



Annual Report **2024**

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TOWER REAL ESTATE INVESTMENT TRUST

ABOUT TOWER REIT

Tower REIT was constituted under the 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) entered into between the Manager and MTrustee Berhad, acting as the Trustee of Tower REIT, and listed on the Main Market of Bursa Malaysia Securities Berhad on 12 April 2006.

INVESTMENT OBJECTIVE

The investment objective of Tower REIT is to invest primarily in a portfolio of real estate including quality office buildings, commercial properties, residential properties and industrial properties in order to:

- (a) provide unitholders with stable distribution per unit as well as sustainable long term growth of such distribution; and
- (b) achieve medium- to long-term growth in the net asset value per unit.



CORPORATE INFORMATION

BOARD OF DIRECTORS

MR TANG HONG CHEONG

(Chairman, Non-Independent Non-Executive)

YBHG DATO' TAN ANG MENG

(Independent Non-Executive Director)

MR CHENG HSING YAO (ZHENG XINYAO)

(Non-Independent Non-Executive Director)

MS LIM TAU KIEN

(Independent Non-Executive Director)

PUAN NOORBAIZURA BINTI HERMEYNEY

(Non-Independent Executive Director)

MANAGER

GLM REIT Management Sdn Bhd

Registration No. 200401020808 (659312-H)

MANAGER'S PRINCIPAL ADDRESS

Level 13, Menara Guoco
Damansara City
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel No. : 03-2726 1000
Fax No. : 03-2726 1001

MANAGER'S REGISTERED ADDRESS

Level 32, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel No. : 03-2088 8818
Fax No. : 03-2088 8968
Email address : cosec-glm@guocoland.com

COMPANY SECRETARY OF THE MANAGER

Chin Min Yann (MAICSA 7034011)
(SSM PC No. 202008002583)
Level 32, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel No. : 03-2088 8818
Fax No. : 03-2088 8968

TRUSTEE

MTrustee Berhad

Level 15, Menara AmFirst
No. 1, Jalan 19/3
46300 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7954 6862
Fax No. : 03-7954 3712
Email address : inquiry@mtrustee.com

PROPERTY MANAGER

Henry Butcher Malaysia (Mont Kiara) Sdn Bhd

Unit D4-3-3 & 3A, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel No. : 03-6205 3330
Fax No. : N/A

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd

Level 25, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel No. : 03-2088 8818
Fax No. : 03-2088 8990
Email address : hlsrs@hongleong.com

AUDITORS

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7721 3388
Fax No. : 03-7721 3399

PRINCIPAL BANKERS OF THE TRUST

Hong Leong Bank Berhad

Level 1, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur

Public Bank Berhad

Level 27, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur

WEBSITE

<https://www.tower-reit.com>

FUND INFORMATION

Name of Trust	Tower Real Estate Investment Trust (“Trust”)
Trust Type	Income and growth
Trust Category	Real Estate Investment Trust (“REIT”)
Term of Trust	The Trust has no fixed termination date. However, the Deed provides a number of circumstances under which the Trust may be terminated.
Investment Objectives	To invest in a portfolio of real estate including quality office buildings, commercial properties, residential properties and industrial properties in order to: <ul style="list-style-type: none"> • provide unitholders with stable distributions per unit as well as sustainable long term growth of such distributions; and • achieve medium- to long-term growth in the net asset value per unit.
Fund Performance Benchmark	The benchmark of a fund should ideally be representative of the investment universe of the fund. Where it is not possible, returns from a directly competing investment product may be used. A REIT’s performance may be domestically benchmarked against any existing REIT listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). Other common domestic benchmarks that can be used as a guide when assessing the performance of a REIT are the FBM Bursa Malaysia KLCI and Kuala Lumpur Properties Index.
Distribution Policy	The Manager intends to distribute at least 90% of the Distributable Income for the relevant financial years. The Manager intends to make semi-annual distributions to unitholders with the amount calculated as at 30 June and 31 December each year or such other percentages and at such other intervals as determined by the Manager at its discretion.
Authorised Investments	i) At least 75% of Total Assets Value (“TAV”) are invested in real estate and/or single purpose companies at all times; and ii) the aggregate investments in property development activities (property development costs) and real estate under construction must not exceed 15% of TAV, or such other limits as may be prescribed or permitted by the Securities Commission (“SC”) Guidelines on Listed REITs.
Financial Year End	30 June
Borrowing Limitations	Total borrowings of the Trust shall not exceed 50% of the TAV at the time the borrowings are incurred or such other levels as may be permitted by the SC Guidelines on Listed REITs.
Total Number of Units Issued	490,875,000 units
No Redemption By Unitholders	Unitholders have no right to request the Manager to repurchase or redeem the units while the units are listed on Bursa Securities. It is intended that unitholders may only deal with their listed units through trading on Bursa Securities.
Revaluation Policy	The properties are revalued annually pursuant to the Malaysian Financial Reporting Standards (“MFRS”) 140 and Clause 10.02 of the SC Guidelines on Listed REITs.

OVERVIEW OF PORTFOLIO

Tower REIT's portfolio consists of three prime commercial buildings with a combined appraised value of approximately RM802 million as at 30 June 2024. The combined total net lettable area of the portfolio is 966,028 sq. ft. These assets provide strong and sustainable income stream of the Trust.

MENARA HLX

No. 3, Jalan Kia Peng
50450 Kuala Lumpur



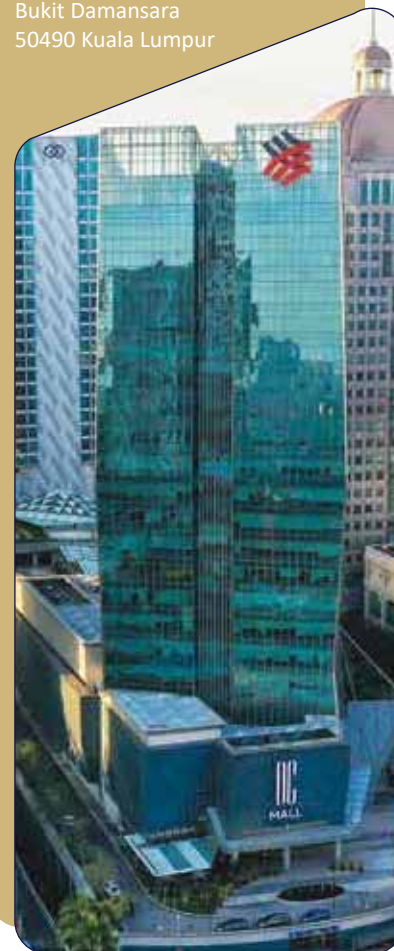
PLAZA ZURICH

No. 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur



MENARA GUOCO

No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur



Real Estate	Net Lettable Area sq. ft.	Market Value RM'000	% of Total Real Estate Portfolio
Menara HLX	382,606	327,600	41%
Plaza Zurich	351,289	225,000	28%
Menara Guoco	232,133	249,400	31%
	966,028	802,000	100%

ASSETS PROFILE

Menara HLX, a 32-storey office tower in Kuala Lumpur's Golden Triangle, has been refurbished to cater to the latest needs in office space. The building's lifts, lobbies, chillers and ancillary facilities have also been upgraded, along with the implementation of a cashless parking system. There is also more controlled access to high zone floors and 24-hour security.

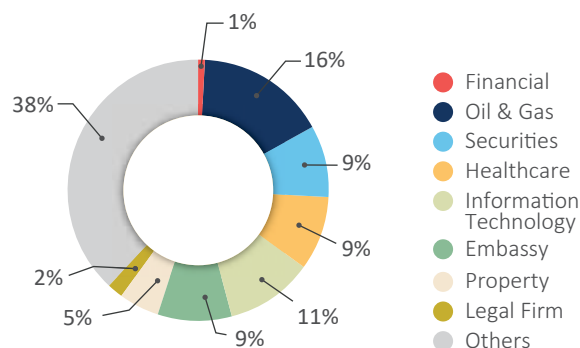
Strategically situated just 200m from Pavilion Shopping Centre in Bukit Bintang, Menara HLX offers a host of retail, dining options, and lifestyle amenities. It is also conveniently within walking distance of the Raja Chulan monorail, Bukit Bintang, and Conlay MRT stations, with a connection to KLCC via the KLCC-Bukit Bintang elevated walkway.

Anchor tenants of Menara HLX include IPC Malaysia B.V., Hong Leong Investment Bank Berhad and South African Embassy. In the financial year under review, Menara HLX welcomed a host of new tenants including, LYC Medical Centre Sdn Bhd, Maritime Institute of Malaysia, Market Navigator Worldwide, Agensi Pekerjaan AJobThing Sdn Bhd, MKVerse Technology Sdn Bhd, Gridlock Malaysia Sdn Bhd and AM Bukit Builder Sdn Bhd.

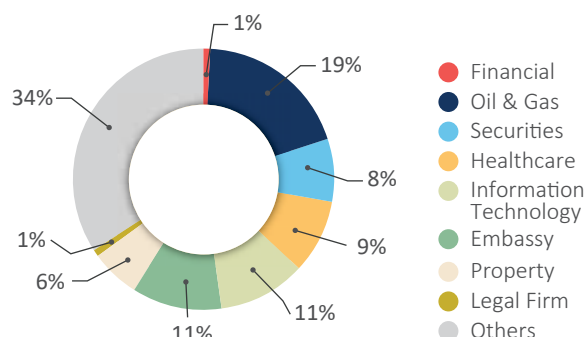


TENANTS MIX BY NET LETTABLE AREA

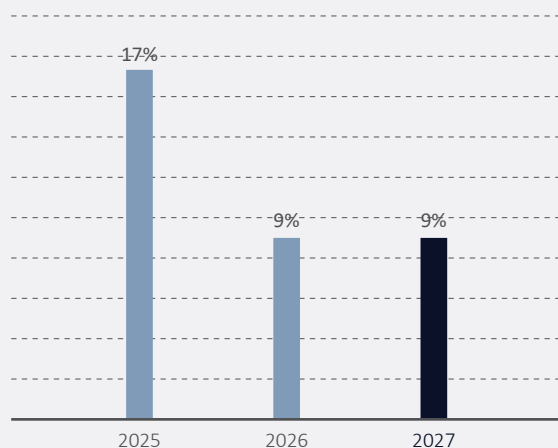
as at 30 June 2024

**TENANTS MIX BY GROSS RENTAL INCOME**

For the Month of June 2024

**EXPIRY PROFILE**

as at 30 June 2024

**MAJOR TENANTS**

as at 30 June 2024

Name	Trade Sector	% of Total Net Lettable Area
IPC Malaysia B.V.	Oil & Gas	4%
LYC Medical Centre Sdn Bhd	Healthcare	3%
Hong Leong Investment Bank Bhd	Financial services	3%
Embassies (Namibia and South Africa)	Embassy	3%
		13%

ADDRESS

Menara HLX, No. 3, Jalan Kia Peng, 50450 Kuala Lumpur.

DESCRIPTION

A 32 storey high-rise stratified office building with a 4-level basement car park

PROPERTY TYPE/USE

Commercial Office Building

AGE

25 years

TITLE DETAILS

Lot No. 1286, Section 57, Title No. Geran 43969/M1/B4/1 Town and District of Kuala Lumpur

ENCUMBRANCES

Nil

LIMITATION IN TITLE/INTEREST

Nil

TENURE

Freehold

NET LETTABLE AREA

382,606 sq. ft.

OCCUPANCY RATES *

35%

PARKING SPACE

721 car park bays

DATE OF ACQUISITION

17 April 2006

ACQUISITION PRICE

RM221,000,000

MARKET VALUE

RM327,600,000

DATE OF LATEST VALUATION

30 June 2024

NAME OF VALUER

Savills (Malaysia) Sdn Bhd

NET BOOK VALUE

RM327,600,000 *

PROPERTY MANAGER

Henry Butcher Malaysia (Mont Kiara) Sdn Bhd

* As at 30 June 2024

ASSETS PROFILE

cont'd

Nestled in the upmarket suburb of Damansara Heights and only 5km from Kuala Lumpur City Centre, Plaza Zurich is a neighbourhood landmark that conveniently resides adjacent to the Semantan MRT station. It is also within walking distance from the lively and trendy Plaza Batai enclave and DC Mall.

Plaza Zurich comprises two office blocks and a retail podium, and features functional, practical office space, with easy access and ample parking. It had completed its refurbishment in 2020. The triple-volume lobby extends a sophisticated welcome to tenants and visitors, while secure access to office areas and 24-hour security ensure occupant safety and complete peace of mind. On the ground floor, an outdoor amphitheater offers a pleasant, tree-shaded green space for tenants and visitors to enjoy.

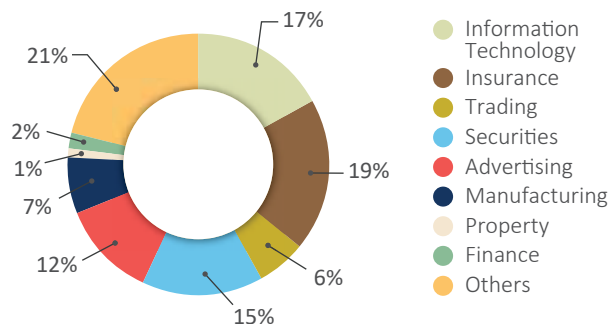
Plaza Zurich's anchor tenants include Zurich Life Insurance Malaysia Bhd, Zurich General Insurance Malaysia Bhd, Hong Leong Investment Bank Berhad, Hong Leong Asset Management Bhd and HP PPS Sales Sdn Bhd, while the retail podium features a vibrant selection of F&B tenants, including Sam's, The Hub Coffee Roasters and Limóné Café.

In the financial year under review, Plaza Zurich welcomed a host of new tenants including, S&I Management Sdn Bhd, Supermarque Sdn Bhd, MK Tron Holdings Sdn Bhd, Ora Group Sdn Bhd, Seito Systems (Malaysia) Sdn Bhd and Seaoffshore Engineering Sdn Bhd.

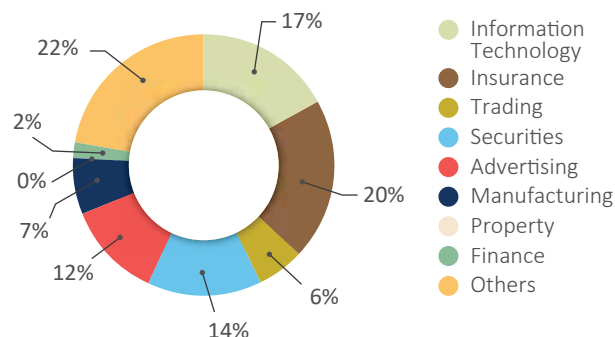


TENANTS MIX BY NET LETTABLE AREA

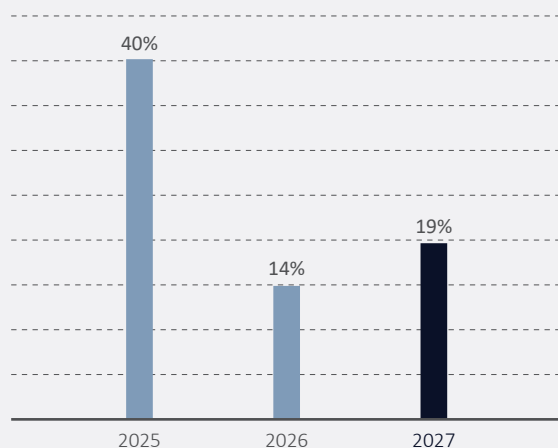
as at 30 June 2024

**TENANTS MIX BY GROSS RENTAL INCOME**

For the Month of June 2024

**EXPIRY PROFILE**

as at 30 June 2024

**MAJOR TENANTS**

as at 30 June 2024

Name	Trade Sector	% of Total Net Lettable Area
Zurich Life Insurance Malaysia Bhd & Zurich General Insurance Malaysia Bhd	Financial services	14%
HP PPS Sales Sdn Bhd	Information technology	8%
Hong Leong Investment Bank Bhd & Asset Management Bhd	Financial services	11%
Stream Enterprise (M) Sdn Bhd	Manufacturing	4%
TBWA Kuala Lumpur Sdn Bhd	Advertising	3%
		40%

ADDRESS

Plaza Zurich, No. 12, Jalan Gelenggang, Bukit Damansara 50490 Kuala Lumpur

DESCRIPTION

2 blocks of 9 and 21-storey office buildings with 3-level of connecting podium and 4-level of basement car park

PROPERTY TYPE/USE

Commercial Office Building

AGE

31 years

TITLE DETAILS

Lot No. 481091, Title No. Geran 80304 Mukim and District of Kuala Lumpur

ENCUMBRANCES

First party legal charge to Public Bank Berhad

LIMITATION IN TITLE/INTEREST

Nil

TENURE

Freehold

NET LETTABLE AREA

351,289 sq. ft.

