IAL	:	The independent advice letter from the Independent Adviser to the non-interested Unitholders in relation to the Proposed Exemption, as set out in Part B of this Circular
Issue Price	:	Illustrative issue price of RM0.31 per Rights Unit
Intended Gross Proceeds	:	Intended gross proceeds of up to RM66.00 million
Interested Directors	:	Collectively, Mr. Tang Hong Cheong, Mr. Cheng Hsing Yao (Zheng Xinyao), Puan Noorbaizura Binti Hermeyney and Ms. Lim Tau Kien
Interested Major Unitholder(s)	:	Collectively, GLME and HLA
Listing Requirements	:	Main Market Listing Requirements
LPD	:	1 March 2024, being the latest practicable date for this Circular
Malacca Securities or Independent Adviser	:	Malacca Securities Sdn Bhd
Manager	:	GLM REIT Management Sdn Bhd, the management company of Tower REIT
MGO	:	Mandatory general offer
Maximum Scenario 1	:	Full subscription level of Rights Units based on the following: ▪ assuming the Proposed Exemption is approved by the non-interested Unitholders and the SC; ▪ assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by the Entitled Unitholders; ▪ assumed Issue Price is RM0.31 per Rights Unit; ▪ for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Rights Units); ▪ GLME to subscribe in full for 45,576,600 Rights Units entitlement amounting to approximately RM14.13 million and further subscribe for up to 154,741,425 Rights Units not subscribed for by other Entitled Unitholders amounting to approximately RM47.97 million; ▪ ALSB to subscribe in full for its 10,056,975 Rights Units entitlement amounting to approximately RM3.12 million; and ▪ assuming none of the other Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue. Based on the above illustration, the total number of Rights Unit to be issued is 210,375,000 Rights Units and the gross proceeds to be raised is approximately RM65.22 million

Maximum Scenario 2	:	Full subscription level of Rights Units based on the following: ▪ assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by our Entitled Unitholders; ▪ assumed Issue Price is RM0.31 per Rights Unit; ▪ for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Right Units); and ▪ assuming all of the Entitled Unitholders fully subscribe for their respective entitlements under the Proposed Rights Issue. Based on the above illustration, the total number of Rights Unit to be issued is 210,375,000 Rights Units and the gross proceeds to be raised is approximately RM65.22 million
Minimum Scenario	:	Minimum subscription level of Rights Units based on the following: ▪ assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by the Entitled Unitholders; ▪ assumed Issue Price is RM0.31 per Rights Unit; ▪ for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Rights Units; ▪ GLME to subscribe in full for its 45,576,600 Rights Units entitlement amounting to approximately RM14.13 million; ▪ ALSB to subscribe in full for its 10,056,975 Rights Units entitlement amounting to approximately RM3.12 million; and ▪ Assuming none of the other Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue. Based on the above illustration, the total number of Rights Unit to be issued is 55,633,575 Rights Units and the gross proceeds to be raised is approximately RM17.25 million
Minimum Undertaking(s)	:	Irrevocable and unconditional undertakings from GLME and ALSB to subscribe a minimum amount of approximately RM14.13 million and RM3.12 million respectively
NAV	:	Net assets value
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Other Interested Parties	:	(a) ALSB, HLIB, HLA and AFIC, being PACs of GLME and the Interested Major Shareholder in respect of the Proposed Exemption; and (b) VST, being a PAC of GLME in respect of the Proposed Exemption
PAC(s)	:	The persons acting in concert with GLME and GuocoLand in relation to the Proposals pursuant to paragraphs 216(2)(b), 216(3)(a) and 216(3)(b) of the CMSA as at the LPD, namely ALSB, HLA, HLIB, AFIC and VST respectively
Proposals	:	Proposed Rights Issue and Proposed Exemption

Proposed Exemption	:	Proposed exemption under subparagraph 4.08(1)(b) of the Rules to GLME and GuocoLand, together with their PAC(s) from the obligation to undertake a mandatory offer for all the remaining Units not already owned by them due to the implementation of GLME's Additional Undertaking pursuant to the Proposed Rights Issue
Proposed Rights Issue	:	Proposed renounceable rights issue of new units in Tower REIT to raise gross proceeds of up to RM66.00 million
Public Spread Requirement	:	The requirement under paragraph 8.02(1) of the Listing Requirements, which states that a listed issuer must ensure that at least 25% of its total Units are held by public Unitholders to ensure its continued listing on the Main Market of Bursa Securities
Rights Unit(s)	:	Up to 210,375,000 Rights Units to be issued pursuant to the Proposed Rights Issue
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
SC	:	Securities Commission Malaysia
TERP	:	Theoretical ex-rights price
Tower REIT	:	Tower Real Estate Investment Trust
Undertaking(s)	:	Collectively, the Minimum Undertakings and the Additional Undertaking
Unitholders	:	The unitholders of Tower REIT
Unitholders' Meeting	:	General meeting of unitholders of Tower REIT
Units	:	Units in Tower REIT
VST	:	Vun Shu Tong @ Christopher, being a PAC of GLME in respect of the Proposed Exemption pursuant to the paragraph 216(3)(b) of the CMSA
VWAMP	:	Volume weighted average market price

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen, respectively

References to "**we**", "**us**", "**our**" and "**ourselves**" are to the Manager. All references to "**you**" in this Circular are to the Unitholders. Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation of stock exchange for the time being in force.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any reference to time in this Circular is a reference to Malaysian time, unless otherwise stated. This Circular includes forward-looking statements which are subject to uncertainties and contingencies. All statements other than statements of historical facts included in this Circular, including, without limitation, those regarding our prospects are forward-looking statements. There is no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

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PART A

LETTER TO OUR UNITHOLDERS IN RELATION TO THE PROPOSALS

THIS EXECUTIVE SUMMARY REPRESENTS A SUMMARY OF THE PERTINENT INFORMATION ON THE PROPOSALS AS SET OUT IN PART A OF THIS CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR, INCLUDING THE IAL AS SET OUT IN PART B AND THE APPENDIX, AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSALS BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING UNITHOLDERS' MEETING.

Key information	Description	Reference in Part A of this Circular
Summary of the Proposals	**Proposed Rights Issue** ▪ The Proposed Rights Issue entails the issuance of Rights Units to our Entitled Unitholders on the Entitlement Date to raise gross proceeds of up to RM66.00 million. ▪ The Entitlement Basis and the Issue Price have not been fixed at this juncture in order to provide flexibility to our Board to determine them at a later date. ▪ However, the Intended Gross Proceeds is provided upfront to enable our Unitholders to estimate the capital outlay required to subscribe fully for their respective entitlements under the Proposed Rights Issue. This can be calculated by multiplying the Intended Gross Proceeds with their respective percentage unitholdings in Tower REIT. ▪ The actual gross proceeds and actual capital outlay by our Entitled Unitholders to subscribe fully for their entitlements under the Proposed Rights Issue will depend on the final Entitlement Basis and Issue Price.	Section 2.1
	Proposed Exemption ▪ As at the LPD, GLME holds 60,768,800 Units, representing approximately 21.66% of the total Units issued in Tower REIT. ▪ Under Maximum Scenario 1, GLME may trigger a MGO obligation under the CMSA, the Code and the Rules arising from GLME subscribing for Rights Units pursuant to its Additional Undertaking, which may potentially result in the unitholdings of GLME in Tower REIT to exceed the 33% MGO threshold. ▪ However, it is not the intention of GLME, GuocoLand and their PACs to undertake a MGO as a result of GLME's subscription of Rights Units pursuant to its Additional Undertaking. In this regard, GLME and GuocoLand will apply for an exemption from the SC to exempt GLME, GuocoLand and their PACs from the obligation to undertake a MGO for all the remaining units in Tower REIT not already owned by them arising from GLME's subscription of Right Units pursuant to its Additional Undertaking under subparagraph 4.08(1)(b) of the Rules, subject to the non-interested Unitholders' approval for the Proposed Exemption. ▪ In the event our non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking by GLME will lapse and GLME will not subscribe to the Rights Units pursuant to its Additional Undertaking. As such, no mandatory offer obligation would arise.	Section 3

Key information	Description	Reference in Part A of this Circular
Basis and justification of arriving at the Issue Price of the Rights Units	The final Issue Price will be determined by our Board at a later date after taking into consideration the TERP, calculated based on the 5-day VWAMP of the Units immediately preceding the price-fixing date of the Rights Units after receipt of all relevant approvals. The fixing of the final Issue Price and the Entitlement Basis for the Proposed Rights Issue will be announced after obtaining the SC's approval for the Proposed Exemption but before or on the announcement of the Entitlement Date. The final Issue Price of the Rights Units will be determined after taking into consideration the following: (i) the funding requirements of Tower REIT as set out in **Section 2.6, Part A** of this Circular; (ii) an indicative discount of up to 15% to the TERP of the Units based on the 5-day VWAMP of the Units immediately preceding the price-fixing date; and (iii) the then prevailing market conditions and market prices of the Units. For illustration purposes, the illustrative issue price of RM0.31 per Rights Unit represents a discount of approximately 7.82% to the TERP of the Units of RM0.3363 based on the 5-day VWAMP of the Units up to and including the LPD of RM0.3561 per Unit.	Section 2.4
Rationale and justification for the Proposals	**Proposed Rights Issue** Our Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the required funds for Tower REIT after taking into consideration the following: (i) the gross proceeds to be raised from the Proposed Rights Issue will be used to repay bank borrowings, which allows Tower REIT to enjoy potential interest savings of RM1.72 million per annum under Maximum Scenarios 1 and 2, as illustrated in **Section 2.6, Part A** of this Circular; (ii) the Proposed Rights Issue will strengthen the financial position of Tower REIT by increasing its capital base from approximately RM285.35 million as at the LPD to approximately RM302.32 million, representing an increase by RM16.97 million or 5.95% under the Minimum Scenario, and to approximately RM349.95 million, representing an increase by RM64.60 million or 22.64% under Maximum Scenarios 1 and 2; (iii) the Proposed Rights Issue will enable Tower REIT to raise funds for its business and operational purposes under Maximum Scenarios 1 and 2. In particular, approximately RM23.87 million of gross proceeds raised will be utilised for the refurbishment of Plaza Zurich, Menara HLX and Guoco Tower to improve occupancy rate, leasing pipeline and enhance its ESG performance as illustrated in **Section 2.6, Part A** of this Circular; and (iv) the Proposed Rights Issue will provide all Entitled Unitholders with an opportunity to participate further in potential future growth of Tower REIT on a pro-rata basis. **Proposed Exemption** The Proposed Exemption will relieve GLME, GuocoLand and their PACs from the obligation to undertake the MGO, as it is not their intention to undertake the MGO as a result of GLME's Additional Undertaking in connection with the Proposed Rights Issue.	Section 4.1 Section 4.2

Key information	Description	Reference in Part A of this Circular
Approvals required and conditionality	The Proposals are subject to, amongst others, the following approvals being obtained: (i) Bursa Securities, for the listing and quotation of Rights Units on the Main Market of Bursa Securities pursuant to the Proposed Rights Issue, which was obtained on 23 February 2024; (ii) our Unitholders for the Proposed Rights Issue and our non-interested Unitholders for the Proposed Exemption at our forthcoming Unitholders' Meeting; and (iii) SC for the Proposed Exemption. The application to seek approval for the Proposed Exemption will be submitted to the SC after the approval of our non-interested Unitholders for the Proposed Exemption has been obtained at our forthcoming Unitholders' Meeting. The Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa.	Section 7
Directors' statement and recommendation	**Proposed Rights Issue** Our Board, having considered all aspects of the Proposed Rights Issue, including but not limited to the rationale for the Proposed Rights Issue, the pro forma effects of the Proposed Rights Issue as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is **in the best interests** of Tower REIT. Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Rights Issue at our forthcoming Unitholders' Meeting. **Proposed Exemption** Our Board (save for the Interested Directors), having considered all aspects of the Proposed Exemption, including but not limited to the rationale for the Proposed Exemption and the effects of the Proposed Exemption, is of the opinion that the Proposed Exemption is **in the best interests** of Tower REIT. Accordingly, our Board (save for the Interested Directors) recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting.	Section 9

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GLM REIT Management Sdn Bhd
(Registration No. 200401020808 (659312-H))
A Member of the Hong Leong Group
(The Manager of Tower Real Estate Investment Trust)

TOWERreit
Tower Real Estate Investment Trust

Registered Office

Level 32, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

7 March 2024

Board of Directors of the Manager:

Mr. Tang Hong Cheong	*(Chairman; Non-Executive / Non-Independent)*
Mr. Cheng Hsing Yao (Zheng Xinyao)	*(Non-Executive / Non-Independent)*
Puan Noorbaizura Binti Hermeyney	*(Executive / Non-Independent)*
YBhg Dato' Tan Ang Meng	*(Non-Executive / Independent)*
Ms. Lim Tau Kien	*(Non-Executive / Independent)*

To: Our Unitholders

Dear Sir / Madam,

(I) PROPOSED RIGHTS ISSUE; AND

(II) PROPOSED EXEMPTION

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1. INTRODUCTION

On 13 December 2023, on behalf of our Board, HLIB announced that our Manager proposes to undertake the Proposals.

On 26 February 2024, on behalf of our Board, HLIB announced that Bursa Securities had, vide its letter dated 23 February 2024, resolved to approve the listing and quotation of up to 210,375,000 Rights Units to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 7, Part A** of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN RELATION TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING UNITHOLDERS' MEETING. THE NOTICE OF UNITHOLDERS' MEETING AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE IAL AS SET OUT IN PART B OF THIS CIRCULAR AND THE APPENDIX, BEFORE VOTING ON THE RESOLUTIONS IN RELATION TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING UNITHOLDERS' MEETING.

2. PROPOSED RIGHTS ISSUE

2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails the issuance of Rights Units to our Entitled Unitholders whose names appear in the record of depositors of Tower REIT as at 5:00 p.m., being the close of business on the Entitlement Date to raise the Intended Gross Proceeds.

The Entitlement Basis and the Issue Price have not been fixed at this juncture in order to provide flexibility to our Board to determine them at a later date.

However, the Intended Gross Proceeds is provided upfront to enable Unitholders to estimate the capital outlay required to subscribe fully for their respective entitlements under the Proposed Rights Issue. This can be calculated by multiplying the Intended Gross Proceeds with their respective percentage unitholdings in Tower REIT.

For illustration purposes, based on the 280,500,000 Units in issue as at the LPD, assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by our Entitled Unitholders and the assumed Issue Price of RM0.31 per Rights Unit, the capital outlay for an Entitled Unitholder holding 1,000 Units who wishes to subscribe for his or her entitlement in full for 750 Rights Units is RM232.50, the illustration of which is as follows:

210,375,000 Rights Units	:	RM65,216,250
750 Rights Units	:	RM232.50

The actual gross proceeds and actual capital outlay by our Entitled Unitholders to subscribe fully for their entitlements under the Proposed Rights Issue will depend on the final Entitlement Basis and Issue Price.

As at the LPD, Tower REIT has an issued Unitholders' capital of RM285,345,000 comprising 280,500,000 Units. The Proposed Rights Issue will be undertaken on a minimum subscription basis, after taking into consideration the minimum amount Tower REIT intends to raise from the Proposed Rights Issue of approximately RM17.25 million, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.6, Part A** of this Circular.

In determining our Unitholders' entitlement to the Rights Units, fractional entitlements, if any, will be disregarded and dealt with in such manner as our Board in its sole and absolute discretion deems fit and expedient, and in the best interest of Tower REIT.

The Rights Units will be provisionally allotted to our Entitled Unitholders after obtaining all the relevant approvals in respect of the Proposed Rights Issue. The Proposed Rights Issue is renounceable in full or in part. Accordingly, our Entitled Unitholders can subscribe for and/or renounce their entitlements to the Rights Units in full or in part.

Any Rights Units which are not subscribed or validly subscribed will be made available for excess application by other Entitled Unitholders and/or their renouncee(s) and/or transferee(s) (if applicable). Our Board intends to allocate the excess Rights Units in a fair and equitable manner on a basis to be determined by the Board and set out in the abridged prospectus to be issued at a later stage. All excess applications, including those that may be applied by GLME and/or its PACs (if any), will be allocated in a similar order of priority. Any remaining Rights Units not subscribed for by other Entitled Unitholders will be fully subscribed by GLME pursuant to the Additional Undertaking, further details of which are set out in **Section 2.2** below.

2.2 Minimum subscription level and Unitholders' Undertaking

The Proposed Rights Issue is intended to be undertaken on a minimum subscription basis to raise approximately RM17.25 million. In order to raise the minimum level of funds of approximately RM17.25 million, GLME and ALSB had on 26 January 2024, provided their irrevocable and unconditional undertaking to subscribe a minimum amount of approximately RM14.13 million and RM3.12 million respectively, based on the parameters set out under the Minimum Scenario as illustrated below.

In addition, our Manager also had on 26 January 2024 obtained an additional irrevocable undertaking from GLME to subscribe for Rights Units not subscribed for by other Entitled Unitholders for an amount of approximately RM47.97 million, subject to the Proposed Exemption being approved by our non-interested Unitholders at our forthcoming Unitholders' Meeting and by the SC.

For illustration purposes, the effects on the Proposed Rights Issue are presented based on the following assumptions and scenarios:

Minimum Scenario : Minimum subscription level of Rights Units based on the following:

- assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by our Entitled Unitholders;
- assumed Issue Price is RM0.31 per Rights Unit;
- for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Rights Units);
- GLME to subscribe in full for its 45,576,600 Rights Units entitlement amounting to approximately RM14.13 million;
- ALSB to subscribe in full for its 10,056,975 Rights Units entitlement amounting to approximately RM3.12 million; and
- Assuming none of our other Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue.

Based on the above illustration, the total number of Rights Unit to be issued is 55,633,575 Rights Units and the gross proceeds to be raised is approximately RM17.25 million.

Maximum Scenario 1 : Full subscription level of Rights Units based on the following:

- assuming the Proposed Exemption is approved by our non-interested Unitholders and the SC;
- assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by our Entitled Unitholders;
- assumed Issue Price is RM0.31 per Rights Unit;
- for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Right Units);

Maximum Scenario 1 (Cont'd) :

- GLME to subscribe in full for 45,576,600 Rights Units entitlement amounting to approximately RM14.13 million and further subscribe for up to 154,741,425 Rights Units not subscribed for by other Entitled Unitholders amounting to approximately RM47.97 million;
- ALSB to subscribe in full for its 10,056,975 Rights Units entitlement amounting to approximately RM3.12 million; and
- assuming none of the other Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue.

Based on the above illustration, the total number of Rights Unit to be issued is 210,375,000 Rights Units and the gross proceeds to be raised is approximately RM65.22 million.

Maximum Scenario 2 : Full subscription level of Rights Units based on the following:

- assumed Entitlement Basis of 3 Rights Units for every 4 existing Units held by our Entitled Unitholders;
- assumed Issue Price is RM0.31 per Rights Unit;
- for illustration purposes, Entitled Unitholders will be entitled to subscribe for 750 Rights Units for every 1,000 Units held, at an assumed Issue Price of RM0.31 per Rights Unit, amounting to RM232.50 (RM0.31 x 750 Right Units); and
- assuming all of the Entitled Unitholders fully subscribe for their respective entitlements under the Proposed Rights Issue.

Based on the above illustration, the total number of Rights Unit to be issued is 210,375,000 Rights Units and the gross proceeds to be raised is approximately RM65.22 million.

Based on the above illustration, the changes in the assumed Entitlement Basis, the assumed Issue Price and the gross proceeds to be raised for the Proposed Rights Issue as compared to the announcement released on 13 December 2023 are as follows:

	Announcement	**Circular**
Assumed Entitlement basis	2 Rights Units for every 3 existing Units	3 Rights Units for every 4 existing Units
Assumed Issue Price	RM0.35	RM0.31
No. of Rights Units to be issued	up to 187,000,000	up to 210,375,000
Gross proceeds to be raised	RM65.45 million	RM65.22 million

The above changes were made after taking into consideration the movement in the 5-day VWAMP of the Units to cater for a sufficient amount of new Units to be issued pursuant to the Proposed Rights Issue in order to ensure that Tower REIT is able to raise the minimum gross proceeds of approximately RM17.25 million.

For avoidance of doubt, the actual gross proceeds and actual capital outlay by our Entitled Unitholders to subscribe fully for their entitlements under the Proposed Rights Issue will depend on the final Entitlement Basis and Issue Price.

Notwithstanding the above, the maximum number of Rights Units to be issued pursuant to the Proposed Rights Issue is 210,375,000, as approved by Bursa Securities for listing and quotation on the Main Market of Bursa Securities. The same number of shares are applied in our illustration of Maximum Scenarios 1 and 2, pursuant to which the effects of its issuance are illustrated throughout this Circular. Under Maximum Scenarios 1 and 2, if the issue price per Rights Unit is fixed lower than the assumed Issue Price, Tower REIT will raise lower gross proceeds.

In the event that the minimum subscription level is not achieved for whatever reason, our Manager will not be in a position to proceed with the implementation of the Proposed Rights Issue. All subscription monies received pursuant to the Proposed Rights Issue will in such event be returned without interest to our Entitled Unitholders and/or their renouncee(s) and/or transferee(s) (if applicable) in accordance with paragraph 6.18(4) of the Listing Requirements of Bursa Securities which states that where the minimum subscription level is not achieved, the implementation of the rights issue of securities must be terminated and all consideration received must be immediately returned to all subscribers.

Pursuant to paragraph 8.02(1) of the Listing Requirements, the Manager will ensure that at least 25% of the total Units are in the hands of public security holders. As at the LPD, the public unitholding spread of Tower REIT is approximately 45.68%. Upon completion of the Proposed Rights Issue, Tower REIT will continue to be in compliance with the Public Spread Requirement as the proforma public unitholding spread of Tower REIT:

(i) will be approximately 26.10% under Maximum Scenario 1; and

(ii) will remain unchanged at approximately 45.68% under Maximum Scenario 2.

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Minimum Scenario

For illustration purposes, assuming GLME and ALSB subscribe for the Rights Units based on their Minimum Undertakings, the pro forma effects of the Proposed Rights Issue on their respective direct unitholdings in Tower REIT are as follows:

			Rights Units to be subscribed under the				
	As at the LPD		Minimum Undertakings	Additional Undertaking	After the Proposed Rights Issue		Gross proceeds to be raised
Undertaking Unitholders	**No. of Units**	**(1) %**	**No. of Units**	**No. of Units**	**No. of Units**	**(2) %**	**(3) RM'000**
	'000		**'000**	**'000**	**'000**		
GLME	60,769	21.66	45,576	-	106,345	31.64	14,129
ALSB	13,409	4.78	10,057	-	23,466	6.98	3,117
Total			**55,633**	**-**			**17,246**

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Based on the illustrative enlarged total Unitholders' capital of 336,133,575 Units after the Proposed Rights Issue under the Minimum Scenario.

(3) Calculated based on the Issue Price of RM0.31 per Rights Unit.

Maximum Scenario 1

For illustration purposes, assuming (i) GLME and ALSB subscribe for the Rights Units based on their Minimum Undertakings and (ii) GLME further subscribes for Rights Units under its Additional Undertaking, the pro forma effects of the Proposed Rights Issue on their respective direct unitholdings in Tower REIT are as follows:

			Rights Units to be subscribed under the				
	As at the LPD		Minimum Undertakings	Additional Undertaking	After the Proposed Rights Issue		Gross proceeds to be raised
Undertaking Unitholders	**No. of Units**	**(1) %**	**No. of Units**	**No. of Units**	**No. of Units**	**(2) %**	**(3) RM'000**
	'000		**'000**	**'000**	**'000**		
GLME	60,769	21.66	45,576	154,741	261,086	53.19	62,099
ALSB	13,409	4.78	10,057	-	23,466	4.78	3,117
Total			**55,633**	**154,741**			**65,216**

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Based on the illustrative enlarged total Unitholders' capital of 490,875,000 Units after the Proposed Rights Issue under Maximum Scenario 1.

(3) Calculated based on the Issue Price of RM0.31 per Rights Unit.

Maximum Scenario 2

Assuming all the Entitled Unitholders fully subscribe for their respective entitlements under the Proposed Rights Issue, there would be no change in terms of percentage unitholdings of each Entitled Unitholder.

In view that the Proposed Rights Issue will be undertaken on a minimum subscription basis pursuant to the Minimum Undertakings, our Manager will not procure any underwriting arrangement for the remaining Rights Units not subscribed for by other Entitled Unitholders and/or their renouncee(s). GLME and ALSB confirmed that they have sufficient financial resources to fulfil their Minimum Undertakings and GLME to fulfil its Additional Undertaking and such confirmations have been verified by HLIB, being the Principal Adviser for the Proposed Rights Issue.

2.3 Mandatory general offer implication

As at the LPD, the direct unitholdings of GLME, GuocoLand and their PACs in Tower REIT are as follows:

	As at the LPD	
	No. of Units	**(1)%**
GuocoLand(2)	-	-
GLME	60,768,800	21.66
PACs:		
▪ AFIC(3)	14,000,000	4.99
▪ ALSB(4)	13,409,300	4.78
▪ HLA(5)	58,271,000	20.77
▪ HLIB(6)	5,887,000	2.10
▪ VST(7)	400	*
Total	**152,336,500**	**54.30**

Notes:

(1) Calculated based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) GuocoLand is the holding company of GLME. GLME is an applicant seeking for the SC's approval in respect of the Proposed Exemption.

(3) AFIC is a PAC of GLME and GuocoLand pursuant to paragraph 216(3)(a) of the CMSA by virtue of Guoco Group Limited's indirect shareholding in GuocoLand, GLME and AFIC. Guoco Group Limited is the holding company of GuocoLand, GLME and AFIC.

(4) ALSB is a PAC of GLME and GuocoLand pursuant to paragraph 216(2)(b) of the CMSA, which are deemed to act jointly or severally for the purpose of exercising control over Tower REIT.

(5) HLA is a PAC of GLME and GuocoLand pursuant to the paragraph 216(2)(b) of the CMSA, which are deemed to act jointly or severally for the purpose of exercising control over Tower REIT.

(6) HLIB is a PAC of GLME and GuocoLand pursuant to the paragraph 216(2)(b) of the CMSA, which are deemed to act jointly or severally for the purpose of exercising control over Tower REIT.

(7) VST is the spouse of a director of GLME, namely Choo Soo Nee.

* *Negligible.*

The pro forma direct unitholdings of GLME, GuocoLand and their PACs in Tower REIT based on the Minimum Scenario, and Maximum Scenarios 1 and 2 are illustrated as follows:

			After the Proposed Rights Issue					
			Minimum Scenario		Maximum Scenario 1		Maximum Scenario 2	
	No. of Units as at the LPD	(1)%	No. of Units	(2)%	No. of Units	(3)%	No. of Units	(3)%
GuocoLand	-	-	-	-	-	-	-	-
GLME	60,768,800	21.66	106,345,400	31.64	261,086,825	53.19	106,345,400	21.66
PACs:								
▪ AFIC	14,000,000	4.99	14,000,000	4.16	14,000,000	2.85	24,500,000	4.99
▪ ALSB	13,409,300	4.78	23,466,275	6.98	23,466,275	4.78	23,466,275	4.78
▪ HLA	58,271,000	20.77	58,271,000	17.34	58,271,000	11.87	101,974,250	20.77
▪ HLIB	5,887,000	2.10	5,887,000	1.75	5,887,000	1.20	10,302,250	2.10
▪ VST(4)	400	*	400	*	400	*	700	*
Total	**152,336,500**	**54.30**	**207,970,075**	**61.87**	**362,711,500**	**73.89**	**266,588,875**	**54.30**

Notes:

(1) Calculated based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Calculated based on the illustrative enlarged total Unitholders' capital of 336,133,575 Units after the Proposed Rights Issue based on the Minimum Scenario.

(3) Calculated based on the illustrative enlarged total Unitholders' capital of 490,875,000 Units after the Proposed Rights Issue based on Maximum Scenarios 1 and 2.

(4) VST is the spouse of a director of GLME, namely Choo Soo Nee. GLME is an applicant seeking for the SC's approval in respect of the Proposed Exemption.

* *Negligible.*

As at the LPD, save for GLME's and ALSB's Undertakings, AFIC, HLA, HLIB and VST have not given any undertaking to subscribe for Rights Units.

Under Maximum Scenario 1, the unitholding of GLME in Tower REIT will increase from 21.66% to 53.19% upon the completion of the Proposed Rights Issue arising from GLME's subscription of Rights Units pursuant to its Additional Undertaking, which will exceed the 33% MGO threshold. Under this circumstance, GLME, on an individual basis, will trigger the MGO obligation under the CMSA, the Code and the Rules.

However, it is not the intention of GLME, GuocoLand and their PACs to undertake a MGO as a result of GLME's subscription of Rights Units pursuant to its Additional Undertaking in connection with the Proposed Rights Issue. In this regard, subject to obtaining the approval of non-interested Unitholders to the Proposed Exemption, GLME and GuocoLand will apply for an exemption from the SC to exempt GLME, GuocoLand and their PACs 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 in connection with the Proposed Rights Issue under subparagraph 4.08(1)(b) of the Rules, subject to the non-interested Unitholders' approval for the Proposed Exemption. Further details of the Proposed Exemption are set out in **Section 3, Part A** of this Circular.

Please take note that the actual unitholding percentages may vary depending on the actual number of Rights Units to be subscribed by our Entitled Unitholders and/or their renouncee(s).

2.4 Basis and justification of arriving at the issue price of the Rights Units

The final Issue Price will be determined by our Board at a later date after taking into consideration the TERP, calculated based on the 5-day VWAMP of the Units immediately preceding the price-fixing date of the Rights Units after receipt of all relevant approvals. The fixing of the final issue price and the Entitlement Basis for the Proposed Rights Issue will be announced after obtaining the SC's approval for the Proposed Exemption but before or on the announcement of the Entitlement Date.

The final Issue Price of the Rights Units will be determined by our Board after taking into consideration the following:

(i) the minimum gross proceeds of approximately RM17.25 million to be raised from the Proposed Rights Issue based on the illustrative Issue Price of RM0.31 per Rights Unit;

(ii) an indicative discount of up to 15% to the TERP of the Units based on the 5-day VWAMP of the Units immediately preceding the price-fixing date; and

(iii) the then prevailing market conditions and market prices of the Units.

For illustration purposes, the illustrative Issue Price of RM0.31 per Rights Units represents a discount of approximately 7.82% to the TERP of the Units of RM0.3363 based on the 5-day VWAMP of the Units up to and including the LPD of RM0.3561 per Unit.

2.5 Ranking of the Rights Units

The Rights Units shall, upon allotment, issuance and full payment of the issue price of the Rights Units, rank equally in all respects with the existing Units save and except that the Rights Units shall not be entitled to any income distribution, rights, allotments and/or other distributions in respect of which the entitlement date is before the date of allotment of the Rights Units.

2.6 Utilisation of proceeds

Based on the illustrative issue price of RM0.31 per Rights Unit, the gross proceeds to be raised from the Proposed Rights Issue will be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation from completion of the Proposed Rights Issue	Gross proceeds to be raised			
		Minimum Scenario		Maximum Scenarios 1 and 2	
		RM'000	%	RM'000	%
Refurbishment of existing properties [1]	Within 18 to 24 months	[2]-	-	23,865	36.60
Repayment of bank borrowings [3]	Within 12 months	15,895	92.17	40,000	61.33
Estimated expenses in relation to the Proposals [4]	Within 1 month	1,351	7.83	1,351	2.07
Total		**17,246**	**100.00**	**65,216**	**100.00**

Notes:

(1) Under Maximum Scenarios 1 and 2, the refurbishment of Plaza Zurich, Menara HLX and Guoco Tower will include, amongst others, the following:

(i) upgrade and replacement of power transformer;

(ii) upgrade work for the lifts;

(iii) upgrade work for the HVAC system;

(iv) upgrade and replacement of air handling unit (AHU); and

(v) upgrade of building management system.

The refurbishment above is to improve the occupancy rate and leasing pipeline. As at the LPD, the occupancy rates of Plaza Zurich, Menara HLX and Guoco Tower are 73%, 32% and 95% respectively. The refurbishment has started in the FYE 30 June 2024 and is expected to be completed in the FYE 30 June 2026. The allocation of the refurbishment cost for Plaza Zurich, Menara HLX and Guoco Tower are approximately RM13.00 million, RM14.00 million and RM1.00 million respectively, representing a total estimated refurbishment cost of approximately RM28.00 million. Under Maximum Scenarios 1 and 2, the shortfall of the amount allocated for refurbishment of existing properties will be funded via internally generated funds.

The upgrade and replacement of power transformer, upgrade work for the lifts and upgrade work for the HVAC system are expected to enhance the ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system.

(2) As at 31 December 2023, the total cash and bank balances of Tower REIT are approximately RM1.03 million. The Minimum Scenario does not show any allocation of proceeds for the refurbishment of existing properties as our Manager intends to firstly use the proceeds to be raised from the Proposed Rights Issue to repay the bank borrowings in order to enjoy interest savings, details of which are provided in Note (3) below. We will proceed to carry out our refurbishment plan for the existing properties of Tower REIT through a combination of internally generated funds and/or drawing down from Tower REIT's unutilised existing banking facilities as and when required after taking into consideration that the refurbishment plan will take approximately 2 more years to complete. As at the LPD, Plaza Zurich, Menara HLX and Guoco Tower have been earmarked for refurbishment.

(3) As at 31 December 2023, the total borrowings of Tower REIT which comprise term loans and revolving credit, is approximately RM272.20 million. In an effort to reduce the gearing ratio and interest expense, our Manager intends to repay up to RM40.00 million of its existing term loans and/or revolving credit. The potential interest savings from such repayment of bank borrowings are set out below:

			Proposed allocation of proceeds for repayment of banking facility		***Estimated yearly interest cost savings arising from the repayment***	
Financier	***Type of banking facility***	***Effective interest rate per annum***	***Minimum Scenario***	***Maximum Scenarios 1 and 2***	***Minimum Scenario***	***Maximum Scenarios 1 and 2***
		%	***RM'000***	***RM'000***	***RM'000***	***RM'000***
Public Bank Berhad	*Term loans and/or revolving credit*	*4.30*	*15,895*	*40,000*	*684*	*1,720*

The actual gross proceeds to be raised from the Proposed Rights Issue is dependent on the final Issue Price and the number of Rights Units to be issued. Under Maximum Scenarios 1 and 2, the amount allocated for the refurbishment of existing properties will be adjusted in the event of a shortfall between the actual gross proceeds raised and the Intended Gross Proceeds to be raised.

Pending utilisation of the proceeds from the Proposed Rights Issue for the above purposes, the proceeds will be placed in interest-bearing deposits with licensed financial institutions and/or short-term money market instruments. The interest income generated from such deposits and/or any gains arising from such short-term money market instruments will be used as working capital for Tower REIT.

2.7 Equity fund raising exercises undertaken in the past 12 months

Tower REIT has not undertaken any equity fund raising exercises in the past 12 months prior to the date of this Circular.

3. PROPOSED EXEMPTION

As at the LPD, GLME holds 60,768,800 Units, representing approximately 21.66% of the total Units issued in Tower REIT.

As set out in **Section 2.3, Part A** of this Circular, GLME may trigger a MGO obligation under the CMSA, the Code and the Rules arising from GLME subscribing for Rights Units pursuant to its Additional Undertaking, which may potentially result in the unitholdings of GLME in Tower REIT to exceed the 33% MGO threshold.

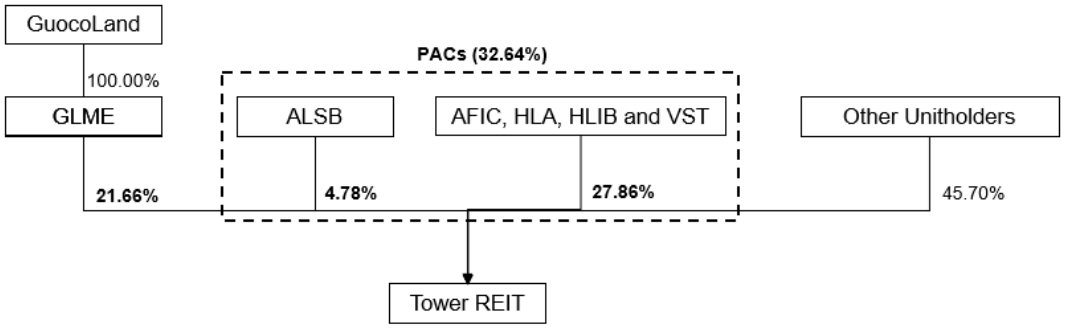
However, it is not the intention of GLME, GuocoLand and their PACs to undertake a MGO as a result of GLME's subscription of Rights Units pursuant to its Additional Undertaking. In this regard, subject to obtaining the approval of non-interested Unitholders to the Proposed Exemption, GLME and GuocoLand will apply for an exemption from the SC to exempt GLME, GuocoLand and their PACs from the obligation to undertake a MGO for all the remaining Units not already owned by them arising from GLME's subscription of Rights Units pursuant to its Additional Undertaking under subparagraph 4.08(1)(b) of the Rules, subject to the non-interested Unitholders' approval for the Proposed Exemption. Accordingly, the application to seek the SC's approval for the Proposed Exemption will be submitted to the SC after having obtained the non-interested Unitholders' approval to the Proposed Exemption at our forthcoming Unitholders' Meeting.

In the event the non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking of GLME will lapse and GLME will not subscribe to such number of Rights Units as will cause the unitholding of GLME in Tower REIT to exceed the 33% MGO threshold upon the completion of the Proposed Rights Issue. As such, no mandatory offer obligation would arise.

3.1 Maximum potential holdings of GLME, GuocoLand and its PACs pursuant to the Proposed Rights Issue

The unitholding structure of Tower REIT illustrating the maximum potential holdings of GLME, GuocoLand and their PACs before and after the Proposed Rights Issue based on direct unitholdings as at the LPD is set out in the following diagrams:

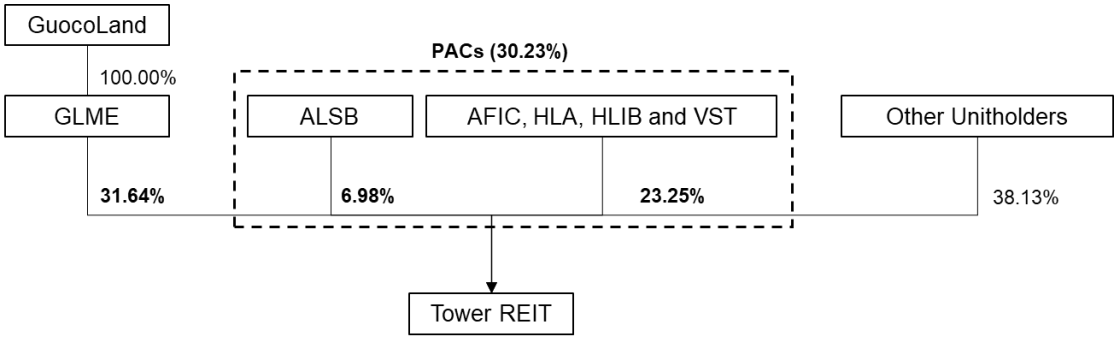
Before the Proposed Rights Issue



GLME and PACs' total unitholdings: 54.30%

Minimum Scenario

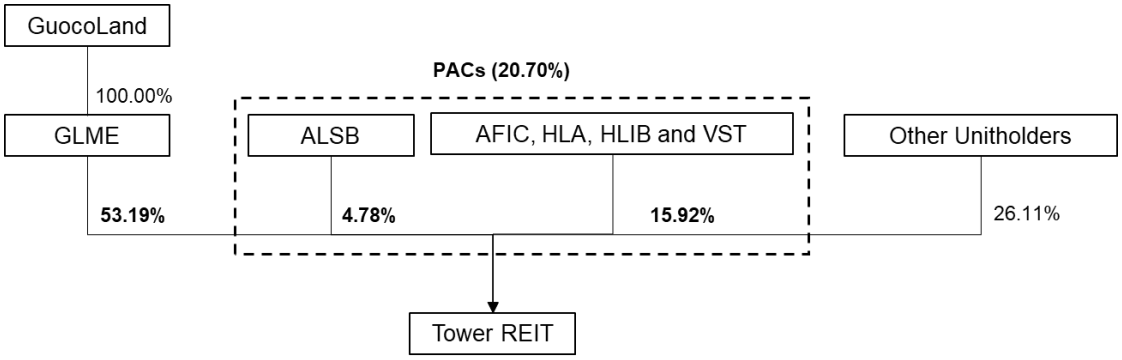
Upon subscription of the Rights Units pursuant to the Minimum Undertakings by GLME and ALSB



GLME and PACs' total unitholdings: 61.87%

Maximum Scenario 1

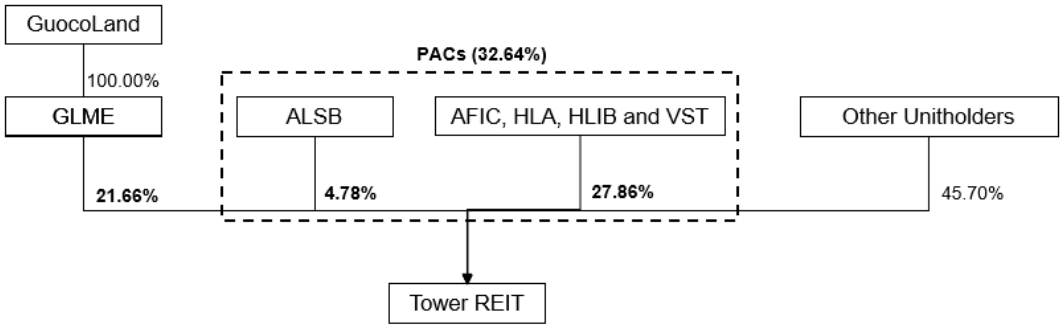
Upon subscription of the Rights Units pursuant to the Minimum Undertakings by GLME and ALSB as well as upon subscription of the Rights Units pursuant to the Additional Undertaking by GLME



GLME and PACs' total unitholdings: 73.89%

Maximum Scenario 2

Assuming all of the Entitled Unitholders fully subscribe for their respective entitlements under the Proposed Rights Issue



GLME and PACs' total unitholdings: 54.30%

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

4.1 Proposed Rights Issue

Our Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the required funds for Tower REIT after taking into consideration the following:

(i) the gross proceeds to be raised from the Proposed Rights Issue will be used to repay bank borrowings, which allows Tower REIT to enjoy potential interest savings of RM1.72 million per annum under Maximum Scenarios 1 and 2, as illustrated in **Section 2.6, Part A** of this Circular;

(ii) the Proposed Rights Issue will strengthen the financial position of Tower REIT by increasing its capital base from approximately RM285.35 million as at the LPD to approximately RM302.32 million, representing an increase by RM16.97 million or 5.95% under the Minimum Scenario, and to approximately RM349.95 million, representing an increase by RM64.60 million or 22.64% under Maximum Scenarios 1 and 2;

(iii) the Proposed Rights Issue will enable Tower REIT to raise funds for its business and operational purposes under Maximum Scenarios 1 and 2. In particular, approximately RM23.87 million of gross proceeds raised will be utilised for the refurbishment of Plaza Zurich, Menara HLX and Guoco Tower to improve occupancy rate, leasing pipeline and enhance its ESG performance as illustrated in **Section 2.6, Part A** of this Circular; and

(iv) the Proposed Rights Issue will provide all Entitled Unitholders with an opportunity to participate further in potential future growth of Tower REIT on a pro-rata basis.

4.2 Proposed Exemption

The Proposed Exemption will relieve GLME, GuocoLand and their PACs from the obligation to undertake a MGO, as it is not their intention to undertake the MGO as a result of GLME's Additional Undertaking in connection with the Proposed Rights Issue.

If the Proposed Exemption is approved by our non-interested Unitholders, it will ensure that the Proposed Rights Issue can be undertaken on a full subscription level to achieve the fundraising objective of Tower REIT.

5. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF TOWER REIT

5.1 Overview and outlook of the Malaysian economy

(i) Overview

The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3Q 2023: 3.3%; 2Q 2023: 2.9%). Household spending remained supported by improving labour market conditions and easing cost pressures. The unemployment rate declined to the pre-pandemic level of 3.3% while the labour force participation rate was at a historic high in 2023. Meanwhile, growth in investment activity was underpinned by the progressive realisation of multi-year projects and capacity expansion by firms. Exports, however, remained subdued due to prolonged weakness in external demand amid stronger imports. On the supply side, there was a broad-based expansion. The commodities sector grew. This was supported by higher oil and gas production as well as expansion in the agriculture sector amid improved labour supply. The services and construction sectors continued to expand. The manufacturing sector remained soft from continued weakness in the electrical and electronics industry. In terms of monthly GDP, December recorded a growth of 1.4%, lower than November (3.8%) and October (3.9%), attributed mainly to the shorter school holiday period during the month and weaker export-oriented manufacturing sector. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.1% (3Q 2023: +2.6%).

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023. In addition, the solid growth performance of the economy is reinforced by a resilient external position. Despite the challenging external environment, the current account surplus for the year 2023 was sustained at 1.2% of GDP, supported by a diversified export structure across market and product. The strength in external position is also reflected in the external debt, which declined to 68.2% of GDP in 2023 (3Q 2023: 69%), and a higher net international investment position at 6.6% of GDP in 2023 (3Q 2023: 5.2%). Importantly, the external debt remains manageable given the favourable maturity and currency profiles. One-third of the external debt is denominated in ringgit, limiting currency risk, while around 70% of debt have medium and longer-term tenures. Foreign currency borrowings are also subject to Bank Negara Malaysia (BNM)'s prudential requirements and continue to consist mainly of concessionary intragroup loans.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia)

(ii) Outlook

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity.

The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spill over from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

(Source: BNM Quarterly Bulletin Vol 38 No.4, 4th Quarter of 2023, Bank Negara Malaysia)

5.2 Overview and outlook of the office sector in Kuala Lumpur

(i) Overview

Despite the challenging global financial and economic environment, the property market managed to stay poised and posted a marginal softening in market activity in the first half of 2023 (H1 2023) compared to the same period last year (H1 2022).

Six office building transactions with an accumulated worth of more than RM550 million were recorded in H1 2023.

The performance of purpose-built office improved to 79.0% slightly higher than H1 2022 (77.7%) and H2 2022 (78.5%). The purpose-built office consists of 1,578 private-owned buildings (18,370,380 square meter) ("**s.m.**") and 1,013 public-owned buildings (6,155,509 s.m).

On the development front, construction activities recorded a sharp decline for completions. Only four new completions were recorded, offering a total space of 60,990 s.m. lower than 114,716 s.m. recorded in H1 2022. As at end of June 2023, there was a total of 24.53 million s.m. existing office space from 2,590 buildings. WP Kuala Lumpur was the lead contributor for office space with a share of 40.5% (9.93 million s.m.) in the existing market, 64.2% (0.98 million s.m.) in incoming supply and 79.0% (0.76 million s.m.) in planned supply.

The price of the stratified office lot was generally stable, with a few exceptions. In WPKL, Phileo Promenade recorded an increase of 16.3% with price transacted at RM5,900 per square meter ("**per s.m.**"). In Selangor, Melawati Corporate Centre, Gombak also registered a slight increase of 3.6% with price ranging at RM8,044 per s.m. - RM8,383 per s.m.

The office space rental market was stable with mixed movements recorded in selected buildings. Office space at Wisma Hong Leong and Menara Mara experienced a rental decrease of 14.5% and 11.6% respectively with rental ranging from RM41.00 per s.m. to RM60.00 per s.m. In Selangor, most office space rental rates remained stable with mixed performance showed in a few office buildings. Office space at Level 4, Kompleks MAIS Klang experienced a significant increase of 16.0% with monthly rental of RM18.00 per s.m. whilst Ground to 5th Floor, Crystal Plaza, Petaling Jaya were tenanted at monthly rental of RM49.51 per s.m., down 6.1%.

(ii) Outlook

The property market performance was moderate in the first half of 2023 (H1 2023) compared to the same period last year despite of a number of headwinds which have limit the sector's growth potential.

The gradual increase in the Overnight Policy Rate (OPR) since May 2022 is expected to have an impact on property market activity, particular on residential demand. In addition, the outlook of the workforce in the construction sector and the increase in the prices of building materials will also affect supply.

The country's economic and financial developments and the sentiment of industry players are the internal factors that will have an impact on the property sector as well as the external factors such as global financial and economic conditions. As the national economy is projected to expand to the lower end of the 4.0% to 5.0% range in 2023 supported by continued resilient domestic growth prospects, the property market performance is expected to remain cautiously optimistic.

(Source: Property Market Report First Half 2023, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

5.3 Prospects of Tower REIT

Our Board believes that 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, our Manager has achieved an improved occupancy in all its properties within the Tower REIT portfolio over the past 12 months, while recognising that more refurbishment work needs to be carried out. The occupancy rates for Menara HLX, Plaza Zurich and Guoco Tower as at 30 June 2022, 30 June 2023 and the LPD are as follows:

	Occupancy rates as at 30 June		Occupancy rates as at the LPD
	2022	2023	
Menara HLX	26%	31%	32%
Plaza Zurich	66%	67%	73%
Guoco Tower	88%	89%	95%

At this juncture, we are unable to ascertain the percentage of improvement of the occupancy rates for the abovementioned properties as our refurbishment plan is expected to complete in the FYE 30 June 2026. However, we are hopeful that upon completion of refurbishment plan, it will help to improve the overall occupancy rates and strengthen our competitiveness. Our Manager will continue to take a proactive stance, diligently working to enhance its offering to cater to the target market, to contain costs and to ensure a sustainable and competitive position.

(Source: Management of our Manager)

6. EFFECTS OF THE PROPOSALS

The Proposed Exemption, on a standalone basis, will not have any effect on the issued Unitholders' capital of Tower REIT, NAV, NAV per Unit, gearing ratio, earnings and DPU of Tower REIT, and the substantial Unitholders' unitholdings in Tower REIT.

The pro forma effects of the Proposed Rights Issue on the Unitholders' capital, NAV per Unit and gearing ratio, earnings and distributable income, and the substantial Unitholders' unitholdings are illustrated based on the Minimum Scenario and Maximum Scenarios 1 and 2 as set out in **Section 2.2, Part A** of this Circular. Maximum Scenario 1 is based on GLME being able to subscribe for the Rights Units pursuant to the Additional Undertaking, following approvals by our non-interested Unitholders and the SC to the Proposed Exemption, while Maximum Scenario 2 is based on all of the Entitled Unitholders fully subscribing for their respective entitlements under the Proposed Rights Issue.

6.1 Unitholders' capital

The pro forma effects of the Proposed Rights Issue on the Unitholders' capital of Tower REIT are as follows:

	Minimum Scenario		Maximum Scenarios 1 and 2	
	No. of Units	RM	No. of Units	RM
As at the LPD	280,500,000	285,345,000	280,500,000	285,345,000
To be issued pursuant to the Proposed Rights Issue	55,633,575	(1)(2)16,974,403	210,375,000	(1)(3)64,604,107
Enlarged Unitholders' capital	**336,133,575**	**302,319,403**	**490,875,000**	**349,949,107**

Notes:

(1) Calculated based on the Issue Price of RM0.31 per Rights Unit.

*(2) After taking into consideration the estimated expenses for the Proposed Rights Issue which are allowed under Malaysian Financial Reporting Standards ("**MFRS**") 132 to be capitalised from Unitholders' capital amounting to approximately RM0.27 million. The estimated expenses to be capitalised are professional fees, regulatory fees and other incidental expenses in relation to the Proposed Rights Issue.*

(3) After taking into consideration the estimated expenses for the Proposed Rights Issue which are allowed under MFRS 132 to be capitalised from Unitholders' capital amounting to approximately RM0.61 million. The estimated expenses to be capitalised are professional fees, regulatory fees and other incidental expenses in relation to the Proposed Rights Issue.

The estimated expenses of the Proposals which are allowed to be capitalised from the Unitholders' capital are different, as the enlarged Unitholders' capital under the Minimum Scenario and Maximum Scenarios 1 and 2 are different. The final amount of estimated expenses to be capitalised will be dependent on the enlarged Unitholders' capital after the completion of the Proposed Rights Issue.

6.2 NAV per Unit and gearing ratio

For illustration purposes only, the pro forma effects of the Proposed Rights Issue on the NAV per Unit and gearing ratio based on the latest audited statement of financial position of Tower REIT as at 30 June 2023 are as follows:

		After the Proposed Rights Issue	
	Audited as at 30 June 2023	**Minimum Scenario**	**Maximum Scenarios 1 and 2**
	RM'000	**RM'000**	**RM'000**
Unitholders' capital	285,345	(1)302,319	(1)349,949
Undistributed income - realised	60,095	(2)(3)(4)58,297	(2)(3)(5)59,674
Undistributed income - unrealised	155,631	155,631	155,631
Total Unitholders' Fund / NAV	**501,071**	**516,247**	**565,254**
No. of Units in circulation (**'000**)	280,500	336,134	490,875
NAV per Unit*			
- *Before income distribution (**RM**)*	1.79	1.54	1.15
- *After income distribution (**RM**)*	1.78	1.54	1.15
Total assets (**RM'000**)	808,234	808,234	(6)832,099
Total borrowings (**'000**)	271,292	(7)255,397	(8)231,292
Gearing ratio# (**times**)	0.34	0.32	0.28

Notes:

(1) After taking into consideration the Issue Price of RM0.31 per Rights Unit and part of the estimated expenses of approximately RM0.27 million under the Minimum Scenario and approximately RM0.61 million under Maximum Scenarios 1 and 2 will be capitalised against the Unitholders' capital.

(2) The total estimated expenses are approximately RM1.35 million in relation to the Proposals, of which the expenses directly attributable to the issuance of the Rights Units of approximately RM1.08 million will be charged to realised undistributed income under the Minimum Scenario, while approximately RM0.74 million will be charged to realised undistributed income under Maximum Scenarios 1 and 2.

(3) After taking into consideration the final income distribution of 0.27 sen per Unit amounting to approximately RM0.76 million which was paid on 30 August 2023 and the interim income distribution of 0.23 sen per Unit, amounting to approximately RM0.645 million which was paid on 28 February 2024.

(4) After taking into consideration the interest savings of approximately RM0.68 million per annum calculated based on the average interest rate of the bank borrowings of 4.30% per annum (assuming the same interest rate as FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM15.90 million under the Minimum Scenario.

(5) After taking into consideration the interest savings of approximately RM1.72 million per annum calculated based on the average interest rate of the bank borrowings of 4.30% per annum (assuming the same interest rate based as FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM40.00 million under Maximum Scenarios 1 and 2.

(6) After taking into consideration the refurbishment works for the existing properties of approximately RM23.87 million under Maximum Scenarios 1 and 2. As at the LPD, Plaza Zurich, Menara HLX and Guoco Tower have been earmarked for refurbishment.

(7) After taking into consideration the partial repayment of bank borrowings of approximately RM15.90 million under the Minimum Scenario.

(8) After taking into consideration the partial repayment of bank borrowings of RM40.00 million under Maximum Scenarios 1 and 2.

* *Calculated based on NAV divided by the number of Units in circulation.*

\# *Calculated based on total borrowings divided by total assets.*

6.3 Earnings and distributable income

The issuance of new Rights Units pursuant to the Proposed Rights Issue will dilute the DPU. Nevertheless, the Proposed Rights Issue is expected to be yield accretive for our Unitholders, after taking into consideration the expected interest savings arising from the partial repayment of bank borrowings.

For illustration purposes, the pro forma effects of the Proposed Rights Issue on the DPU based on the audited statement of comprehensive income for the FYE 30 June 2023 and assuming the Proposed Rights Issue was effected on 1 July 2022, are as follows:

		After the Proposed Rights Issue	
	Audited for the FYE 30 June 2023	**Minimum Scenario**	**Maximum Scenarios 1 and 2**
	RM'000	**RM'000**	**RM'000**
Net (loss) for the year	(17,600)	[(1)](17,995)	[(2)](16,619)
Income distribution	1,627	[(1)]1,232	[(2)]2,608
No. of Units in circulation (**'000**)	280,500	336,134	490,875
(Loss) per Unit* (**sen**)	**(6.27)**	**(5.35)**	**(3.39)**
DPU# (**sen**)	**0.58**	**0.37**	**0.53**

Notes:

(1) After taking into consideration the following:

(a) interest savings of approximately RM0.68 million per annum calculated based on the average interest rate of the bank borrowings of 4.30% per annum (assuming the same interest rate as FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM15.90 million under the Minimum Scenario; and

(b) the estimated expenses of approximately RM1.08 million in connection with the Proposals which will be charged as expenses under the Minimum Scenario.

(2) After taking into consideration the following:

(a) interest saving of approximately RM1.72 million per annum calculated based on the average interest rate of the bank borrowings of 4.30% per annum (assuming the same interest rate based as FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM40.00 million under Maximum Scenarios 1 and 2; and

(b) the estimated expenses of approximately RM0.74 million in connection with the Proposals, which will be charged as expenses under Maximum Scenarios 1 and 2.

** Calculated based on net (loss) for the year divided by the number of Units in circulation.*

 # Calculated based on income distribution divided by the number of Units in circulation.

Our Manager had declared and paid a total income distribution of 0.58 sen per Unit for the FYE 30 June 2023. For the period from 1 July 2023 up to the LPD, our Manager had also declared an income distribution of 0.23 sen per Unit.

Barring unforeseen circumstances, our Manager intends to distribute at least 90% of the distributable and realised income of Tower REIT for each year or such other intervals as determined by our Manager at their discretion. The Proposed Rights Issue is not expected to have any material effect on our distribution policy.