OCCUPANCY RATES *

76%

PARKING SPACE

575 car park bays

DATE OF ACQUISITION

17 April 2006

ACQUISITION PRICE

RM130,000,000

MARKET VALUE

RM225,000,000

DATE OF LATEST VALUATION

30 June 2024

NAME OF VALUER

Savills (Malaysia) Sdn Bhd

NET BOOK VALUE

RM225,000,000 *

PROPERTY MANAGER

Henry Butcher Malaysia (Mont Kiara) Sdn Bhd

* As at 30 June 2024

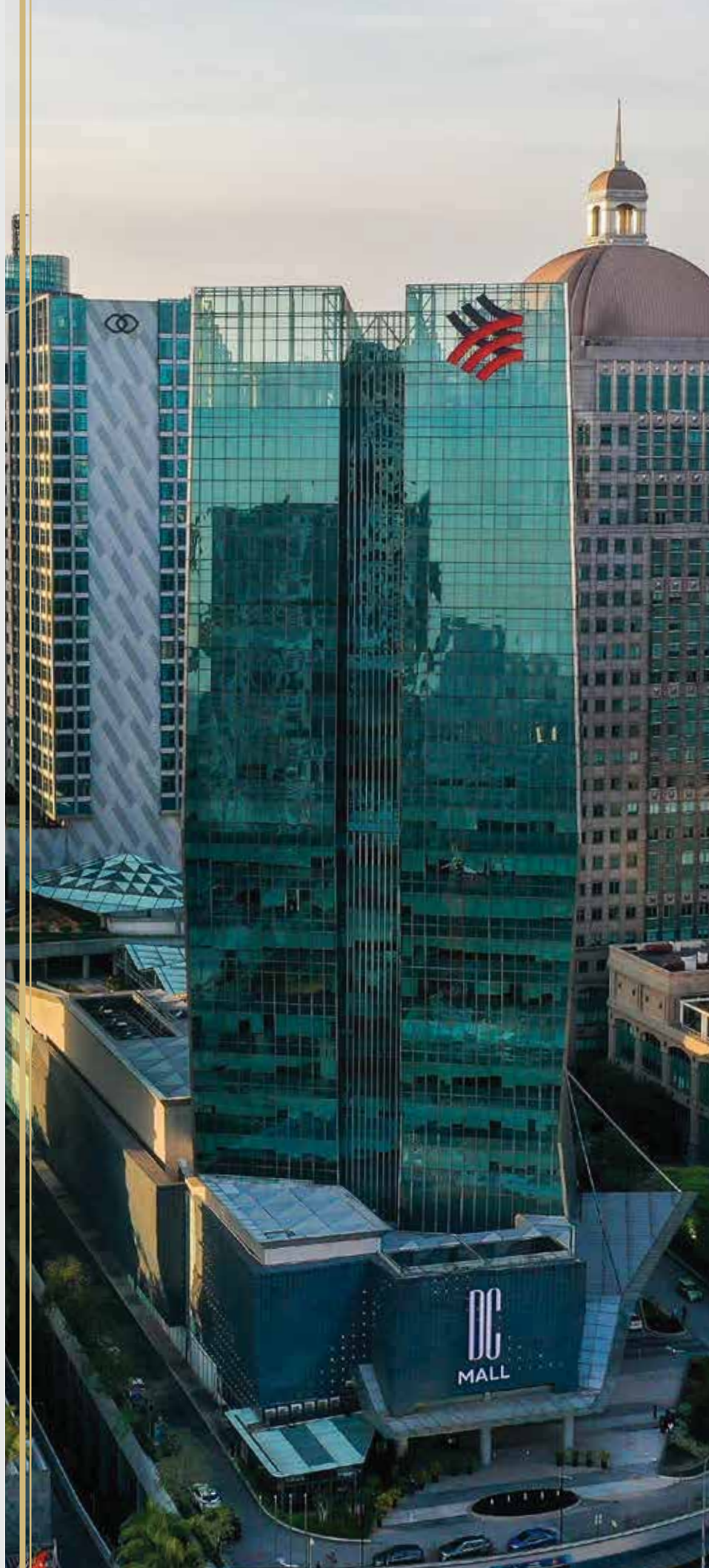
ASSETS PROFILE

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Located within Damansara City, Menara Guoco is a 19-storey premium Grade A office tower, connected to Sofitel Kuala Lumpur Damansara, DC Mall and Menara Hong Leong. It is Green Building Index (GBI) certified, Gold LEED 2009 Core & Shell Development-accredited and a designated MSC Malaysia Cybercentre.

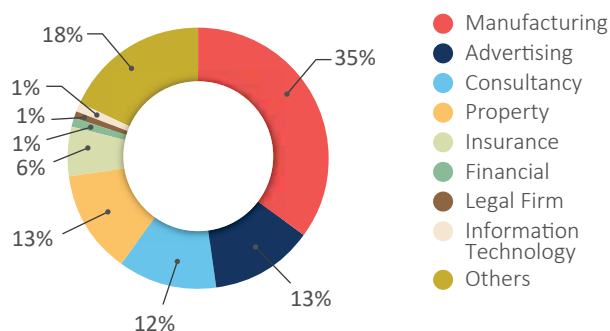
Its modern and contemporary main lobby features impressive, triple volume ceilings, granite interiors, a glass facade and a sheltered porte cochère. The building has a three-tier security system and a designated smart lift solution for the safety and convenience of tenants and visitors. Strategically located just 5km from Kuala Lumpur City Centre, Menara Guoco is a part of Damansara City - a RM2.5 billion integrated development in the upscale neighbourhood of Damansara Heights. With easy access to major road networks and within walking distance from the Pusat Bandar Damansara MRT station, Damansara City is a confluence of premium office and commercial space, upscale residences and hospitality services.

It brings together a full suite of amenities, from retail to lifestyle services, and fine dining to everyday eateries, that are continually refreshed, making it a vibrant place to live, work and play. Menara Guoco's anchor tenants include British American Tobacco (Malaysia) Berhad, Dentsu Holdings Malaysia Sdn Bhd, Aecom Perunding Sdn Bhd and GuocoLand (Malaysia) Berhad. During the financial year under review, Menara Guoco welcomed a host of new tenants including, BEWG (M) Sdn Bhd, Vale International SA, Power Partners Sdn Bhd and Agronom Trade (M) Sdn Bhd.

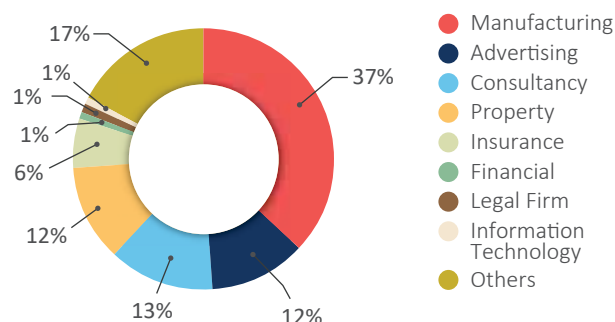


TENANTS MIX BY NET LETTABLE AREA

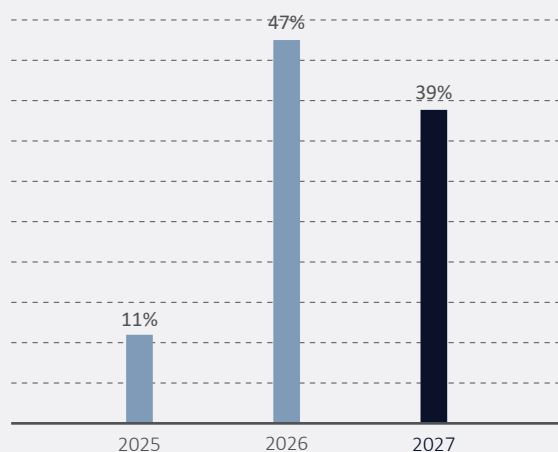
as at 30 June 2024

**TENANTS MIX BY GROSS RENTAL INCOME**

For the Month of June 2024

**EXPIRY PROFILE**

as at 30 June 2024

**MAJOR TENANTS**

as at 30 June 2024

Name	Trade Sector	% of Total Net Lettable Area
British American Tobacco (Malaysia) Berhad	Manufacturing	34%
Dentsu Holdings Malaysia Sdn Bhd	Advertising	13%
Aecom Perunding Sdn Bhd	Consultancy	12%
GuocoLand (Malaysia) Bhd	Property	13%
FWD Technology & Innovation Malaysia Sdn Bhd	Insurance	6%
		78%

ADDRESS

Menara Guoco, No. 6, Jalan Damanlela, Bukit Damansara 50490 Kuala Lumpur

DESCRIPTION

Stratified 19 storey office building

PROPERTY TYPE/USE

Commercial Office Building

AGE

8 years

TITLE DETAILS

Lot No. 58303, Title No. Geran 74955/ M1/B6/4, Mukim and District of Kuala Lumpur

ENCUMBRANCES

First party legal charge to Public Bank Berhad

LIMITATION IN TITLE/INTEREST

Nil

TENURE

Freehold

NET LETTABLE AREA

232,133 sq. ft.

OCCUPANCY RATES *

97%

DATE OF ACQUISITION

19 August 2020

ACQUISITION PRICE

RM242,100,000

MARKET VALUE

RM249,400,000

DATE OF LATEST VALUATION

30 June 2024

NAME OF VALUER

Savills (Malaysia) Sdn Bhd

NET BOOK VALUE

RM249,400,000 *

PROPERTY MANAGER

Henry Butcher Malaysia (Mont Kiara) Sdn Bhd

* As at 30 June 2024

CHAIRMAN'S STATEMENT



Dear Unitholders,

On behalf of the Board of Directors and Management of GLM REIT Management Sdn Bhd (“Manager”), the Manager of Tower Real Estate Investment Trust (“Tower REIT”), I am pleased to present the Annual Report and audited financial statements of Tower REIT for the financial year ended 2024 (“FY2024”).

Despite global uncertainties and persistent challenges within the property sector, we successfully navigated these headwinds to achieve growth and maintained our commitment to delivering value to our unitholders.

The global economy in 2023 faced numerous challenges, including persistent inflationary pressures, supply chain disruptions, geopolitical conflicts, which led to significant geopolitical tensions and trade disruptions. Central banks around the world, including Bank Negara Malaysia (“BNM”), responded by adjusting monetary policies to balance the need for economic growth while managing inflation. In Malaysia, BNM maintained the Overnight Policy Rate (OPR) at 3% which reflected a cautionary approach to supporting the economy.

As reported by BNM, the Malaysian economy showed resilience, with gross domestic product (“GDP”) growth recorded at 4.2% in the first quarter of 2024, up from 3.0% in the fourth quarter of 2023. This growth was primarily driven by strong domestic demand, improvements in the labour market, and a rebound in exports. However, the outlook remains uncertain as global uncertainties, particularly in the form of geopolitical tensions and ongoing supply chain disruptions, continue to pose risks.

“*Despite global uncertainties and persistent challenges within the property sector, we successfully navigated these headwinds to achieve growth and maintained our commitment to delivering value to our unitholders.*”

CHAIRMAN'S STATEMENT

cont'd

STAYING COMMITTED TO ENHANCING VALUE

The REITs industry in Malaysia has faced significant challenges in recent years, particularly within the office space segment. The Klang Valley office market continued to be affected by an oversupply of space, which put downward pressure on rental rates and occupancy levels. The shift towards hybrid work models, preference for Green buildings and evolving workplace strategies further exacerbated these challenges as companies reassessed office space requirements.

Throughout all this, we remained steadfast in our commitment to enhancing the value of our portfolio. Through proactive asset management and strategic enhancements, we were able to maintain and improve occupancy levels in our properties, particularly in Menara Guoco and Plaza Zurich, which also continued to attract and retain high-quality tenants.

During the financial year, Tower REIT completed a rights issue, raising RM65.2 million which has been used to reduce our debt levels to a healthy debt/asset ratio of 27.7%, giving a wider headroom for possible acquisitions and for asset enhancement initiatives in our current property portfolio particularly in elevating its economic, environmental, social and governance (“EESG”) sustainability and towards building efficiency/modernisation. The support we received from our unitholders in this rights issue is greatly appreciated.

BUSINESS AND FINANCIAL REVIEW

Tower REIT ended FY2024 with a revenue of RM37.0 million, an increase from RM33.9 million in the previous financial year. This growth was primarily driven by higher occupancy rates across most of our portfolio, coupled with effective cost management strategies that have kept property operating costs in check. Our investment properties saw a slight improvement in fair value, contributing to a total comprehensive income of RM5.7 million, a significant turnaround from the net loss of RM17.6 million in the previous year.

A more in-depth analysis of our financial performance is available in this report's Management Discussion and Analysis section on pages 14 to 24.

SUSTAINABILITY AT THE CORE OF OUR STRATEGY

At Tower REIT, we understand that sustainability practices are essential for providing lasting value to our stakeholders.

More details on our EESG commitments are available in this report's Sustainability Statement section on pages 32 to 51.

INCOME DISTRIBUTION

In line with our commitment to providing stable returns to our unitholders, the Manager of Tower REIT has declared a final income distribution of 0.77 sen per unit, amounting to RM3.78 million. This final distribution, together with the interim income distribution of 0.23 sen per unit paid on 28 February 2024 represents approximately 92.2% of the distributable income for the financial year.

OUR PROSPECTS

As we look towards the future, we remain cautiously optimistic about the prospects for Tower REIT. While the challenges posed by rising costs, interest rates, and geopolitical uncertainties are likely to persist, we are confident that our proactive asset management strategies and commitment to sustainability will continue to drive value for our unitholders. We will continue to focus on improving the performances of Tower REIT portfolio and simultaneously we will also actively pursue yield-accretive investment opportunities to strengthen our portfolio further in order to deliver sustainable returns.

APPRECIATION

On behalf of the Board of Directors and Management, I would like to thank our tenants, business associates, and unitholders for their continued trust and support. I also wish to extend my deepest appreciation to our employees for their dedication and hard work in navigating this challenging environment. Together, we will continue to build on our strengths and successes.

TANG HONG CHEONG
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Unitholders,

The financial year ended 30 June 2024 (“FY2024”) was a year of recovery and resilience for Tower Real Estate Investment Trust (“Tower REIT” or the “Trust”), amidst an operating landscape characterised by global economic uncertainties and shifting dynamics within the commercial real estate sector. Despite these challenges, Tower REIT has successfully navigated the year by focusing on operational excellence, tenant retention and improvement in overall occupancy rate.

The following aims to provide all our stakeholders insight into the performance of the Trust, strategic initiatives conducted by the Manager throughout FY2024 and our prospects and plans moving forward.

BUSINESS OVERVIEW

Tower REIT is a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad since 12 April 2006. The Trust’s investment portfolio comprises three prime commercial properties located in Kuala Lumpur, namely Menara HLX, Plaza Zurich and Menara Guoco, with a total market value of RM802 million as at 30 June 2024. These properties are strategically positioned within the capital’s key business districts, providing sustainable returns.

Market Value as at 30 June 2024

Real Estate	Net Lettable Area sq. ft.	Market Value RM’000	% of Total Real Estate Portfolio
Menara HLX	382,606	327,600	41
Plaza Zurich	351,289	225,000	28
Menara Guoco	232,133	249,400	31
	966,028	802,000	100

INVESTMENT OBJECTIVE

Tower REIT remains committed to delivering sustainable value to its unitholders through a diversified portfolio of high-quality commercial properties. The primary investment objective of the Trust is to provide unitholders with regular and stable distributions, alongside medium-to long-term growth in the Net Asset Value (“NAV”) per unit.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

INVESTMENT STRATEGIES

To achieve these objectives, the Manager has adopted a multi-faceted approach focusing on:

- **Maximising Value:** Implementing an ongoing tenant retention strategy, with a strong focus on enhancing occupancy rates through proactive engagement and optimising tenant satisfaction.
- **Proactive Risk Management:** Identification and mitigation of potential risks to protect the assets and income streams of the Trust.
- **Operational Efficiency:** Enhancing operational processes to manage costs and improve profitability. Simultaneously we are progressively carrying out asset enhancements to improve the competitiveness of our buildings.

The Manager is committed to adopting a more data-driven and evidence-based approach to decision-making in order to maximise the value of the portfolio while mitigating potential risks.

OPERATING LANDSCAPE

The Malaysian economy, while resilient, faced headwinds during the year under review. Gross domestic product (GDP) growth was recorded at 4.2%¹ in the first quarter of 2024, up from 3.0%² in the fourth quarter of 2023. The commercial office space market, particularly concentrated in the CBD area of Kuala Lumpur, continued to grapple with an oversupply, exerting downward pressure on occupancy rates and rental yields. The transition to hybrid work models and changing workplace strategies following the pandemic intensified these challenges, as companies re-evaluated their office space needs.

The occupancy rate for purpose-built office (PBO) space in Malaysia in 2023 remained relatively stable, with an occupancy rate of approximately 78.5%. Average rental rates also remained the same, at RM4.51 per sq. ft. This was consistent with the trends seen in previous years, reflecting the ongoing challenges in the office rental market due to oversupply and shifting workplace dynamics.

REVIEW OF FINANCIAL RESULTS

Despite these challenges, Tower REIT recorded an improved financial performance in FY2024:

- **Gross Revenue:** Increased by 9.3% to RM37.0 million, driven by higher occupancy rates at Menara HLX and Plaza Zurich.
- **Net Rental Income:** Grew to RM20.1 million, reflecting effective cost management and operational efficiency.
- **Revaluation Surplus:** A surplus of RM0.1 million was recorded.
- **Property Operating Expenses:** Decreased by 1.7%, reflecting effective cost management strategies implemented by the Manager.
- **Total Comprehensive Income:** The Trust reported a total comprehensive income of RM5.7 million, a significant improvement from the RM17.6 million loss in FY2023.