6.4 Substantial Unitholders' unitholdings

Based on the Record of Depositors of Tower REIT as at the LPD, the effects of the Proposed Rights Issue on the substantial Unitholders' unitholdings are as follows:

Minimum Scenario

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
GLME	60,769	21.66	-	-	106,345	31.64	-	-
HLA	58,271	20.77	-	-	58,271	17.34	-	-
HLA Holdings Sdn Bhd	-	-	58,271	#20.77	-	-	58,271	#17.34
Mitsui Sumitomo Insurance Company, Limited	-	-	58,271	#20.77	-	-	58,271	#17.34
Hong Leong Financial Group Berhad	-	-	64,158	*22.87	-	-	64,158	*19.09
GuocoLand	-	-	60,769	**21.66	-	-	106,345	**31.64
GLL (Malaysia) Pte Ltd	-	-	60,769	**21.66	-	-	106,345	**31.64
GuocoLand Limited	-	-	60,769	**21.66	-	-	106,345	**31.64
GuocoLand Assets Pte Ltd	-	-	60,769	**21.66	-	-	106,345	**31.64
Guoco Group Limited	-	-	138,927	^49.53	-	-	184,503	^54.89
GuoLine Overseas Limited	-	-	138,927	^49.53	-	-	184,503	^54.89
GCA	-	-	138,927	^49.53	-	-	184,503	^54.89
HLCM	-	-	77,567	*27.65	-	-	87,624	*26.07
HL Holdings Sdn Bhd	-	-	77,567	~27.65	-	-	87,624	*26.07
Tan Sri Quek Leng Chan	-	-	152,336	^54.31	-	-	207,970	^61.87
Kwek Leng Beng	-	-	152,336	^54.31	-	-	207,970	^61.87
Kwek Holdings Pte Ltd	-	-	152,336	^54.31	-	-	207,970	^61.87
Hong Realty (Private) Limited	-	-	152,336	^54.31	-	-	207,970	^61.87

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
Hong Leong Investment Holdings Pte Ltd	-	-	152,336	^54.31	-	-	207,970	^61.87
Kwek Leng Kee	-	-	152,336	^54.31	-	-	207,970	^61.87
Davos Investment Holdings Private Limited	-	-	152,336	^54.31	-	-	207,970	^61.87
Quek Leng Chye	-	-	152,336	^54.31	-	-	207,970	^61.87

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Based on the enlarged total Unitholders' capital of 336,133,575 Units after the Proposed Rights Issue.

 # Held through HLA.

** Held through subsidiaries.*

*** Held through GLME.*

^ Held through subsidiaries and companies in which the major Unitholder has an interest.

~ Held through HLCM.

Maximum Scenario 1

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
GLME	60,769	21.66	-	-	261,087	53.19	-	-
HLA	58,271	20.77	-	-	58,271	11.87	-	-
HLA Holdings Sdn Bhd	-	-	58,271	#20.77	-	-	58,271	#11.87
Mitsui Sumitomo Insurance Company, Limited	-	-	58,271	#20.77	-	-	58,271	#11.87
Hong Leong Financial Group Berhad	-	-	64,158	*22.87	-	-	64,158	*13.07
GuocoLand	-	-	60,769	**21.66	-	-	261,087	**53.19
GLL (Malaysia) Pte Ltd	-	-	60,769	**21.66	-	-	261,087	**53.19
GuocoLand Limited	-	-	60,769	**21.66	-	-	261,087	**53.19
GuocoLand Assets Pte Ltd	-	-	60,769	**21.66	-	-	261,087	**53.19
Guoco Group Limited	-	-	138,927	^49.53	-	-	339,245	^69.11
GuoLine Overseas Limited	-	-	138,927	^49.53	-	-	339,245	^69.11
GCA	-	-	138,927	^49.53	-	-	339,245	^69.11
HLCM	-	-	77,567	*27.65	-	-	87,624	*17.85
HL Holdings Sdn Bhd	-	-	77,567	~27.65	-	-	87,624	*17.85
Tan Sri Quek Leng Chan	-	-	152,336	^54.31	-	-	362,711	^73.89
Kwek Leng Beng	-	-	152,336	^54.31	-	-	362,711	^73.89
Kwek Holdings Pte Ltd	-	-	152,336	^54.31	-	-	362,711	^73.89
Hong Realty (Private) Limited	-	-	152,336	^54.31	-	-	362,711	^73.89

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
Hong Leong Investment Holdings Pte Ltd	-	-	152,336	^54.31	-	-	362,711	^73.89
Kwek Leng Kee	-	-	152,336	^54.31	-	-	362,711	^73.89
Davos Investment Holdings Private Limited	-	-	152,336	^54.31	-	-	362,711	^73.89
Quek Leng Chye	-	-	152,336	^54.31	-	-	362,711	^73.89

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Based on the enlarged total Unitholders' capital of 490,875,000 Units after the Proposed Rights Issue.

 # Held through HLA.

* *Held through subsidiaries.*

** *Held through GLME.*

^ *Held through subsidiaries and companies in which the major Unitholder has an interest.*

~ *Held through HLCM.*

Maximum Scenario 2

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
GLME	60,769	21.66	-	-	106,345	21.66	-	-
HLA	58,271	20.77	-	-	101,974	20.77	-	-
HLA Holdings Sdn Bhd	-	-	58,271	#20.77	-	-	101,974	#20.77
Mitsui Sumitomo Insurance Company, Limited	-	-	58,271	#20.77	-	-	101,974	#20.77
Hong Leong Financial Group Berhad	-	-	64,158	*22.87	-	-	112,277	*22.87
GuocoLand	-	-	60,769	**21.66	-	-	106,345	**21.66
GLL (Malaysia) Pte Ltd	-	-	60,769	**21.66	-	-	106,345	**21.66
GuocoLand Limited	-	-	60,769	**21.66	-	-	106,345	**21.66
GuocoLand Assets Pte Ltd	-	-	60,769	**21.66	-	-	106,345	**21.66
Guoco Group Limited	-	-	138,927	^49.53	-	-	243,122	^49.53
GuoLine Overseas Limited	-	-	138,927	^49.53	-	-	243,122	^49.53
GCA	-	-	138,927	^49.53	-	-	243,122	^49.53
HLCM	-	-	77,567	*27.65	-	-	135,743	*27.65
HL Holdings Sdn Bhd	-	-	77,567	~27.65	-	-	135,743	*27.65
Tan Sri Quek Leng Chan	-	-	152,336	^54.31	-	-	266,588	^54.31
Kwek Leng Beng	-	-	152,336	^54.31	-	-	266,588	^54.31
Kwek Holdings Pte Ltd	-	-	152,336	^54.31	-	-	266,588	^54.31
Hong Realty (Private) Limited	-	-	152,336	^54.31	-	-	266,588	^54.31

	As at the LPD				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Units	(1)%	No. of Units	(1)%	No. of Units	(2)%	No. of Units	(2)%
	'000		'000		'000		'000	
Hong Leong Investment Holdings Pte Ltd	-	-	152,336	^54.31	-	-	266,588	^54.31
Kwek Leng Kee	-	-	152,336	^54.31	-	-	266,588	^54.31
Davos Investment Holdings Private Limited	-	-	152,336	^54.31	-	-	266,588	^54.31
Quek Leng Chye	-	-	152,336	^54.31	-	-	266,588	^54.31

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Based on the enlarged total Unitholders' capital of 490,875,000 Units after the Proposed Rights Issue.

 # Held through HLA.

** Held through subsidiaries.*

*** Held through GLME.*

^ Held through subsidiaries and companies in which the major Unitholder has an interest.

~ Held through HLCM.

6.5 Convertible securities

As at the LPD, Tower REIT does not have any convertible securities.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to, amongst others, the following approvals being obtained:

(i) Bursa Securities, for the listing of and quotation for up to 210,375,000 Rights Units to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities, the approval of which was obtained vide Bursa Securities' letter dated 23 February 2024, subject to the following conditions:

No.	Conditions	Status of compliance
(a)	Tower REIT and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;	To be complied
(b)	HLIB to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied
(c)	Tower REIT and HLIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed;	To be complied
(d)	HLIB to furnish Bursa Securities a certified true copy of the resolution passed by the Unitholders approving the Proposed Rights Issue; and	To be complied
(e)	Tower REIT and HLIB must observe and ensure full compliance with paragraph 8.02 of the Listing Requirements at all times.	To be complied

(ii) our Unitholders for the Proposed Rights Issue and our non-interested Unitholders for the Proposed Exemption at our forthcoming Unitholders' Meeting; and

(iii) SC for the Proposed Exemption. The application to seek approval for the Proposed Exemption will be submitted to the SC after obtaining the approval of our non-interested Unitholders for the Proposed Exemption at our forthcoming Unitholders' Meeting.

The Proposed Exemption is conditional upon the Proposed Rights Issue but not *vice versa*.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by Tower REIT.

8. INTERESTS OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND MAJOR SHAREHOLDER OF OUR MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED WITH THEM

8.1 Proposed Rights Issue

None of our directors, Chief Executive Officer and/or major shareholder of our Manager, major Unitholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue, save for their respective entitlements as Unitholders under the Proposed Rights Issue, to which all Entitled Unitholders will be similarly entitled.

8.2 Proposed Exemption

The interest of our directors and major shareholder of our Manager, major Unitholders, Chief Executive and/or persons connected with them in respect of the Proposed Exemption are set out below.

(i) Interested Directors of our Manager

(a) Mr. Tang Hong Cheong is a director of the Manager. He is also a director of GuocoLand, which is an applicant seeking for the SC's approval for exemption from its obligation to undertake a mandatory offer in connection with the Proposed Exemption.

(b) Mr. Cheng Hsing Yao (Zheng Xinyao) is a director of the Manager. He is also a director of GuocoLand, which is an applicant seeking for the SC's approval for exemption from its obligation to undertake a mandatory offer in connection with the Proposed Exemption.

(c) Puan Noorbaizura Binti Hermeyney is a director of the Manager. She is also a director of GLME and GuocoLand, which are applicants seeking for the SC's approval for exemption from their obligation to undertake a mandatory offer in connection with the Proposed Exemption.

(d) Ms. Lim Tau Kien is a director of the Manager. She is also a director of HLA Holdings Sdn Bhd. HLA Holdings Sdn Bhd is the holding company of HLA, being a person connected with the Interested Major Shareholder and PAC with the Interested Major Shareholder and GLME.

As at the LPD, Mr. Tang Hong Cheong, Mr. Cheng Hsing Yao (Zheng Xinyao), Puan Noorbaizura Binti Hermeyney and Ms. Lim Tau Kien do not hold any Units, direct or indirect, in Tower REIT.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at our relevant Board meetings on resolutions pertaining to the Proposed Exemption. The Interested Directors have further undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting.

(ii) Interested major shareholder of our Manager

Our Manager is a wholly-owned subsidiary of GuocoLand, an applicant seeking for the SC's approval in respect of the Proposed Exemption. GuocoLand will also be named as the ultimate offeror in respect of the potential MGO obligation under the CMSA, the Code and the Rules to be triggered arising from GLME subscribing for Rights Units pursuant to its Additional Undertaking. Accordingly, GuocoLand is deemed interested in the Proposed Exemption.

The Interested Major Shareholder will abstain from voting in respect of its direct and/or indirect unitholdings held in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting. The Interested Major Shareholder has further undertaken to ensure that persons connected to it will also abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting.

(iii) Interested major Unitholders of Tower REIT

(a) GLME is a direct major Unitholder. GLME is also an applicant seeking for the SC's approval in respect of the Proposed Exemption. GLME will be named as the offeror in respect of the potential MGO under the CMSA, the Code and the Rules to be triggered arising from GLME subscribing for Rights Units pursuant to its Additional Undertaking. In addition, GLME is a wholly-owned subsidiary of the Interested Major Shareholder.

(b) HLA is a direct major Unitholder. HLA is a person connected with the Interested Major Shareholder and PAC with the Interested Major Shareholder and GLME.

Please refer **Section 6.4, Part A** of this Circular for further information on their unitholdings in Tower REIT.

The Interested Major Unitholders will abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting. The Interested Major Unitholders have further undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting.

For our Unitholders' information and for the avoidance of doubt:

(a) the Interested Major Shareholder will ensure that ALSB, HLIB, HLA and AFIC, being PACs of the Interested Major Shareholder and GLME in respect of the Proposed Exemption; and

(b) GLME will ensure that VST, being a PAC of GLME in respect of the Proposed Exemption,

will also abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT on the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting. Please refer to **Section 2.3, Part A** of this Circular for further information on the Other Interested Parties' unitholdings in Tower REIT.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Rights Issue, including but not limited to the rationale for the Proposed Rights Issue, the pro forma effects of the Proposed Rights Issue as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interests of Tower REIT.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Rights Issue at our forthcoming Unitholders' Meeting.

Our Board (save for the Interested Directors), being YBhg Dato' Tan Ang Meng having considered all aspects of the Proposed Exemption, including but not limited to the rationale for the Proposed Exemption and the effects of the Proposed Exemption, is of the opinion that the Proposed Exemption is in the best interests of Tower REIT.

Accordingly, our Board (save for the Interested Directors), being YBhg Dato' Tan Ang Meng recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Exemption at our forthcoming Unitholders' Meeting.

10. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the 2nd quarter of 2024.

The tentative timetable for the implementation of the Proposals is set out below:

Month	Events
22 March 2024	Unitholders' Meeting for the Proposals.
Mid to end of April 2024	Approval from the SC for the Proposed Exemption.
End of April 2024	▪ Announcement of the Entitlement Basis and Issue Price in relation to the Proposed Rights Issue. ▪ Announcement of the Entitlement Date of the Proposed Rights Issue.
Early of May 2024	▪ Entitlement Date. ▪ Issuance of the Abridged Prospectus.
End of May 2024	Closing date of the application and acceptance for the Rights Units.
Early of June 2024	Listing of and quotation for the Rights Units on the Main Market of Bursa Securities.

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there is no other corporate exercise/scheme which has been announced by our Manager but has yet to be completed before the date of this Circular.

12. HISTORICAL UNIT PRICES

The monthly highest and lowest transacted market prices of the Units for the past 12 months from March 2023 to February 2024 are as follows:

	High	Low
	RM	RM
2023		
March	0.485	0.43
April	0.48	0.43
May	0.44	0.43
June	0.445	0.41
July	0.445	0.415
August	0.445	0.395
September	0.415	0.395
October	0.415	0.39
November	0.40	0.375
December	0.385	0.36
2024		
January	0.37	0.35
February	0.375	0.35

The last transacted market price of the Units on 12 December 2023, being the last market day immediately prior to the announcement of the Proposals	RM0.375
The last transacted market price of the Units as at the LPD	RM0.355

(Source: Bloomberg)

13. UNITHOLDERS' MEETING

Our forthcoming Unitholders' Meeting, the Notice of which is enclosed in this Circular, will be 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.** or at adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at our forthcoming Unitholders' Meeting and wish to appoint other person(s) to be your proxy, please complete the Form of Proxy, which is attached in this Circular, in accordance with the instructions contained therein and deposit it at the Registered Office of our Manager at Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time set for our forthcoming Unitholders' Meeting or at any adjournment thereof. The completion and deposit of the Form of Proxy will not preclude you from attending and voting in person at our forthcoming Unitholders' Meeting should you subsequently wish to do so.

14. FURTHER INFORMATION

You are advised to refer to the enclosed appendix for further information.

Yours faithfully,
For and on behalf of the Board of
GLM REIT MANAGEMENT SDN BHD
(The Manager of Tower Real Estate Investment Trust)

YBHG. DATO' TAN ANG MENG
Independent Non-Executive Director

PART B

IAL FROM MALACCA SECURITIES SDN BHD TO OUR NON-INTERESTED UNITHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

All definitions used in this Executive Summary shall have the same meanings as defined in the "Definitions" section of this Circular and as defined in the IAL herein, except where the context otherwise requires or is otherwise defined herein. All references to "you" are references made to the non-interested Unitholders of Tower REIT, whilst references to "we", "us" or "our" are references to Malacca Securities, being the Independent Adviser for the Proposed Exemption.

THIS EXECUTIVE SUMMARY SUMMARISES THE IAL IN RELATION TO THE PROPOSED EXEMPTION DETAILED IN PART B OF THE CIRCULAR. YOU ARE ADVISED TO READ AND UNDERSTAND THE IAL AND ITS ATTACHMENTS IN ITS ENTIRETY, TOGETHER WITH THE LETTER TO THE TOWER REIT UNITHOLDERS IN PART A OF THIS CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED EXEMPTION.

YOU ARE ALSO ADVISED TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE IAL AND THE LETTER TO THE TOWER REIT UNITHOLDERS BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT TOWER REIT'S FORTHCOMING UNITHOLDERS' MEETING. IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

1. INTRODUCTION

On 13 December 2023, HLIB, had on behalf of the Board, announced that the Manager proposed for Tower REIT to undertake the Proposed Rights Issue and Proposed Exemption.

The Proposed Rights Issue is renounceable in full or in part and will be undertaken on a minimum subscription basis after taking into consideration the funds Tower REIT intends to raise and based on the Minimum Undertakings provided by GLME and ALSB. In addition, GLME has also provided the Additional Undertaking, subject to the Proposed Exemption being approved by the non-interested Unitholders at the Unitholders' Meeting to be convened and by the SC.

Under Maximum Scenario 1, the unitholding of GLME in Tower REIT will increase from 21.66% to 53.19% upon the completion of the Proposed Rights Issue arising from GLME's subscription of Rights Units pursuant to its Additional Undertaking, which exceeds the 33% MGO threshold. Under this circumstance, GLME, on an individual basis, will trigger the mandatory general offer obligation under the CMSA, Code and the Rules.

It is not the intention of GLME, GuocoLand and their PACs to undertake a mandatory general offer as a result of GLME's subscription for Rights Units pursuant to its Additional Undertaking under Maximum Scenario 1. In this regard, GLME and GuocoLand will apply for an exemption from SC to exempt them from the obligation to undertake a mandatory general offer for all the remaining units in Tower REIT not already owned by them arising from GLME's subscription of Rights Units pursuant to its Additional Undertaking under subparagraph 4.08(1)(b) of the Rules, subject to the non-interested Unitholders' approval for the Proposed Exemption.

As the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa, in the event the non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking by GLME will lapse and GLME will not subscribe to such number of Rights Units that will cause the unitholding in GLME in Tower REIT to exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue. As such, no mandatory offer obligation will arise.

On 13 December 2023, Malacca Securities was appointed as the Independent Adviser to advise you and the non-interested Directors on the Proposed Exemption and our evaluation of the Proposed Rights Issue will only be based on Maximum Scenario 1 where the Proposed Exemption will be required. On 14 December 2023, in accordance with the Rules, we had declared our independence from conflict of interests to the SC, to act as the Independent Adviser for the Proposed Exemption.

The SC had vide its letter dated 5 March 2024 notified us that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Exemption together with our recommendation on whether to vote in favour of the Proposed Exemption, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Exemption before making a decision on the course of action to be taken at Tower REIT's forthcoming Unitholders' Meeting.

Please refer to Section 1 of the IAL for further details.

2. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic approach in accordance with paragraphs 8 to 10 of Schedule 2: Part III of the Rules(1).

(1) Paragraphs 8 to 10 of Schedule 2: Part III of the Rules are set out as follows:

Paragraph 8: In evaluating exemptions from mandatory offer obligations resulting from transactions involving the issuance of new securities or when a company purchases its own voting shares, a holistic approach should be taken in assessing whether the exemption is fair and reasonable and whether non-interested shareholders should vote for or against the exemption;

Paragraph 9: The independent adviser should discuss the purpose and effect of the exemption, that is, the substance of the transaction, particularly when the proposed exemption involves transactions that will result in the obtaining or consolidation of control. In such cases, the independent adviser should identify the advantages and disadvantages of the exemption to non-interested shareholders to enable them to decide on the proposed exemption. The independent adviser should also conclude whether the proposed exemption is 'fair and reasonable'; and

Paragraph 10: Benefits of the exemption to the non-interested shareholders may include, but are not limited to the following:

(a) Long-term profit outlook of the offeree with the injection of additional capital;
(b) Improved gearing of the offeree as a result of any reduction in debt;
(c) Improved cashflow of the offeree as a result of the injection of working capital; or
(d) Advantages of raising funds through equity as compared to other alternative financing avenues.

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In our evaluation of the Proposed Exemption, we have considered the following:

Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.1.1	Rationale for the Proposed Rights Issue	Our comments on the rationale of the Proposed Rights Issue are summarised as follows: **(a) Strengthen the Unitholders' capital base and financial position of Tower REIT** The Proposed Rights Issue will strengthen the Unitholders' capital base of Tower REIT on a pro forma basis from RM285.35 million to RM349.95 million and the pro forma NAV of Tower REIT will also correspondingly increase from RM501.07 million to RM565.25 million under Maximum Scenario 1. Under Maximum Scenario 1, the additional equity raised of up to RM65.22 million will further strengthen the capital structure of Tower REIT and provide it with greater financial flexibility. **(b) Raise funds for refurbishment of Tower REIT's existing properties** The Proposed Rights Issue will provide Tower REIT with funds mainly to be used for the refurbishment of Plaza Zurich, Menara HLX and Guoco Tower which are expected to improve the occupancy rate and leasing pipeline. As at the LPD, the occupancy rates of Plaza Zurich, Menara HLX and Guoco Tower are 73%, 32% and 95% respectively. The refurbishment has started in the FYE 30 June 2024 and is expected to be completed in the FYE 30 June 2026. The allocation of the refurbishment cost for Plaza Zurich, Menara HLX and Guoco Tower are approximately RM13.00 million, RM14.00 million and RM1.00 million respectively, representing a total estimated refurbishment cost of approximately RM28.00 million. Under Maximum Scenario 1, the shortfall of the amount allocated for refurbishment of existing properties will be funded via internally generated funds. The upgrade and replacement of power transformer, upgrade work for the lifts and upgrade work for the HVAC system of Tower REIT's properties are expected to enhance Tower REIT's ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system. However, there is no certainty that the benefits arising from the utilisation of proceeds to be raised from the Proposed Rights Issue can be realised and may not necessarily contribute positively to the future earnings of Tower REIT.

<table>
<tr><th>Section in the IAL</th><th>Area of evaluation</th><th>Malacca Securities' comments</th></tr>
<tr><td>Section 6.1.1 (Cont'd)</td><td>Rationale for the Proposed Rights Issue (Cont'd)</td><td>

(c) Potential impact to the cost of capital and gearing level of Tower REIT

Based on the unaudited 6-month FPE 31 December 2023, we have assessed the pro forma changes in the WACC and gearing of the Tower REIT based on the following scenarios as at the LPD:

<table>
<tr><th></th><th>Existing Scenario</th><th>Equity Scenario</th><th>Debt Scenario</th></tr>
<tr><td>WACC (%)</td><td>4.98</td><td>5.26</td><td>4.96</td></tr>
<tr><td>Gearing (Times)</td><td>0.34</td><td>0.28</td><td>0.35</td></tr>
</table>

Despite the pro forma WACC increasing by 0.28% under the Equity Scenario, we are of the view that the Proposed Rights Issue under Maximum Scenario 1 is the most appropriate avenue of fund raising for Tower REIT as opposed to the option of raising funds under the Debt Scenario due to the following:

(i) Tower REIT would be able to minimise its cash outlay from internally generated funds, preserving the cash position of Tower REIT for other business requirements such as working capital and refurbishment of its existing properties;

(ii) the Proposed Rights Issue would result in a lower pro forma gearing ratio which may allow Tower REIT to have greater flexibility in sourcing for funding alternatives in the future, if required; and

(iii) the Proposed Rights Issue represents an opportunity for all Entitled Unitholders to further increase their equity participation in Tower REIT's future growth and prospects on a pro-rata basis without Tower REIT having to incur additional interest expenses arising from the use of bank borrowings which may negatively impact its future earnings and consequently affect the distributable income to the Unitholders of Tower REIT.

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Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.1.1 (Cont'd)	Rationale for the Proposed Rights Issue (Cont'd)	**(d) Interest savings arising from the repayment of bank borrowings** Based on Maximum Scenario 1 of the Proposed Rights Issue, Tower REIT intends to allocate RM40.0 million to partially repay bank borrowings. The partial repayment of bank borrowings will result in interest savings for Tower REIT and reduction in the pro forma gearing of Tower REIT from 0.34 times to 0.28 times. However, the pro forma WACC will increase from 4.98% to 5.26%. For illustration purpose, based on Tower REIT's effective interest rate of approximately 4.3%, the partial repayment of Tower REIT's borrowings of RM40.0 million (representing approximately 14.70% of total borrowings as at 31 December 2023) is expected to result in potential interest savings of RM1.31 million per annum (net of tax), representing 10.86% of the interest expense of Tower REIT of RM12.06 million as at FYE 30 June 2023, under Maximum Scenario 1. Tower REIT will be able to use the funds from the interest savings for other purposes such as working capital as well as improve its cashflow. **(e) The Proposed Rights Issue will also provide Tower REIT Unitholders with an opportunity to participate in an equity offering of Units on a pro-rata basis at an attractive price and ultimately, participate in the prospects and future growth of Tower REIT** The Proposed Rights Issue represents an opportunity for all Entitled Unitholders to further increase their equity participation in Tower REIT's future growth and prospects on a pro-rata basis and without diluting the Unitholders' percentage unitholdings in Tower REIT (provided that all Entitled Unitholders subscribe in full for their respective entitlements), as opposed to fund-raising via a private placement exercise whereby only selected investors can participate. If the Entitled Unitholders subscribe for their respective entitlements, the Proposed Rights Issue will provide an avenue for them to participate in the prospects and future growth of Tower REIT at the same proportion of unitholding as before the Proposed Rights Issue. **(f) Commitment from the major Unitholder** In order to ensure that the fund-raising objective of Tower REIT will be met, the Manager has obtained the Minimum Undertakings, and an Additional Undertaking from GLME to subscribe for Rights Units not subscribed for by other Entitled Unitholders under Maximum Scenario 1, subject to the Proposed Exemption being approved by the non-interested Unitholders at the Unitholders' Meeting to be convened and by the SC, thereby reinforcing GLME's commitment to Tower REIT as the largest major Unitholder.

Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.1.2	Rationale for the Proposed Exemption	As at the LPD, the unitholding of GLME in Tower REIT will increase from 21.66% as at the LPD to 53.19% under Maximum Scenario 1, which will exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue arising from GLME's subscription of Rights Units pursuant to its Minimum Undertaking and Additional Undertaking. Under this circumstance, GLME will trigger the mandatory general offer obligation under the CMSA, Code and the Rules. However, it is not the intention of GLME, GuocoLand and their PACs to undertake a mandatory general offer as a result of GLME's subscription of Rights Units pursuant to its Additional Undertaking under Maximum Scenario 1. As such, the Proposed Exemption will relieve GLME, GuocoLand and their PACs from the obligation to undertake a mandatory general offer under Maximum Scenario 1. In the event that any of the non-interested Unitholders decide not to take up or opt to renounce all or some of their entitlements to the Proposed Rights Issue, their unitholdings will be diluted while the collective unitholding of GLME, GuocoLand and their PACs would increase given GLME's Additional Undertaking under Maximum Scenario 1. Notwithstanding the above, in the event the non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking by GLME will lapse and GLME will not subscribe to such number of Rights Units that will cause the unitholding in GLME in Tower REIT to exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue. As such, no mandatory offer obligation will arise.
Section 6.2	Issue price of the Rights Units	We note that the illustrative Issue Price of RM0.31 per Rights Unit represents: (a) discounts ranging from 7.44% to 14.17% to the TERP based on the closing market price on 12 December 2023, being the last trading date prior to the announcement in relation to the Proposals ("**LTD**"), as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAMPs of Units up to the LTD; and (b) discounts ranging from 7.66% to 13.62% to the TERP based on the closing market price on the LPD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAMPs of Units up to the LPD. The illustrative Issue Price represents discounts ranging from 73.04% to 82.58% to the latest audited, latest unaudited and pro forma NAV per Unit and is considered to be attractive for the subscription of the Rights Units by the Entitled Unitholders. The Entitled Unitholders and/or their renouncee(s) and/or transferee(s) would need to incur cash outlay to subscribe for the Rights Units, and thus are entitled for the discount stated above.

Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.2 (Cont'd)	Issue price of the Rights Units (Cont'd)	In evaluating the illustrative Issue Price of the Rights Units, we considered the following: (a) the entitlements to the Rights Units are equitable and are fair and proportionate to all the Entitled Unitholders based on their unitholdings in Tower REIT on the Entitlement Date; (b) the indicative discount of approximately 7.82% to the TERP of the Units, based on the 5-day VWAMP of the Units up to the LPD of RM0.3561 per Unit, serves to increase the pricing attractiveness of the Rights Units to the Entitled Unitholders and all the Entitled Unitholders have the right to subscribe for their respective entitlements to the Rights Units at the same Issue Price; (c) the pricing mechanism of the Rights Units will be market-based as it is based on the 5-day VWAMP immediately preceding the price-fixing date of the Rights Units. For information purposes, in the event the discount of the final Issue Price to the TERP of the units is higher than the discount of the illustrative Issue Price, it will only serve to increase the pricing attractiveness of the Rights Units to all the Entitled Unitholders. However, should the Entitled Unitholders choose not to subscribe for the Rights Units, the unitholdings of the Entitled Unitholders will be diluted; (d) should the Entitled Unitholders choose not to subscribe for the Rights Units, the Entitled Unitholders can trade their rights to the Rights Units on the market, and as such, those that choose to renounce their entitlements to the Rights Units can sell all or part of their rights to the Rights Units in the market. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights; and (e) although the Proposed Exemption will allow GLME to increase its unitholding in Tower REIT via GLME's fulfilment of the Additional Undertaking under Maximum Scenario 1, the collective percentage unitholdings of GLME, GuocoLand and their PACs will only increase if there are remaining Rights Units which are not fully subscribed for by other Entitled Unitholders at their own discretion.
Section 6.3	Effects of the Proposed Rights Issue and the Proposed Exemption	The Proposed Exemption, on a standalone basis, will not have any effect on the issued unitholders' capital, NAV per Unit, gearing, earnings and distributable income, and substantial Unitholders' unitholdings of Tower REIT. The Proposed Exemption will facilitate the Proposed Rights Issue under Maximum Scenario 1, which will in turn affect Tower REIT's Unitholders' capital, NAV per Unit, gearing, earnings and distributable income, and substantial Unitholders' unitholdings of Tower REIT as follows: (i) The Unitholders' capital of Tower REIT will increase from approximately RM285.35 million as at the LPD to approximately RM349.95 under Maximum Scenario 1.

Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.3 (Cont'd)	Effects of the Proposed Rights Issue and the Proposed Exemption (Cont'd)	(ii) The pro forma NAV will increase from approximately RM501.07 million as at 30 June 2023 to approximately RM565.25 million under Maximum Scenario 1. The pro forma NAV per Unit will decrease from RM1.79 (before the final income distribution of 0.27 sen per Unit) or RM1.78 (after the final income distribution of 0.27 sen per Unit) as at 30 June 2023 to RM1.15 under Maximum Scenario 1 mainly due to the dilution effect arising from the issuance of the Rights Units after the completion of the Proposed Rights Issue. (iii) The pro forma gearing ratio will decrease from 0.34 times as at 30 June 2023 to 0.28 times under Maximum Scenario 1. The improvement in gearing ratio is mainly attributable to the increase in Unitholders' equity as a result of the issuance of the Rights Units and partial repayment of bank borrowings amounting to approximately RM40.00 million from the proceeds raised under Maximum Scenario 1 pursuant to the Proposed Rights Issue. (iv) The Proposed Rights Issue is expected to have an immediate dilution to Tower REIT's DPU on a pro forma basis from 0.58 sen as at 30 June 2023 to 0.45 sen under Maximum Scenario 1 as a result of the increase in the number of Units in issue upon completion of the Proposed Rights Issue. (v) Under Maximum Scenario 1 wherein GLME subscribes for the Rights Units based on its entitlement to the Rights Units and the Additional Undertaking and none of the other Entitled Unitholders take up their entitlements, the pro forma effects of the Proposed Rights Issue will result in an increase to GLME's direct unitholding from 21.66% to 53.19% while GLME, GuocoLand and their PACs' collective unitholding will increase from 54.30% to a maximum of approximately 73.89%. Consequently, the collective unitholding of the non-interested Unitholders who do not subscribe for their entitlements will reduce from 45.70% to 26.11%, after taking into account ALSB's fulfilment of the Minimum Undertaking as well.
Section 6.4	Industry overview and prospects of Tower REIT	Despite the difficult operating environment, the Manager has achieved improved occupancy by an average of 5.93% in all its properties within Tower REIT's portfolio over 12 months from January 2023 to December 2023, while recognising that there is more refurbishment work which needs to be carried out. The Manager will continue to take proactive stance, diligently working to enhance its offering to cater to the target market, contain costs and ensuring a sustainable and competitive position.

Section in the IAL	Area of evaluation	Malacca Securities' comments
Section 6.4 (Cont'd)	Industry overview and prospects of Tower REIT (Cont'd)	We note that the Manager has earmarked its proceeds from the Proposed Rights Issue under Maximum Scenario 1 for the refurbishments of Plaza Zurich, Menara HLX and Guoco Tower which are expected to improve the occupancy rate and leasing pipeline of Tower REIT's properties, and enhance Tower REIT's ESG performance which should augur well for the prospects of Tower REIT in the long term. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system.
Section 6.5	Implications of the Proposed Exemption	**If you VOTE IN FAVOUR of the Proposed Exemption** Should you vote in favour of the Proposed Exemption and the Proposed Exemption is approved at the forthcoming Unitholders' Meeting, the SC would be able to consider the application for the Proposed Exemption. Your approval of the Proposed Exemption will imply that you have agreed to waive your rights to a general offer by GLME, GuocoLand and their PACs for Units based on the highest price paid by GLME, GuocoLand and their PACs for Units in the past 6-month period before the incurrence of such obligation to undertake the mandatory general offer. GLME, GuocoLand and their PACs will be able to subscribe for the Rights Units at the same price as the Entitled Unitholders and increase their unitholdings in Tower REIT without the obligation to undertake a mandatory general offer in the event of any non-subscription for the Rights Units by the non-interested Unitholders. **If you VOTE AGAINST the Proposed Exemption** In the event that you vote against the Proposed Exemption and the Proposed Exemption is not approved at the forthcoming Unitholders' Meeting, the SC would not be able to consider the application by GLME, GuocoLand and their PACs for the Proposed Exemption. However, subject to the Unitholders' approval, the Proposed Rights Issue will continue to be implemented by Tower REIT under the Minimum Scenario as the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa. Consequently, Tower REIT would not be able to raise the maximum funds from the Proposed Rights Issue under Maximum Scenario 1 and also would not be able to realise the potential benefits arising therefrom. Hence, the Board will have to deliberate on other possible alternatives including new borrowings to raise funds for the refurbishment of the existing properties of Tower REIT.

3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic approach in accordance with paragraphs 8 to 10 of Schedule 2, Part III of the Rules (as set out in section 2 of the Executive Summary in Part B of this Circular) and also taken the relevant factors into consideration as discussed in Section 6 of the IAL. Non-interested Unitholders should carefully consider the merits and demerits of the Proposed Rights Issue and the Proposed Exemption based on all relevant factors and considerations as set out in the IAL and the letter to Tower REIT Unitholders in Part A of this Circular, prior to making a decision on whether to vote in favour or against the Proposed Exemption.

We have taken into consideration various factors discussed in the IAL of which the advantages and disadvantages of the Proposed Exemption, if granted, are summarised as below:

Advantages	
(a)	The Proposed Exemption will enable Tower REIT to raise the maximum funds via the Proposed Rights Issue under Maximum Scenario 1 via equity capital and is expected to contribute positively to Tower REIT's earnings by: (i) funding the refurbishment of the existing properties of Tower REIT which are expected to improve the occupancy rate and leasing pipeline of Plaza Zurich, Menara HLX and Guoco Tower without sourcing funds through additional borrowings and incurring additional interest expense. In addition, the upgrade and replacement of power transformer, upgrade works for the lifts and upgrade work for the HVAC system are expected to enhance Tower REIT's ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system; and (ii) reducing the debt of Tower REIT by RM40.0 million from approximately RM272.20 million as at 31 December 2023 to RM232.20 million and thereby potentially reducing interest expense of RM1.31 million per annum (net of tax), representing 10.86% of the interest expense of RM12.06 million as at FYE 30 June 2023, under Maximum Scenario 1. The funds used for the abovementioned purposes to refurbish the existing properties of Tower REIT and the partial repayment of bank borrowings is expected to contribute positively to the financial performance of Tower REIT which will be pivotal to its potential prospects and growth.
(b)	The Proposed Exemption will enable Tower REIT to further strengthen its financial position and capital base via the Proposed Rights Issue under Maximum Scenario 1 due to the increase in Tower REIT's pro forma NAV from RM501.07 million as at FYE 30 June 2023 to RM565.25 million and the improvement in the pro forma gearing from 0.34 times as at FYE 30 June 2023 to 0.28 times pursuant to the partial repayment of bank borrowings and the increase in Unitholders' equity as a result of the issuance of the Rights Units. This is expected to improve the credit rating and debt capacity of Tower REIT, which in turn would provide Tower REIT with financial flexibility in the event Tower REIT intends to source for additional funds and/or gear up in the future to fund any potential investment opportunities which may arise.

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	Disadvantages
(a)	Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue, your percentage unitholdings will be diluted accordingly under Maximum Scenario 1. Depending on the eventual subscription rate of the Rights Units by you, the collective unitholding of GLME, GuocoLand and their PACs in Tower REIT could potentially increase from approximately 54.30% to a maximum of approximately 73.89% and conversely, your collective unitholding could potentially be diluted from approximately 45.70% to approximately 26.11%. You should note that these maximum potential holdings of GLME, GuocoLand and their PACs as indicated above are purely illustrative and may not materialise if the Unitholders subscribe for their rights entitlement. Currently, GLME, GuocoLand and their PACs are already able to control the voting on ordinary resolutions which requires a simple majority of 50% plus one Unit at general meetings (where they are not required to abstain from voting) based on their existing collective unitholding. Additionally, should the unitholdings of GLME, GuocoLand and their PACs increase to a maximum of approximately 73.89% under Maximum Scenario 1, the non-interested Unitholders should note that their increased unitholdings would enable them to have greater control over the direction of Tower REIT, having significant influence over the outcome of any special resolution which requires a majority of 75% tabled at general meetings (unless they are required to abstain from voting).
(b)	The Proposed Exemption could potentially allow GLME, GuocoLand and their PACs to further increase control in Tower REIT **at a discount** without a premium being paid to you as the Issue Price will be issued at a discount to the TERP of the Units based on the 5-market day VWAMP of the Units preceding the price-fixing date. Additionally, under Maximum Scenario 1, the illustrative Issue Price of RM0.31 represents a discount of RM0.84 or 73.04% to the pro forma NAV per Unit of RM1.15
(c)	The Proposed Exemption will enable the Proposed Rights Issue to be implemented under Maximum Scenario 1, which will result in the following: (i) the pro forma NAV per Unit will decrease from RM1.79 (before final income distribution of 0.27 sen per Unit) or RM1.78 (after final income distribution of 0.27 sen per Unit) as at 30 June 2023 to RM1.15 under Maximum Scenario 1, mainly due to the dilution effect arising from the issuance of the Rights Units; and (ii) a dilution to Tower REIT's DPU on a pro forma basis from 0.58 sen as at 30 June 2023 to 0.45 sen under Maximum Scenario 1 as a result of the increase in the number of Units in issue upon completion of the Proposed Rights Issue.

Premised on the factors discussed above and our evaluation of the Proposed Exemption based on the information available to us, we are of the view that the Proposed Exemption is **fair and reasonable.**

Accordingly, we recommend you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming Unitholders' Meeting.

However, you should take note that should you decide not to subscribe for the Rights Units, your percentage unitholdings in Tower REIT will be diluted accordingly. The dilutive effect on your collective unitholding from approximately 45.70% to approximately 26.11% under Maximum Scenario 1 as stated in Section 6.5.1 of this IAL would cause a transfer of value in the form of Rights Units as follows:

(a) discount to the TERP of Units based on the 5-market day VWAMP of Units preceding the price-fixing date. For illustrative purposes, the illustrative Issue Price of RM0.31 represents a discount of RM0.0263 or 7.82% to the TERP of Units, based on the 5-market day VWAMP of the Units up to the LPD of RM0.3561; and

(b) the illustrative Issue Price of RM0.31 represents a discount of RM0.84 or 73.04% to the pro forma NAV per Unit of RM1.15 under Maximum Scenario 1,

from the non-participating Unitholders to the participating Unitholders. This is detrimental to the interest of Unitholders who do not subscribe for the Rights Units. Entitled Unitholders who do not take up the Rights Units will have the opportunity to sell the rights entitlements in the market. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights.

For illustration purposes, assuming a Unitholder who holds 1,000 Units and does not subscribe for the Rights Units, the transfer of value of the Units of this non-participating Unitholder will be diluted as follows:

(a) assuming the illustrative Issue Price of RM0.31, which represents a discount of 7.82% to the TERP of the Units of RM0.3363 based on the 5-day VWAMP of Units up to and including LPD of RM0.3561:

Before Proposed Rights Issue			After Proposed Rights Issue		
No. of Units	5-day VWAMP as at the LPD (RM)	Total value (RM)	No. of Units	TERP based on the 5-day VWAMP as at the LPD (RM)	Total value (RM)
1,000	0.3561	356.10	1,000	0.3363	336.30

Based on the above, the value of the 1,000 Units held by this non-participating Unitholder will decrease by RM19.80 or 5.56% from RM356.10 to RM336.30 after the completion of the Proposed Rights Issue.

(b) assuming an illustrative issue price of RM0.273, which represents a discount of 14.82%(1) to the TERP of the Units of RM0.3205 based on the 5-day VWAMP of Units up to and including LPD of RM0.3561:

Before Proposed Rights Issue			After Proposed Rights Issue		
No. of Units	5-day VWAMP as at the LPD (RM)	Total value (RM)	No. of Units	TERP based on the 5-day VWAMP as at the LPD (RM)	Total value (RM)
1,000	0.3561	356.10	1,000	0.3205	320.50

(1) Pricing of the Rights Units is expected to be fixed at an indicative discount of up to 15% to the TERP based on the 5-day VWAMP of the Units immediately preceding the price-fixing date of the Rights Units. However, Unitholders should note that the actual discount may vary and is indicatively up to 15% as per the Board's intention.

Based on the above, the value of the 1,000 Units held by this non-participating Unitholder will decrease by RM35.60 or 10.00% from RM356.10 to RM320.50 after the completion of the Proposed Rights Issue.

YBhg Dato' Tan Ang Meng, being a Director of the Manager and the only non-interested director, has confirmed that he will **VOTE IN FAVOUR** of the Proposed Exemption in respect of his respective beneficial holdings in Units at the forthcoming Unitholders' Meeting.

We have not taken into consideration any specific investment objectives, financial situations, risk profile or particular need required by you. We recommend that if you require an advice in relation to the Proposed Exemption in the context of your investment objectives, financial situations, risk profile or particular needs, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

YOU ARE ADVISED TO READ BOTH THIS IAL AND ITS ATTACHMENTS AND THE LETTER TO TOWER REIT UNITHOLDERS IN PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

Malacca Securities
Building Wealth Together

Malacca Securities Sdn Bhd 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
BO1-A-13A, Level 13A, Menara 2, No.3, Jalan Bangsar
KL Eco City, 59200, Kuala Lumpur
T: +603 2201 2100
E: general@msec.com.my

7 March 2024

To: The non-interested Unitholders of Tower REIT

Dear Sir/Madam,

TOWER REAL ESTATE INVESTMENT TRUST

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED UNITHOLDERS OF TOWER REIT IN RELATION TO THE PROPOSED EXEMPTION

This IAL is prepared for inclusion as Part B of the Circular. Unless otherwise stated, the definitions used in this IAL shall have the same meanings as defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined herein.

1. INTRODUCTION

On 13 December 2023, HLIB, had on behalf of the Board, announced that the Manager proposed for Tower REIT to undertake the Proposed Rights Issue and Proposed Exemption.

The Proposed Rights Issue is renounceable in full or in part and will be undertaken on a minimum subscription basis after taking into consideration the funds Tower REIT intends to raise and based on the Minimum Undertakings provided by GLME and ALSB. In addition, GLME has also provided the Additional Undertaking, subject to the Proposed Exemption being approved by the non-interested Unitholders at the Unitholders' Meeting to be convened and by the SC.

A summary of the details of the Minimum Undertakings and Additional Undertaking based on the Minimum Scenario and Maximum Scenario 1 are as follows:

(a) Minimum Scenario

(Assuming the Minimum Undertakings fulfilled by GLME and ALSB at an illustrative Issue Price of RM0.31 at an entitlement basis of 3 Rights Units for every 4 existing Units held by the Entitled Unitholders, and none of the other Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue)

Unitholders	As at the LPD		Rights Units to be subscribed under the		After the Proposed Rights Issue	
			Minimum Undertakings	Additional Undertakings		
	No. of Units ('000)	(%)	No. of Units ('000)	No. of Units ('000)	No. of Units ('000)	(%)
GLME	60,769	21.66	45,576	-	106,345	31.64
ALSB	13,409	4.78	10,057	-	23,466	6.98

(b) Maximum Scenario 1

(Assuming the Minimum Undertakings fulfilled by GLME and ALSB, and Additional Undertaking fulfilled by GLME at an illustrative Issue Price of RM0.31 at an entitlement basis of 3 Rights Units for every 4 existing Units held by the Entitled Unitholders)

Unitholders	As at the LPD		Rights Units to be subscribed under the		After the Proposed Rights Issue	
			Minimum Undertakings	Additional Undertakings		
	No. of Units ('000)	(%)	No. of Units ('000)	No. of Units ('000)	No. of Units ('000)	(%)
GLME	60,769	21.66	45,576	154,741	261,086	53.19
ALSB	13,409	4.78	10,057	-	23,466	4.78

The Proposed Rights Issue is intended to raise up to RM66.0 million. Based on the above illustration, the changes in the assumed Entitlement Basis, the assumed Issue Price and the gross proceeds to be raised for the Proposed Rights Issue as compared to the announcement released on 13 December 2023 are as follows:

	Announcement	**Circular/ IAL**
Assumed entitlement basis	2 Rights Units for every 3 existing Units	3 Rights Units for every 4 existing Units
Assumed Issue Price	RM0.35	RM0.31
No. of Rights Units to be issued	up to 187,000,000	up to 210,375,000
Gross proceeds to be raised	RM65.45 million	RM65.22 million

The above changes were made after taking into consideration the movement in the 5-day VWAMP of the Units to cater for a sufficient amount of new Units to be issued pursuant to the Proposed Rights Issue in order to ensure that Tower REIT is able to raise the minimum gross proceeds of approximately RM17.25 million.

Under Maximum Scenario 1, the unitholding of GLME in Tower REIT will increase from 21.66% to 53.19% upon the completion of the Proposed Rights Issue arising from GLME's subscription of Rights Units pursuant to its Minimum Undertaking and Additional Undertaking, which exceeds the 33% MGO threshold. Under this circumstance, GLME, on an individual basis, will trigger the mandatory general offer obligation under the CMSA, Code and the Rules.

For illustrative purposes, the pro forma direct unitholdings of GLME, GuocoLand and their PACs in Tower REIT based on the Minimum Scenario, and Maximum Scenarios 1 and 2 as at the LPD are illustrated as follows:

	As at the LPD		**After the Proposed Rights Issue**					
			Minimum Scenario		**Maximum Scenario 1**		**Maximum Scenario 2**	
	No. of Units	**%(1)**	**No. of Units**	**%(2)**	**No. of Units**	**%(3)**	**No. of Units**	**%(3)**
GuocoLand	-	-	-	-	-	-	-	-
GLME	60,768,800	21.66	106,345,400	31.64	261,086,825	53.19	106,345,400	21.66
PACs:								
(i) AFIC	14,000,000	4.99	14,000,000	4.17	14,000,000	2.85	24,500,000	4.99
(ii) ALSB	13,409,300	4.78	23,466,275	6.98	23,466,275	4.78	23,466,275	4.78
(iii) HLA	58,271,000	20.77	58,271,000	17.34	58,271,000	11.87	101,974,250	20.77
(iv) HLIB	5,887,000	2.10	5,887,000	1.74	5,887,000	1.20	10,302,250	2.10
(v) VST(4)	400	-*	400	-*	400	-*	700	-*
Total	**152,336,500**	**54.30**	**207,970,075**	**61.87**	**362,711,500**	**73.89**	**266,588,875**	**54.30**

Notes:

* *Negligible.*

(1) Calculated based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Calculated based on the illustrative enlarged total Unitholders' capital of 336,133,575 Units after the Proposed Rights Issue based on the Minimum Scenario.

(3) Calculated based on the illustrative enlarged total Unitholders' capital of 490,875,000 Units after the Proposed Rights Issue based on Maximum Scenarios 1 and 2.

(4) VST is the spouse of a director of GLME, namely Choo Soo Nee. GLME is an applicant seeking for the SC's approval in respect of the Proposed Exemption.

As at the LPD, save for GLME's and ALSB's Undertakings, AFIC, HLA, HLIB and VST have not given any undertaking to subscribe for Rights Units.

The above is for illustration purposes only. Therefore, post-implementation of the Proposed Rights Issue, the actual unitholding percentages would depend on the actual number of Rights Units subscribed for by Entitled Unitholders and applicants for excess Rights Units.

It is not the intention of GLME, GuocoLand and their PACs to undertake a mandatory general offer as a result of GLME's subscription for Rights Units pursuant to its Additional Undertaking under Maximum Scenario 1. In this regard, GLME and GuocoLand will apply for an exemption from SC to exempt them from the obligation to undertake a mandatory general offer for all the remaining units in Tower REIT not already owned by them arising from GLME's subscription of Rights Units pursuant to its Additional Undertaking under subparagraph 4.08(1)(b) of the Rules, subject to the non-interested Unitholders' approval for the Proposed Exemption.

For the Unitholders' information, the application to seek for SC's approval for the Proposed Exemption will be submitted after having obtained the non-interested Unitholders' approval for the Proposed Exemption at the Unitholders' Meeting to be convened.

As the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa, in the event the non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking by GLME will lapse and GLME will not subscribe to such number of Rights Units that will cause the unitholding in GLME in Tower REIT to exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue. As such, no mandatory offer obligation will arise.

On 13 December 2023, Malacca Securities was appointed as the Independent Adviser to advise you and the non-interested Directors on the Proposed Exemption and our evaluation of the Proposed Rights Issue will only be based on Maximum Scenario 1 where the Proposed Exemption will be required. On 14 December 2023, in accordance with the Rules, we had declared our independence from conflict of interests to the SC, to act as the Independent Adviser for the Proposed Exemption.

The SC had vide its letter dated 5 March 2024 notified us that it has no further comments on the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation of the Proposed Exemption together with our recommendation on whether to vote in favour of the Proposed Exemption, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Exemption before making a decision on the course of action to be taken at Tower REIT's forthcoming Unitholders' Meeting.

THIS IAL IS PREPARED SOLELY FOR YOU TO CONSIDER THE MERITS AND DEMERITS OF THE PROPOSED EXEMPTION AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE WHATSOEVER.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND ITS ATTACHMENTS AND THE LETTER TO TOWER REIT UNITHOLDERS AS SET OUT IN PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH THIS IAL AND THE LETTER TO TOWER REIT UNITHOLDERS BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT TOWER REIT'S FORTHCOMING UNITHOLDERS' MEETING.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF MALACCA SECURITIES

Malacca Securities is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, stocks and futures broking and research. Malacca Securities was approved by the SC on 10 August 2020, as a corporate finance adviser. Our corporate finance team provides a wide range of corporate finance advisory services including initial public offerings, mergers, acquisitions and divestitures, equity fund raisings, corporate restructuring and independent advisory opinions.

The credentials, professional experience and expertise of Malacca Securities, where Malacca Securities had acted and was appointed as an independent adviser in the past two (2) years prior to the date of this IAL include, amongst others, the following:

(a) Acquisition by Urban Reach Sdn Bhd, a 55%-owned subsidiary of FCW Holdings Berhad, from JKB Development Sdn Bhd of a parcel of leasehold industrial land held under Pajakan Mukim 1029, Lot 30487, Jalan Genting Kelang, Mukim of Setapak, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a total cash consideration of RM43.08 million where the independent advice letter was issued and dated 28 December 2023;

(b) Unconditional mandatory take-over offer by Hextar Holdings Sdn Bhd ("**HHSB**") through M&A Securities Sdn Bhd to acquire all the remaining ordinary shares in Hextar Industries Berhad ("**HIB**") ("**HIB Share(s)**") not already owned by HHSB for a cash consideration of RM0.38175 per HIB Share where the independent advice circular was issued and dated 14 November 2022; and

(c) Acquisition by HIB of 100% equity interest in Hextar Fertilizers Limited from HHSB for a purchase consideration of RM480.0 million to be satisfied entirely via issuance of 1,600,000,000 new HIB Shares ("**Consideration Share(s)**") at an issue price of RM0.30 per Consideration Share, where the independent advice letter was issued on 27 September 2022.

Premised on the foregoing, the corporate finance personnel of Malacca Securities are capable and competent and have the relevant experience in carrying out its role and responsibilities as an independent adviser to advise the non-interested Directors and non-interested Unitholders in relation to the Proposed Exemption.

3. SCOPE AND LIMITATIONS TO OUR EVALUATION

Malacca Securities was not involved in the formulation, deliberation and negotiation of the terms and conditions of the Proposed Rights Issue and the Proposed Exemption. Our scope as the Independent Adviser is limited to provide comments, opinions, information and recommendation on the Proposed Exemption pursuant to paragraph 3.06 of the Rules based on information and documents provided or are available to us, including the following:

(a) information contained in Part A of this Circular and the accompanying appendices;

(b) other relevant information, documents, confirmations and/or representations provided to us by the Board and the management of Tower REIT;

(c) discussions and consultation with the Board and management of Tower REIT; and

(d) other publicly available information.

We have relied on Tower REIT, the Board of the Manager, and its management to take due care to ensure that all information, documents, confirmations and representations provided to us by them and the advisers of Tower REIT for the Proposed Rights Issue and the Proposed Exemption to facilitate our evaluation are accurate, valid and complete in all material aspects. Nonetheless, after making all reasonable enquiries, we are satisfied that sufficient information has been obtained and we have no reason to believe that the aforesaid information provided or are available to us is unreliable, incomplete, misleading and/or inaccurate as at the LPD.

In rendering our advice, we have taken into consideration pertinent factors which we believe are of relevance and of importance to you for an assessment of the Proposed Exemption and therefore, of general concern to you. We have not taken into consideration any individual or specific group's specific investment objectives, financial situations, risk profile or particular needs. We recommend that any of you who require specific advice in relation to the Proposed Rights Issue and the Proposed Exemption, in the context of your individual investment objectives, financial situations, risk profile or particular needs, to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, the economic, equity capital market, industry, regulatory and other conditions prevailing on, and the information/documents available to us as at the LPD. Such conditions may change significantly over a period of time. Accordingly, our evaluation and opinion expressed herein do not take into account the information, events or conditions arising after the LPD.

We shall immediately notify the SC in writing and you by way of announcement if, after despatching this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAL:

(a) contains a material statement which is false or misleading;

(b) contains a statement from which there is a material omission; or

(c) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to you in accordance with subparagraph 11.07(2) of the Rules.

4. DETAILS OF THE PROPOSED RIGHTS ISSUE AND THE PROPOSED EXEMPTION

The details of the Proposed Rights Issue and the Proposed Exemption are set out in the following sections in Part A of this Circular and should be read in its entirety by you:

Letter to Tower REIT Unitholders		Section
(a)	Proposed Rights Issue	2
(b)	Proposed Exemption	3

5. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS AND CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Manager, major Unitholders, Chief Executive and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue, save for their respective entitlements as Unitholders under the Proposed Rights Issue, to which all Entitled Unitholders will be similarly entitled.

The details of interests of the Directors and major shareholders of the Manager, major Unitholders, Chief Executive and/or persons connected with them in relation to the Proposed Exemption are set out in Section 8 of Part A of this Circular.

6. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic approach in accordance with paragraphs 8 to 10 of Schedule 2: Part III of the Rules(1).

(1) Paragraphs 8 to 10 of Schedule 2: Part III of the Rules are set out as follows:

Paragraph 8: In evaluating exemptions from mandatory offer obligations resulting from transactions involving the issuance of new securities or when a company purchases its own voting shares, a holistic approach should be taken in assessing whether the exemption is fair and reasonable and whether non-interested shareholders should vote for or against the exemption;

Paragraph 9: The independent adviser should discuss the purpose and effect of the exemption, that is, the substance of the transaction, particularly when the proposed exemption involves transactions that will result in the obtaining or consolidation of control. In such cases, the independent adviser should identify the advantages and disadvantages of the exemption to non-interested shareholders to enable them to decide on the proposed exemption. The independent adviser should also conclude whether the proposed exemption is 'fair and reasonable'; and

Paragraph 10: Benefits of the exemption to the non-interested shareholders may include, but are not limited to the following:

(a) Long-term profit outlook of the offeree with the injection of additional capital;
(b) Improved gearing of the offeree as a result of any reduction in debt;
(c) Improved cashflow of the offeree as a result of the injection of working capital; or
(d) Advantages of raising funds through equity as compared to other alternative financing avenues.

As the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa, in the event the non-interested Unitholders do not approve the Proposed Exemption, no mandatory offer obligation would arise and GLME will observe the Rules and the Proposed Rights Issue will continue to be implemented by Tower REIT under the Minimum Scenario or Maximum Scenario 2, subject to the Unitholders' approval.

As such, our evaluation of the Proposed Exemption will be based on Maximum Scenario 1 of the Proposed Rights Issue where the Proposed Exemption will be required pursuant to the Additional Undertaking.

In our evaluation of the Proposed Exemption, we have considered the following:

Factors	Section
Rationale for the Proposed Rights Issue and the Proposed Exemption	6.1
Issue price of the Rights Units	6.2
Effects of the Proposed Rights Issue and the Proposed Exemption	6.3
Industry overview and prospects of Tower REIT	6.4
Implications of the Proposed Exemption	6.5

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6.1 Rationale for the Proposed Rights Issue and the Proposed Exemption

6.1.1 Rationale for the Proposed Rights Issue

As stated in Section 4.1 of Part A of this Circular, we note that the Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the required funds for Tower REIT.

Based on the illustrative Issue Price of RM0.31 per Rights Unit, the gross proceeds to be raised from the Proposed Rights Issue will be utilised by Tower REIT in the following manner:

Details of utilisation	Estimated timeframe for utilisation	Minimum Scenario (RM'000)	Maximum Scenarios 1 and 2 (RM'000)
Refurbishment of existing properties	Within 18 to 24 months	-	23,865
Repayment of bank borrowings	Within 12 months	15,895	40,000
Estimated expenses in relation to the Proposals	Within 1 month	1,351	1,351
Total proceeds		**17,246**	**65,216**

Pursuant thereto, our comments on the rationale for the Proposed Rights Issue are as follows:

(a) Strengthen the Unitholders' capital base and financial position of Tower REIT

The issued Unitholder's capital and NAV of Tower REIT as at FYE 30 June 2022 and FYE 30 June 2023, and the unaudited 6-month FPE 31 December 2023 are summarised as follows:

	Audited		Unaudited 6-month FPE 31 December 2023 (RM'000)
	FYE 30 June 2022 (RM'000)	FYE 30 June 2023 (RM'000)	
Unitholders' capital	285,345	285,345	285,345
NAV	521,364	501,071	501,014

The issued Unitholders' capital of Tower REIT has remained unchanged at RM285.35 million from FYE 30 June 2022 to the 6-month FPE 31 December 2023 as it had not undertaken any new Unit issuance over that period.