¹ https://www.bnm.gov.my/-/qb24q1_en_pr

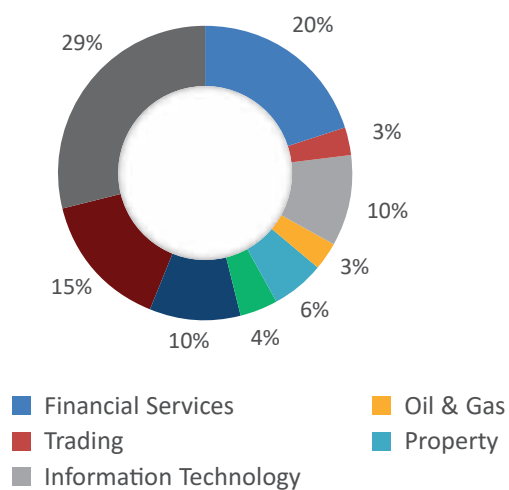
² https://www.bnm.gov.my/-/qb23q4_en_pr

MANAGEMENT DISCUSSION AND ANALYSIS

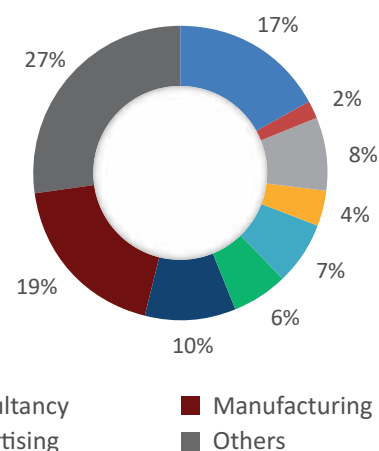
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Property	Net Lettable Area sq. ft.	Acquisition Date	Acquisition Cost RM'000	Incidental cost/ Addition/ Enhancement RM'000	Carrying Value at 30-Jun-24 (prior to revaluation) RM'000	At Market Value 30-Jun-24 RM'000	Fair Value Adjustment RM'000	% of Portfolio
Menara HLX	382,606	17-Apr-06	221,000	20,508	241,508	327,600	86,092	41
Plaza Zurich	351,289	17-Apr-06	130,000	11,963	141,963	225,000	87,938	28
Menara Guoco	232,133	19-Aug-20	242,100	3,610	245,710	249,400	(1,210)	31
Total	966,028		593,100	36,081	629,181	802,000	172,820	100

**TENANT MIX BY NET LETTABLE AREA
AS AT 30 JUNE 2024**



**TENANT MIX BY GROSS RENTAL INCOME
FOR THE MONTH OF JUNE 2024**



Major Tenants as at 30 June 2024	Trade Sector	% of Portfolio's Net Lettable Area
British American Tobacco (Malaysia) Berhad	Manufacturing	8
Dentsu Holdings Malaysia Sdn Bhd	Advertising	3
Zurich Life Insurance Malaysia Bhd and Zurich General Insurance Malaysia Bhd	Financial Services	5
Aecom Perunding Sdn Bhd	Consultancy	3
HP PPS Sales Sdn Bhd	Information Technology	3

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

LEASE EXPIRY PROFILE

	2025		2026		2027	
	No. of Tenants	% of Net Lettable Area	No. of Tenants	% of Net Lettable Area	No. of Tenants	% of Net Lettable Area
Menara HLX	13	17	10	9	6	9
Plaza Zurich	16	40	13	14	9	19
Menara Guoco	4	11	9	47	5	39
Total	33	68	32	70	20	67

INCOME DISTRIBUTION

For FY2024, Tower REIT declared a final income distribution of 0.77 sen per unit, amounting to RM3.78 million. Together with the interim distribution of 0.23 sen per unit paid on 28 February 2024, this represents a distribution of approximately 92.2% of the Trust's distributable income for the financial year ended 30 June 2024. As such, the Trust has successfully distributed at least 90% of the distributable income in line with its dividend policy.

DISTRIBUTION YIELD	2020	2021	2022	2023	2024
Annualised Distribution Yield	3.06%	3.64%	3.33%	1.26%	2.68%
Annualised Distribution Yield of the Trust is derived by:	$\frac{\text{Gross Distribution per Unit of the year}}{\text{Average Unit price of the year}}$				

UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

Tower REIT received a total proceed of RM65.2 million from the Right Issue exercise. As at 30 June 2024, the total proceed of RM65.2 million were utilised in the following manner:

DETAILS OF UTILISATION	Proposed Utilisation	Actual Utilisation	Intended timeframe for Utilisation
	RM'000	RM'000	
Refurbishment of existing properties	23,865	-	Within 18 to 24 months
Repayment of bank borrowings	40,000	40,000	Within 12 months
Expenses in relation to the Corporate Exercise	1,351	1,197	Within 1 month
Total	65,216	41,197	

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FUND PERFORMANCE

	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
STATEMENT OF FINANCIAL POSITION					
Total Asset Value	588,771	827,132	827,077	808,234	837,618
Total Borrowings	24,000	268,956	269,175	271,292	232,312
NAV before income distribution	533,306	522,107	521,364	501,071	570,080
NAV after income distribution	529,996	518,853	519,541	500,314	566,300
Units in Circulation / Listed	280,500,000	280,500,000	280,500,000	280,500,000	490,875,000
NAV Per Unit (RM)					
- Before income distribution	1.9013	1.8613	1.8587	1.7863	1.1614
- After income distribution	1.8895	1.8497	1.8522	1.7836	1.1537
- Highest NAV per unit (ex-distribution)	1.9013	1.9002	1.8628	1.8556	1.7874
- Lowest NAV per unit (ex-distribution)	1.8934	1.8613	1.8549	1.7863	1.1614
STATEMENT OF COMPREHENSIVE INCOME					
Total Revenue	21,604	31,848	32,608	33,871	37,036
Income After Taxation					
- Realised and distributable	7,490	6,201	5,712	1,780	3,197
- Unrealised from fair value adjustment	270	(11,146)	165	(19,380)	2,534
	7,760	(4,945)	5,877	(17,600)	5,731
Earnings Per Unit (sen) ⁽¹⁾					
- Realised	2.67	2.21	2.04	0.63	1.07
- Unrealised	0.10	(3.97)	0.06	(6.91)	0.85
	2.77	(1.76)	2.10	(6.28)	1.92
Income Distribution					
- 1st Interim	3,506	2,945	3,366	870	645
- Final	3,310	3,254	1,823	757	3,780
	6,816	6,199	5,189	1,627	4,425
Distribution Per Unit (sen)					
- 1st Interim	1.25	1.05	1.20	0.31	0.23
- Final	1.18	1.16	0.65	0.27	0.77
	2.43	2.21	1.85	0.58	1.00
Date of Distribution					
- 1st Interim	28-Feb-20	26-Feb-21	28-Feb-22	28-Feb-23	28-Feb-24
- Final	28-Aug-20	30-Aug-21	30-Aug-22	30-Aug-23	30-Aug-24

MANAGEMENT DISCUSSION AND ANALYSIS

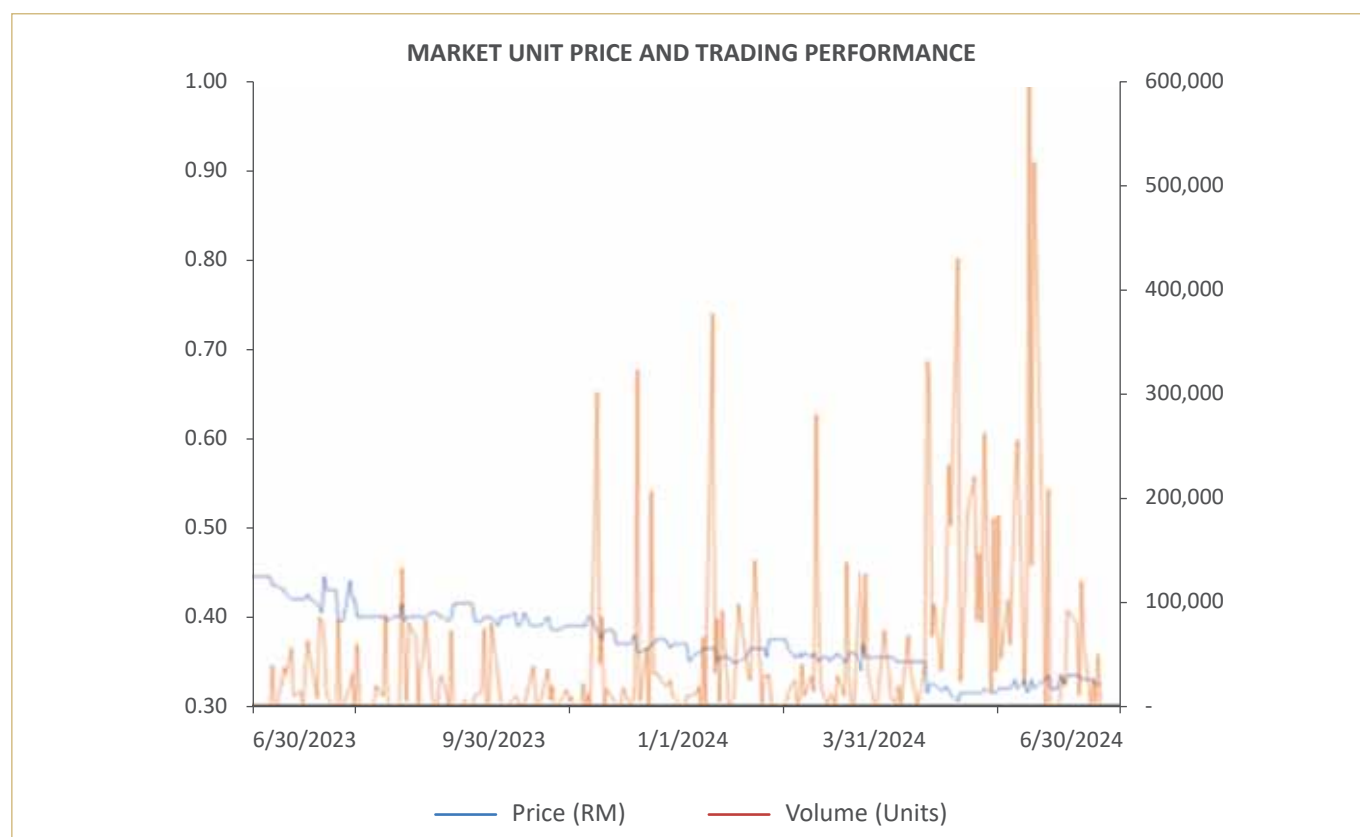
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	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
RATIOS					
Management expenses ratio ("MER") ⁽²⁾ (%)	0.42	1.08	0.56	0.57	0.70
Interest expenses	487	7,970	9,538	12,064	13,374
Interest Cover Ratio ⁽³⁾ (times)	16.4	1.8	1.6	1.1	1.2
Gearing Ratio ⁽⁴⁾ (%)	4	33	33	34	28

Notes:

- (1) Based on weighted average number of units in issue during the respective financial years.
(2) Based on total fees, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administration expenses, to the average NAV during the respective financial years.
(3) Based on realised net income before interest and tax (realised) over interest expenses.
(4) Based on total borrowings over total assets.

The total asset value ("TAV") of the REIT rose to RM837.6 million as at 30 June 2024, up from RM808.2 million as at 30 June 2023. After income distribution, the net asset value ("NAV") increased to RM566.3 million as at 30 June 2024, compared to RM500.3 million as at 30 June 2023, resulting in a NAV per unit of RM1.1537, compared to RM1.7836 in the previous financial year.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

	IPO	2020	2021	2022	2023	2024
UNIT PRICE PERFORMANCE	RM'000	RM	RM	RM	RM	RM
Unit price per unit at close of respective years	1.07	0.75	0.59	0.45	0.42	0.33
Highest traded price during the years		0.93	0.76	0.62	0.53	0.45
Lowest traded price during the years		0.55	0.55	0.45	0.41	0.31
Average unit price for the years ⁽¹⁾		0.79	0.61	0.56	0.46	0.37

Note:

(1) Average unit price is derived from the average of the daily market closing price for the respective years

ANNUAL TOTAL RETURN	2020	2021	2022	2023	2024
Total Return for the years	-19%	-28%	-6%	-19%	-21%

Total Return of the Trust for the year is derived by:

Gross Distribution per unit + Net Change in Average Unit Price
Average Unit Price

AVERAGE TOTAL RETURN	2020	2021	2022	2023	2024
1 year	-19%	-28%	-6%	-19%	-21%
3 years	-11%	-22%	-18%	-17%	-15%
Since inception	6%	4%	2%	0%	-1%

Average Total Return of the Trust is derived by:

Total Return over the year
Number of Years under review

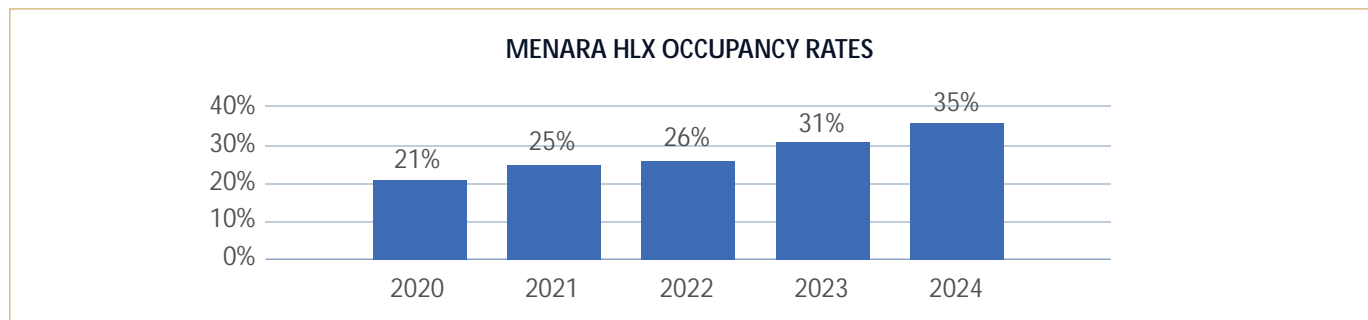
MANAGEMENT DISCUSSION AND ANALYSIS

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OPERATIONS REVIEW

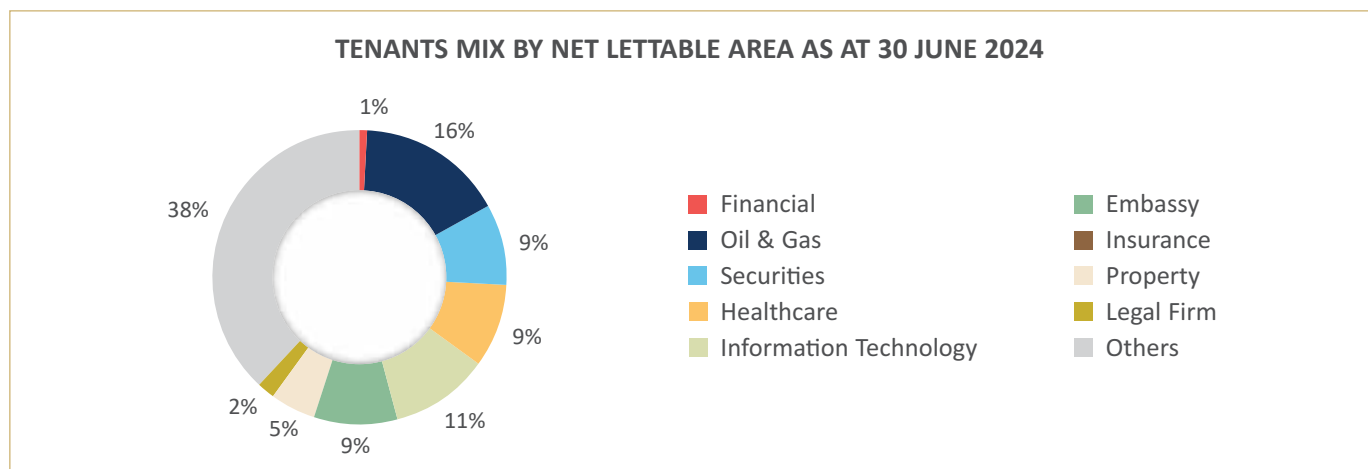
The Manager has been proactive in adapting to the evolving needs of tenants. In response to this, Menara HLX continues to undergo significant upgrades, mainly focusing on mechanical and electrical (“M&E”) facilities including major upgrade to the air conditioning system. Plaza Zurich and Menara Guoco continued to maintain high occupancy rates, supported by the commitment of the Trust to provide high-quality office spaces.

MENARA HLX



Menara HLX, a 32-storey office tower located in the Kuala Lumpur Golden Triangle, has undergone refurbishments to modernise the building to meet today’s energy-efficient and sustainable office space requirements. The upgrades include replacement of chillers and installation of building control system, enabling efficient and optimal energy usage.

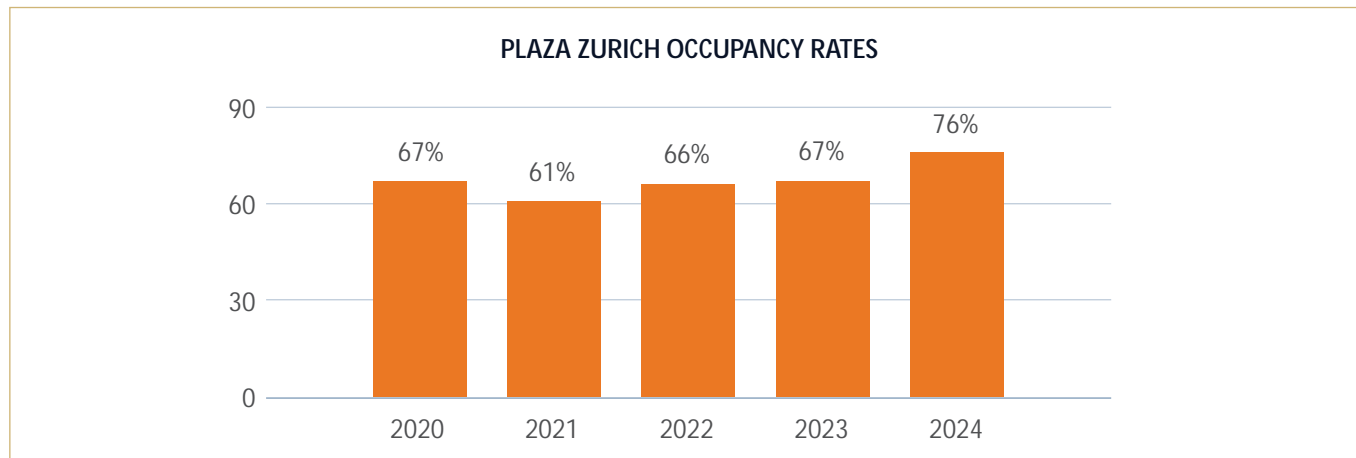
Anchor tenants of Menara HLX include IPC Malaysia B.V., Hong Leong Investment Bank Bhd, South African Embassy, and the newly incoming LYC Medical Centre Sdn Bhd. In the financial year under review, Menara HLX also welcomed a host of new tenants including, Maritime Institute of Malaysia, Market Navigator Worldwide, Agensi Perkerjaan Ajobthing Sdn Bhd, MKVerse Technology Sdn Bhd, Gridlock Malaysia Sdn Bhd and AM Bukit Builder Sdn Bhd.