However, Tower REIT's NAV had decreased from approximately RM521.36 million as at FYE 30 June 2022 to RM501.07 million as at FYE 30 June 2023, representing a decrease of approximately RM20.29 million or 3.89%, mainly attributable to the decrease in the fair value of Tower REIT's investment properties from RM818.60 million as at FYE 30 June 2022 to RM797.20 million as at FYE 30 June 2023.

Further, Tower REIT's NAV had decreased from approximately RM501.07 million as at FYE 30 June 2023 to RM501.01 million as at the 6-month FPE 31 December 2023, representing a decrease of approximately RM0.06 million or 0.01%, mainly attributable to an increase in borrowings of Tower REIT from approximately RM271.29 million as at FYE 30 June 2023 to RM272.20 million as at the 6-month FPE 31 December 2023.

Based on the audited financial statements of Tower REIT as at FYE 30 June 2023 and the illustrative Issue Price, the Proposed Rights Issue will strengthen the Unitholders' capital base of Tower REIT on a pro forma basis from RM285.35 million to RM349.95 million under Maximum Scenario 1. The pro forma NAV of Tower REIT will also correspondingly increase from RM501.07 million to RM565.25 million under Maximum Scenario 1.

Under Maximum Scenario 1 of the Proposed Rights Issue, the additional equity raised of up to RM65.22 million will further strengthen the capital structure of Tower REIT and provide it with greater financial flexibility.

(b) Raise funds for refurbishment of Tower REIT's existing properties

Under Maximum Scenario 1 of the Proposed Rights Issue, the additional funds raised from the Proposed Rights Issue would be utilised to facilitate the refurbishment of Tower REIT's existing properties which will include the following:

(i) replacement of power transformer;
(ii) upgrade work for the lifts;
(iii) upgrade work for the heating, ventilation and air conditioning (HVAC) system;
(iv) replacement of air handling unit (AHU); and
(v) upgrade of building management system.

The abovementioned refurbishments are expected to improve the occupancy rate and leasing pipeline of Plaza Zurich, Menara HLX and Guoco Tower. As at the LPD, the occupancy rates of Plaza Zurich, Menara HLX and Guoco Tower are 73%, 32% and 95% respectively. The refurbishment has started in the FYE 30 June 2024 and is expected to be completed in the FYE 30 June 2026. The allocation of the refurbishment cost for Plaza Zurich, Menara HLX and Guoco Tower are approximately RM13.00 million, RM14.00 million and RM1.00 million respectively, representing a total estimated refurbishment cost of approximately RM28.00 million. Under Maximum Scenario 1, the shortfall of the amount allocated for refurbishment of existing properties will be funded via internally generated funds.

The upgrade and replacement of power transformer, upgrade work for the lifts and upgrade work for the HVAC system of Tower REIT's properties are expected to enhance Tower REIT's ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system. However, there is no certainty that the benefits arising from the utilisation of proceeds to be raised from the Proposed Rights Issue can be realised and may not necessarily contribute positively to the future earnings of Tower REIT.

Regardless of whether the Proposed Rights Issue is implemented based on Maximum Scenario 1, the Manager still intends to proceed to carry out its refurbishment plans for the existing properties of Tower REIT, be it through a combination of internally generated funds and/or drawing down from Tower REIT's unutilised existing banking facilities as and when required. As such, the Proposed Rights Issue under Maximum Scenario 1 will provide Tower REIT with additional funds without increasing its borrowings and a corresponding debt service burden for ease of its refurbishment plans for its existing properties.

(c) Potential impact to the cost of capital and gearing level of Tower REIT

Considering that there will be changes to the capital structure of Tower REIT pursuant to the fund-raising exercise via the Proposed Rights Issue and the utilisation of proceeds, we have conducted a weighted average cost of capital ("**WACC**") analysis to see the effects on the WACC of Tower REIT.

The WACC represents the cost of debt and equity capital used to finance assets and is the minimum required rate of return that all capital providers (Unitholders and lenders) should demand for a cash flow stream generated by the business, given the riskiness of the cash flows. The WACC is computed by summing up the cost of each capital component multiplied by its proportional weight.

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Based on the unaudited 6-month FPE 31 December 2023, we have assessed the pro forma changes in the WACC and gearing of the Tower REIT based on the following scenarios as at the LPD:

Existing Scenario	Based on Tower REIT's existing capital structure(1) as at 31 December 2023.
Equity Scenario	Based on Tower REIT's pro forma capital structure as at 31 December 2023 and assuming the implementation of the Proposed Rights issue under Maximum Scenario 1 where there will be a partial repayment of RM40.0 million borrowings using proceeds raised from the Proposed Rights Issue.
Debt Scenario	Based on Tower REIT's pro forma capital structure as at 31 December 2023 and assuming Tower REIT utilises borrowings to raise RM23.87 million (equivalent to proceeds expected to be raised from the Proposed Rights Issue under Maximum Scenario 1 excluding the repayment of bank borrowings and estimated expenses) in the absence of the Proposed Rights Issue.

(1) Capital structure refers to the amount of debt and/or equity employed by a company to fund its operations and finance its assets. A company's capital structure is typically expressed as a debt-to-equity ratio. For information purposes, Tower REIT's debt-to-equity ratio as at 31 December 2023 is 0.54 times.

The WACC of Tower REIT is derived as follows:

$$WACC = \frac{E}{D+E}(k_e) + \frac{D}{D+E}(k_d)(1-t)$$

Where:

E - Market value of Tower REIT's equity for the 3 scenarios are as follows:

	Existing Scenario (RM'million)	**Equity Scenario (RM'million)**	**Debt Scenario (RM'million)**
Market value of Tower REIT's equity	99.89(1)	165.10(2)	99.89(3)

Notes:

(1) Calculated based on the 5-day VWAMP of Units as at the LPD of RM0.3561 and 280.50 million Units.

(2) Calculated based on the 5-day VWAMP of Units as at the LPD of RM0.3561 and 280.50 million Units and assuming RM65.22 million is raised via the Proposed Rights Issue under Maximum Scenario 1.

(3) Calculated based on the 5-day VWAMP of Units as at the LPD of RM0.3561 and 280.50 million Units and assuming Tower REIT utilises borrowings to raise RM23.87 million (equivalent to proceeds expected to be raised from the Proposed Rights Issue under Maximum Scenario 1 excluding the repayment of bank borrowings and estimated expenses) in the absence of the Proposed Rights Issue.

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D - The market value of Tower REIT's debt for the 3 scenarios are as follows:

	Existing Scenario (RM'million)	Equity Scenario (RM'million)	Debt Scenario (RM'million)
Market value of Tower REIT's debt	272.20[(1)]	232.20[(2)]	296.07[(3)]

Notes:

(1) Based on Tower REIT's interest-bearing borrowings as at 31 December 2023.

(2) Based on Tower REIT's interest-bearing borrowings as at 31 December 2023 and the partial repayment of bank borrowings of RM40.0 million under Maximum Scenario 1.

(3) Based on Tower REIT's interest-bearing borrowings as at 31 December 2023 and assuming that the funds of up to RM23.87 million, being the proceeds to be raised under Maximum Scenario 1 (excluding the repayment of bank borrowings and estimated expenses for the Proposals) in the absence of the Proposed Rights Issue, is financed through bank borrowings.

k_e - Cost of equity represents the rate of return required by an investor on the cash flow streams generated by Tower REIT given, amongst others, the risks associated with the cash flows. This is derived using the Capital Asset Pricing Model below:

$$k_e = R_f + \beta(R_m - R_f)$$

Where

R_f : Risk-free rate of return, representing the expected rate of return from a risk-free investment and is derived based on the yield of the 10-year Malaysian Government Securities as at the LPD of 3.856% as extracted from Bank Negara Malaysia's Fully Automated System for Issuing/Tendering (FAST).

β : Beta, representing the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa. The re-levered beta of Tower REIT as at the LPD was derived from the historical 5-year average unlevered beta of 0.3093 of selected comparable REITs[(1)] listed on Bursa Securities and re-levered based on the capital structure of Tower REIT for the 3 scenarios as follows:

	Existing Scenario	Equity Scenario	Debt Scenario
Re-levered beta of Tower REIT	0.4370	0.4056	0.4482

Note:

(1) There is no REIT listed on Bursa Securities that may be considered identical to Tower REIT in terms of, amongst others, types of property assets owned, scale and size of operations, risk profile, track record and prospects. The selection criteria that we have applied in identifying comparable REITs are as follows:

(a) market capitalisation less than RM1.0 billion (which only resulted in 2 comparable REITs); and

(b) REITs which own property assets that predominantly consist of high-rise office towers (comprising at least 75% of their portfolio).

The selected comparable REITs identified together with Tower REIT with their respective market capitalisations and unlevered betas as at the LPD are as follows:

Company name	***Market capitalisation (RM'million)***	***Unlevered beta***
Selected comparable REITs:		
1) UOA REIT	*751.87*	*0.2868*
2) AmFIRST REIT	*218.34*	*0.3317*
Tower REIT	*99.89*	*0.4537*

Whilst we noted that the respective comparable REITs own different types of property assets apart from high-rise office towers, we are of the view that the identified REITs are adequately comparable to Tower REIT's business and are reasonable to be adopted for the purpose of deriving the estimated beta of the industry.

R_m : Expected market rate of return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.

In our opinion, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index is an indicator of the equity market return in Malaysia as it is a forward-looking estimate of market return. As extracted from Bloomberg, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index as at the LPD, which is based on the dividend discount model, is 10.664%.

As such, the cost of equity of Tower REIT based on the Capital Asset Pricing Model and the capital structure of Tower REIT for the 3 scenarios are as follows:

	Existing Scenario (%)	**Equity Scenario (%)**	**Debt Scenario (%)**
Cost of equity of Tower REIT	6.83	6.62	6.91

k_d - Pre-tax cost of debt, based on the effective interest rate of approximately 4.30% per annum as set out in note 3 of Section 2.6 of Part A of this Circular. The effective interest rate of approximately 4.30% per annum is based on the average interest rate charged by the financial institutions as at FYE 30 June 2023.

t - Corporate tax rate, which is based on the latest Malaysian statutory tax rate of 24%.

The WACC and gearing of Tower REIT for the scenarios mentioned above are as follows:

	Existing Scenario	**Equity Scenario**	**Debt Scenario**
WACC (%)	4.98	5.26	4.96
Gearing[(1)] (Times)	0.34	0.28	0.35

As illustrated above, the WACC of Tower REIT will be higher at 5.26% under the Equity Scenario compared against 4.96% under the Debt Scenario. The pro forma gearing ratio of Tower REIT will also be lower at 0.28 times under the Equity Scenario as compared to 0.35 times under the Debt Scenario.

Despite the pro forma WACC increasing by 0.28% under the Equity Scenario, we are of the view that the Proposed Rights Issue under Maximum Scenario 1 is the most appropriate avenue of fund raising for Tower REIT as opposed to the option of raising funds under the Debt Scenario due to the following:

(i) Tower REIT would be able to minimise its cash outlay from internally generated funds, preserving the cash position of Tower REIT for other business requirements such as working capital and refurbishment of its existing properties;

(ii) the Proposed Rights Issue would result in a lower pro forma gearing ratio which may allow Tower REIT to have greater flexibility in sourcing for funding alternatives in the future, if required; and

(iii) the Proposed Rights Issue represents an opportunity for all Entitled Unitholders to further increase their equity participation in Tower REIT's future growth and prospects on a pro-rata basis without Tower REIT having to incur additional interest expenses arising from the use of bank borrowings which may negatively impact its future earnings and consequently affect the distributable income to the Unitholders of Tower REIT.

(d) Interest savings arising from the repayment of bank borrowings

As at 31 December 2023, the total borrowings of Tower REIT which comprise of term loans and revolving credit, is approximately RM272.20 million. For the FYE 30 June 2023, Tower REIT incurred a total of approximately RM12.06 million in interest expense.

Based on Maximum Scenario 1 of the Proposed Rights Issue, Tower REIT intends to allocate RM40.0 million to partially repay bank borrowings. The partial repayment of bank borrowings will result in interest savings for Tower REIT and reduction in the pro forma gearing of Tower REIT from 0.34 times to 0.28 times. However, the pro forma WACC will increase from 4.98% to 5.26%. For illustration purpose, based on Tower REIT's effective interest rate of approximately 4.3%, the partial repayment of Tower REIT's borrowings of RM40.0 million (representing approximately 14.70% of total borrowings as at 31 December 2023) is expected to result in potential interest savings of RM1.31 million per annum (net of tax), representing 10.86% of the interest expense of Tower REIT of RM12.06 million as at FYE 30 June 2023, under Maximum Scenario 1.

Tower REIT will be able to use the funds from the interest savings for other purposes such as working capital as well as improve its cashflow.

(e) The Proposed Rights Issue will also provide Tower REIT Unitholders with an opportunity to participate in an equity offering of Units on a pro-rata basis at an attractive price and ultimately, participate in the prospects and future growth of Tower REIT

The Proposed Rights Issue represents an opportunity for all Entitled Unitholders to further increase their equity participation in Tower REIT's future growth and prospects on a pro-rata basis and without diluting the Unitholders' percentage unitholdings in Tower REIT (provided that all Entitled Unitholders subscribe in full for their respective entitlements), as opposed to fund-raising via a private placement exercise whereby only selected investors can participate.

If the Entitled Unitholders subscribe for their respective entitlements, the Proposed Rights Issue will provide an avenue for them to participate in the prospects and future growth of Tower REIT at the same proportion of unitholding as before the Proposed Rights Issue.

The illustrative Issue Price per Rights Unit of RM0.31 represents a discount of 7.82% to the TERP of the Units of RM0.3363 based on the 5-day VWAMP of Units up to and including LPD of RM0.3561. The discount of the Issue Price per Rights Unit should be deemed sufficiently attractive to encourage the subscription of the Rights Units by the Entitled Unitholders. In our opinion, the discount of the Issue Price of the Rights Units is reasonable as it represents an attractive discount for the Unitholders of Tower REIT to increase their equity participation in Tower REIT.

(f) Commitment from the major Unitholder

In order to ensure that the fund-raising objective of Tower REIT will be met, the Manager has obtained the Minimum Undertakings, and an Additional Undertaking from GLME to subscribe for Rights Units not subscribed for by other Entitled Unitholders under Maximum Scenario 1, subject to the Proposed Exemption being approved by the non-interested Unitholders at the Unitholders' Meeting to be convened and by the SC, thereby reinforcing GLME's commitment to Tower REIT as the largest major Unitholder.

Premised on the above, we are of the view that the rationale for the Proposed Rights Issue is justifiable.

6.1.2 Rationale for the Proposed Exemption

The rationale for the Proposed Exemption is set out in Section 4.2 of Part A of this Circular.

As at the LPD, the unitholding of GLME in Tower REIT will increase from 21.66% as at the LPD to 53.19% under Maximum Scenario 1, which will exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue arising from GLME's subscription of Rights Units pursuant to its Minimum Undertaking and Additional Undertaking. Under this circumstance, GLME will trigger the mandatory general offer obligation under the CMSA, Code and the Rules.

However, it is not the intention of GLME, GuocoLand and their PACs to undertake a mandatory general offer as a result of GLME's subscription of Rights Units pursuant to its Additional Undertaking under Maximum Scenario 1. As such, the Proposed Exemption will relieve GLME, GuocoLand and their PACs from the obligation to undertake a mandatory general offer under Maximum Scenario 1.

The Proposed Exemption is not intended to dilute the unitholdings of the other Entitled Unitholders as the collective percentage unitholdings of GLME, GuocoLand and their PACs in Tower REIT will only increase if the remaining Rights Units are not subscribed for by the other Entitled Unitholders. Should all the remaining Rights Units be subscribed for by the other Entitled Unitholders and/or their renouncee(s) and/or transferee(s), the collective percentage unitholdings of GLME, GuocoLand and their PACs in Tower REIT will remain unchanged.

The entitlements to the Rights Units are renounceable and will be provisionally allotted on a proportionate basis in accordance to the unitholdings of the Entitled Unitholders and are fair to all Unitholders. Moreover, Entitled Unitholders have the option to sell their rights entitlements in the open market when quoted on Bursa Securities, should Entitled Unitholders decide to take this course of action. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights. GLME, GuocoLand and their PACs would not gain any advantage over the other non-interested Unitholders who are accorded the rights to subscribe for the Rights Units at the same issue price and in proportion with their respective unitholdings in Tower REIT at the Entitlement Date.

However, in the event that any of the non-interested Unitholders decide not to take up or opt to renounce all or some of their entitlements to the Proposed Rights Issue, their unitholdings will be diluted while the collective unitholding of GLME, GuocoLand and their PACs would increase given GLME's Additional Undertaking under Maximum Scenario 1.

Notwithstanding the above, in the event the non-interested Unitholders do not approve the Proposed Exemption, the Additional Undertaking by GLME will lapse and GLME will not subscribe to such number of Rights Units that will cause the unitholding in GLME in Tower REIT to exceed the 33% mandatory general offer threshold upon the completion of the Proposed Rights Issue. As such, no mandatory offer obligation will arise.

Premised on the above, we are of the view that the rationale for the Proposed Exemption is justifiable.

6.2 Issue price of the Rights Units

We note that the Entitlement Basis and the Issue Price for the Proposed Rights Issue have not been determined at this juncture in order to provide flexibility to the Board in respect of the pricing of the Rights Units.

The Issue Price will be determined by the Board at a later date after taking into consideration the TERP, calculated based on the 5-day VWAMP of Units immediately preceding the price-fixing date of the Rights Units after receipt of all relevant approvals. The fixing of the Issue Price and the Entitlement Basis for the Proposed Rights Issue will be announced after obtaining the SC's approval for the Proposed Exemption but before or on the announcement of the Entitlement Date.

For information purposes, the illustration of the Issue Price based on the maximum indicative discount of 15% to the TERP based on the 5-day VWAMP of the Units will not have any maximum potential dilution effects or result in any changes to the Unitholders' unitholdings.

The maximum number of Rights Units to be issued pursuant to the Proposed Rights Issue is 210,375,000, as approved by Bursa Securities for listing and quotation on the Main Market of Bursa Securities. The same number of shares are applied in the illustration of Maximum Scenarios 1 and 2, pursuant to which the effects of its issuance are illustrated throughout this Circular. Under Maximum Scenarios 1 and 2, if the issue price per Rights Unit is fixed lower than the assumed Issue Price, Tower REIT will raise lower gross proceeds.

In evaluating the illustrative Issue Price, we have considered the following:

(a) Discount over the closing market price and VWAMP

We note that the illustrative Issue Price of RM0.31 per Rights Unit represents a discount to the TERP of Units based on the closing market price and VWAMP as at the LTD and the LPD as follows:

	Closing price/ VWAMP	**TERP[(1)(2)]**	**Discount of the Issue Price to the TERP**	
	(RM)	**(RM)**	**(RM)**	**(%)**
Up to the LTD:				
Closing market price	0.3750	0.3471	0.0371	10.69
5-day VWAMP	0.3705	0.3423	0.0323	9.44
1-month VWAMP	0.3833	0.3349	0.0249	7.44
3-month VWAMP	0.3916	0.3373	0.0273	8.09
6-month VWAMP	0.4024	0.3446	0.0346	10.04
12-month VWAMP	0.4290	0.3612	0.0512	14.17
Up to the LPD:				
Closing market price	0.3550	0.3357	0.0257	7.66
5-day VWAMP	0.3561	0.3363	0.0263	7.82
1-month VWAMP	0.3565	0.3366	0.0266	7.90
3-month VWAMP	0.3591	0.3381	0.0281	8.31
6-month VWAMP	0.3730	0.3460	0.0360	10.40
12-month VWAMP	0.3956	0.3589	0.0489	13.62

(Source: Bloomberg)

Notes:

(1) Assumed entitlement basis of 3 Rights Units for every 4 existing Units held by the Entitled Unitholders.

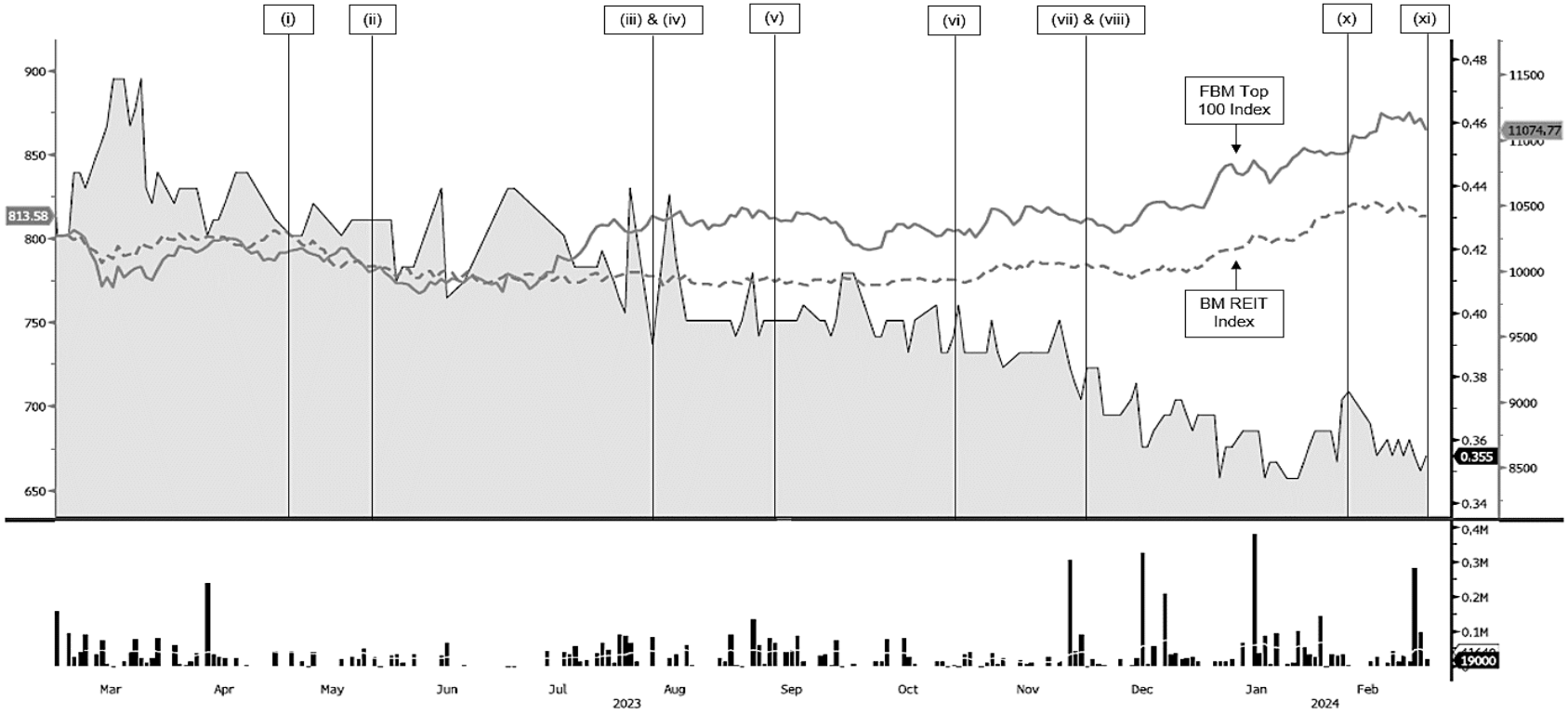
(2) *Based on the illustrative Issue Price of RM0.31 per Rights Unit.*

Based on the table above, we note that the illustrative Issue Price of RM0.31 per Rights Unit represents:

(a) discounts ranging from 7.44% to 14.17% to the TERP based on the closing market price on the LTD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAMPs of Units up to the LTD; and

(b) discounts ranging from 7.66% to 13.62% to the TERP based on the closing market price on the LPD as well as the 5-day, 1-month, 3-month, 6-month and 12-month VWAMPs of Units up to the LPD.

The movement in the historical closing prices and trading volume of Units vis-à-vis the Bursa Malaysia REIT Index ("**BM REIT Index**") and FTSE Bursa Malaysia Top 100 Index ("**FBM Top 100 Index**") for the past one (1) year up to LPD is shown in the diagram below:



(Source: Bloomberg)

Save as disclosed below, there have not been any significant events which may have a material effect on the market prices of Tower REIT units for the past one (1) year up to the LPD:

(i) On 16 March 2023, Tower REIT had announced the resignation of a Non-Independent Non-Executive Director and a new appointment to the Audit Committee;

(ii) On 20 April 2023, Tower REIT had announced its unaudited financial results for the 9-month FPE 31 March 2023 in which Tower REIT had recorded a lower earnings per Unit ("**EPU**") of 0.39 sen as compared to 1.72 sen in the corresponding quarter in the preceding year;

(iii) On 12 May 2023, Tower REIT announced the resignation of its Chief Executive Officer;

(iv) On 31 July 2023, Tower REIT had announced its unaudited financial results for the 12-month FYE 30 June 2023 in which Tower REIT had recorded a loss per Unit of 6.28 sen as compared to an EPU of 2.10 sen in the corresponding quarter in the preceding year, as well as a final income distribution of 0.27 sen per Unit;

(v) On 30 August 2023, Tower REIT had announced the release of its annual report for FYE 30 June 2023;

(vi) On 16 October 2023, Tower REIT had announced its unaudited financial results for the 3-month FPE 30 September 2023 in which Tower REIT had recorded a lower EPU of 0.10 sen as compared to 0.30 sen in the corresponding quarter in the preceding year;

(vii) On 13 December 2023, Tower REIT had announced the Proposals;

(viii) On 14 December 2023, Tower REIT had announced the appointment of a new Chief Executive Officer;

(ix) On 24 January 2024, Tower REIT had announced its unaudited financial results for the 6-month FPE 31 December 2023 in which Tower REIT had recorded a lower EPU of 0.25 sen as compared to 0.34 sen in the corresponding quarter in the preceding year, as well as an interim income distribution of 0.23 sen per Unit; and

(x) On 26 February 2024, Tower REIT had announced that Bursa Securities had resolved to approve the listing and quotation of the Rights Units to be issued pursuant to the Proposed Rights Issue.

Based on the diagram above, the highest closing price of the Units for the past one (1) year up to the LPD was RM0.474 on 16 March 2023, 20 March 2023 and 23 March 2023, whilst the lowest closing price was RM0.348 on 5 January 2024, 17 January 2024, 23 January 2024, 24 January 2024 and 26 January 2024. Save for the announcements as disclosed as (i) and (ix) above, there are no other factors that may have contributed to the aforementioned highest and lowest closing prices of the Units.

It is also noted that the market prices of the Units have declined as opposed to the movement of the BM REIT Index and FBM Top 100 Index over the past one (1) year up to the LPD, which have been relatively flat. Based on our assessment, there are no factors that could have led to the decline in the market prices of the Units as compared to the movement of the BM REIT Index and FBM Top 100 Index for the past one (1) year up to the LPD.

Entitled Unitholders should note that the historical market prices may not be an indication of future market price performance of the Units as it may be influenced by, amongst others, the performance and prospects of Tower REIT, prevailing market conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as Tower REIT-specific factors.

(b) Discount over the NAV per Unit

The illustrative Issue Price represents the following discounts to the latest audited FYE 30 June 2023, latest unaudited 6-month FPE 31 December 2023 and pro forma NAV per Unit as follows:

	NAV per Unit	Discount of the illustrative Issue Price to the NAV per Unit	
	(RM)	(RM)	(%)
Audited FYE 30 June 2023[(1)]	1.78	1.47	82.58
Unaudited 6-month FPE 31 December 2023	1.78	1.47	82.58
Maximum Scenario 1[(2)]	1.15	0.84	73.04

Notes:

(1) After taking into consideration the first interim income distribution of 0.31 sen per Unit, amounting to approximately RM0.87 million, paid on 28 February 2023 and the final income distribution of 0.27 sen per Unit, amounting to approximately RM0.76 million, for FYE 30 June 2023 which was paid on 30 August 2023 and will be recognised in the subsequent financial year.

(2) Calculated based on the latest audited accounts of Tower REIT for the FYE 30 June 2023 and the enlarged pro forma consolidated NAV divided by the number of Units after the Proposed Rights Issue and net of the following:

(aa) part of the estimated expenses of approximately RM0.61 million which are allowed to be capitalised from the Unitholders' capital;

(bb) estimated expenses directly attributable to the issuance of the Rights Units of approximately RM0.74 million which will be charged to Tower REIT's realised undistributed income; and

(cc) potential interest savings of RM1.31 million per annum (net of tax), calculated based on the effective interest rate of the bank borrowings of 4.30% per annum (based on the average interest rate charged by the financial institutions as at FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM40.00 million under Maximum Scenario 1.

Based on the analysis above, the illustrative Issue Price represents discounts ranging from 73.04% to 82.58% to the latest audited, latest unaudited and pro forma NAV per Unit and is considered to be attractive for the subscription of the Rights Units by the Entitled Unitholders. The Entitled Unitholders and/or their renouncee(s) and/or transferee(s) would need to incur cash outlay to subscribe for the Rights Units, and thus are entitled for the discount stated above.

All Entitled Unitholders should note that the Proposed Rights Issue provides all Unitholders of Tower REIT with an equal opportunity to increase their equity participation in Tower REIT at the same issue price and in proportion with their unitholdings in Tower REIT at the Entitlement Date. Correspondingly, all Entitled Unitholders will have the same opportunity as GLME.

As such, the collective percentage unitholdings of GLME, GuocoLand and their PACs in Tower REIT will only increase in the event that there are remaining Rights Units which are not fully subscribed for by the other Entitled Unitholders at their own discretion. Should all the remaining Rights Units be subscribed for by the other Entitled Unitholders and/or their renouncee(s) and/or transferee(s), the collective percentage unitholdings of GLME, GuocoLand and their PACs will remain unchanged.

Notwithstanding the above, the Proposed Exemption is intended to ensure that the Proposed Rights Issue successfully raises the funding required by Tower REIT for its intended utilisation under Maximum Scenario 1, subject to the Proposed Exemption being approved by the non-interested Unitholders at the Unitholders' Meeting to be convened and by the SC, and would not result in any dilution to the Unitholders unless they forego, renounce or sell their rights to their Proposed Rights Issue entitlements. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights.

Premised on the above, we are of the view that the illustrative Issue Price of the Rights Units is justifiable in view of the following:

(a) the entitlements to the Rights Units are equitable and are fair and proportionate to all the Entitled Unitholders based on their unitholdings in Tower REIT on the Entitlement Date;

(b) the indicative discount of approximately 7.82% to the TERP of the Units, based on the 5-day VWAMP of the Units up to the LPD of RM0.3561 per Unit, serves to increase the pricing attractiveness of the Rights Units to the Entitled Unitholders and all the Entitled Unitholders have the right to subscribe for their respective entitlements to the Rights Units at the same Issue Price;

(c) the pricing mechanism of the Rights Units will be market-based as it is based on the 5-day VWAMP immediately preceding the price-fixing date of the Rights Units. For information purposes, in the event the discount of the final Issue Price to the TERP of the units is higher than the discount of the illustrative Issue Price, it will only serve to increase the pricing attractiveness of the Rights Units to all the Entitled Unitholders. However, should the Entitled Unitholders choose not to subscribe for the Rights Units, the unitholdings of the Entitled Unitholders will be diluted;

(d) should the Entitled Unitholders choose not to subscribe for the Rights Units, the Entitled Unitholders can trade their rights to the Rights Units on the market, and as such, those that choose to renounce their entitlements to the Rights Units can sell all or part of their rights to the Rights Units in the market. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights; and

(e) although the Proposed Exemption will allow GLME to increase its unitholding in Tower REIT via GLME's fulfilment of the Additional Undertaking under Maximum Scenario 1, the collective percentage unitholdings of GLME, GuocoLand and their PACs will only increase if there are remaining Rights Units which are not fully subscribed for by other Entitled Unitholders at their own discretion.

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6.3 Effects of the Proposed Rights Issue and the Proposed Exemption

The Proposed Exemption, on a standalone basis, will not have any effect on the issued unitholders' capital, NAV per Unit, gearing, earnings and distributable income, and substantial Unitholders' unitholdings of Tower REIT.

Due to the Proposed Exemption being conditional upon the Proposed Rights Issue but not vice versa, in the event the non-interested Unitholders do not approve the Proposed Exemption at the Unitholders' Meeting to be convened, the Proposed Rights Issue will continue to be implemented by Tower REIT under the Minimum Scenario or Maximum Scenario 2, subject to the Unitholders' approval. The Proposed Exemption will facilitate the Proposed Rights Issue under Maximum Scenario 1, which will in turn affect Tower REIT's Unitholders' capital, NAV per Unit, gearing, earnings and distributable income, and substantial Unitholders' unitholdings of Tower REIT.

As such, our evaluation of the Proposed Rights Issue will only be based on Maximum Scenario 1 where the Proposed Exemption will be required. **The pro forma effects herein are presented purely for illustration purposes and should not be regarded as an indication of or reference to the final Issue Price or the Entitlement Basis of the Proposed Rights Issue**.

6.3.1 Unitholders' capital

The increase in the enlarged Unitholders' capital of Tower REIT upon completion of the Proposed Rights Issue under Maximum Scenario 1 and the Proposed Exemption is as follows:

	Maximum Scenario 1	
	No. of Units	**RM**
Unitholder's capital as at the LPD	280,500,000	285,345,000
Rights Units to be issued pursuant to the Proposed Rights Issue	210,375,000	64,604,107[(1)(2)]
Enlarged Unitholders' capital	**490,875,000**	**349,949,107**

Notes:

(1) Calculated based on the illustrative Issue Price of RM0.31 per Rights Unit.

(2) After taking into consideration the estimated expenses for the Proposed Rights Issue which are allowed under MFRS 132 to be capitalised from the Unitholders' capital amounting to approximately RM0.61 million. The estimated expenses to be capitalised are professional fees, regulatory fees and other incidental expenses in relation to the Proposed Rights Issue.

The Unitholders' capital of Tower REIT will increase from approximately RM285.35 million as at the LPD to approximately RM349.95 under Maximum Scenario 1.

6.3.2 NAV per Unit and gearing ratio

The decrease in Tower REIT's pro forma NAV per Unit and gearing upon completion of the Proposed Rights Issue under Maximum Scenario 1 and the Proposed Exemption are as follows:

	Audited as at 30 June 2023	**Maximum Scenario 1**
NAV (RM'000)	501,071	565,254
NAV per Unit		
- Before income distribution (RM)	1.79	1.15
- After income distribution (RM)	1.78[(1)]	1.15
Gearing ratio[(2)] (times)	0.34	0.28

Notes:

(1) The total income distribution for FYE 30 June 2023 comprises the first interim income distribution of 0.31 sen per Unit, amounting to approximately RM0.87 million, paid on 28 February 2023 and the final income distribution of 0.27 sen per Unit, amounting to approximately RM0.76 million, which was paid on 30 August 2023 and will be recognised in the subsequent financial year.

(2) Calculated based on total borrowings divided by total assets.

The pro forma NAV will increase from approximately RM501.07 million as at 30 June 2023 to approximately RM565.25 million under Maximum Scenario 1.

The pro forma NAV per Unit will decrease from RM1.79 (before the final income distribution of 0.27 sen per Unit) or RM1.78 (after the final income distribution of 0.27 sen per Unit) as at 30 June 2023 to RM1.15 under Maximum Scenario 1 mainly due to the dilution effect arising from the issuance of the Rights Units after the completion of the Proposed Rights Issue.

The pro forma gearing ratio will decrease from 0.34 times as at 30 June 2023 to 0.28 times under Maximum Scenario 1. The improvement in gearing ratio is mainly attributable to the increase in Unitholders' equity as a result of the issuance of the Rights Units and partial repayment of bank borrowings amounting to approximately RM40.00 million from the proceeds raised under Maximum Scenario 1 pursuant to the Proposed Rights Issue.

6.3.3 Earnings and distributable income

The pro forma effects of the Proposed Rights Issue on the net loss and DPU of Tower REIT under Maximum Scenario 1, based on the audited consolidated financial statements for the FYE 30 June 2023 assuming the Proposed Rights Issue had been completed on 1 July 2022 are set out below:

	Audited for the FYE 30 June 2023 (RM'000)	**Maximum Scenario 1 (RM'000)**
Net (loss) for the year	(17,600)	(17,030)[4]
Income distribution[1]	1,627	2,197[4]
No. of Units in circulation ('000)	280,500	490,875
(Loss) per Unit[2] (sen)	(6.27)	(3.47)
DPU[3] (sen)	0.58	0.45

Notes:

(1) The total income distribution for FYE 30 June 2023 comprises the first interim income distribution of 0.31 sen per Unit, amounting to approximately RM0.87 million, paid on 28 February 2023 and the final income distribution of 0.27 sen per Unit, amounting to approximately RM0.76 million, which was paid on 30 August 2023 and will be recognised in the subsequent financial year.

(2) Calculated based on net loss for the year divided by the number of Units in circulation.

(3) Calculated based on income distribution divided by the number of Units in circulation.

(4) After taking into consideration the following:

(a) potential interest savings of RM1.31 million per annum (net of tax), calculated based on the effective interest rate of the bank borrowings of 4.30% per annum (based on the average interest rate charged by the financial institutions as at FYE 30 June 2023) as a result of the partial repayment of bank borrowings amounting to approximately RM40.00 million under Maximum Scenario 1; and

(b) the estimated expenses of approximately RM0.74 million in connection with the Proposals, which will be charged as expenses under Maximum Scenario 1.

The Proposed Rights Issue is expected to have an immediate dilution to Tower REIT's DPU on a pro forma basis from 0.58 sen as at 30 June 2023 to 0.45 sen under Maximum Scenario 1 as a result of the increase in the number of Units in issue upon completion of the Proposed Rights Issue.

However, we note that the Proposed Rights Issue is expected to contribute positively to Tower REIT's earnings by:

(a) funding the refurbishments of Plaza Zurich, Menara HLX and Guoco Tower from the proceeds raised of approximately RM23.87 million under Maximum Scenario 1, which are expected to improve the occupancy rate and leasing pipeline of Tower REIT's existing properties, without sourcing funds through additional borrowings and incurring additional interest expense. In addition, the upgrade and replacement of power transformer, upgrade works for the lifts and upgrade work for the HVAC system of Tower REIT's properties are expected to enhance Tower REIT's ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system; and

(b) reducing the debt of Tower REIT from approximately RM272.20 million as at 31 December 2023 to RM232.20 million and thereby potentially reducing interest expense of RM1.31 million per annum (net of tax), representing 10.86% of the interest expense of RM12.06 million as at FYE 30 June 2023, under Maximum Scenario 1 based on the effective interest rate of approximately 4.30% per annum (based on the average interest rate charged by the financial institutions as at FYE 30 June 2023).

Barring unforeseen circumstances, the Manager intends to distribute at least 90% of the distributable and realised income of Tower REIT for each year or such other intervals as determined by the Manager at their discretion. The Proposed Rights Issue is not expected to have any material effect on the distribution policy.

Notwithstanding the above, the impact of the Proposed Rights Issue on the earnings and DPU of Tower REIT will depend on, amongst others, the actual number of Rights Units issued and the level of returns to be generated from the utilisation of proceeds raised pursuant to the Proposed Rights Issue.

6.3.4 Substantial Unitholders' unitholdings

Assuming all Entitled Unitholders subscribe for their respective entitlements under the Proposed Rights Issue, the Proposed Rights Issue will not have any effect on the substantial Unitholders' percentage shareholdings as the Rights Units will be allotted on a pro-rata basis to all Entitled Unitholders and the collective percentage unitholdings of GLME, GuocoLand and its PACs in Tower REIT will remain unchanged at 54.30%. Correspondingly, the collective unitholdings of the non-interested Unitholders will also remain at 45.70%.

However, in the event some Entitled Unitholders do not subscribe for their respective entitlements under the Proposed Rights Issue, their percentage unitholdings in Tower REIT will be diluted accordingly pursuant to the Additional Undertaking.

Under Maximum Scenario 1 wherein GLME subscribes for the Rights Units based on its entitlement to the Rights Units and the Additional Undertaking and none of the other Entitled Unitholders take up their entitlements, the pro forma effects of the Proposed Rights Issue will result in an increase to GLME's direct unitholding from 21.66% to 53.19% while GLME, GuocoLand and their PACs' collective unitholding will increase from 54.30% to a maximum of approximately 73.89%. Consequently, the collective unitholding of the non-interested Unitholders who do not subscribe for their entitlements will reduce from 45.70% to 26.11%, after taking into account ALSB's fulfilment of the Minimum Undertaking as well.

The unitholdings of GLME and ALSB will increase depending on the subscription rate of the Rights Units by the other Entitled Unitholders provided that the minimum public unitholding spread of 25% is met upon the completion of the Proposed Rights Issue. In any case, we note that Tower REIT would still be in compliance with the public unitholding spread requirement of Bursa Securities as the public unitholdings in Tower REIT will reduce from 45.68% to 26.10% under Maximum Scenario 1.

6.3.5 Convertible securities

As at the LPD, Tower REIT does not have any convertible securities.

Premised on the above, we are of the view that the overall financial effects of the Proposals are justifiable.

Nonetheless, the non-interested Unitholders of Tower REIT should take note that should you choose not to subscribe for the Rights Units, your existing unitholdings percentage would be diluted accordingly.

6.4 Industry overview and prospects of Tower REIT

We note the industry overview and prospects of Tower REIT as set out in Section 5 of Part A of this Circular.

The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3rd quarter ("**3Q**") of 2023: 3.3%; 2nd quarter of 2023: 2.9%). On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.1% (3Q 2023: +2.6%). Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%).

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia)

On 24 January 2024, we note that the Monetary Policy Committee ("**MPC**") of Bank Negara Malaysia has maintained the Overnight Policy Rate ("**OPR**") at 3.0%. For the Malaysian economy, the fourth quarter advance estimates for gross domestic product (GDP) affirmed that the overall growth for 2023 expanded within expectations. Moving forward, growth is expected to improve in 2024, supported by the recovery in exports and resilient domestic expenditure.

At the current OPR level, the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: Monetary Policy Statement dated 24 January 2024, Bank Negara Malaysia)

Despite the challenging global financial and economic environment, the property market managed to stay poised and posted a marginal softening in market activity in the first half ("**H1**") of 2023 compared to the same period last year (H1 2022).

We note that six office building transactions with an accumulated worth of more than RM550 million were recorded in H1 2023. The performance of purpose-built office improved to 79.0% slightly higher than H1 2022 (77.7%) and the second half ("**H2**") 2022 (78.5%). The purpose-built office consists of 1,578 private-owned buildings (18,370,380 s.m.) and 1,013 public-owned buildings (6,155,509 s.m). Only four new completions were recorded, offering a total space of 60,990 s.m., lower than 114,716 s.m. recorded in H1 2022. The average occupancy stood at 72.4%, increased marginally from 70.8% (H1 2022).

As at end of June 2023, there was a total of 24.53 million s.m. existing office space from 2,590 buildings. Wilayah Persekutuan Kuala Lumpur ("**WPKL**") was the lead contributor for office space with a share of 40.5% (9.93 million s.m.) in the existing market, 64.2% (0.98 million s.m.) in incoming supply and 79.0% (0.76 million s.m.) in planned supply.

The price of the stratified office lot was generally stable, with a few exceptions. In WPKL, Phileo Promenade recorded an increase of 16.3% with price transacted at RM5,900 psm. The office space rental market was stable with mixed movements recorded in selected buildings. Office space at Wisma Hong Leong and Menara Mara experienced a rental decrease of 14.5% and 11.6% respectively with rental ranging from RM41.00 psm. to RM60.00 psm.

(Source: Property Market Report First Half 2023, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

We note that the Board believes that 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 has achieved improved occupancy by an average of 5.93% in all its properties within Tower REIT's portfolio over 12 months from January 2023 to December 2023, while recognising that there is more refurbishment work which needs to be carried out. The Manager will continue to take proactive stance, diligently working to enhance its offering to cater to the target market, contain costs and ensuring a sustainable and competitive position.

Based on the foregoing, we note that the Manager has earmarked its proceeds from the Proposed Rights Issue under Maximum Scenario 1 for the refurbishments of Plaza Zurich, Menara HLX and Guoco Tower which are expected to improve the occupancy rate and leasing pipeline of Tower REIT's properties, and enhance Tower REIT's ESG performance which should augur well for the prospects of Tower REIT in the long term. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system.

As such, we are of the view that the prospects of Tower REIT are expected to be positive.

6.5 Implications of the Proposed Exemption

You should note that the SC will only consider the application for the Proposed Exemption if GLME, GuocoLand and their PACs have satisfied amongst others, the following conditions pursuant to subparagraph 4.08(2) of the Rules:

(a) there has been no acquisition of units or instruments convertible into units and options in respect of units (other than subscriptions for new units or new instruments convertible into or options in respect of new units which have been disclosed in the whitewash circular) by GLME, GuocoLand and their PACs during the 6-month period prior to 13 December 2023, being the date of the Announcement ("**Disqualifying Transaction**") but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Manager in relation to the Proposed Rights Issue until completion of the subscription; and

(b) approval has been obtained from independent holders of voting units or voting rights of Tower REIT at a meeting of the holders of the relevant class of voting units or voting rights to waive their rights to receive the mandatory general offer from GLME, GuocoLand and their PACs. The voting at the meeting shall be conducted by way of a poll.

Any exemption granted will be invalidated if GLME, GuocoLand and their PACs have engaged or engage in a Disqualifying Transaction.

The implications of your voting outcome on the ordinary resolution to give effect to the Proposed Exemption to be tabled at the forthcoming Unitholders' Meeting are set out in the ensuing sections.

6.5.1 If you VOTE IN FAVOUR of the Proposed Exemption

Should you vote in favour of the Proposed Exemption and the Proposed Exemption is approved at the forthcoming Unitholders' Meeting, the SC would be able to consider the application for the Proposed Exemption. Accordingly, GLME and GuocoLand will submit an application to the SC for the Proposed Exemption should the approval from the non-interested unitholders be obtained at the forthcoming Unitholders' Meeting. An approval from the SC for the Proposed Exemption would then exempt GLME, GuocoLand and their PACs from the obligation to undertake a mandatory general offer upon completion of the Proposed Rights Issue under Maximum Scenario 1.

Your approval of the Proposed Exemption will imply that you have agreed to waive your rights to a general offer by GLME, GuocoLand and their PACs for Units based on the highest price paid by GLME, GuocoLand and their PACs for Units in the past 6-month period before the incurrence of such obligation to undertake the mandatory general offer. GLME, GuocoLand and their PACs will be able to subscribe for the Rights Units at the same price as the Entitled Unitholders and increase their unitholdings in Tower REIT without the obligation to undertake a mandatory general offer in the event of any non-subscription for the Rights Units by the non-interested Unitholders.

Non-interested Unitholders should note that the Proposed Exemption, if granted, will facilitate the Proposed Rights Issue based on Maximum Scenario 1 and allow:

(a) the individual unitholding of GLME to increase from 21.66% to 53.19%; and

(b) the collective percentage unitholding of GLME, GuocoLand and their PACs to increase from 54.30% to a maximum of approximately 73.89%,

without being required to extend a mandatory offer for the remaining Units not owned by them. This would result in a corresponding decrease in the percentage unitholdings of the non-interested Unitholders from 45.70% to 26.11% in such scenario. However, the PACs of GLME and GuocoLand would still incur a mandatory take-over offer obligation pursuant to the Rules if either one of them increase their individual unitholdings in Tower REIT to 33% or more, provided the parties fulfil the requirements of the CMSA, Code and the Rules and the exemption is granted by the SC.

Voting in favour of the Proposed Exemption does not in any way impede your rights to participate in the Proposed Rights Issue. However, should you decide not to subscribe for your entitlement under the Proposed Rights Issue, your percentage unitholdings in Tower REIT will be diluted accordingly.

Pricing of the Rights Units is expected to be fixed at an indicative discount of up to 15% to the TERP based on the 5-day VWAMP of the Units immediately preceding the price-fixing date of the Rights Units and would be the price at which additional unitholdings of participating unitholders such as GLME (due to the Minimum Undertaking and Additional Undertaking) would be acquired while non-participating unitholders would not enjoy the benefit of such discount. As depicted under Maximum Scenario 1, GLME, GuocoLand and their PACs may obtain further control of Tower REIT without a premium being paid to the non-interested Unitholders in view that the Illustrative Issue Price is at a discount of 7.82% to the TERP of Units based on the 5-day VWAMP up to the LPD. (Unitholders should note that the actual discount may vary and is indicatively up to 15% as per the Board's intention.) The Illustrative Issue Price also represents a discount of 82.58% to the audited consolidated NAV per Unit of RM1.78 as at FYE 30 June 2023.

Currently, GLME, GuocoLand and their PACs are already able to control the voting on ordinary resolutions which requires a simple majority of 50% plus one Unit at general meetings (where they are not required to abstain from voting) based on their existing collective unitholding. Additionally, should the unitholdings of GLME, GuocoLand and their PACs increase to a maximum of approximately 73.89% under Maximum Scenario 1, the non-interested Unitholders should note that their increased unitholdings would enable them to have greater control over the direction of Tower REIT, having significant influence over the outcome of any special resolution which requires a majority of 75% tabled at general meetings (unless they are required to abstain from voting). It should nonetheless, be noted that the maximum potential unitholdings of GLME, GuocoLand and their PACs indicated above are illustrative and may not materialise if the Unitholders subscribe for their rights entitlement.

Considering that the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa, in the event the non-interested Unitholders do not approve the Proposed Exemption, no mandatory offer obligation would arise and GLME will observe the Rules and the Proposed Rights Issue will continue to be implemented by Tower REIT under the Minimum Scenario, subject to the Unitholders' approval. Therefore, voting in favour of the Proposed Exemption will enable Tower REIT to potentially benefit from the Proposed Rights Issue under Maximum Scenario 1 (if the Proposed Rights Issue is approved by you as GLME, GuocoLand and their PACs will abstain from voting on the resolution of the Proposed Exemption).

6.5.2 If you VOTE AGAINST the Proposed Exemption

In the event that you vote against the Proposed Exemption and the Proposed Exemption is not approved at the forthcoming Unitholders' Meeting, the SC would not be able to consider the application by GLME, GuocoLand and their PACs for the Proposed Exemption. However, subject to the Unitholders' approval, the Proposed Rights Issue will continue to be implemented by Tower REIT under the Minimum Scenario as the Proposed Exemption is conditional upon the Proposed Rights Issue but not vice versa.

Consequently, Tower REIT would not be able to raise the maximum funds from the Proposed Rights Issue under Maximum Scenario 1 and also would not be able to realise the potential benefits arising therefrom. Hence, the Board will have to deliberate on other possible alternatives including new borrowings to raise funds for the refurbishment of the existing properties of Tower REIT.

7. DIRECTORS' INTENTION TO VOTE

The Interested Directors have abstained and will continue to abstain from deliberation and voting on the Proposed Exemption at all Board meetings. In addition, the Interested Directors, GLME, GuocoLand and their PACs will also abstain from voting and undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect unitholdings in Tower REIT, if any, on the resolution pertaining to the Proposed Exemption to be tabled at the Unitholders' Meeting to be convened.

YBhg Dato' Tan Ang Meng, being a Director of the Manager and the only non-interested director, has confirmed that he will vote in favour of the Proposed Exemption in respect of his respective beneficial unitholdings at the forthcoming Unitholders' Meeting.

The respective Director's unitholdings in Tower REIT is as disclosed in Section 4 of Attachment I of this IAL.

8. FUTURE PLANS FOR TOWER REIT AND ITS EMPLOYEES

Pursuant to paragraph 8, Schedule 2 Part II of the Rules, GLME and GuocoLand have confirmed that they do not intend to effect any major change to the following:

(a) the continuation of the business of Tower REIT; and

(b) the business of Tower REIT, including plans to dispose of or re-deploy any fixed assets of Tower REIT or make any major change in the business of Tower REIT,

except where such changes are in the ordinary course of Tower REIT's business or are necessary to rationalise or improve Tower REIT's operations.

For information purposes, Tower REIT, being a real estate investment trust, does not employ any persons as its employees.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of all information stated in this IAL. The Board, after having made all reasonable enquiries and to the best of their knowledge and belief, confirms the following:

(a) no statement and/or information in this IAL is incomplete, false, misleading or inaccurate;

(b) there are no other material facts and/or information, the omission of which would make any statement or information in this IAL incomplete, inaccurate, false or misleading; and

(c) all material facts and/or information relevant to this IAL, including those required under the Rules, have been accurately and completely disclosed in this IAL.

All information relating to GLME, GuocoLand and their PACs were provided by GLME, GuocoLand and their PACs respectively. The responsibility of the Board in relation to the information on GLME, GuocoLand and their PACs is therefore limited to ensure that the information thereon is accurately reproduced in this IAL.

In relation to the independent advice and opinion of Malacca Securities in relation to the Proposed Exemption as contained in this IAL, the Board's responsibility is limited to the accuracy of the information given to Malacca Securities in relation to Tower REIT for Malacca Securities' evaluation of the Proposed Exemption. The Board has confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts and/or information, the omission of which would make any information provided to Malacca Securities incomplete, inaccurate, false or misleading.

10. FURTHER INFORMATION

We advise you to refer to the attachments of this IAL, the letter to Tower REIT Unitholders in Part A of this Circular as well as the attached appendices for any other relevant information.

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11. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic approach in accordance with paragraphs 8 to 10 of Schedule 2, Part III of the Rules (as set out in section 6 of the IAL) and also taken the relevant factors into consideration as discussed in Section 6 of this IAL. Non-interested Unitholders should carefully consider the merits and demerits of the Proposed Rights Issue and the Proposed Exemption based on all relevant factors and considerations as set out in this IAL and the letter to Tower REIT Unitholders in Part A of this Circular, prior to making a decision on whether to vote in favour or against the Proposed Exemption.

We have taken into consideration various factors discussed in this IAL of which the advantages and disadvantages of the Proposed Exemption, if granted, are summarised as below:

Advantages
(a) The Proposed Exemption will enable Tower REIT to raise the maximum funds via the Proposed Rights Issue under Maximum Scenario 1 via equity capital and is expected to contribute positively to Tower REIT's earnings by: (i) funding the refurbishment of the existing properties of Tower REIT which are expected to improve the occupancy rate and leasing pipeline of Plaza Zurich, Menara HLX and Guoco Tower without sourcing funds through additional borrowings and incurring additional interest expense. In addition, the upgrade and replacement of power transformer, upgrade works for the lifts and upgrade work for the HVAC system are expected to enhance Tower REIT's ESG performance. As at the LPD, Plaza Zurich and Menara HLX have been earmarked for the upgrade and replacement of power transformer. In addition, Plaza Zurich has been earmarked for upgrade work for the lifts and Menara HLX has been earmarked for the upgrade work for the HVAC system; and (ii) reducing the debt of Tower REIT by RM40.0 million from approximately RM272.20 million as at 31 December 2023 to RM232.20 million and thereby potentially reducing interest expense of RM1.31 million per annum (net of tax), representing 10.86% of the interest expense of RM12.06 million as at FYE 30 June 2023, under Maximum Scenario 1. The funds used for the abovementioned purposes to refurbish the existing properties of Tower REIT and the partial repayment of bank borrowings is expected to contribute positively to the financial performance of Tower REIT which will be pivotal to its potential prospects and growth.
(b) The Proposed Exemption will enable Tower REIT to further strengthen its financial position and capital base via the Proposed Rights Issue under Maximum Scenario 1 due to the increase in Tower REIT's pro forma NAV from RM501.07 million as at FYE 30 June 2023 to RM565.25 million and the improvement in the pro forma gearing from 0.34 times as at FYE 30 June 2023 to 0.28 times pursuant to the partial repayment of bank borrowings and the increase in Unitholders' equity as a result of the issuance of the Rights Units. This is expected to improve the credit rating and debt capacity of Tower REIT, which in turn would provide Tower REIT with financial flexibility in the event Tower REIT intends to source for additional funds and/or gear up in the future to fund any potential investment opportunities which may arise.

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Disadvantages	
(a)	Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue, your percentage unitholdings will be diluted accordingly under Maximum Scenario 1. Depending on the eventual subscription rate of the Rights Units by you, the collective unitholding of GLME, GuocoLand and their PACs in Tower REIT could potentially increase from approximately 54.30% to a maximum of approximately 73.89% and conversely, your collective unitholding could potentially be diluted from approximately 45.70% to approximately 26.11%. You should note that these maximum potential holdings of GLME, GuocoLand and their PACs as indicated above are purely illustrative and may not materialise if the Unitholders subscribe for their rights entitlement. Currently, GLME, GuocoLand and their PACs are already able to control the voting on ordinary resolutions which requires a simple majority of 50% plus one Unit at general meetings (where they are not required to abstain from voting) based on their existing collective unitholding. Additionally, should the unitholdings of GLME, GuocoLand and their PACs increase to a maximum of approximately 73.89% under Maximum Scenario 1, the non-interested Unitholders should note that their increased unitholdings would enable them to have greater control over the direction of Tower REIT, having significant influence over the outcome of any special resolution which requires a majority of 75% tabled at general meetings (unless they are required to abstain from voting).
(b)	The Proposed Exemption could potentially allow GLME, GuocoLand and their PACs to further increase control in Tower REIT **at a discount** without a premium being paid to you as the Issue Price will be issued at a discount to the TERP of the Units based on the 5-market day VWAMP of the Units preceding the price-fixing date. Additionally, under Maximum Scenario 1, the illustrative Issue Price of RM0.31 represents a discount of RM0.84 or 73.04% to the pro forma NAV per Unit of RM1.15.
(c)	The Proposed Exemption will enable the Proposed Rights Issue to be implemented under Maximum Scenario 1, which will result in the following: (i) The pro forma NAV per Unit will decrease from RM1.79 (before final income distribution of 0.27 sen per Unit) or RM1.78 (after final income distribution of 0.27 sen per Unit) as at 30 June 2023 to RM1.15 under Maximum Scenario 1, mainly due to the dilution effect arising from the issuance of the Rights Units; and (ii) a dilution to Tower REIT's DPU on a pro forma basis from 0.58 sen as at 30 June 2023 to 0.45 sen under Maximum Scenario 1 as a result of the increase in the number of Units in issue upon completion of the Proposed Rights Issue.