MANAGEMENT DISCUSSION AND ANALYSIS

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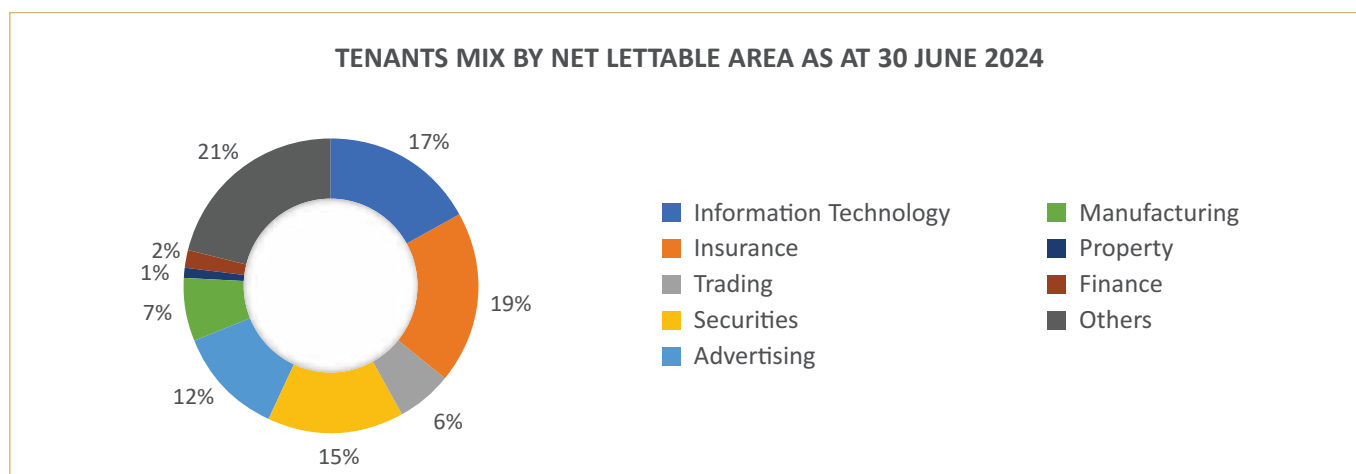
PLAZA ZURICH



Plaza Zurich consists of two office blocks and a retail podium, offering functional, competitive office space with convenient access, ample parking and proximity to public amenities for convenience. The building underwent refurbishment in 2020 and the management is planning to upgrade Plaza Zurich progressively including lift modernisation, transformer replacement, upgrading of restrooms and M&E facilities enhancement.

Anchor tenants at Plaza Zurich include Zurich Life Insurance Malaysia Bhd, Zurich General Insurance Malaysia Bhd, Hong Leong Investment Bank Bhd, Hong Leong Asset Management Bhd and HP PPS Sales Sdn Bhd, while the retail podium features a vibrant selection of food & beverages tenants, including Sam’s, The Hub Coffee Roasters and Limóné Café.

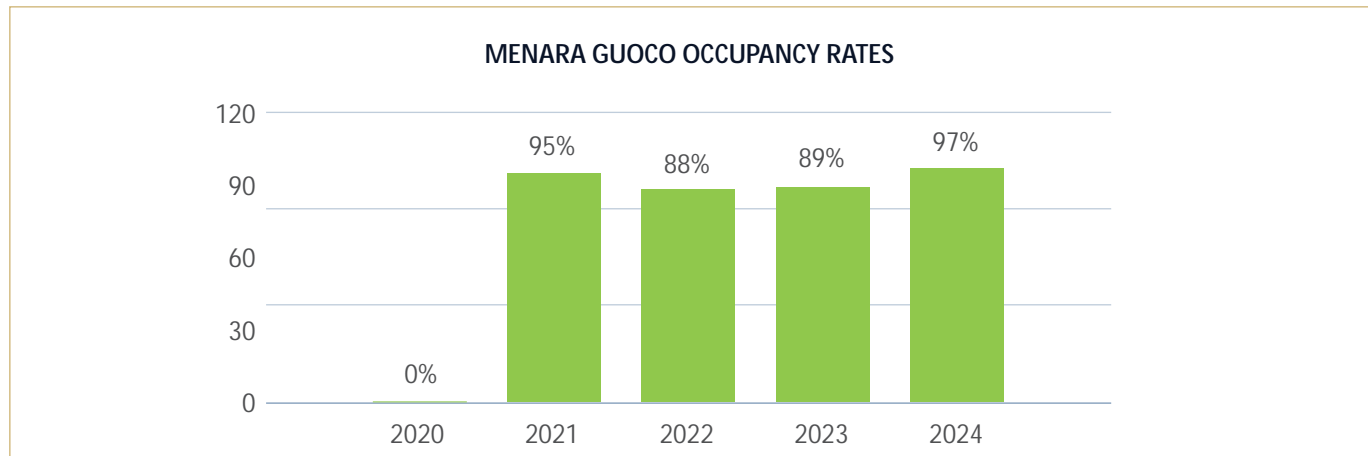
In the financial year under review, Plaza Zurich welcomed a host of new tenants including, S&I Management Sdn Bhd, Supermarque Sdn Bhd, MK Tron Holdings Sdn Bhd, Ora Group Sdn Bhd, Seito Systems (Malaysia) Sdn Bhd and Seashore Engineering Sdn Bhd.



MANAGEMENT DISCUSSION AND ANALYSIS

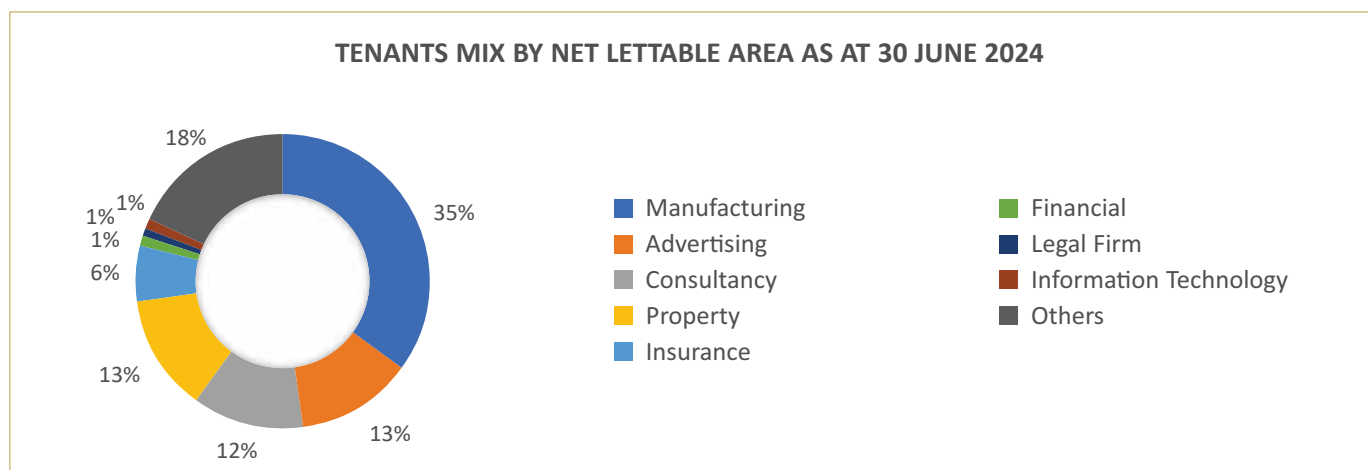
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MENARA GUOCO



Situated within Damansara City, Menara Guoco is a 19-storey premium Grade A office tower with direct connections to Sofitel Kuala Lumpur Damansara, DC Mall and Menara Hong Leong. The building boasts Green Building Index (GBI) certification, Gold LEED 2009 Core & Shell Development accreditation, and is recognised as a designated MSC Malaysia Cybercentre.

Menara Guoco won the prestigious The Edge Malaysia Best Managed and Sustainable Property Gold Award in 2022 for the “Below 10 years: Single Owned Office in a Mixed Strata” category. In the financial year under review, Menara Guoco welcomed several new tenants, including BEWG (M) Sdn Bhd, Vale International SA, Power Partners Sdn Bhd, and Agronom Trade Sdn Bhd.



MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ACHIEVEMENTS

In the financial year under review, some significant strides were made despite the challenging operating environment. All three commercial properties under the Manager's investment portfolio have achieved improved occupancy rates, recording the highest percentage over the past 5 years. Most notable is Menara Guoco which has achieved 97% occupancy rate, signifying almost full occupancy.

RISK MANAGEMENT

In a challenging economic environment, the Manager's focus on risk management has been critical. Key risks such as rising interest rates, inflation, and labour costs are continuously monitored to mitigate their impact on the performance of the Trust.

Tower REIT's approach to risk management is outlined in the Corporate Governance Overview, Risk Management and Internal Control Statement section of this Report on pages 52 to 64.

SUSTAINABLE GROWTH

The Manager is mindful of the importance of maintaining a sustainable strategy and economic, environmental, social and governance ("EESG") factors in its portfolio. This is evidenced by the recent replacement of chillers in Menara HLX and the upgrading of transformers in Plaza Zurich, initiatives aimed at improving energy efficiency. The GBI certification and Gold LEED 2009 Core & Shell Development accreditation of Menara Guoco, cement its green credentials. The sustainability approach of Tower REIT is guided by the Board of Directors ensures that the company remains committed to sustainable growth, as highlighted in the Sustainability Statement of this Report on pages 32 to 51.

MOVING FORWARD

Looking ahead, the Malaysian economy is expected to grow at a slower pace, with GDP forecasted to expand between 4.0% to 5.0% in 2024, according to Bank Negara Malaysia. The commercial office market is likely to remain competitive, with continued pressure on rental rates.

The Manager anticipates that the office rental market will continue to face challenges due to the imbalance between supply and demand, particularly in the CBD area of Kuala Lumpur, with the continuous new office spaces entering the market. Additionally, the rising electricity tariffs, inflation of input costs, increasing interest rates, and high labour costs could further adversely affect the performance of the Trust.

However, the return of business activities to pre-pandemic levels, along with Government initiatives to boost the economy, may lead to an improvement in leasing activities. We remain committed to continuous improvement of providing sustainable returns, improving performance and focusing on cost management to ensure the delivery of sustainable value to our unitholders.

MANAGER'S REPORT

GLM REIT Management Sdn Bhd (the “Manager”), the Manager of Tower Real Estate Investment Trust (“Tower REIT” or the “Trust”), is pleased to submit the Manager’s Report and the audited financial statements of Tower REIT for the financial year ended 30 June 2024.

THE TRUST

Tower REIT was constituted under 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) (the “Deed”) entered into between the Manager and MTrustee Berhad, acting as the Trustee of Tower REIT. Tower REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 12 April 2006.

The principal activity of the Trust is to own and invest in real estate and real-estate related assets with the primary objectives of achieving an attractive level of return from rental income and of achieving medium- to long-term capital growth. There has been no significant change in the principal activity of the Trust during the year and up to the date of this Manager’s Report.

THE MANAGER

The Manager is responsible for the overall management and administration of the Trust, including its investments, asset enhancement and capital management initiatives. The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of GuocoLand (Malaysia) Berhad. The principal activity of the Manager is the provision of management services to real estate investment trusts. There has been no significant change in the principal activity of the Manager during the year under review.

MANAGER’S FEES AND COMMISSION

Pursuant to the Deed constituting the Trust, the Manager’s fees consist of a base fee (excluding any goods and services tax payable) of up to 0.75% per annum of the gross asset value (“GAV”) and a performance fee (excluding any goods and services tax payable) of up to 4.00% per annum of the net property income, but before deduction of property management fee. During the financial year under review, the Manager charged 0.20% and 3.35% for the base fee and performance fee respectively.

In addition, the Manager will also be entitled to the following fees for any acquisition or disposal of real estate by Tower REIT:

- i) an acquisition fee of 1.00% of the acquisition price of any real estate or single-purpose company which principal assets comprise real estate, purchased for Tower REIT (pro-rate if applicable to the proportion of the interest of Tower REIT in the asset acquired); and
- ii) a divestment fee of 0.50% of the sale price of any real estate or a single-purpose company which principal assets comprise real estate, sold or divested by Tower REIT (pro-rate if applicable to the proportion of the interest of Tower REIT in the asset sold).

MANAGER'S REPORT

cont'd

SOFT COMMISSION

During the financial year ended 30 June 2024, the Manager did not receive any soft commission from its broker by virtue of transactions conducted by Tower REIT.

DIRECTORS

The Directors who served on the Board of the Manager during the year under review and at the date of this report are:

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

DIRECTORS' BENEFITS

During the financial year under review, there were no arrangements for the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of Tower REIT.

Since the establishment of Tower REIT, no Director has received or become entitled to receive any benefit by reason of a contract made by the Manager for Tower REIT or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

DIRECTORS' INTERESTS

The following Director of GLM REIT, holding office at the end of the financial year had, according to the register of unitholdings, interest in the units of Tower REIT as follows:

	Number of Units			As at 30.6.2024
	As at 01.07.2023	Acquired	Sold	
YBhg Dato' Tan Ang Meng (Direct)	33,000	30,000*	-	63,000

* Units acquired from rights issue

Other than as disclosed above, the other Directors who held office at the end of the financial year did not have interests in the units of Tower REIT.

MANAGER'S REPORT

cont'd

OTHER INFORMATION

- a) Before the statement of comprehensive income and statement of financial position of Tower REIT were made out, the Manager took reasonable steps:
- i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision has been made for doubtful debts; and
 - ii. to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Manager is not aware of any circumstances which would render:
- i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of Tower REIT inadequate to any substantial extent;
 - ii. the values attributed to the current assets in the financial statements of Tower REIT misleading; and
 - iii. adherence to the existing method of valuation of assets or liabilities of Tower REIT misleading or inappropriate.
- c) As at the date of this report, there does not exist:
- i. any charge on the assets of Tower REIT which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - ii. any contingent liability of Tower REIT which has arisen since the end of the financial year.
- d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may affect the ability of Tower REIT to meet its obligations as and when they fall due.
- e) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of Tower REIT, which would render any amount stated in financial statements misleading.
- f) In the opinion of the Manager:
- i. the results of the operations of Tower REIT during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of Tower REIT for the financial year in which this report is made.

MANAGER'S REPORT

cont'd

STATEMENT BY MANAGER

We, GLM REIT Management Sdn Bhd, being the Manager of Tower REIT, are responsible for the preparation of the annual financial statements of Tower REIT.

We are satisfied that in preparing the financial statements of the Trust for the financial year ended 30 June 2024, the Trust has used appropriate accounting policies and applied them consistently. We are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

Signed in accordance with a resolution of the Directors of GLM REIT Management Sdn Bhd.

NOORBAIZURA BINTI HERMEYNEY

Director

5 August 2024

YBHG DATO' TAN ANG MENG

Director

DIRECTORS' PROFILE

MR TANG HONG CHEONG

Chairman

Non-Executive Director/Non-Independent

Age 69 | Male | Malaysian

Mr Tang Hong Cheong is a Member of The Malaysian Institute of Accountants. He has over 40 years of broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He possesses in-depth knowledge in investment, manufacturing, financial services, property development, gaming and hospitality industry. He has held various senior management positions in different companies within the Hong Leong Group, prior to his retirement as President & Chief Executive Officer of Guoco Group Limited in December 2020.

Mr Tang Hong Cheong is the Chairman of GLM REIT Management Sdn Bhd ("GLM REIT") and was appointed to the Board of Directors of GLM REIT on 1 July 2021.

He is also the Chairman of GuocoLand (Malaysia) Berhad ("GLM"), a company listed on the Main Market of Bursa Malaysia Securities Berhad; and a Director of Hong Leong Islamic Bank Berhad, a public company.

MR CHENG HSING YAO (ZHENG XINYAO)

Non-Executive Director/Non-Independent

Age 53 | Male | Singaporean

Mr Cheng Hsing Yao holds a Master in Design Studies from Harvard University, Bachelor of Architecture from Newcastle University, United Kingdom and a Bachelor of Arts from National University of Singapore.

Mr Cheng is the Group Chief Executive Officer of GuocoLand Limited ("GLL"), GLM's holding company listed on the Singapore Stock Exchange. Mr Cheng has extensive experience in the real estate sector including developing integrated mixed-developments, Premium Grade A offices, high-end residential projects as well as in urban planning.

He has held various senior positions with GLL Group, most recently the Group Managing Director of GuocoLand Singapore. Prior to joining GLL Group in 2012, he was with the Singapore public service at the Urban Redevelopment Authority ("URA") and Centre for Liveable Cities ("CLC") under the Ministry of National Development.

He is a board member of the Land Transport Authority of Singapore, a member of CLC's Advisory Panel, as well as a member of URA's International Panel of Experts, Design Advisory Committee and Heritage and Identity Partnership. He was the Founding Chairman of Discover Tanjong Pagar – the business association to promote Tanjong Pagar as a destination to the wider community, and currently serves as a Director of the association. Mr Cheng was appointed by the President of the Republic of Singapore as a Nominated Member of Parliament from January 2021 to July 2023.

Mr Cheng was appointed to the Board of GLM REIT on 1 July 2021. He is a member of the Board Audit & Risk Management Committee and Nominating Committee of GLM REIT.

He is also a Director of GLM, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

DIRECTORS' PROFILE

cont'd

PUAN NOORBAIZURA BINTI HERMEYNEY

Executive Director/Non-Independent
Age 44 | Female | Malaysian

Puan Noorbaizura graduated with a Bachelor of Accountancy (Hons) from University Teknologi Mara in 2002. Subsequently in August 2003, she completed her Association of Chartered Certified Accountants professional examination.

Puan Noorbaizura brings with her over 20 years of working experience which is primarily focused on investment and asset management, including experience in spearheading the real estate portfolios for public listed real estate investment trusts and government-linked companies. She has held various senior management positions in her previous employment, among others, Portfolio Manager-Savills Malaysia Asset Management, Chief Executive Officer of Amanahraya-Kenedix REIT Manager, Director for Naza Asset Management and Senior Vice President of Medini Iskandar Malaysia (Johor).