Premised on the factors discussed above and our evaluation of the Proposed Exemption based on the information available to us, we are of the view that the Proposed Exemption is **fair and reasonable.**

Accordingly, we recommend you **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming Unitholders' Meeting.

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However, you should take note that should you decide not to subscribe for the Rights Units, your percentage unitholdings in Tower REIT will be diluted accordingly. The dilutive effect on your collective unitholding from approximately 45.70% to approximately 26.11% under Maximum Scenario 1 as stated in Section 6.5.1 of this IAL would cause a transfer of value in the form of Rights Units as follows:

(a) discount to the TERP of Units based on the 5-market day VWAMP of Units preceding the price-fixing date. For illustrative purposes, the illustrative Issue Price of RM0.31 represents a discount of RM0.0263 or 7.82% to the TERP of Units, based on the 5-market day VWAMP of the Units up to the LPD of RM0.3561; and

(b) the illustrative Issue Price of RM0.31 represents a discount of RM0.84 or 73.04% to the pro forma NAV per Unit of RM1.15 under Maximum Scenario 1,

from the non-participating Unitholders to the participating Unitholders. This is detrimental to the interest of Unitholders who do not subscribe for the Rights Units. Entitled Unitholders who do not take up the Rights Units will have the opportunity to sell the rights entitlements in the market. However, there is no assurance that the market price of the rights entitlements will trade at least at the intrinsic value of the rights.

For illustration purposes, assuming a Unitholder who holds 1,000 Units and does not subscribe for the Rights Units, the value of the Units of this non-participating Unitholder will be diluted as follows:

(a) assuming the illustrative Issue Price of RM0.31, which represents a discount of 7.82% to the TERP of the Units of RM0.3363 based on the 5-day VWAMP of Units up to and including LPD of RM0.3561:

Before Proposed Rights Issue			After Proposed Rights Issue		
No. of Units	5-day VWAMP as at the LPD (RM)	Total value (RM)	No. of Units	TERP based on the 5-day VWAMP as at the LPD (RM)	Total value (RM)
1,000	0.3561	356.10	1,000	0.3363	336.30

Based on the above, the value of the 1,000 Units held by this non-participating Unitholder will decrease by RM19.80 or 5.56% from RM356.10 to RM336.30 after the completion of the Proposed Rights Issue.

(b) assuming an illustrative issue price of RM0.273, which represents a discount of 14.82%[(1)] to the TERP of the Units of RM0.3205 based on the 5-day VWAMP of Units up to and including LPD of RM0.3561:

Before Proposed Rights Issue			After Proposed Rights Issue		
No. of Units	5-day VWAMP as at the LPD (RM)	Total value (RM)	No. of Units	TERP based on the 5-day VWAMP as at the LPD (RM)	Total value (RM)
1,000	0.3561	356.10	1,000	0.3205	320.50

(1) Pricing of the Rights Units is expected to be fixed at an indicative discount of up to 15% to the TERP based on the 5-day VWAMP of the Units immediately preceding the price-fixing date of the Rights Units. However, Unitholders should note that the actual discount may vary and is indicatively up to 15% as per the Board's intention.

Based on the above, the value of the 1,000 Units held by this non-participating Unitholder will decrease by RM35.60 or 10.00% from RM356.10 to RM320.50 after the completion of the Proposed Rights Issue.

YBhg Dato' Tan Ang Meng, being a Director of the Manager and the only non-interested director, has confirmed that he will **VOTE IN FAVOUR** of the Proposed Exemption in respect of his respective beneficial holdings in Units at the forthcoming Unitholders' Meeting.

We have not taken into consideration any specific investment objectives, financial situations, risk profile or particular need required by you. We recommend that if you require an advice in relation to the Proposed Exemption in the context of your investment objectives, financial situations, risk profile or particular needs, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

YOU ARE ADVISED TO READ BOTH THIS IAL AND ITS ATTACHMENTS AND THE LETTER TO TOWER REIT UNITHOLDERS IN PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

Yours faithfully,
For and on behalf of
MALACCA SECURITIES SDN. BHD.

YAP SIEW THEE
Co-Head
Corporate Finance

KENNETH ONG
Vice President
Corporate Finance

1. HISTORY AND PRINCIPAL ACTIVITIES

Tower REIT is a Malaysian-domiciled real estate investment trust constituted pursuant to the principal Deed dated 17 February 2006 (as amended and restated by the restated Deed dated 29 May 2014 and the second restated Deed dated 23 October 2019 ("**Deed**")) entered into between the Manager and MTrustee Berhad, acting as the Trustee of Tower REIT. The Deed is regulated by the SC Guidelines on Listed Real Estate Investment Trusts, the Listing Requirements, the Rules of the Depository and taxation laws and rulings. Tower REIT was listed on the Main Market of Bursa Securities on 12 April 2006.

The principal activity of Tower REIT is to own or invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies of which principal assets comprise real estate with the primary objectives of achieving an attractive level of return from rental income and of achieving medium to long term capital growth.

2. UNITHOLDERS' CAPITAL

2.1 Unitholders' capital

As at the LPD, the Unitholders' capital of Tower REIT is as follows:

	No. of Units	RM
Unitholders' capital	280,500,000	285,345,000

All Units rank equally in terms of voting rights and entitlements to any income distributions, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to Unitholders.

2.2 Changes in the Unitholders' capital

There were no changes in the Unitholders' capital of Tower REIT since the end of FYE 30 June 2023 up to the LPD.

2.3 Convertible securities

As at the LPD, Tower REIT does not have any convertible securities.

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3. SUBSTANTIAL UNITHOLDERS

As at the LPD, the substantial Unitholders and their unitholdings are set out below:

Name	Direct		Indirect	
	No. of Units	%(1)	No. of Units	%(1)
GLME	60,768,800	21.66	-	-
HLA	58,271,000	20.77	-	-
HLA Holdings Sdn Bhd	-	-	58,271,000(2)	20.77
Mitsui Sumitomo Insurance Company, Limited	-	-	58,271,000(2)	20.77
Hong Leong Financial Group Berhad ("**HLFG**")	-	-	64,158,000(3)	22.87
GuocoLand	-	-	60,768,800(4)	21.66
GLL (Malaysia) Pte Ltd	-	-	60,768,800(4)	21.66
GuocoLand Limited	-	-	60,768,800(4)	21.66
GuocoLand Assets Pte Ltd	-	-	60,768,800(4)	21.66
Guoco Group Limited	-	-	138,926,800(5)	49.53
GuoLine Overseas Limited	-	-	138,926,800(5)	49.53
GuoLine Capital Assets Limited	-	-	138,926,800(5)	49.53
HLCM	-	-	77,567,300(3)	27.65
HL Holdings Sdn Bhd	-	-	77,567,300(6)	27.65
Tan Sri Quek Leng Chan	-	-	152,336,100(5)	54.31
Kwek Leng Beng	-	-	152,336,100(5)	54.31
Kwek Holdings Pte Ltd	-	-	152,336,100(5)	54.31
Hong Realty (Private) Limited	-	-	152,336,100(5)	54.31
Hong Leong Investment Holdings Pte Ltd	-	-	152,336,100(5)	54.31
Kwek Leng Kee	-	-	152,336,100(5)	54.31
Davos Investment Holdings Private Limited	-	-	152,336,100(5)	54.31
Quek Leng Chye	-	-	152,336,100(5)	54.31

Notes:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

(2) Held through HLA.

(3) Held through subsidiaries.

(4) Held through GLME.

(5) Held through subsidiaries and companies in which the major Unitholder has an interest.

(6) Held through HLCM.

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4. DIRECTORS

As at the LPD, the particulars of the Directors of the Manager are set out below:

Name of Director	Nationality	Designation	Unitholding in Tower REIT				Address
			Direct		Indirect		
			No. of Units	%(1)	No. of Units	%(1)	
Tang Hong Cheong	Malaysian	Non-Independent Non-Executive Chairman	-	-	-	-	Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Noorbaizura Binti Hermeyney	Malaysian	Executive Director	-	-	-	-	Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Cheng Hsing Yao (Zheng Xinyao)	Singaporean	Non-Independent Non-Executive Director	-	-	-	-	Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
YBhg Dato' Tan Ang Meng	Malaysian	Independent Non-Executive Director	33,000	0.01	-	-	Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Lim Tau Kien	Malaysian	Independent Non-Executive Director	-	-	-	-	Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

Note:

(1) Based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

5. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES OF TOWER REIT

As at the LPD, Tower REIT does not have any subsidiaries, associate companies or joint venture companies.

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6. PROFIT AND DIVIDEND RECORD

A summary of Tower REIT's financial results for the past three (3) financial years up to the FYE 30 June 2023 as well as the unaudited 6-month FPE 31 December 2023 are as follows:

	Audited FYE 30 June			Unaudited 6-month FPE 31 December 2023
	2021	2022	2023	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	31,848	32,608	33,871	18,137
PBT/(LBT)	(6,184)	5,895	(19,753)	700
Net income/(loss)				
- attributable to owners of Tower REIT	(4,945)	5,877	(17,600)	700
- attributable to the non-controlling interests of Tower REIT	-	-	-	-
Income distribution	6,199[4]	5,189[5]	1,627[6]	-[7]
Number of Units ('000)	280,500	280,500	280,500	280,500
EPU/ (LPU)[1] (sen)	(1.76)	2.10	(6.28)	0.25
DPU[2] (sen)	2.21	1.85	0.58	-
NAV:				
- Before income distribution	522,107	521,364	501,071	501,014
- After income distribution	518,853	519,541	500,314	501,014
NAV per Unit[3]:				
- Before income distribution (RM)	1.86	1.86	1.79	1.79
- After income distribution (RM)	1.85	1.85	1.78	1.78

(Source: Annual reports of Tower REIT for the past three (3) financial years up to FYE 30 June 2023 and the latest unaudited quarterly report of Tower REIT for the 6-month FPE 31 December 2023.)

Notes:

(1) Calculated based on net income/(loss) divided by the number of Units in circulation as at the end of the financial year.

(2) Calculated based on income distribution divided by the number of Units in circulation.

(3) Calculated based on NAV divided by the number of Units in circulation as at the end of the financial year.

(4) The total income distribution for FYE 30 June 2021 comprises the first interim income distribution of 1.05 sen per Unit, amounting to approximately RM2.95 million, paid on 26 February 2021 and the final income distribution of 1.16 sen per Unit, amounting to approximately RM3.25 million, which was paid on 30 August 2021 and was recognised in the subsequent financial year.

(5) The total income distribution for FYE 30 June 2022 comprises the first interim income distribution of 1.20 sen per Unit, amounting to approximately RM3.37 million, paid on 28 February 2022 and the final income distribution of 0.65 sen per Unit, amounting to approximately RM1.82 million, which was paid on 30 August 2022 and was recognised in the subsequent financial year.

(6) The total income distribution for FYE 30 June 2023 comprises the first interim income distribution of 0.31 sen per Unit, amounting to approximately RM0.87 million, paid on 28 February 2023 and the final income distribution of 0.27 sen per Unit, amounting to approximately RM0.76 million, which was paid on 30 August 2023 and will be recognised in the subsequent financial year.

(7) No income distribution had been declared for the current quarter.

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Save as disclosed below, there were no items, transactions or events of material and unusual nature that have arisen in the periods under review in the audited financial statements of Tower REIT for the past 3 financial years up to FYE 30 June 2023 and the latest unaudited financial statements for the 6-month FPE 31 December 2023:

(a) Tower REIT had undertaken a revaluation exercise on all of its investment properties ("**Revaluation(s)**")[(1)], namely Menara HLX, Plaza Zurich and Menara Guoco, which was announced on 6 August 2021. The details of the revaluation surplus/(deficit) which was incorporated in Tower REIT's financial statements as at 30 June 2021 arising from the Revaluation are set out below:

Investment property	Valuation date	Unaudited net book value as at 30 June 2021 (RM'000)	Market value (RM'000)	Revaluation surplus/ (deficit) incorporated (RM'000)
Menara HLX	24 February 2021	350,785	340,500	(10,285)
Plaza Zurich	26 February 2021	227,842	225,400	(2,442)
Menara Guoco	25 February 2021	245,558	245,900	342
Total		**824,185**	**811,800**	**(12,385)**

(b) Tower REIT had undertaken a Revaluation on Menara HLX, Plaza Zurich and Menara Guoco, which was announced on 29 July 2022. The details of the revaluation surplus/(deficit) which was incorporated in Tower REIT's financial statements as at 30 June 2022 arising from the Revaluation are set out below:

Investment property	Valuation date	Unaudited carrying value as at 30 June 2022 (prior to valuation) (RM'000)	Market value as at 30 June 2022 (RM'000)	Revaluation surplus/ (deficit) incorporated (RM'000)
Menara HLX	31 March 2022	347,117	340,500	(6,617)
Plaza Zurich	31 March 2022	225,400	228,900	3,500
Menara Guoco	31 March 2022	245,900	249,200	3,300
Total		**818,417**	**818,600**	**183**

(c) Tower REIT had undertaken a Revaluation on Menara HLX, Plaza Zurich and Menara Guoco, which was announced on 31 July 2023. The details of the revaluation deficit which was incorporated in Tower REIT's financial statements as at 30 June 2023 arising from the Revaluation are set out below:

Investment property	Valuation date	Unaudited carrying value as at 30 June 2023 (prior to valuation) (RM'000)	Market value as at 30 June 2023 (RM'000)	Revaluation (deficit) incorporated (RM'000)
Menara HLX	30 June 2023	340,633	324,000	(16,633)
Plaza Zurich	30 June 2023	228,900	224,000	(4,900)
Menara Guoco	30 June 2023	249,200	249,200	-
Total		**818,733**	**797,200**	**(21,533)**

Note:

(1) The Revaluations was carried out to comply with Clause 10.02 (b)(i) of the SC Guidelines on Listed Real Estate Investment Trusts where all investment properties of Tower REIT are required to be revalued at least once a financial year and for accounting purposes in line with the MFRS 140.

7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of financial position of Tower REIT for the past 3 FYE up to FYE 30 June 2023 as well as the latest unaudited statements of financial position for the 6-month FPE 31 December 2023 are as follows:

	Audited FYE 30 June			Unaudited 6-month FPE 31 December 2023
	2021	2022	2023	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets				
Plant and equipment	11,965	6,099	7,963	9,864
Investment properties	811,800	818,600	797,200	797,200
Total non-current assets	**823,765**	**824,699**	**805,163**	**807,064**
Trade receivables	-	-	-	1,600
Other receivables, deposits and prepayments	-	-	-	626
Trade and other receivables	814	635	1,747	-
Cash and bank balances	2,553	1,743	1,324	1,025
Total current assets	**3,367**	**2,378**	**3,071**	**3,251**
Total assets	**827,132**	**827,077**	**808,234**	**810,315**
Represented by:				
Unitholders' funds				
Unitholders' capital	285,345	285,345	285,345	285,345
Undistributed income – realised	61,916	61,008	60,095	155,631
Undistributed income – unrealised	174,846	175,011	155,631	60,038
Total Unitholders' funds	**522,107**	**521,364**	**501,071**	**501,014**
Liabilities				
Tenants' deposits	-	-	-	9,474
Trade and other payables	6,248	6,130	9,116	-
Borrowings	259,856	260,075	260,292	260,402
Deferred tax liability	19,414	19,432	17,279	17,279
Total non-current liabilities	**285,518**	**285,637**	**286,687**	**287,155**
Trade payables	-	-	-	286
Other payables and provisions	-	-	-	6,994
Tenants' deposits	-	-	-	3,066
Trade and other payables	10,407	10,976	9,476	-
Borrowings	9,100	9,100	11,000	11,800
Total current liabilities	**19,507**	**20,076**	**20,476**	**22,146**
Total liabilities	**305,025**	**305,713**	**307,163**	**309,301**
Total Unitholders' funds and liabilities	**827,132**	**827,077**	**808,234**	**810,315**
Net asset value	**522,107**	**521,364**	**501,071**	**501,014**

(Source: Annual reports of Tower REIT for the past three (3) financial years up to FYE 30 June 2023 and the latest unaudited quarterly report of Tower REIT for the 6-month FPE 31 December 2023.)

As at the LPD, there were no known material changes in the financial position of Tower REIT subsequent to the latest published audited financial statement for the FYE 30 June 2023.

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8. CHANGES IN ACCOUNTING POLICIES

Based on the audited financial statements of Tower REIT for the FYE 30 June 2021, FYE 30 June 2022 and FYE 30 June 2023, the financial statements have been prepared in accordance with the provision of the Deed dated 17 February 2006 as amended and restated by the restated Deed dated 29 May 2014 and second restated Deed dated 23 October 2019, the SC Guidelines on Listed REITs, applicable securities laws, Malaysian Financial Reporting Standards ("**MFRS**") and International Financial Reporting Standards. Further, there was no audit qualification for Tower REIT's financial statements for the respective financial years under review.

There were no changes in the accounting standards adopted by Tower REIT which would result in a material variation to the comparable figures for the audited consolidated financial statements of Tower REIT for the past 3 financial years up to FYE 30 June 2023.

9. BORROWINGS

As at 31 December 2023, which is not more than three (3) months preceding the LPD, Tower REIT has total outstanding borrowings of approximately RM272.20 million as follows:

Borrowings	RM'000
Non-current:	
Term loans	261,171
Transaction costs for term loan	(769)
Total non-current borrowings:	**260,402**
Current:	
Revolving credit	11,800
Total current borrowings:	**11,800**
Total borrowings	**272,202**

10. MATERIAL COMMITMENTS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION

The material litigation, claims or arbitration of Tower REIT are disclosed in Section 3 of Appendix I of Part A of the Circular and the material commitments and contingent liabilities of Tower REIT are disclosed in Section 4 of Appendix I of Part A of the Circular.

11. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by Tower REIT during the past two (2) years preceding the date of the Announcement and up to the LPD.

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12. HISTORICAL UNIT PRICES

The highest and lowest closing market prices and the closing price at the end of each month of the Units for the period commencing from June 2023 (being six (6) months prior to the announcement of the Proposals on 13 December 2023) up to the LPD are as follows:

	High (RM)	Low (RM)	Closing price as at the end of the month
2023			
June	0.439	0.405	0.410
July	0.439	0.410	0.410
August	0.439	0.390	0.393
September	0.412	0.393	0.412
October	0.412	0.388	0.388
November	0.398	0.373	0.383
December	0.383	0.358	0.368
2024			
January	0.368	0.348	0.363
February	0.375	0.350	0.350

(Source: Bloomberg)

The last transacted market price of the Units as at the LTD is RM0.373.

The last transacted market price of the Units as at the LPD is RM0.355.

During the period under review:

(a) the highest closing market price was RM0.439, which was transacted on 14 June 2023, 3 July 2023, 4 July 2023 and 3 August 2023; and

(b) the lowest closing market price was RM0.348, which was transacted on 5 January 2024, 17 January 2024, 23 January 2024, 24 January 2024 and 26 January 2024.

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INFORMATION ON GLME, GUOCOLAND AND PACS

1. INFORMATION ON GLME

1.1 History and principal activities

GLME was incorporated in Malaysia under the Companies Act, 2016 ("**Act**") on 6 June 1991 as a private limited company and is deemed registered under the Act.

The principal activity of the GLME is investment holding.

1.2 Substantial shareholder

As at the LPD, GLME is a wholly-owned subsidiary of GuocoLand.

1.3 Directors

As at the LPD, the particulars of the directors of GLME are as follows:

Name	Designation
Noorbaizura Binti Hermeyney	Company Director
Yeap Yen Yen	Company Director
Choo Soo Nee	Company Director

As at the LPD, none of the Directors of GLME hold any GLME shares.

1.4 Subsidiaries, associate companies and joint ventures of GLME

As at the LPD, the associate company of GLME is as follows:

Name	Country of incorporation	Effective equity interest (%)	Principal activity
Tower REIT	Malaysia	21.66	Real estate investment trust

As at the LPD, GLME does not have any subsidiaries or joint venture companies.

1.5 Profit and dividend record

A summary of the results based on the audited consolidated financial statements of GLME for the past three (3) financial years up to the FYE 30 June 2023 as well as the unaudited 6-month FPE 31 December 2023 are as below :

	Audited FYE 30 June			Unaudited
	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	6-month FPE 31 December 2023 (RM'000)
Revenue	1,355	1,434	583	168
PBT	881	1,043	166	(79)
PAT	651	778	120	(79)
Number of GLME Shares in issue ('000)	25,661	25,661	25,661	25,661
EPS[(1)] (sen)	2.54	3.03	0.47	(0.31)
Dividend per GLME Share (sen)	-	-	-	-
NA	54,696	55,474	55,594	55,515
NA per GLME Share[(2)] (RM)	2.13	2.16	2.17	2.16

(Source: Audited financial statements of GLME for the past three (3) financial years up to FYE 30 June 2023 and the latest unaudited quarterly report of GLME for the 6-month FPE 31 December 2023)

Notes:

(1) Computed by dividing the PAT attributable to owners of the company by the number of GLME Shares in issue at the end of financial year.

(2) Computed by dividing the NA by the weighted average number of GLME Shares as at the end of the financial year.

As at the LPD, there were no items, transactions or events of material and unusual nature that have arisen in the periods under review in the audited consolidated financial statements of GLME during the past 3 financial years up to FYE 30 June 2023.

1.6 Statement of assets and liabilities

The statement of assets and liabilities of GLME based on its audited financial statements as at FYE 30 June 2021, FYE 30 June 2022, FYE 30 June 2023 and the unaudited 6-month FPE 31 December 2023 are as follows:

	Audited as at 30 June			Unaudited 6-month FPE 31 December 2023 (RM'000)
	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	
Non-current assets				
Investments in associates	64,890	64,890	64,890	64,890
Total non-current assets	**64,890**	**64,890**	**64,890**	**64,890**
Current assets				
Other receivables	-	-	-	-
Tax recoverable	-	-	94	-
Cash and bank balances	155	265	235	331
Amount due from related company	-	19	20	7
Total current assets	**155**	**284**	**349**	**338**
Total assets	**65,045**	**65,174**	**65,239**	**65,228**
Equity				
Share capital	25,661	25,661	25,661	25,661
Reserves	29,035	29,813	29,933	29,853
Total equity	**54,696**	**55,474**	**55,594**	**55,514**
Current liabilities				
Sundry creditors and accruals	-	-	-	(96)
Amount due to immediate holding company	10,328	9,643	9,631	9,777
Other payables	17	39	14	-
Tax payable	4	17	-	-
Total current liabilities	**10,349**	**9,700**	**9,645**	**9,681**
Total liabilities	**10,349**	**9,700**	**9,645**	**9,681**
Total equity and liabilities	**65,045**	**65,174**	**65,239**	**65,228**

(Source: Audited financial statements of GLME for FYE 30 June 2021, FYE 30 June 2022, FYE 30 June 2023 and the unaudited financial statement for the 6-month FPE 31 December 2023)

As at the LPD, there is no known material change in the financial position of GLME subsequent to the latest audited financial statements for the FYE 30 June 2023.

1.7 Changes in accounting policies

Based on the audited financial statements of GLME for the FYE 30 June 2021 to FYE 30 June 2023, the financial statements have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Act in Malaysia, and there was no audit qualification for GLME's financial statements for the respective years under review.

As at the LPD, there is no change in the accounting standards adopted by GLME which would result in a material variation to the comparable figures for the consolidated financial statements of GLME for the past 3 financial years up to FYE 30 June 2023.

2. INFORMATION ON GUOCOLAND

2.1 History and principal activities

GuocoLand was incorporated on 5 May 1920 as Bedford Plantations Limited. It was listed on the Main Board of Bursa Securities on 5 May 1961. It changed its name to Bedford Plantations Berhad on 15 April 1966 and subsequently to Bedford Berhad on 18 October 1984. On 3 December 1993, it was renamed Hong Leong Properties Berhad before assuming its current name, GuocoLand (Malaysia) Berhad, on 28 October 2004.

The principal activity of GuocoLand is investment holding. The principal activities of its subsidiaries are property development, property investment, hotel operations, investment holding, provision of management and property-related services and operation of an oil palm estate.

Please refer to Section 2.4 of this Attachment for the principal activities of the subsidiaries, associate companies and joint venture companies of GuocoLand.

2.2 Substantial shareholders

As at the LPD, the substantial shareholders of GuocoLand are as follows:

	Direct		Indirect	
	No. of GuocoLand shares	**%(1)**	**No. of GuocoLand shares**	**%(1)**
GLL (Malaysia) Pte Ltd ("**GLLM**")	455,506,780	65.03	-	-
Tan Sri Quek Leng Chan	19,506,780	2.78	478,766,996(2)	68.35
GuoLine Capital Assets Limited ("**GCA**")	-	-	455,506,780(3)	65.03
GuoLine Overseas Limited	-	-	455,506,780(3)	65.03
Guoco Group Limited	-	-	455,506,780(3)	65.03
GuocoLand Assets Pte Ltd	-	-	455,506,780(3)	65.03
GuocoLand Limited	-	-	455,506,780(3)	65.03
Kwek Leng Beng	-	-	479,266,996(4)	68.42
Kwek Holdings Pte Ltd	-	-	479,266,996(4)	68.42
Hong Realty (Private) Limited	-	-	479,266,996(4)	68.42
Hong Leong Investment Holdings Pte Ltd	-	-	479,266,996(4)	68.42
Kwek Leng Kee	-	-	479,266,996(4)	68.42
Davos Investment Holdings Private Limited	-	-	479,266,996(4)	68.42

Notes:

(1) Based on the issued share capital of 700,458,518 GuocoLand Shares as at the LPD.

(2) Held through GCA and a company in which the substantial shareholder has interest.

(3) Held through GLLM.

(4) Held through GCA and companies in which the substantial shareholder has interest.

2.3 Directors

As at the LPD, the particulars of the directors of GuocoLand are as follows:

Name	Designation
Tang Hong Cheong	Non-Independent Non-Executive Chairman
Noorbaizura Binti Hermeyney	Managing Director
Cheng Hsing Yao (Zheng Xinyao)	Non-Independent Non-Executive Director
Quek Kon Sean	Non-Independent Non-Executive Director
Peter Ho Kok Wai	Independent Non-Executive Director
Zulkiflee Bin Hashim	Independent Non-Executive Director
Patricia Chua Put Moy	Independent Non-Executive Director

2.4 Subsidiaries, associate companies and joint venture company of GuocoLand

As at the LPD, the particulars of the subsidiaries of GuocoLand are as follows:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Guoman Hotel & Resort Holdings Sdn Bhd ("**Guoman**")	Malaysia	70	Investment holding
GuocoLand Development Sdn Bhd ("**GuocoLand Development**")	Malaysia	100	Investment holding and property development
Titan Debut Sdn Bhd	Malaysia	100	Acquisition, enhancement and resale of properties
GLM Oval Sdn Bhd	Malaysia	100	Property investment
GLM Emerald Hills (Cheras) Sdn Bhd	Malaysia	100	Property development
GLM Emerald Square (Cheras) Sdn Bhd	Malaysia	100	Property development
PJ Corporate Park Sdn Bhd	Malaysia	100	Property development
PJ City Development Sdn Bhd	Malaysia	100	Property development and property investment
GLM Real Estate Holdings Sdn Bhd ("**GLM Real Estate**")	Malaysia	100	Investment holding
GLM Equities Sdn Bhd	Malaysia	100	Investment holding
GLM Property Services Sdn Bhd	Malaysia	100	Provision of property management services
Corebright Property Management Co Sdn Bhd	Malaysia	100	In member's voluntary liquidation
GLM REIT Management Sdn Bhd	Malaysia	100	Provision of management services
Raikon Building Management Co Sdn Bhd	Malaysia	100	Provision of property-related services
GLM IHM Sdn Bhd	Malaysia	100	Provision of management services
Corebright Management Sdn Bhd	Malaysia	100	In member's voluntary liquidation

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Held through Guoman			
Kiapeng Development Sdn Bhd	Malaysia	70	In member's voluntary liquidation
Megawise Philippines, Inc.	Philippines	70	Dormant
JB Parade Condominium Sdn Bhd	Malaysia	70	Property development
Held through GuocoLand Development			
Corebright Housing Sdn Bhd	Malaysia	100	Provision of construction management services
Bedford Industrial Development Sdn Bhd	Malaysia	100	Property development
GLM Emerald (Jasin) Sdn Bhd ("**GLM Emerald (Jasin)**")	Malaysia	100	Investment holding and property development
Sabna Development Sdn Bhd	Malaysia	100	Property development
Ace Acres Sdn Bhd	Malaysia	100	Property development
Held through GLM Emerald (Jasin)			
GLM Emerald Industrial Park (Jasin) Sdn Bhd	Malaysia	68	Property development and operation of an oil palm estate
Held through GLM Real Estate			
Damansara City Sdn Bhd	Malaysia	100	Property development and property investment
DC Town Square Sdn Bhd	Malaysia	100	Property investment
DC Parking Sdn Bhd	Malaysia	100	Car park operations and property investment
GLM Land Sdn Bhd ("**GLM Land**")	Malaysia	100	Investment holding
Held through GLM Land			
DC Offices Sdn Bhd	Malaysia	100	Property investment
DC Hotel Sdn Bhd	Malaysia	100	Hotel operations

As at the LPD, the particulars of the associate companies of GuocoLand are as follows:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Tower REIT	Malaysia	22	Investment in real estate and real estate-related assets
GLM Emerald (Sepang) Sdn Bhd	Malaysia	40	Property development and operation of an oil palm estate

As at the LPD, the particulars of the joint venture companies of GuocoLand are as follows:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
GLM Emerald (Rawang) Sdn Bhd ("**GLM Emerald (Rawang)**")	Malaysia	50	Investment holding
Held through GLM Emerald (Rawang)			
GLM Emerald West (Rawang) Sdn Bhd	Malaysia	50	Property development
GLM Emerald East (Rawang) Sdn Bhd	Malaysia	50	Property development

2.5 Profit and dividend record

A summary of the results based on the audited consolidated financial statements of GuocoLand for the past three (3) financial years up to FYE 30 June 2023, and the unaudited 6-month FPE 31 December 2023 are set out below:

	Audited FYE 30 June			Unaudited 6-month FPE 31 December 2023
	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	(RM'000)
Revenue	650,459	434,066	434,349	238,765
PBT	172,653	50,007	56,066	16,856
PAT attributable to:				
- Owners of the company	77,411	26,299	34,606	10,081
- Non-controlling interests	41,200	1,830	4,269	721
	118,611	**28,129**	**38,875**	**10,802**
Number of GuocoLand Shares in issue ('000)	700,459	700,459	700,459	700,459
Weighted average number of GuocoLand Shares ('000)	669,881	669,881	669,881	669,880
EPS[(1)] (sen)	11.56	3.93	5.17	1.51
Dividend per GuocoLand share (sen)	-	2.00	2.00	-
Total equity attributable to owners of the company/NA	1,303,727	1,316,628	1,337,836	1,334,519
NA per GuocoLand Share[(2)] (RM)	1.95	1.97	2.00	1.99

(Source: Audited financial statements of GuocoLand for the past three (3) financial years from FYE 30 June 2021 to FYE 30 June 2023, and the unaudited financial statement for the 6-month FPE 31 December 2023)

Notes:

(1) Computed by dividing the PAT attributable to owners of the company by the weighted average number of GuocoLand Shares as at the end of financial year.