Puan Noorbaizura is currently the Managing Director ("MD") of GLM, a company listed on the Main Market of Bursa Malaysia Securities Berhad. Prior to her appointment as the MD of GLM, she served as the Chief Executive Officer of GLM REIT.

Puan Noorbaizura was appointed to the Board of GLM REIT on 18 May 2023.

YBHG DATO' TAN ANG MENG

Non-Executive Director/Independent
Age 68 | Male | Malaysian

YBhg Dato' Tan Ang Meng is a certified public accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

YBhg Dato' Tan started his career in 1975 with Price Waterhouse, Kuala Lumpur in the audit division. He left the firm in 1981 to join UMW. In 1983, he joined Guinness Malaysia Berhad. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served within the Group until January 2001. During that period, he held various senior management positions with his last position as Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar. In March 2001, he was appointed as Chief Executive Officer of Fraser & Neave Holdings Bhd, a position he held until his retirement in November 2010.

YBhg Dato' Tan was appointed to the Board of GLM REIT on 1 September 2020. He is the Chairman of the Board Audit & Risk Management Committee and a member of the Nominating Committee of GLM REIT.

YBhg Dato' Tan is also a Director of Southern Steel Berhad and Red Sena Berhad (under members' voluntary liquidation), both listed on the Main Market of Bursa Malaysia Securities Berhad; and a Director of QBE Insurance (Malaysia) Berhad, a public company.

DIRECTORS' PROFILE

cont'd

MS LIM TAU KIEN

Non-Executive Director/Independent
Age 68 | Female | Malaysian

Ms Lim Tau Kien graduated from the University of Glasgow and is a member of the Institute of Chartered Accountants of Scotland and the Malaysian Institute of Accountants.

Ms Lim began her career with Ernst & Young, United Kingdom, before serving the Ministry of Finance and Prime Minister's Department as a Federal Accountant in Malaysia. She subsequently joined the Royal Dutch Shell Group where she held various senior finance roles over a period of 25 years in Malaysia, Australia and China, her last position being the Country Chief Financial Officer/Finance Director/Country Controller of the Shell Companies of China from 2004 to 2008.

Ms Lim has been a director of listed and non-listed companies since 1997. She was appointed to the Board of GLM REIT on 25 July 2019. She is the Chairman of the Nominating Committee and a member of the Board Audit & Risk Management Committee of GLM REIT.

She is a Director of Malakoff Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Notes:

1. Family Relationship with Directors and/or Major Unitholders

None of the Directors has any family relationship with any Director and/or major unitholder of Tower REIT.

2. Conflict of Interests

None of the Directors has any conflict of interest with Tower REIT.

3. Conviction of Offences

None of the Directors has been convicted of any offences (exclude traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

4. Attendance of Directors

Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview, Risk Management And Internal Control Statement in this Annual Report.

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

The Manager of Tower REIT (“The Manager”) is pleased to present the 2024 edition of Tower REIT’s Sustainability Statement (“Statement”).

This Statement reaffirms our commitment to sustainability and illustrates the value delivered to stakeholders over the past year. This Statement is released annually as a part of the Annual Report for dissemination to unitholders and is published on our corporate website.

This Statement provides an overview of our sustainability strategies, accomplishments and future objectives, including our commitment to fostering responsible and sustainable business practices. It communicates our progress in environmental stewardship, social responsibility and sound governance.

Reporting Scope and Boundary	Any references to “The Manager”, “Trust,” the “REIT,” “we,” and “our” refer to Tower REIT as a whole unless otherwise stated in the text. This Statement encompasses three assets, namely: <ul style="list-style-type: none"> • Menara Guoco • Plaza Zurich • Menara HLX 	
Reporting Period	Financial Year 2024 (“FY2024”) from 1 July 2023 to 30 June 2024.	
Reporting Framework	This Statement was prepared in accordance with Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements, incorporating the Enhanced Sustainability Reporting Framework and the Global Reporting Initiative (“GRI”) Standards – Core Option. We also considered feedback from stakeholders and other sustainability best practices.	
Process for Defining Report Content	We applied four reporting principles established in sustainability standards when defining this Statement’s content and material sustainability topics.	
	Sustainability Context	We presented our business operations and performance in the context of Economic, Environmental, Social and Governance (“EESG”) landscape requirements.
	Materiality	We identified the material issues disclosed in this report through internal management discussions and stakeholder engagement. These selected topics have the most significant impact on our business.
	Stakeholder Inclusiveness	Hosting internal discussions within management and engaging with stakeholders helped determine the content and context of this Statement.
	Completeness	This Statement covers various aspects of the material topics, including initiatives, boundaries and impact, within the reporting period.
Reliability of Information Disclosed	The relevant process owners, heads of departments and management reviewed this Statement, which was then assessed by the internal auditor and endorsed by the Board of Directors.	

We value your feedback and welcome suggestions to enhance our sustainability journey for continuous improvement. Unitholders may reach out to us at: glmreit@guocoland.com

SUSTAINABILITY STATEMENT

cont'd

SUSTAINABLE REAL ESTATE WITH TOWER REIT

Sustainability is a fundamental tenet of Tower REIT's operations, encompassing a comprehensive approach to responsible asset management and community engagement. Initiatives such as the utilisation of energy-efficient technologies, sustainable building designs and rigorous waste management practices help minimise our environmental footprint and enhance operational efficiency. Social sustainability remains a priority, focusing on stakeholder engagement, well-being, diversity and community development. Governance and economic sustainability are integral features, with Tower REIT maintaining high standards of corporate governance by:

- Managing EESG risks; and
- Integrating sustainability into investment decisions.

Prioritising sustainability across these dimensions delivers long-term stakeholder value while contributing to a more sustainable future. A growing interest in sustainability reflects an emerging generation of value-driven investors questioning businesses' impact on society. Resilience measures at portfolio and property levels are critical for unitholders as they affect REIT competitiveness.

Integrating climate risk considerations into future developments and retrofitting current assets helps strategise portfolio and property resilience. Tower REIT adopts EESG principles to meet investors' interest and deliver enhanced accountability for sustainability spending and returns.

SUSTAINABILITY GOVERNANCE

The Board of Directors leads Tower REIT's sustainability direction, overseeing the development and implementation of its EESG strategy, policies and initiatives. The Board oversees the progress of sustainability efforts and ensures that they align with Tower REIT's overarching goals.

The Board Audit and Risk Management Committee ("BARMC") also supports the Board in overseeing the development progress of the sustainability strategy and managing the relevant risks.

The Manager established a Sustainability Committee chaired by the Chief Executive Officer and comprises representatives from Heads of Departments. The Sustainability Committee is responsible for driving the implementation of our sustainability strategy and EESG initiatives. The Sustainability Committee is also responsible for monitoring the performance against identified material EESG factors and providing updates to the BARMC and Board for review. These updates enhance strategic decision-making and ensure alignment with our sustainability goals.



SUSTAINABILITY STATEMENT

cont'd

TOWER REIT'S STAKEHOLDER COMMUNITY

Tower REIT encourage stakeholder engagement by listening to and incorporating constructive stakeholder feedback.

Stakeholder Group	Interest Areas	Engagement Methods	Frequency of Engagement
Investors and unitholders	<ul style="list-style-type: none"> The business direction of Tower REIT Key corporate developments 	Annual General Meetings	Annually
		Quarterly results announcement	Quarterly
		Regular communication with unitholders and announcements on the Bursa Securities and corporate websites	As and when required
Trustees	<ul style="list-style-type: none"> Annual revenue Sustainable growth 	Annual General Meetings	Annually
		Investor relations events	As and when required
Regulatory bodies	<ul style="list-style-type: none"> Regulatory compliance Contribution to the economy Social and environmental impact of operations 	Formal meetings	As and when required
		Reports and disclosure	As and when required
		Audits	Annually
Tenants	<ul style="list-style-type: none"> Enhancing safety Building services and amenities 	Safety and health awareness seminars	As and when required
		General notices	As and when required
Employees	<ul style="list-style-type: none"> Remuneration and benefits Development opportunities Job security, workplace health, personal security and safety 	Annual appraisals	Annually
		Training programmes and other employee engagement events	As and when required
Suppliers and contractors	<ul style="list-style-type: none"> Transparent procurement process Timely payments 	Supplier evaluations	Ongoing
		Performance reviews	As and when required
Industry peers	<ul style="list-style-type: none"> Knowledge sharing Tower REIT's position within the industry 	Networking exhibitions & conferences	As and when required
		Annual reports	Annually
		Membership associations renewal	As and when required
Media	<ul style="list-style-type: none"> Financial releases Transparent communications Corporate updates 	Media releases, events and launches	As and when required
		Announcements on the Bursa Securities and corporate website	As and when required
		Media networking sessions	As and when required
Local communities	<ul style="list-style-type: none"> Social contribution Employment opportunities 	Community engagements	As and when required
		Donations, in-kind contributions and philanthropy programmes	As and when required


SUSTAINABILITY STATEMENT

cont'd

TOWER REIT'S MATERIALITY LANDSCAPE

Understanding and prioritising EESG issues that significantly affect operations and stakeholders are at the core of our sustainability strategy. In the final quarter of FY2024, the Manager of Tower REIT undertook a materiality assessment to identify and prioritise these critical EESG matters.



Material Sustainability Matters	Applicable GRI Indicators	Relevant Stakeholders	Relevant UNSDGs	Tower REIT's Contributions
1 Tenant Satisfaction	GRI 203: Indirect Economic Impacts GRI 102: General Disclosures	Tenants	 	<ul style="list-style-type: none"> Proactive tenant management, responsible neighbourhood support, preservation of building safety and delivery of value-added tenant services.
2 Human Capital Development & Employment	GRI 103: Management Approach GRI 404: Training and Education GRI 401: Employment	Employees	   	<ul style="list-style-type: none"> Adherence to the Malaysian Employment Act and continued efforts in striving toward upholding best human resource practice, eg. Global Business Collaboration for Better Workplace Mental Health. Promotion of Diversity, Equity and Inclusiveness Continuous training and development opportunities.

SUSTAINABILITY STATEMENT

cont'd

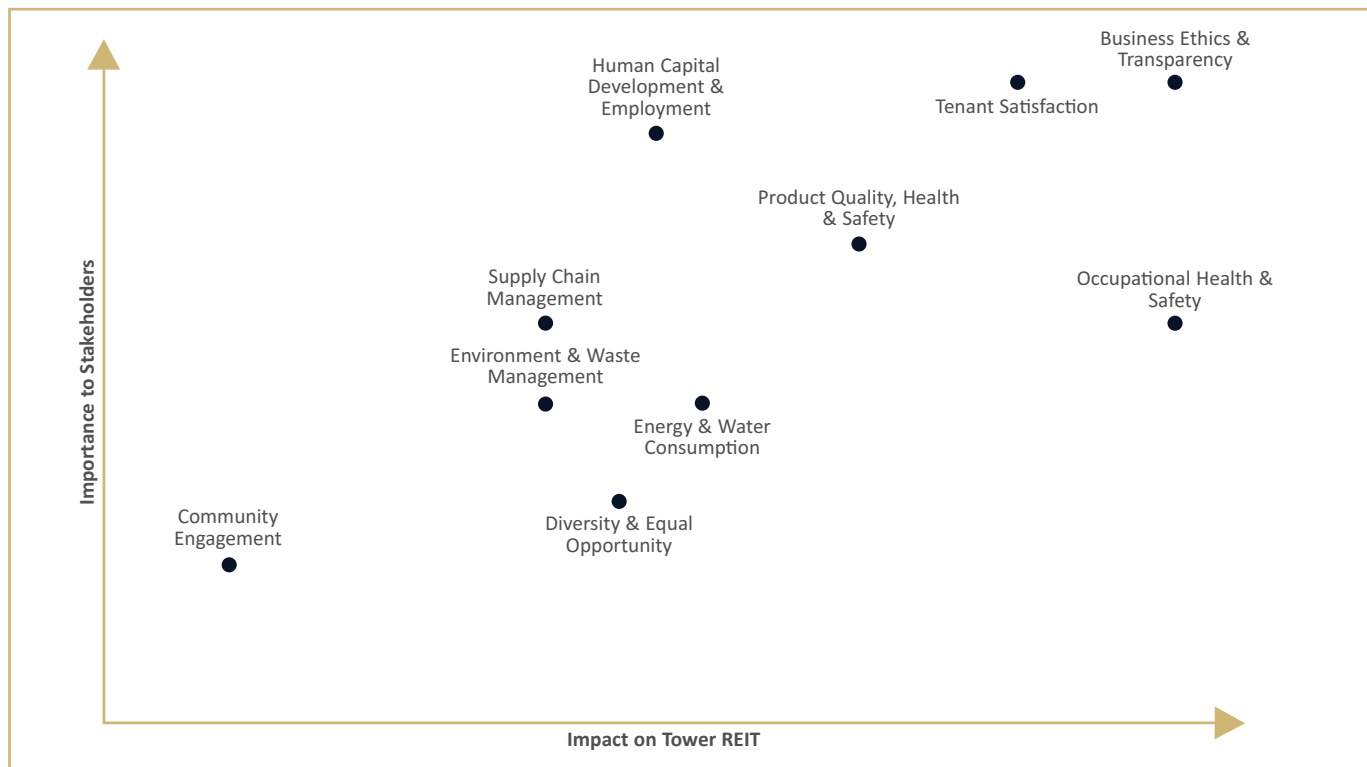
Material Sustainability Matters	Applicable GRI Indicators	Relevant Stakeholders	Relevant UNSDGs	Tower REIT's Contributions
3 Supply Chain Management	GRI 103: Management Approach GRI 204: Procurement Practices	Suppliers, Contractors		<ul style="list-style-type: none"> Reinforcement of the principles of responsible business practices throughout the entire value chain.
4 Occupational Health & Safety	GRI 103: Management Approach GRI 403: Occupational Health and Safety	Employees, Tenants	  	<ul style="list-style-type: none"> Adherence to relevant industry best practices and compliance with all relevant regulations to provide a safe work environment for all stakeholders. Implementation of initiatives to support the physical and mental well-being of employees. No fatalities, work-related severe injuries, or safety incidences in FY2024.
5 Energy & Water Consumption	GRI 103: Management Approach GRI 302: Energy GRI 303: Water and Effluents	Investors, Unitholders, and Local Communities		<ul style="list-style-type: none"> Adoption of energy-efficient measures, equipment and technologies. Study on the use of advanced energy option and use of clean energy sources where feasible. Introduction of efficient water management to conserve water
6 Environment & Waste Management	GRI 103: Management Approach GRI 306: Waste	Investors, Unitholders, and Local Communities	     	<ul style="list-style-type: none"> Minimisation of waste generated by optimising the waste recycling rate. Collaboration with tenants and clients to promote responsible waste management.
7 Business Ethics and Transparency	GRI 103: Management Approach GRI 102: General Disclosures GRI 205: Anti-corruption	Investors, Unitholders, Trustee, Regulatory Bodies, Employees, Suppliers, Contractors and Tenants	 	<ul style="list-style-type: none"> Maintenance of sound and effective governance in line with corporate governance policies and practices. Zero tolerance of corruption, bribery, fraud or any non-compliance with laws and regulations.

SUSTAINABILITY STATEMENT

cont'd

Material Sustainability Matters	Applicable GRI Indicators	Relevant Stakeholders	Relevant UNSDGs	Tower REIT's Contributions
8 Community Engagement	GRI 103: Management Approach GRI 413: Local Communities	Local Communities	  	<ul style="list-style-type: none"> • Endeavours in community uplifts where we operate. • Encouragement of employees' participation in community outreach efforts.
9 Diversity & Equal Opportunity	GRI 103: Management Approach GRI 202: Market Presence GRI 401: Employment GRI 405: Diversity and Equal Opportunity	Employees	 	<ul style="list-style-type: none"> • Zero tolerance for discrimination of any kind.
10 Product Quality, Health & Safety	GRI 103: Management Approach GRI 416: Customer Health and Safety	Tenants		<ul style="list-style-type: none"> • Uncompromising support for a safe and healthy living environment for all tenants and visitors.

The materiality exercise is a cornerstone of our sustainability strategy, enabling our responsiveness to the evolving landscape of EESG issues in line with global sustainability goals. This process enhances business resilience and drives value creation.



SUSTAINABILITY STATEMENT

cont'd

ECONOMIC EXCELLENCE

Tower REIT supports economic sustainability by investing in yield and value accretive real estate assets, generating employment and business opportunities and simultaneously stimulating economic growth. We manage human capital, assets and portfolio operations to provide space for businesses.

We work closely with asset and project managers to align sustainability goals across the portfolio. We prioritise and focus on maximizing value for investors alongside the sustainability of business operations.

FOSTERING INDUSTRY ADVANCEMENT THROUGH COLLABORATIVE PARTNERSHIPS

Tower REIT is a Malaysian REIT Managers Association (MRMA) member and participates in collaborative engagement and meaningful discussions to foster industry advancements. Collaborating with MRMA guides us in upholding best practices in sustainability and industry standards. Our involvement extends to participating in green certification and award schemes, targeting specific areas and topics within the industry. Supporting these initiatives helps advance the REIT industry, championing environmental responsibility and excellence in real estate management.

ETHICAL BUSINESS CONDUCT

Tower REIT upholds a zero-tolerance policy against corruption and unethical business conduct, including bribery, kickbacks, fraud, money laundering and facilitation payments. In November 2023, Board members, management and relevant employees attended a seminar on Anti-Money Laundering in Real Estate.

Tower REIT has an established Code of Ethics governing interactions with tenants, suppliers, employees and other stakeholders. Tower REIT's Anti-Bribery and Corruption Policy is aligned with the Malaysian Anti-Corruption Commission Act 2009.

Tower REIT takes measures to maintain ethical conduct to support its policies and procedures, including :

Ethical Business Conduct

- regularly reviewing the Code of Conduct,
- providing training to employees to raise awareness and understanding of their ethical responsibilities,
- assigning employees responsibility for conveying grievances and reporting unethical behaviour, including corruption and bribery, through whistleblowing channels,
- enforcing the Code of Ethics and implementing disciplinary measures for violation, and
- reviewing ethical culture through surveys and assessments to foster integrity and accountability.