(2) Computed by dividing the NA by the weighted average number of GuocoLand Shares in issue as at the end of the financial year.

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Save for the following, there were no items, transactions or events of material and unusual nature that have arisen in the periods under review in the audited consolidated financial statements of GuocoLand during the past 3 financial years up to FYE 30 June 2023, and the latest unaudited financial statements for the 6-month FPE 31 December 2023:

(a) disposal of an office building known as Menara Guoco by DC Offices Sdn Bhd, an indirect wholly-owned subsidiary of GuocoLand, to MTrustee Berhad, the trustee of Tower REIT, for a disposal cash consideration of RM242,100,000, which was completed on 19 August 2020;

(b) disposal of two parcels of land located in Mukim and District of Jasin, State of Melaka by GLM Emerald Industrial Park (Jasin) Sdn Bhd, a 68%-owned indirect subsidiary of GuocoLand, to Scientex Heights Sdn Bhd for a disposal cash consideration of RM260,174,594, which was completed on 11 January 2021;

(c) GLM Real Estate Holdings Sdn Bhd, a wholly-owned subsidiary of GuocoLand, had on 12 October 2020 received from the Inland Revenue Board of Malaysia ("**IRB**") a notice of assessment for the year of assessment 2016 of RM82,589,751.74 comprising income tax of RM56,259,819.84 and penalty of RM26,329,931.90. On 13 December 2021, GLM Real Estate received a Notice of Reduced Assessment issued by the IRB dated 7 December 2021 amounting to RM36,795,200, and GLM Real Estate and the IRB had reached an agreement to settle the income tax payable and penalty at RM36,795,200, which has been settled in full, as announced by GuocoLand on 14 December 2021;

(d) establishment of a new executive share scheme comprising a new executive share option scheme and a new executive share grant scheme of up to 10% of the total number of GuocoLand Shares (excluding treasury shares) for the eligible executives and/or directors of GuocoLand and its subsidiaries. The new executive share scheme was implemented with effect from 9 December 2022; and

(e) disposal of a parcel of land located in the Mukim and District of Jasin, State of Melaka by GLM Emerald Industrial Park (Jasin) Sdn Bhd, a 68%-owned indirect subsidiary of GuocoLand, to Subrayan A/L Sellapan, Lila @ Linda A/P Sinasamy and Sreetharan A/L Muthusamy for a disposal consideration of RM19,027,364.40, which was completed on 4 July 2023.

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2.6 Statement of assets and liabilities

The statement of assets and liabilities of GuocoLand based on its audited financial statements as at FYE 30 June 2021, FYE 30 June 2022, FYE 30 June 2023 and the unaudited 6-month FPE 31 December 2023 are as follows:

	Audited as at 30 June			Unaudited 6-month FPE 31 December 2023
	2021	2022	2023	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Non-current assets				
Property, plant and equipment	322,994	312,253	301,239	296,544
Right-of-use assets	2,660	7,488	15,969	14,912
Investment properties	274,063	276,063	281,663	281,663
Land held for property development	-	-	-	103,493
Investments in associates	192,741	195,229	189,847	189,680
Investments in joint ventures	124,794	136,528	135,478	142,387
Goodwill	4,816	4,357	3,898	2,980
Deferred tax assets	18,474	14,229	15,012	15,617
Inventories	150,823	109,488	103,493	-
Other non-current assets	-	3,500	3,333	3,167
Total non-current assets	**1,091,365**	**1,059,135**	**1,049,932**	**1,050,443**
Current assets				
Inventories	798,179	812,597	768,441	714,732
Trade and other receivables	40,583	61,216	82,911	81,667
Contract assets	164,478	244,153	124,375	105,594
Contract cost assets	62,273	48,213	45,482	43,865
Other current assets	4,425	5,929	3,318	2,338
Tax recoverable	2,436	3,011	1,728	1,765
Biological assets	135	516	269	283
Other investment	119,387	-	-	-
Cash and bank balances	88,518	103,309	169,207	163,154
Total current assets	**1,280,414**	**1,278,944**	**1,195,731**	**1,113,398**
Total assets	**1,280,414**	**2,338,079**	**2,245,663**	**2,163,841**
Equity				
Share capital	385,318	385,318	385,318	385,318
Reserves	942,292	955,193	976,401	973,084
Equity funds	1,327,610	1,340,511	1,361,719	1,358,402
Shares held by ESS Trust	(23,883)	(23,883)	(23,883)	(23,883)
Equity attributable to the owners of the parent	**1,303,727**	**1,316,628**	**1,337,836**	**1,334,519**
Non-controlling interests	141,923	75,021	76,250	70,818
Total equity	**1,445,650**	**1,391,649**	**1,414,086**	**1,405,337**
Non-current liabilities				
Lease liabilities	1,559	5,920	14,610	13,846
Deferred tax liabilities	16,431	16,867	14,960	13,859
Loans and borrowings	486,507	418,399	343,835	346,110
Trade and other payables	1,329	648	1,505	1,473
Total non-current liabilities	**505,826**	**441,834**	**374,910**	**375,288**
Current liabilities				
Lease liabilities	658	2,178	1,977	1,800
Loans and borrowings	271,804	319,768	258,422	162,561
Trade and other payables	123,421	168,608	181,098	193,599
Contract liabilities	8,836	8,318	12,490	20,841
Tax payable	15,584	5,724	2,680	4,415
Total current liabilities	**420,303**	**504.596**	**456,667**	**383,216**
Total liabilities	**926,129**	**946,430**	**831,577**	**758,504**
Total equity and liabilities	**2,371,779**	**2,338,079**	**2,245,663**	**2,163,841**

(Source: Audited financial statements of GuocoLand for FYE 30 June 2021, FYE 30 June 2022, FYE 30 June 2023 and the unaudited financial statement for the 6-month FPE 31 December 2023)

As at the LPD, there is no known material change in the financial position of GuocoLand subsequent to the latest audited financial statements for the FYE 30 June 2023.

2.7 Changes in accounting policies

Based on the audited financial statements of GuocoLand for the FYE 30 June 2021 to FYE 30 June 2023, the financial statements have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Act in Malaysia, and there was no audit qualification for GuocoLand's financial statements for the respective years under review.

There were no changes in the accounting standards adopted by GuocoLand which would result in a material variation to the comparable figures for the audited consolidated financial statements of GuocoLand for the past 3 financial years up to FYE 30 June 2023.

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3. INFORMATION ON THE PACS

3.1 HLA

3.1.1 History and principal activities

HLA was incorporated in Malaysia under the Act on 20 December 1982 as a public limited company and is deemed registered under the Act.

The principal activity of HLA is the underwriting of life insurance business, including investment-linked and annuity businesses.

3.1.2 Substantial shareholders

As at the LPD, the substantial shareholders and their direct and indirect shareholding interests in HLA are as follows:

	Direct		Indirect	
	No. of HLA shares	%	No. of HLA shares	%
HLA Holdings Sdn Bhd	139,999,000	70.0	-	-
Hong Leong Share Registration Services Sdn Bhd	1,000[(1)]			
HLFG	-	-	140,000,000	70.0[(2)]
Mitsui Sumitomo Insurance Company, Limited	60,000,000	30.0	-	-

Notes:

(1) Held in trust of HLA Holdings Sdn Bhd.

(2) Held through HLA Holdings Sdn Bhd.

3.1.3 Directors

As at the LPD, the directors of HLA are as follows:

Name	Designation
Tan Sri Quek Leng Chan	Chairman
Tan Kong Khoon	Director
Shalet Marian	Director
Sim Hoong Kee	Director
Koid Swee Lian	Director
Dato' Ng Wan Peng	Director
Mitsuru Yasuda	Director

3.1.4 Subsidiaries, associate companies and joint ventures of HLA

As at the LPD, HLA does not have any subsidiaries, associate companies and joint ventures.

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3.2 ALSB

3.2.1 History and principal activities

ALSB was incorporated in Malaysia under the Act on 7 August 1968 as a private limited company and is deemed registered under the Act.

The principal activity of ALSB is trading in all kinds of investments and hedging instruments.

3.2.2 Substantial shareholders

As at the LPD, ALSB is a wholly-owned subsidiary of HLCM Assets Sdn Bhd which in turn is a wholly-owned subsidiary of HLCM.

3.2.3 Directors

As at the LPD, the directors of ALSB are as follows:

Name	Designation
Quek Kon Sean	Director
Soon Seong Keat	Director

3.2.4 Subsidiaries, associate companies and joint ventures of ALSB

As at the LPD, the particulars of the associated company of ALSB are as follows:

Name	Country of incorporation	Effective equity interest of ALSB (%)	Principal activities
BIB Insurance Brokers Sdn Bhd	Malaysia	30	Insurance brokers, insurance consultants, commission agents and investment holding company

As at the LPD, ALSB does not have any subsidiaries and joint ventures.

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3.3 HLIB

3.3.1 History and principal activities

HLIB was incorporated in Malaysia under the Act on 3 December 1970 as a public limited company and is deemed registered under the Act.

The principal activities of HLIB are investment banking, stockbroking business, futures broking and related financial services.

3.3.2 Substantial shareholders

As at the LPD, HLIB is a wholly-owned subsidiary of Hong Leong Capital Berhad.

3.3.3 Directors

As at the LPD, the directors of HLIB are as follows:

Name	Designation
Raja Noorma binti Raja Othman	Chairman
Tan Kong Khoon	Director
Musa bin Mahmood	Director
Datuk Manharlal A/L Ratilal	Director
Chee Fei Meng	Director

3.3.4 Subsidiaries, associate companies and joint ventures of HLIB

As at the LPD, the particulars of the subsidiaries of HLIB are as follows:

Name	Country of incorporation	Effective equity interest of HLIB (%)	Principal activities
HLIB Nominees (Tempatan) Sdn Bhd	Malaysia	100	Nominee and custodian services for Malaysian clients.
HLIB Nominees (Asing) Sdn Bhd	Malaysia	100	Nominee and custodian services for foreign clients.

As at the LPD, HLIB does not have any associate companies and joint ventures.

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3.4 AFIC

3.4.1 History and principal activities

AFIC was incorporated in Hong Kong on 2 October 1981.

The principal activity of AFIC is investment in securities.

3.4.2 Substantial shareholders

As at the LPD, AFIC is a wholly-owned subsidiary of GuocoEquity Assets Limited which in turn is a wholly-owned subsidiary of Guoco Group Limited (listed on the Hong Kong Stock Exchange).

3.4.3 Directors

As at the LPD, the directors of AFIC are as follows:

Name	Designation
Kwek Leng Hai	Director
Chew Seong Aun	Director
Cheng Cynthia	Director

3.4.4 Subsidiaries, associate companies and joint ventures of AFIC

As at the LPD, AFIC does not have any subsidiaries, associate companies and joint ventures.

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3.5 VST

VST, a Malaysian, aged 45, is a unitholder of Tower REIT. VST is the spouse of a director of GLME, namely Choo Soo Nee.

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FURTHER INFORMATION

1. DISCLOSURE OF INTERESTS AND DEALINGS IN UNITS

1.1 By Tower REIT

(a) Disclosure of interests in GLME, GuocoLand and their persons acting in concert

Tower REIT does not have any direct or indirect holdings of securities in GLME, GuocoLand and their persons acting in concert as at the LPD.

Not applicable for VST as he is an individual and not a company.

(b) Dealings in the securities of GLME, GuocoLand and their persons acting in concert

Tower REIT has not dealt directly or indirectly in any securities of GLME, GuocoLand and their persons acting in concert during the six (6)-month period prior to 13 December 2023 being the date of the Announcement up to the LPD.

Not applicable for VST as he is an individual and not a company.

(c) Purchase of own units in Tower REIT

Tower REIT has not purchased its own units in Tower REIT during the six (6)-month period prior to 13 December 2023 being the date of the Announcement up to the LPD.

1.2 By the Directors of the Manager

For information purposes, the Manager is defined as GLM REIT Management Sdn Bhd, the management company of Tower REIT, being the offeree. The Board of Directors of the Manager assumes responsibility for the effective stewardship and control of Tower REIT. As such, the Board of Directors of the Manager are considered directors of the offeree.

a) Disclosure of interests in Tower REIT

Save for YBhg Dato' Tan Ang Meng whose interests have been disclosed in Section 4 of Attachment 1, none of the Directors of the Manager have any direct or indirect unitholdings in Tower REIT as at the LPD.

b) Disclosure of interests in GLME, GuocoLand and their persons acting in concert

Save as disclosed below, none of the Directors of the Manager have any direct or indirect holdings of securities of GLME, GuocoLand and their persons acting in concert as at the LPD:

GuocoLand

Name	Direct		Indirect	
	No. of securities	%	No. of securities	%
Tang Hong Cheong	195,000	0.028	-	-

Not applicable for VST as he is an individual and not a company.

c) Dealings in the securities of GLME, GuocoLand and their persons acting in concert

The Directors of the Manager have not dealt directly or indirectly in any securities of GLME, GuocoLand and their persons acting in concert during the six (6)-month period prior to 13 December 2023 being the date of the Announcement up to the LPD.

Not applicable for VST as he is an individual and not a company.

1.3 By GLME, GuocoLand and their persons acting in concert

a) Disclosure of interests in Tower REIT

Save as disclosed below, GLME, GuocoLand and their persons acting in concert do not have any direct or indirect unitholdings of Tower REIT as at the LPD:

Name	Direct		Indirect	
	No. of Units	%(1)	No. of Units	%(1)
GLME	60,768,800	21.66	-	-
AFIC	14,000,000	4.99	-	-
ALSB	13,409,300	4.78	-	-
HLA	58,271,000	20.77	-	-
HLIB	5,887,000	2.10	-	-
VST	400	-*	-	-

Notes:

* *Negligible.*

(1) Calculated based on the total Unitholders' capital of 280,500,000 Units as at the LPD.

b) Dealings in the securities of Tower REIT

GLME, GuocoLand and their persons acting in concert have not dealt directly or indirectly in any securities of Tower REIT during the six (6)-month period prior to 13 December 2023 being the date of the Announcement up to the LPD.

1.4 By the Directors of GLME, GuocoLand and their persons acting in concert

(a) Interests in Tower REIT

As at the LPD, the Directors of GLME, GuocoLand and their persons acting in concert do not have any direct or indirect unitholdings of Tower REIT.

(b) Dealings in the securities of Tower REIT

The Directors of GLME, GuocoLand and their persons acting in concert have not dealt directly or indirectly in the securities of Tower REIT during the six (6)-month period prior to 13 December 2023 being the date of the Announcement up to the LPD.

1.5 By the persons who have irrevocably committed themselves to vote in favour or against the Proposed Exemption

Save as disclosed in Section 7 of this IAL, as at the LPD, there are no other persons who have irrevocably committed themselves to vote in favour of or against the Proposed Exemption.

1.6 By the persons with whom GLME, GuocoLand and their persons acting in concert have borrowed or lent Units

As at the LPD, GLME, GuocoLand and their persons acting in concert have not borrowed or lent any Units.

1.7 By the persons with whom GLME, GuocoLand and their persons acting in concert have any arrangements

As at the LPD, there were no persons with whom GLME, GuocoLand and their persons acting in concert have entered into any arrangement, including any arrangement involving rights over Units, any indemnity arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to Units which may be an inducement to deal or to refrain from dealing.

1.8 By the persons with whom the Manager have borrowed or lent the Units

As at the LPD, there were no persons with whom the Manager have borrowed or lent any Units.

1.9 By the persons with whom the Manager have any arrangements

As at the LPD, the Manager have not entered into any arrangement, including any arrangement involving rights over Units, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to the Units which may be an inducement to deal or to refrain from dealing in the Units.

1.10 By Malacca Securities and funds whose investments are managed by Malacca Securities on a discretionary basis

As at the LPD, Malacca Securities and funds whose investments are managed by Malacca Securities on a discretionary basis, do not have any interest, whether direct or indirect, in any voting units or rights in Tower REIT.

2. ARRANGEMENT AFFECTING DIRECTORS

(a) As at the LPD, no payment or other benefit will be made or given to any Director of the Manager as compensation for loss of office or otherwise in connection with the Proposed Exemption.

(b) As at the LPD, there were no agreements or arrangements between any Director of the Manager and any other person which are conditional on or dependent upon the outcome of the Proposed Exemption or otherwise connected with the outcome of the Proposed Exemption.

(c) As at the LPD, GLME, GuocoLand and their persons acting in concert have not entered into any material contract in which any Director of the Manager has a material personal interest.

(d) As at the LPD, there were no agreements, arrangements or understandings that exists between GLME, GuocoLand and their persons acting in concert and any of the Directors of the Manager or recent Directors of the Manager, holders of voting units or voting rights or recent holders of voting units or voting rights of Tower REIT having any connection with or dependence upon the Proposed Exemption.

For the purpose of (d) above, "recent directors" or "recent holders" of voting units or voting rights shall be such person who was during the period of six months prior to the beginning of the offer period, a director or a holder of voting units or voting rights, as the case may be.

3. DIRECTORS' SERVICE CONTRACTS

As at the LPD, the Manager does not have any service contracts with any Directors of the Manager or proposed Directors, which have been entered into or amended within 6 months before the announcement of the Proposed Exemption on 13 December 2023 or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term "service contracts" excludes those expiring or determinable by the employing company without payment or compensation within twelve (12) months from the date of this IAL.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has read and approved this Circular, and our Board collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirms that, after making all reasonable enquiries, to the best of its knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENTS AND CONFLICT OF INTEREST

2.1 HLIB

HLIB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB has acted as the Principal Adviser for Tower REIT for the following corporate exercises:

(i) the proposed amendments to the deed constituting Tower REIT, which was completed on 31 July 2014;

(ii) the proposed amendment to the investment objective of Tower REIT, which was completed on 14 November 2019; and

(iii) the proposed acquisition by MTrustee Berhad, acting solely in its capacity as a trustee for and behalf of Tower REIT, of an office building known as Menara Guoco from DC Offices Sdn Bhd for a cash consideration of RM242.1 million, which was completed on 19 August 2020.

As at the LPD, HLIB has not extended any loan to Tower REIT. In addition, HLIB is related to Tower REIT and the Manager by virtue of the common shareholders of its ultimate holding company, HLCM and the Manager's ultimate holding company, GCA. In addition, HLIB also has a direct unitholding of approximately 2.10% in Tower REIT as at the LPD.

Notwithstanding the above, HLIB is of the view that no conflict of interest exists or is likely to exist in its capacity as the Principal Adviser to Tower REIT in respect of the Proposals as HLIB is a licensed investment bank and its appointment as the Principal Adviser for the Proposals is in its ordinary course of business. Furthermore, the conduct of HLIB is regulated strictly by the Financial Services Act 2013, the CMSA and its internal control policies and procedures.

Save as disclosed above, HLIB has confirmed that there are no any other circumstance which would or is likely to give rise to a possible conflict of interest situation in HLIB's capacity as the Principal Adviser for the Proposals.

2.2 Malacca Securities

Malacca Securities, being the Independent Adviser to the non-interested Unitholders for the Proposed Exemption, has given and has not withdrawn its written consent to the inclusion in this Circular of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities has confirmed that no conflict of interests exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Exemption.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, there are no material litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of Tower REIT, and our Board confirms that there are no proceedings pending or threatened against Tower REIT, or of any facts likely to give rise to any proceedings which has or would have a material and adverse effect on the financial position of Tower REIT:

Ketua Pengarah Hasil Dalam Negeri / Inland Revenue Board ("IRB") (as the appellant) and Tower REIT (as the respondent)

On 19 November 2021, the High Court delivered its decision in favour of Tower REIT and dismissed the appeal by the IRB against the Special Commissioners of Income Tax's decision on the assessment of real property gains tax ("**RPGT**") in relation to the disposal of Menara ING in year 2014. The amount of claim (or RPGT involved) is RM2.4 million.

The IRB has on 7 December 2021, appealed to the Court of Appeal against the decision of the High Court. The next case management is fixed on 11 April 2024 and the appeal is fixed on 25 April 2024.

The solicitors acting for and on behalf of Tower REIT is of the view that Tower REIT has an arguable case to contend that the High Court's decision is correct and the IRB's appeal should be dismissed.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, our Board confirms that there are no:

(i) material commitments incurred or known to be incurred by Tower REIT which may have a material impact on the financial position of Tower REIT; or

(ii) contingent liabilities which, upon becoming enforceable, may have a material impact on Tower REIT's profits or NAV.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Manager at Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur during normal office hours from 9:00 a.m. to 5:00 p.m. from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our Unitholders' Meeting:

(i) Principal deed dated 17 February 2006 (as amended and restated by a restated deed dated 29 May 2014 and the second restated deed dated 23 October 2019) entered into between the Manager and MTrustee Berhad constituting Tower REIT;

(ii) the audited financial statements of Tower REIT for the FYE 30 June 2022 and the FYE 30 June 2023;

(iii) the latest unaudited financial statements of Tower REIT for the 6-month FPE 31 December 2023;

(iv) the letters of consent and conflict of interest referred to in **Section 2** of this Appendix;

(v) the undertaking letters comprising of the Minimum Undertaking from ALSB dated 26 January 2024 and the Minimum Undertaking and Additional Undertaking from GLME dated 26 January 2024; and

(vi) the relevant cause papers in respect of the material litigation referred to in **Section 3** of this Appendix.

TOWERreit

Tower Real Estate Investment Trust

NOTICE OF UNITHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that a general meeting of unitholders ("**Unitholders' Meeting**") of Tower Real Estate Investment Trust ("**Tower REIT**") will be 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.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW UNITS ("RIGHTS UNITS") IN TOWER REIT TO RAISE GROSS PROCEEDS OF UP TO RM66.00 MILLION ("PROPOSED RIGHTS ISSUE")

"**THAT** subject to the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board of Directors of GLM REIT Management Sdn Bhd ("**Board**"), being the management company of Tower REIT ("**Manager**") to provisionally issue and allot, by way of a renounceable rights issue, up to 210,375,000 new units in Tower REIT ("**Unit(s)**") to raise gross proceeds of up to RM66.00 million, to the unitholders of Tower REIT ("**Unitholder(s)**") whose names appear in the Record of Depositors of Tower REIT as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitled Unitholders**"), and/or their renouncee(s) and/or transferee(s) (if applicable), on an entitlement basis and at an issue price to be determined and announced later by the Board;

THAT approval be and is hereby given to the Board to determine and vary if deemed fit, necessary and/or expedient, the issue price and the entitlement basis of the Rights Units to be issued in connection with the Proposed Rights Issue;

THAT any Rights Units which are not subscribed or validly subscribed shall be made available for excess applications by the other Entitled Unitholders and/or their renouncee(s) and/or transferee(s) (if applicable) in a fair and equitable manner on a basis to be determined and announced later by the Board;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue in such a manner as the Board shall in its sole and absolute discretion deems fit and expedient, and is in the best interests of Tower REIT;

THAT approval be and is hereby given to the Manager to utilise the proceeds of the Proposed Rights Issue for the purposes as set out in the circular to the Unitholders dated 7 March 2024, and the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board, shall at its absolute discretion, deems fit, necessary and/or expedient and in the best interests of Tower REIT, subject to the approval of the relevant authorities, where required;

THAT the Rights Units shall, upon allotment, issuance and full payment of the issue price of the Rights Units, rank equally in all respects with the existing Units save and except that the Rights Units shall not be entitled to any income distribution, rights, allotments and/or other distributions in respect of which the entitlement date is before the date of allotment of the Rights Units;

AND THAT the Board be and is hereby authorised to give full effect to and complete the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient or as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Rights Issue and in the best interests of Tower REIT."

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") TO GLM EQUITIES SDN BHD ("GLME"), BEING A MAJOR UNITHOLDER OF TOWER REIT, AND GUOCOLAND (MALAYSIA) BERHAD ("GUOCOLAND"), BEING THE HOLDING COMPANY OF GLME, TOGETHER WITH THEIR PERSONS ACTING IN CONCERT ("PAC(S)"), FROM THE OBLIGATION TO UNDERTAKE A MANDATORY OFFER FOR ALL THE REMAINING UNITS IN TOWER REIT NOT ALREADY OWNED BY THEM DUE TO THE IMPLEMENTATION OF GLME'S ADDITIONAL UNDERTAKING (AS DEFINED BELOW) PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")

"**THAT** subject to the passing of Ordinary Resolution 1 and the relevant approvals from the Securities Commission Malaysia ("**SC**") and/or any other relevant authorities and/or parties being obtained, including such conditions as may be imposed by the SC in respect of the Proposed Exemption, approval be and is hereby given to GLME, GuocoLand and their PACs to be exempted from the obligation to undertake a mandatory offer for all the remaining Units in Tower REIT not already owned by them due to the implementation of GLME's irrevocable additional undertaking to subscribe for Rights Units not subscribed for by other Entitled Unitholders for an amount of approximately RM47.97 million ("**Additional Undertaking**");

AND THAT the Board be and is hereby authorised to give full effect to and complete the Proposed Exemption with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Exemption and in the best interests of Tower REIT."

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

Chin Min Yann (SSM PC No. 202008002583) (MAICSA 7034011)
Company Secretary

Kuala Lumpur
7 March 2024

Notes:

1. *For the purpose of determining unitholders' eligibility to attend this meeting, only unitholders whose names appear in the Record of Depositors as at 15 March 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*

2. *Save for a unitholder who is an exempt authorised nominee, a unitholder entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a unitholder of Tower REIT. A unitholder who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A unitholder who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.*

3. *Where two (2) or more proxies are appointed, the proportions of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid.*

4. *The Form of Proxy must be deposited at the Registered Office of GLM REIT Management Sdn Bhd at Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.*

5. *Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in this Notice will be put to vote by way of a poll.*

TOWERreit

Tower Real Estate Investment Trust

Form of Proxy

I/We _____

NRIC/Passport/Company No. _____ of _____

_____

being a unitholder of Tower Real Estate Investment Trust ("**Tower REIT**"), hereby appoint _____

_____

NRIC/Passport No. _____ of _____

_____

_____

or failing him/her _____

_____

NRIC/Passport No. _____ of _____

_____

_____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Unitholders' Meeting of Tower REIT to be 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.** and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "**X**":

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 - Proposed Rights Issue		
2.	Ordinary Resolution 2 - Proposed Exemption		

Dated this _____ day of _____ 2024

_____ _____

Number of units held Signature(s) of Unitholder

CDS Account No: _____

Notes:

1. For the purpose of determining unitholders' eligibility to attend this meeting, only unitholders whose names appear in the Record of Depositors as at 15 March 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
3. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
4. A proxy may but need not be a unitholder of Tower REIT.
5. Save for a unitholder who is an exempt authorised nominee, a unitholder shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a unitholder of Tower REIT is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with units of Tower REIT standing to the credit of the said securities account. A unitholder who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.
6. Where two (2) or more proxies are appointed, the proportions of unitholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid (please see note 9 below).
7. In the case where a unitholder is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
8. All Forms of Proxy must be duly executed and deposited at the Registered Office of GLM REIT Management Sdn Bhd at Level 32, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
9. In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of unitholdings to be represented

10. Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out in the Notice of the Unitholders' Meeting will be put to vote by way of a poll.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary
GLM REIT MANAGEMENT SDN BHD
(Registration No. 200401020808 (659312-H))
The Manager of Tower Real Estate Investment Trust
Level 32, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

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