SUSTAINABILITY STATEMENT

cont'd

Whistleblowing Policy

We provide a safe and confidential avenue for employees and stakeholders to report concerns regarding unethical behaviour, misconduct, or violations of company policies.

Reportable incidents

- Any criminal offences, including fraud, corruption, bribery and blackmail
- Any failure to comply with legal or regulatory obligations
- Any improper conduct which would be a disciplinary offence
- Any gross mismanagement of company affairs
- Any act or omission which jeopardises the health and safety of any employee of Tower REIT or any member of the public

Individuals may report concerns or suspicions of wrongdoing to the Chairman of the BARMC. Whistleblowers may make reports anonymously, and all information received is treated with confidentiality.

Taking measures and protecting the whistleblower's identity prevents any discrimination, retaliation, harassment, or reprisal against the whistleblower.

SUSTAINABLE SUPPLY CHAIN

Tower REIT maintains an extensive network of active suppliers and service providers, ranging from maintenance service providers and contractors to professional consultants, financial institutions and facility managers.

We have introduced sustainability measures across the value chain, including risk management procedures for outsourcing and procurement. Critical criteria include reputation, professional expertise, track record, pricing, financial standing, social and environmental integration, and legal compliance.

The Manager adheres to fair procurement practices, including:

- Obtaining at least three quotations where applicable and feasible, and
- Conducting pre-qualification process for all contracts
- Conducting tender process for material contracts.

SUSTAINABILITY STATEMENT

cont'd

Beyond Profit in Supply Chain Decision-making

Our supply chain processes consider social and environmental criteria to ensure our procurement decisions align with our sustainability objectives. We evaluate suppliers based on their financial competitiveness, social responsibility practices, and environmental impact.

Our Code of Ethics extends to all supply chain partners, emphasising our commitment to labour and human rights, safety, ethics and environmental responsibility. We assess suppliers' material selection, quality, treatment of workers, and overall sustainable practices alongside formal certifications such as ISO 9001:2015 Quality Management Systems and ISO 14001:2015 Environmental Management System standards.

The Manager also collaborates closely with property managers to determine whether service providers uphold sound business ethics and comply with relevant employment and environmental laws and regulations, such as the Employment Act 1955, the Children and Young Persons (Employment) Act 1966, the Occupational Safety and Health Act 1994, and various environmental guidelines. Conducting checks on contractors and service providers against the United Nations Security Council Resolution (UNSCR) and Ministry of Home Affairs (MOHA) lists verifies their compliance with the Anti-Money Laundering Act (AMLA) and identifies red-flagged entities.

Buying Local

Supporting local procurement aligns with our commitment to environmental sustainability and adds value to local communities. Tower REIT contributes to the economic growth of nearby communities by supporting local businesses.

ENVIRONMENTAL SUSTAINABILITY

Tower REIT integrates green sustainability into its operations. Innovative strategies and eco-conscious initiatives reduce environmental impact across our real estate portfolio. Energy-efficient building designs, waste reduction programmes and other green initiatives enhance resource efficiency and promote sound environmental stewardship.

The Manager's commitment to environmental sustainability extends to fostering green practices in its supply chain and collaborating with stakeholders to drive sustainable innovation.

The Manager formalised the following implementation strategies to achieve the objective of environmental sustainability:

MONITORING AND
CONTROLLING ENERGY USE

MANAGING WASTE AND
POLLUTION

COMPLIANCE WITH LAWS
AND REGULATIONS ON
ENVIRONMENTAL IMPACT

SUSTAINABILITY STATEMENT

cont'd

ENERGY AND CLIMATE ACTION

Equipping the properties under the REIT with an Environmental Management Plan allows us to analyse and manage resource consumption while formulating energy-saving measures. Operational teams conduct regular inspections to monitor energy usage and adjust facility output levels, including lighting and ventilation, as necessary.

We invest in energy-efficient infrastructure and technologies for lighting, cooling towers, chillers and air conditioning units, which accounting for most of our energy consumption. Under the guidance of the Operation & Facilities Management Team, we continually assess the feasibility of integrating energy-efficient equipment and technologies while also exploring energy management practices.

We have also implemented energy savings monitoring systems at Plaza Zurich and Menara HLX. These systems establish benchmarks for maximum energy consumption and alert management when limits are exceeded, enabling prompt corrective actions. Menara Guoco features a building control system with digital power meters to monitor energy consumption effectively.

In recent years, Tower REIT has implemented several energy conservation initiatives, including:

- Maintenance of trees,
- Flood mitigation (flood gate installed at Menara HLX),
- Upgrading Menara HLX's chiller system to improve energy efficiency,
- Grounding lifts during weekends, public holidays and after working hours to reduce unnecessary energy consumption,
- Replacing faulty conventional lights with LED energy-saving bulbs to lower electricity usage,
- Upgrading Menara Guoco's Building Automation System to enhance energy management and control, and
- Exploring options for the installation of a more energy-saving air-conditioning system at Plaza Zurich.

**Please refer to our Performance Data Table on pages 50 to 51 of this Annual Report for our energy and emissions-related data*

Chiller Plants Optimisation

Tower REIT began optimising its chiller plants in FY2023, with a target completion date set for FY2026. This optimisation process involves the installation of variable speed drives on condenser water pumps in phases to conserve energy and enhance overall efficiency. The optimised chiller plants should deliver significant energy savings while improving operational performance. Upon completion, the chiller management system will feature chilled water and condenser water temperature reset, cooling tower fan control, optimal sequencing, low cooling load conditions management and bypass valve operation.

Progress to Date

Menara Guoco	Menara Guoco now runs two chillers with fine-tune parameters during normal operation hours. The Delta T° are now closer to the designated Delta T° 13°F. As such, ambient temperature in Menara Guoco has improved, and is now stable with very low fluctuation.
Plaza Zurich	The cooling system at Plaza Zurich was upgraded with a revised control circuit. Starting 25 January 2024, the speed of condenser pumps was reduced from 45Hz to 30Hz, resulting in about a 3% reduction in average daily electricity consumption compared to the consumption before these upgrades.
Menara HLX	Testing and commissioning of two new chillers for Menara HLX have been completed. Phase 1 of the chiller plant upgrade has reduced Menara HLX's average monthly electricity consumption by approximately 26%, or 75,700 kWh. Chiller plant efficiency has improved by about 60%.

SUSTAINABILITY STATEMENT

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GREEN BUILDING SOLUTIONS

Green development and sustainability are part of our operational ethos and strategic initiatives. We strive to manage properties that meet environmental performance standards and contribute to the communities they serve. Our approach to green building solutions involves incorporating energy-efficient technologies, and innovative design principles that minimise environmental impact while enhancing occupants' quality of life.

Tower REIT supports climate action and the transition to a low-carbon economy. Investing in energy-efficient infrastructure and technologies enhances energy efficiency and reduces emissions. Our sustainability strategy addresses critical areas such as energy consumption, water use, waste management and greenhouse gas emissions. In collaboration with the Operation & Facilities Management Team, the Manager reviews the feasibility of adopting energy management practices and integrating new, energy-efficient equipment.

Complementing our internal efforts, we engage with stakeholders, including tenants, suppliers and the wider community, to promote sustainability and environmental stewardship. Participating in green certification programmes and award schemes allows our properties to meet recognised sustainability benchmarks. We enhance the environmental performance of our properties through the Green Building Index (GBI) certification, a system developed by the Malaysia Green Building Confederation (MGBC) and based on the principles of the Leadership in Energy and Environmental Design (LEED) rating system. Menara Guoco is a GBI-rated and LEED Gold-certified building equipped with intelligent building solutions, allowing tenants to enjoy an optimal indoor working environment while reducing the building's environmental footprint.

Highlights of Green Features at Menara Guoco

Building Design & Material Selection	<ul style="list-style-type: none"> • Low Window to Wall Ratio ("WWR") • High-performance glazing • Low Volatile Organic Compounds ("VOC") Environment
Building Energy Index ("BEI")	• BEI of Menara Guoco is 145 kWh/m ² compared with 250 kWh/m ² per annum for a typical building in Malaysia.
Lux Sensors & Motion Sensors	<ul style="list-style-type: none"> • Lux sensors at all perimeter zones and day-lit areas • Occupancy motion sensors at lift lobbies and toilets
Recycling Facilities	<ul style="list-style-type: none"> • Recycling facilities to encourage waste segregation and recycling among building tenants • Recycling bins situated in common areas • Compactor machines at the refuse chamber
Carbon Dioxide Monitoring and Control	<ul style="list-style-type: none"> • Monitoring and controlling CO₂ levels within the occupied space to deliver the right amount of fresh air to occupants • CO₂ sensors ensure levels are within 1,000 parts per million ("ppm") in each space
Building Management System & Metering System	<ul style="list-style-type: none"> • A Building Management System that monitors and analyses energy and water consumption • Submeters record water and electricity consumption
Water Efficient Fittings	Lower flow rate water faucets reduces water consumption
Desiccant Heat Recovery Wheel	The building has an independent central fresh air supply inlet and a general extract outlet. The heat recovery wheel reduces the temperature of the external incoming air from the main duct. The cool extracted air from the general space of the building recovers energy by precooling the fresh air before being cooled by the ACMV system.
Non-Chemical Water Treatment System	The GRENECO chemical-free system integrates side stream filtration with agitation nozzles to remove suspended solids and organic matter in the condenser loop system.

SUSTAINABILITY STATEMENT

cont'd

Condensate Water Recovery And Use	An insulated piping system collects condensate water, which is recycled as make-up water in the cooling tower and reduces the building's potable water use.
Fire System Water Recycling During Regular Testing	Recycling water from both sprinkler and wet riser systems during regular testing
Regenerative Lifts	All lifts are regenerative, returning the energy generated by the lift system to the building's power supply system. The elevator motor's generator saves approximately 20% of the electrical energy.

WATER MANAGEMENT

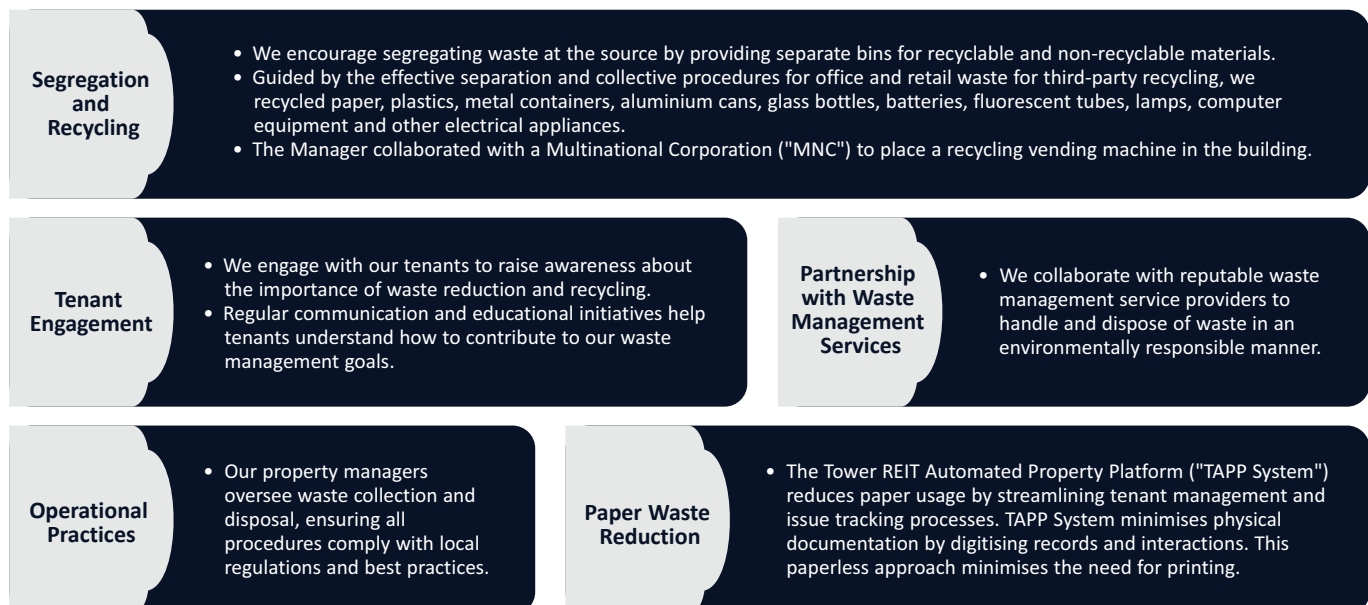
Effective water management is a foundation of our sustainability strategy. Our properties primarily source water from municipal supplies for cooling towers, toilets, and landscaping. We implement various water-saving measures across our portfolio to reduce overall consumption.

We actively promote water conservation by employees, tenants, and stakeholders, urging them to minimise water wastage in their daily activities through regular reminders and educational initiatives.

Our property managers monitor water usage, and regularly inspect all water tanks to prevent overflow or leaks. Additional proactive measures include reducing condenser pump speeds and diverting condenser water to additional cooling towers to minimise drift loss. We also conduct thorough checks on all pipes to ensure no leaks and that all taps and flushing systems in toilets are adequately maintained. This approach allows us to identify and repair leaks promptly, thereby preventing unnecessary water loss.

WASTE MANAGEMENT

We have implemented a waste management strategy across our properties to minimise environmental impact and promote responsible resource use. The following diagram summarises these initiatives.



SUSTAINABILITY STATEMENT

cont'd

NURTURING EXCELLENCE WITH OUR PEOPLE

A dynamic and committed workforce forms the backbone of Tower REIT's success. Fair employment practices and investing in the continuous development of employees deliver excellence. We cultivate an environment where individuals can flourish, emphasising collaboration, innovation and a culture of recognition and appreciation. These aspects attract talent and foster a sense of belonging and fulfilment within the organisation. We remain dedicated to employees' growth, empowerment and overall well-being.

Tower REIT's People Management Focus Areas



REWARDING OUR PEOPLE

The Manager provides competitive compensation packages to its employees. Full-time team members receive competitive pay and comprehensive benefits that enhance their well-being and security. These benefits include life insurance coverage, healthcare benefits, annual and medical leave entitlements and local pension fund contributions.

A PROMISE TO A CAREER

At Tower REIT, career development extends beyond mere employment, as we ensure regular training sessions for staff to elevate their individual competencies.

Investing in employee training and development initiatives helps our team stay ahead of industry trends. Empowering staff to acquire essential knowledge and hone skills for career progression enriches the individual and the organisation.

Supporting employees seeking professional certifications allows them to reach their potential. We encourage participation in industry talks so that our team will remain competitive in an ever-evolving professional arena.

SUSTAINABILITY STATEMENT

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Examples of training programmes, seminars and talks attended by our employees this year include:

- 31st National Real Estate Convention – Sustainable Property Sector – From Cradle to Grave
- ESG Strategy Supporting Bursa Malaysia's PLC Transformation Programme
- AI Knowledge-Sharing Session
- A Run Through Of Latest Developments In The Employment Landscape

The Manager employs a multifaceted strategy to cultivate talent across all levels, catering to the diverse needs of the business. We invest in nurturing young talent through specialised programmes and mentorship opportunities from topic experts. Strategically recruiting experienced professionals augments the talent pool and addresses specific skill gaps. This approach fosters a diverse workforce where professionals mentor and guide young emerging talents, nurturing them into future leaders within the organisation.

EMBRACING DIVERSITY, EQUITY AND INCLUSION

The Manager promotes diversity, equity and inclusion across all aspects of its operations. We believe in providing equal opportunities to all individuals, irrespective of age, race, gender, religion, or marital status, in areas such as hiring, career development, promotion and compensation. An inclusive workplace culture cultivates an environment that respects and values every voice. Embracing diversity brings forth a wealth of perspectives and ideas, enabling us to serve our diverse tenant base and stakeholders more effectively. We strive to create an equitable workplace rich in creativity and innovation.

SAFETY, HEALTH AND WELL-BEING

Tower REIT emphasises the safety, health, and well-being of all individuals involved in its operations. Our safe working guidelines identify and eliminate hazards while minimising risks for a secure and healthy working environment.

Preventive measures mainly focusing on regular inspections and maintenance of facilities and equipment help our operations adhere to relevant safety standards. We take corrective action upon identifying safety and health concerns, followed by improvement measures to prevent recurrence.

The Manager's commitment to safety and health encompasses all individuals involved in our operations, including employees, suppliers, contractors and supply chain partners. Tower REIT's safety and health policy is extended to suppliers and contractors, reflecting its unwavering dedication to fostering a safe working environment for all, regardless of their role or affiliation with Tower REIT.

Regular safety training covering essential components such as first aid, emergency response, fire evacuation, ergonomics and safe behaviour further reinforces our health and safety processes.

Examples of safety and health programmes attended by our employees this financial year include:

- Health Talk: Understanding Headaches
- Basic Occupational First Aid, CPR & Automated External Defibrillator ("AED") Health Talk: You're Not Too Young to Have Heart Attack
- Health Talk: Reducing Eye Strain

SUSTAINABILITY STATEMENT

cont'd

COMMUNITY RELATIONS

Tower REIT believes in uplifting communities by fostering lasting, positive relationships and conducting business responsibly.

Building a sustainable community goes hand in hand with enhancing the quality of life for individuals, especially those within our operational reach. Working alongside our partners and stakeholders, we create meaningful and enduring impacts that benefit everyone.

SUSTAINABLE VENTURES AND INVESTMENT GROWTH

The quality and sustainability of our properties are fundamental to our success. Responsible and sustainable practices focused on environmental stewardship guide our real estate investment approach.

Our Strategic Priorities

Environmental Management Systems	Sustainable Property Management	Tenant Engagement	Carbon Footprint Reduction	Sustainable Supply Chain	Corporate Social Responsibility
Environmental Management Systems guide our operations, ensuring compliance with environmental regulations and promoting continuous improvement in our environmental performance.	We implement sustainable property management practices, including regular energy assessments, water conservation measures, and waste reduction programmes. We aim to minimise our buildings' environmental impact and maximise resource efficiency.	The Manager actively engages with its tenants to promote sustainable practices, including fostering a community of environmentally conscious tenants.	We are committed to reducing our carbon footprint through various initiatives, including retrofitting existing properties and pursuing green certifications.	We prioritise suppliers and contractors who practice sustainability in their operations.	We support local communities through charitable contributions, volunteer programmes and partnerships that promote social equity and economic development.

Tower REIT's Responsible Operations Focus Areas

ATTRACT STRONG COVENANT TENANTS	TENANT RETENTION STRATEGY	IMPROVE OCCUPANCY RATE	ACCESS TO GREEN FINANCING	COST CONTAINMENTS INITIATIVES
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SUSTAINABILITY STATEMENT

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TENANT RETENTION STRATEGY

Fostering long-term relationships with tenants is paramount as we continue our commitment to responsible operations and sustainable investment growth. With a tenant base ranging from multinational corporations to startups, we recognise our tenants' diverse needs and preferences.

Successful tenant retention delivers stable revenue streams and contributes to vibrant and thriving communities within our properties. We have developed a tenant retention strategy that enhances tenant experiences while improving occupancy rates across our portfolio.

Tower REIT's Tenant Retention Strategies



VALUE CREATION THROUGHOUT THE ENTIRE TENANT JOURNEY

Our properties are more than just physical spaces; they are dynamic environments where businesses thrive and communities flourish. From the moment a tenant considers leasing space within our portfolio, we strive to provide a seamless and enriching experience.

We begin with understanding each tenant's needs and aspirations. Whether they are an MNC seeking headquarters or an up-and-coming company searching for flexible workspace solutions, we endeavour to tailor our offerings to diverse requirements.

Throughout the entire tenant journey, we prioritise proactive communication and responsive support. Continuously enhancing our property amenities, infrastructure and overall environment creates spaces that inspire productivity, collaboration and well-being. We aim to support tenant expectations and instil pride in their workplaces.

SUSTAINABILITY STATEMENT

cont'd

Safety	Value-add	Collaboration	Continuous Upgrading, Enhancement and Maintenance
<ul style="list-style-type: none"> Each property has established an Emergency Response Team ("ERT"). Each asset has 24/7 security, CCTVs and emergency buttons in all lifts. Emergency and panic buttons were installed at car parking area of Plaza Zurich & Menara HLX. The Manager has implemented a Planned Preventive Maintenance Strategy as a proactive approach to detect and resolve potential issues before they escalate. 	<ul style="list-style-type: none"> Amenities and facilities include prayer's room and valet parking. Assistance for people with disabilities includes wheelchair ramps, dedicated parking bays for the disabled, and disabled toilets. Electric Vehicles ("EV") bays for electric or plug-in hybrid vehicles for Plaza Zurich & Menara Guoco. AED facilities for Menara Guoco. 	<ul style="list-style-type: none"> Regular casual tenant visits The TAPP System allows the Manager to update tenants on upcoming programmes, ongoing events and other important notices. Tenants may also channel their concerns through this channel. 	<ul style="list-style-type: none"> Continuous operational improvements and Asset Enhancement Initiatives ("AEI") in FY2023 included replacing broken tiles, constructing additional toilet cubicles and covering a walkway

EMPOWERING TENANT ENGAGEMENT

We focus on addressing our tenants' needs and fostering communication by consistently improving our proprietary tenant management system — the TAPP System. This innovative system is a central hub for streamlined communication, enhanced feedback mechanisms and improved responsiveness to service requests. Harnessing the capabilities of the TAPP System delivers a seamless tenant experience, addressing inquiries and resolving issues efficiently.

CYBERSECURITY AND DATA PRIVACY

Tower REIT acknowledges the importance of cybersecurity measures in safeguarding personal data and sensitive information. We assess our information and operational technology systems, scrutinising technology, data and cyber risks. These assessments allow the development and implementation of risk mitigation and tailored control measures.

Encryption protocols, regular security audits and delivering employee training on best practices fortify our cybersecurity.

Data privacy policies guide the responsible handling and protection of sensitive information, fostering trust and confidence among stakeholders.

SUSTAINABILITY STATEMENT

cont'd

STATEMENT OF ASSURANCE

Assurance undertaken

In strengthening the credibility of the Sustainability Statement, selected indicators of this Sustainability Statement have been subjected to an internal review by the internal auditors and have been approved by the Audit Committee.

Subject matter

The Common Sustainability Matters and accompanying indicators covered by internal review include the followings:

No.	Common Sustainability Matters	Common Indicators
1.	Anti-Corruption	<ul style="list-style-type: none"> a) Percentage of employees who have received training on anti-corruption by employee category b) Percentage of operation assessed for corruption-related risks c) Confirmed incidents of corruption and action taken
2.	Community / Society	<ul style="list-style-type: none"> a) Total amount invested in the community where the target beneficiaries are external to the listed issuer b) Total number of beneficiaries of the investment in communities
3.	Diversity	<ul style="list-style-type: none"> a) Percentage of employees by gender and age group, for each employee category b) Percentage of directors by gender and age group
4.	Energy management	<ul style="list-style-type: none"> a) Total energy consumption
5.	Health and safety	<ul style="list-style-type: none"> a) Number of work-related fatalities b) Lost time incident rate c) Number of employees trained on health and safety standards
6.	Labour practices and standards	<ul style="list-style-type: none"> a) Total hours of training by employee category b) Percentage of employees that are contractors or temporary staff c) Total number of employee turnover by employee category d) Number of substantiated complaints concerning human rights violations
7.	Supply chain management	<ul style="list-style-type: none"> a) Proportion of spending on local suppliers
8.	Data privacy and security	<ul style="list-style-type: none"> a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
9.	Water	<ul style="list-style-type: none"> a) Total volume of water used

Scope

The boundary of the internal review includes all Tower REIT's properties under the Manager's operational control.

SUSTAINABILITY STATEMENT

cont'd

DATA PERFORMANCE

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	0.00
Management	Percentage	100.00
Executives	Percentage	50.00
Non-Executives	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	8,140.68
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	115.557700
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	16
Management	Hours	17
Executives	Hours	34
Non-Executives	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Management	Number	3
Executives	Number	1
Non-Executives	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0

SUSTAINABILITY STATEMENT

cont'd

Indicator	Measurement Unit	2024
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	100.00
Senior Management Above 50	Percentage	0.00
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	66.67
Management Above 50	Percentage	33.33
Executives Under 30	Percentage	25.00
Executives Between 30-50	Percentage	75.00
Executives Above 50	Percentage	0.00
Non-Executives Under 30	Percentage	0.00
Non-Executives Between 30-50	Percentage	0.00
Non-Executives Above 50	Percentage	0.00
Gender Group by Employee Category		
Senior Management Male	Percentage	0.00
Senior Management Female	Percentage	100.00
Management Male	Percentage	0.00
Management Female	Percentage	100.00
Executives Male	Percentage	0.00
Executives Female	Percentage	100.00
Non-Executives Male	Percentage	0.00
Non-Executives Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Under 30	Percentage	0.00
Between 30-50	Percentage	20.00
Above 50	Percentage	80.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	5
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance

External assurance

No assurance

(*)Restated

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

GLM REIT Management Sdn Bhd (the “Manager”), the Manager of Tower Real Estate Investment Trust (“Tower REIT” or the “Trust”), has adopted an overall corporate governance framework that is designed to meet best practice principles and which recognises that an effective culture to sustain its value propositions is critical to the performance of the Manager and consequently, to the success of Tower REIT which it manages.

In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of unitholders. This obligation ties in with the Manager’s primary responsibility to manage the assets and liabilities of Tower REIT for the benefit of unitholders. In this regard, the Manager will endeavour to continue enhancing returns to unitholders.

Tower REIT is regulated by the Securities Commission (“SC”) pursuant to the provisions of Listed Real Estate Investment Trusts (“REIT”) Guidelines (“REIT Guidelines”) and Capital Markets and Services Act 2007 (“CMSA”) as well as Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”). This Corporate Governance Overview, Risk Management and Internal Control Statement (“Statement”) outlines the Manager’s corporate governance practices during the financial year ended 30 June 2024 (“FY2024”) as guided by the principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

THE MANAGER OF TOWER REIT

The Manager’s primary responsibility is to manage and administer Tower REIT in accordance with the investment policy of the Trust for the benefit of the unitholders. Amongst others, the Manager will be responsible for the following matters of Tower REIT:

- determine its investment policies;
- formulate its strategic direction;
- review and approve strategic initiatives and ensure they support long-term value creation and take into account economic, environmental, social and governance considerations underpinning sustainability;
- develop business plans and budgets for investments and outlays in the short, medium and long-term;
- formulate risk management policies;
- recommend acquisition, divestment or asset enhancement to the Trustee;
- devise the strategies for leasing and tenancy management;
- ensure compliance with the applicable provisions of the Deed constituting Tower REIT (as amended and restated by the restated deed dated 29 May 2014 and the second restated deed dated 23 October 2019) (the “Deed”), the REIT Guidelines, the SC Guidelines on Unit Trust Funds, Bursa Securities MMLR and other relevant rules, guidelines and laws;
- supervise the property manager (Henry Butcher Malaysia (Mont Kiara) Sdn Bhd) for its buildings; and
- perform any other duties and obligations as provided under the Deed, the REIT Guidelines and the SC Guidelines on Unit Trust Funds.

The Manager holds a Capital Markets Services Licence issued by the SC to carry out the regulated activity of asset management in relation to Tower REIT.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS

A. Roles and Responsibilities of the Board

The Board of Directors of the Manager (the “Board”) assumes responsibility for effective stewardship and control of Tower REIT and the Manager and has established terms of reference (“TOR”) to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Tower REIT website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and strategies; overseeing and evaluating the performance and conduct of the Manager; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, major capital expenditure as well as acquisitions and disposals.

The day-to-day business of Tower REIT and the Manager is managed by the Chief Executive Officer (“CEO”) who is assisted by a management team. The CEO and the management team are accountable to the Board for the performance of Tower REIT and the Manager. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external controls and risk management to the Board Audit & Risk Management Committee. The Nominating Committee is delegated the authority to, inter alia, assess and review the (i) appointments of new Directors, members of the Board Committees and the CEO; (ii) re-election of Directors and (iii) the performance of Directors, Board Committees members and the CEO.

Although the Board has granted such authorities to the Board Committees, the ultimate responsibility and the final decision rest with the Board. The Chairpersons of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the CEO. This division of responsibilities between the Chairman and the CEO ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

The CEO is responsible for formulating the vision and recommending policies and the strategic direction of Tower REIT and the Manager for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing unitholders’ wealth, providing management of the day-to-day operations of Tower REIT and the Manager and tracking compliance and business progress.

Independent Non-Executive Directors (“ID” or “IDs”) are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances with regular reviews of strategies, plans and risks, including a focus on environmental, social and governance (“ESG”) aspects, to ensure achievement of a solid equality between value creation and corporate responsibility. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of ID’s independent judgment or their ability to act in the best interests of Tower REIT, the Manager and the unitholders of Tower REIT.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

A. Roles and Responsibilities of the Board cont'd

Tower REIT and the Manager continue to operate in a sustainable manner and seeks to contribute positively to the well-being of unitholders and other stakeholders. Tower REIT and the Manager take a progressive approach in integrating sustainability into its business as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which has been adopted by the Board and published on the Tower REIT website.

B. Board Composition

The Board currently comprises five (5) Directors, two (2) of whom are IDs. The number of IDs is in line with MMLR and REIT Guidelines. The profiles of the members of the Board are set out in the Annual Report.

The recommendation in MCGG to have at least half of the board comprising IDs has been considered by the Board. The Board is of the view that the current composition of the IDs is adequate for the Board to function objectively and effectively. The IDs are able to exercise sound judgement without fear or favour and provide check and balance with their unbiased views so as to foster objectivity in Board's deliberations and decisions. The IDs have performed their oversight role effectively and understood their responsibilities to all stakeholders.

The Board recognises the merits of Board diversity in adding value to the collective skills, perspectives and strengths of the Board. There are two (2) women Directors, representing 40% of women participation, on the Board. This aligns with MCGG and complies with the requirement prescribed by the Corporate Governance Guidelines for Capital Market Intermediaries.

Based on the review of the Board composition in August 2024, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Manager's business.

C. Board Committees

Two Board Committees have been established by the Board to assist in the discharge of its duties.

- Board Audit & Risk Management Committee ("BARMC")

The composition of BARMC and a summary of its activities in the discharge of its functions and duties for FY2024 are set out in the Board Audit & Risk Management Committee Report in the Annual Report.

The TOR of the BARMC are published on the Tower REIT website.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

C. Board Committees cont'd

- Nominating Committee (“NC”)

The NC was established on 24 June 2022. The TOR of the NC are published on the Tower REIT website.

The composition of the NC is as follows:-

Ms Lim Tau Kien
Chair, Independent Non-Executive Director

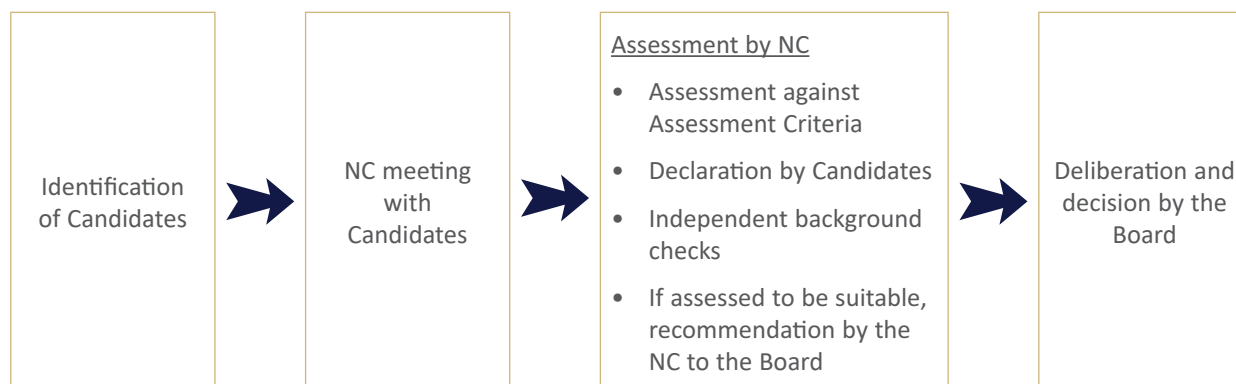
Mr Cheng Hsing Yao
Non-Independent Non-Executive Director

YBhg Dato’ Tan Ang Meng
Independent Non-Executive Director

The Manager has in place the Directors’ Fit and Proper (“F&P”) Policy as a guide for the assessment of the (i) appointment of new Directors and Board Committee members; and (ii) re-election of Directors and the criteria and guidelines used for such assessments. The F&P Policy is published on the Tower REIT website.

(i) New Appointments

The nomination, assessment and approval process for new appointments is as follows:



In assessing the candidates for Board appointments, the NC will take into account, inter alia, the strategic and effective fit of the candidates for the Board, the overall desired composition for optimal Boardroom diversity and the mix of expertise and experience of the Board as a whole and the candidates’ attributes, qualifications and their F&P Declarations. The Manager will also conduct independent background checks to verify the information disclosed in the F&P Declarations, covering, inter alia, probity, personal integrity, financial integrity and reputation. The Manager maintains a pool of potential Board candidates from internal and external introductions as well as independent sources with director databases to aid in its search for suitable Board candidates.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

C. Board Committees cont'd

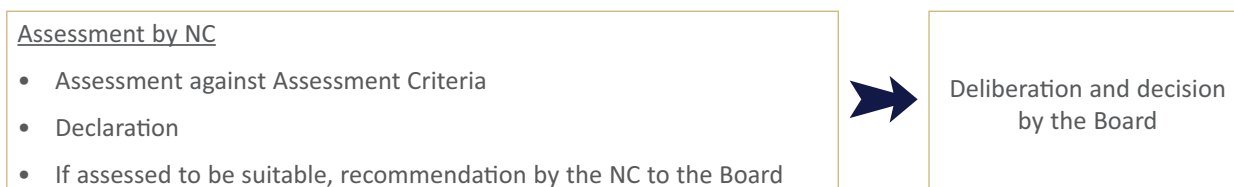
(i) New Appointments cont'd

In evaluating any new appointment of the CEO and other key positions, the Manager is guided by the Hong Leong Group Recruitment Policy where candidates are assessed based on qualifications, experience and potential, with no discrimination based on gender, race or religion.

In the case of the CEO, the NC will take into account the candidate's management and leadership qualities as well as knowledge and experience in the industry, market and segment.

(ii) Re-election of Director

The assessment and approval process for re-election of a Director is as follows:



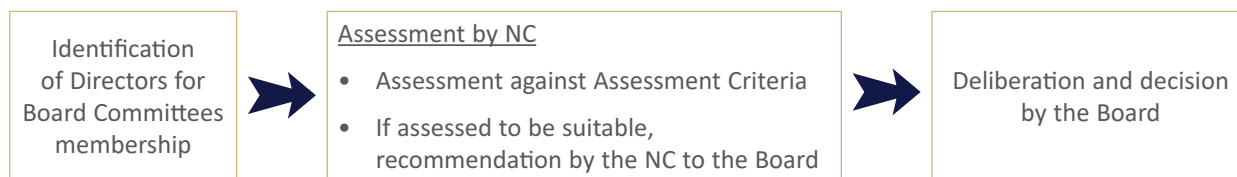
For re-elections, the Chairman and Directors will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations, time commitment as well as the Annual Assessment (as defined below) results, contributions during the term of office, attendance at Board meetings and F&P Declarations; and for IDs, their continued independence.

(iii) Removal of Director

For removal of Directors, the Manager shall carry out such removal in accordance with the provisions of the Companies Act 2016 and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a Director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

(iv) Board Committee Appointments

For Board Committee appointments, the nomination, assessment and approval process shall be as follows:



The assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

C. Board Committees cont'd

In addition, a formal evaluation process has been put in place to assess the (i) effectiveness of the Board as a whole, (ii) each Board Committee as a whole; and (iii) the contribution and performance of each Director, Board Committee member and the CEO on an annual basis ("Annual Assessment").

For newly appointed Chairman, Directors and CEO, the Annual Assessment will be conducted at the next annual assessment exercise following the completion of one (1) year of service.

For management succession planning, it has been embedded in the Manager's process over the years to identify, groom and develop continuously key talents from within the Manager.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of circular resolutions.

The NC met two (2) times during FY2024 where all the NC members attended.

The NC has carried out its duties in accordance with its TOR for FY2024. The NC has considered and reviewed, inter alia, the following:

- NC Charter;
- Policies on Directors' F&P, Independence of Directors and Directors' Training;
- The performance of the Board, Board Committees, each Director and each Board Committee member;
- Composition of the Board and Board Committees and their existing skillsets, qualifications, experience and other attributes of the Directors;
- Independence of IDs and their tenure;
- Trainings undertaken by Directors and recommendation of training programmes for Directors;
- Re-election of Directors; and
- Appointment of CEO

Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions.

At the annual assessment conducted for FY2024, the NC has evaluated the performance of the Board, Board Committees, each Director and each Board Committee member, benchmarked against the applicable TOR and assessment criteria. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

D. Remuneration

Tower REIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager, led by an experienced Board with wide-ranging qualifications and breadth of experience and expertise, appoints experienced and well-qualified management personnel to handle the day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by Tower REIT.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

E. Independence

The Manager has in place an Independence of Directors Policy (“ID Policy”) which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The ID Policy states that the tenure of an ID shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Manager.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out for FY2024, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision-making.

Currently, none of the IDs has tenure of service that exceeds 9 years.

F. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in listed issuers as defined in the MMLR. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors’ Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each financial year pursuant to the MMLR.

All Directors are supplied with adequate and timely information prior to the Board meetings. In 2015, the Manager migrated to electronic Board reports to facilitate access to reports and to encourage a paperless environment for Board meetings. Board reports are circulated electronically prior to the Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of Tower REIT and the Manager as well as matters requiring the approval of the Board.

All Directors have access to the advice and services of an experienced and qualified Company Secretary to facilitate the discharge of their duties. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flow between the Board, Board Committees and Senior Management. All Directors also have access to the advice and services of the internal and external auditors and in addition, to independent professional advice, where necessary, at the Manager’s expense, in consultation with the Chairman of the Board.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any Director who has an interest in the subject matter to be deliberated is required to declare such interest and abstain from deliberation and voting on the same during the meetings.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

F. Commitment cont'd

The Board met five (5) times during the FY2024. Details of attendance of each Director are as follows:

Directors	Attendance
Mr Tang Hong Cheong	5/5
Mr Cheng Hsing Yao	5/5
Puan Noorbaizura binti Hermeyney	5/5
YBhg Dato' Tan Ang Meng	5/5
Ms Lim Tau Kien	5/5

The Board recognises the importance of continuous professional development and training for its Directors. All Directors are aware of the continuing education programme requirements pursuant to the MMLR.

The Manager is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Manager. An Induction Programme which includes meetings with Senior Management of the Manager is organised for newly appointed Directors to provide knowledge of the properties and business of Tower REIT. The CPD encompasses areas related to the industry and business of Tower REIT, governance, risk management and relevant regulations. A training budget is allocated for the CPD.

All Directors of the Manager have completed the Mandatory Accreditation Programme ("MAP") Part I as prescribed by Bursa Securities. In line with the subsequent amendments to MMLR in relation to sustainability training for Directors, the Directors of the Manager have been advised to complete MAP Part II on or before 1 August 2025. During FY2024, one of the Directors completed the MAP Part II.

The Board is updated on any material changes to relevant laws, regulations and accounting standards during Board meetings and is kept informed of available training programmes, seminars and briefings including any talks organised by the regulatory bodies.

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering matters on corporate governance, sustainability, risk management, information technology, cyber security and resilience, statutory and regulatory compliance and matters related to the industry or business of Tower REIT, be recommended and arranged for the Directors to enhance their contributions to the Board.

In FY2024, the Directors of the Manager received regular internal briefings and updates on the Manager's businesses, strategies, operations, risk management and compliance, internal controls, corporate governance, finance/accounting, anti-bribery and corruption, ESG, industry related and material changes to relevant legislations, rules and regulations.

During FY2024, the Directors of the Manager, collectively or on their own, attended various external training programmes, seminars, briefings and/or workshops covering a range of pertinent matters including Sustainability, Corporate Governance, ESG, Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions, Corruption Risk Management, Cyber Security and Resilience, Management of Cyber Risk, Industry 4.0 and its impact on Malaysian capital market and other legal and regulatory developments.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

BOARD LEADERSHIP AND EFFECTIVENESS cont'd

G. Strengthening Corporate Governance Culture

- Whistleblowing Policy

A policy on whistleblowing has been established by the Manager and it provides a structured channel for all employees of the Manager and any other persons providing services to, or having a business relationship with, Tower REIT and the Manager, to report any concern about improper conduct or wrongful act committed involving Tower REIT and the Manager. The Whistleblowing Policy is published on the Tower REIT website.

The Board has identified the Chairman of the BARMC as the person to whom reports of any such concerns may be conveyed.

- Anti-Bribery and Corruption Policy

An Anti-Bribery and Corruption (“ABC”) Policy has been established by the Manager and it provides a guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business.

The ABC Policy which applies to all employees of the Manager, Directors and any person who performs services for or on behalf of Tower REIT and the Manager, is published on the Tower REIT website.

The Board has identified the Chairman of the BARMC as the person to whom reports of any concerns about or suspicion of ABC breaches may be conveyed.

EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board recognises its overall responsibility for the adequacy and effectiveness of Tower REIT’s system of internal controls and risk management framework as set up by the Manager to safeguard the assets of Tower REIT and interest of the unitholders.

The Board is supported by the BARMC, chaired by an ID who is not the Chairman of the Board.

Accountability and Audit

A. Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of Tower REIT including the presentation of a balanced, clear and meaningful assessment of the financial position and overall performance of Tower REIT. The Directors are satisfied that in preparing the financial statements of Tower REIT for FY2024, Tower REIT has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. The Manager’s responsibility in respect of the preparation of the financial statements of Tower REIT for FY2024 is set out in the Manager’s Report of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

Accountability and Audit cont'd

B. Relationship with Auditors

The external auditors are nominated by the Manager and appointed by the Trustee. The auditors appointed must be independent of the Manager and the Trustee. The remuneration of the auditors is approved by the Trustee.

The Board, through the BARMC, maintains a formal and professional relationship with the external auditors, KPMG PLT. The BARMC reviews the performance, suitability, independence and objectivity of the external auditors annually. The BARMC also reviews the nature and fees of non-audit services provided by the external auditors in assessing the independence of the external auditors. In accordance with the Malaysian Institute of Accountants By-Laws (On Professional Ethics, Conduct and Practice), KPMG PLT rotates its engagement partner once every 7 years to ensure objectivity, independence and integrity of the audit opinions.

At least once a year, the BARMC will have a private session with the external auditors. The fees payable to the external auditors for the FY2024 amounted to RM267,300 of which RM189,300 was payable in respect of non-audit services.

For FY2024, the BARMC has conducted an annual assessment on the performance, suitability, independence and objectivity of the external auditors, and no major concerns were noted. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement including the internal processes undertaken by them to determine their independence.

C. Internal Control

The Board is committed to maintain a sound and effective system of internal controls and has set procedures and processes to ensure that Tower REIT will achieve its objectives to safeguard the interest of the unitholders including reliability of financial reporting, compliance with applicable laws and regulations and effectiveness and efficiency of operations.

The Manager does not have its own in-house Internal Audit ("IA") function. The IA function is outsourced to the Group IA Department of its holding company, GuocoLand (Malaysia) Berhad ("GLM"), to assist the Board in discharging its duties and responsibilities.

The key elements of Tower REIT's system of internal controls are described below:

- A management structure exists with clearly defined delegation of responsibilities to the Management of the Manager, including authorisation levels for all aspects of the business and operations;
- Documented corporate policies and procedures covering various aspects of the business and operations of Tower REIT;
- Promotion of a strong internal control culture through the Manager's values and ethics and also the "tone at the top";
- Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances;
- Risk-based internal audits carried out by the GLM's IA Department focusing on key risk areas; and
- Periodic reporting to the BARMC on the results of control assurance and audit activities and also the management of risks by Tower REIT and the Manager.

The Manager takes cognisance of recommendations to enhance internal controls made by the external auditors, Messrs KPMG PLT, and by the internal auditor in respect of the accounting and operational controls in their audit reports issued during FY2024.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

Accountability and Audit cont'd

D. Management and Decision-Making Processes

The internal control and risk management processes embedded within the operations of Tower REIT and the Manager are in place for FY2024 and up to the date of approval of this Statement for inclusion in the Annual Report for FY2024, and have been reviewed periodically by the BARMC. These processes are intended to manage and mitigate rather than eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has appraised and is of the view that the system of internal controls and risk management in place for FY2024 was adequate and effective. The Board has received assurances from the Director of the Manager and the Chief Financial Officer of GLM that Tower REIT's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of Tower REIT.

E. Risk Management

Risk management of Tower REIT involves an iterative process for identifying, evaluating, managing, reviewing and reporting any changes in significant risks including emerging risks that may have impact on the achievement of business objectives and strategies of Tower REIT.

Risks identified are systematically evaluated with appropriate mitigating actions in place, developed to manage the risks to an acceptable level and monitored on a continuous basis. Risk governance includes adoption of reasonable risk appetite based on a review by the BARMC on the Enterprise Risk Management risk profile for Tower REIT and the Manager at least twice a year with reference to the detailed risk register as and when required.

The Manager has adopted KPMG Board Assurance Framework as a structured process in making risk-based strategies and decisions in respect of Tower REIT to:

- establish the context of risk in relation to risk appetite;
- identify the risks faced or may encounter in the operating environment;
- assess the likelihood and impact of such risks identified and hence its risk levels;
- evaluate the priority to be given to managing each risk based on its respective risk level;
- assess the adequacy and effectiveness of the existing risk mitigating measures;
- evaluate risk treatment options (i.e. changing the likelihood or consequence of the risk; and sharing, retaining or avoiding the risk) in relation to its context of risk;
- develop any necessary further measures to manage these risks; and
- monitor and review risk mitigating measures, risk levels and emerging risks.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

Accountability and Audit cont'd

E. Risk Management cont'd

On an on-going basis, each department/division of the Manager has clear accountabilities to:

- monitor its existing risks, identify emerging risks and hence update the enterprise-wide risk registers;
- maintain the adequacy, effectiveness and relevance of action plans and control systems developed to manage risks; and
- assess the likelihood and impact of such risks identified, using qualitative and also quantitative measures where applicable, to determine the risk level, i.e. "Severe", "Major", "Moderate", "Minor" or "Insignificant".

F. Related party transactions

The Manager has established procedures that will ensure that related party transactions are undertaken in full compliance with the REIT Guidelines, the Deed and the MMLR, on an arm's length basis and on terms which are not more favourable than those extended to unrelated parties.

Directors are under fiduciary duties to Tower REIT to act in its best interest in relation to decisions affecting Tower REIT when voting as a member of the Board and to refrain from any deliberation or decision which concerns their personal, commercial or professional interests. In addition, the Directors and the officers of the Manager are expected to act with honesty and integrity at all times.

All related party transactions entered into by Tower REIT are subject to regular periodic reviews by the BARMC.

Information on transactions entered with related party during FY2024 is disclosed in the Annual Report under Notes to the Financial Statements.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Disclosure

The Board believes in providing prompt and accurate disclosure of material information to unitholders. All disclosures and material information documents will be posted on the Tower REIT website after release to Bursa Securities.

B. Dialogue with Unitholders and Investors

The Board acknowledges the importance of regular communication with unitholders and investors via the annual reports, quarterly financial reports and the various announcements made during the year, through which unitholders and investors can have an overview of Tower REIT's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Tower REIT website, Bursa Securities website, in the media and by post to unitholders. This allows unitholders to make the necessary arrangements to attend and participate in the general meetings either in person, by corporate representative, by proxy or by attorney.

CORPORATE GOVERNANCE OVERVIEW, RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS cont'd

B. Dialogue with Unitholders and Investors cont'd

Unitholders can access information at the Tower REIT website which includes corporate information, announcements, financial information and summary of key pertinent matters discussed at the general meetings.

In addition, unitholders and investors can have the following channel of communication with the Director of the Manager to direct queries and provide feedback to the Manager:-

Name	: Puan Noorbaizura binti Hermeyney
Tel No.	: 603-2726 1000
Fax No.	: 603-2726 1120
Email address	: glmreit@guocoland.com

C. Annual General Meeting (“AGM”) and other Unitholders’ Meetings (collectively the “General Meetings”)

The Board regards the General Meetings as important forums for effective communication and proactive engagement between the Board and unitholders of Tower REIT.

The AGM provides an opportunity for the unitholders to seek and clarify any issues and to have a better understanding of the performance of Tower REIT. Unitholders are encouraged to meet and communicate with the Board of Directors of the Manager at the AGM and to vote on all resolutions. Senior Management and the external auditors are also available to respond to unitholders’ queries during the AGM. All Directors (save for one Director) during their tenure of service, attended the last two General Meetings to engage with unitholders and address issues of concern raised by the unitholders. The last two General Meetings were AGM and Unitholders’ Meeting which were held on 16 October 2023 and 22 March 2024 respectively. The Unitholders’ Meeting was pertaining to the renounceable rights issue of new units in Tower REIT. The minutes and summary of key pertinent matters discussed during the last two General Meetings are published on the Tower REIT website.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at General Meetings will be put to vote by way of a poll and the voting results will be announced at General Meetings and through Bursa Securities.

Tower REIT has adopted electronic voting for the conduct of poll on all resolutions at General Meetings.

This Statement is made in accordance with the resolution of the Board.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Board Audit & Risk Management Committee (“Committee”) of GLM REIT Management Sdn Bhd (“GLM REIT” or the “Manager”), the Manager of Tower Real Estate Investment Trust (“Tower REIT”) was established on 31 July 2018 in compliance with the revamped Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) that came into effect on 9 April 2018 where the establishment of an audit committee in a management company of a real estate investment trust is now mandatory.

The Committee has the delegated oversight responsibilities on the financial reporting process, the management of risk and system of internal controls, the audit process of Tower REIT and the Manager as well as to review conflicting interest situations and related party transactions, from the Board of Directors of the Manager (“Board”) to ensure that the interests of the unitholders of Tower REIT are safeguarded.

COMPOSITION

The Committee comprises three (3) members, all of whom are Non-Executive Directors as follows:

YBhg Dato’ Tan Ang Meng
Chairman, Independent Non-Executive Director

Ms Lim Tau Kien
Independent Non-Executive Director

Mr Cheng Hsing Yao
Non-Independent Non-Executive Director

SECRETARY

The Secretary to the Committee is Ms Chin Min Yann who is the Company Secretary of GLM REIT.

AUTHORITY

The Committee is authorised by the Board to review any activity of the Manager in managing Tower REIT within its Terms of Reference, details of which are available on Tower REIT website at <https://www.tower-reit.com>. The Committee is authorised to seek any information it requires from any director or member of management and all employees of the Manager are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary and reasonable resources to enable it to discharge its functions properly.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

MEETINGS

The Committee meets at least four (4) times in each financial year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements of Tower REIT are held prior to such quarterly reports and annual financial statements being submitted to the Board for approval.

The Chief Executive Officer, Head of Finance, Head of Internal Audit and senior management of the Manager may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee, who shall be independent, shall constitute a quorum and the majority of members present must be Independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

The Committee meets with the external auditors and internal auditors, without the presence of management at least once annually.

ACTIVITIES

During the financial year ended 30 June 2024 ("FY2024"), four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Member	Attendance
YBhg Dato' Tan Ang Meng	4/4
Ms Lim Tau Kien	4/4
Mr Cheng Hsing Yao	4/4

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

ACTIVITIES cont'd

The Committee carried out the following key activities for FY2024:

- Reviewed the quarterly reports and annual financial statements of Tower REIT, and accompanying announcements prior to submission to the Board for consideration and approval.
- Reviewed the Internal Audit Charter as part of its annual review and recommended to the Board for approval.
- Reviewed the Enterprise Risk Management (“ERM”) Framework and ERM risk profile.
- Reviewed the Terms of Reference of the Committee and recommended amendments to the Board for approval.
- Held two (2) separate sessions with the external auditors without the presence of the management. During the separate session, no critical issues were raised and the external auditors conveyed that they had been maintaining a good professional Auditor-Client working relationship.
- Met with the external auditors and discussed the Annual Audit Plan 2024 on the nature and scope of the audit, considered significant changes in accounting and auditing issues, where relevant, reviewed the management letter and management’s response, reviewed pertinent issues which had significant impact on the results of Tower REIT and discussed applicable accounting and auditing standards.
- Evaluated the suitability, performance, independence and objectivity of the external auditors and their services.
- Reviewed and recommended to the Board for approval the audit and non-audit fees payable to the external auditors in respect of services provided to Tower REIT.
- Reviewed the quarterly report on recurrent related party transactions of Tower REIT.
- Reviewed the proposed Unitholders’ Mandate involving recurrent related party transactions which are carried out by Tower REIT with Hong Leong Company (Malaysia) Berhad (“HLCM”) (a major unitholder of Tower REIT), GuoLine Capital Assets Limited (“GCA”) (the ultimate holding company of the Manager and a major unitholder of Tower REIT) and persons connected with HLCM and GCA.
- Met with the internal auditors and approved the annual audit plan and also reviewed the internal audit findings and recommendations.
- Reviewed the Board Audit & Risk Management Committee Report, the Statement on Risk Management and Internal Control, the Sustainability Statement and recommended to the Board for inclusion in the Tower REIT’s Annual Report.
- Reviewed the compliance policies and overseeing the management’s implementation of the same.
- Reviewed the quarterly report of Compliance Officer.
- Reviewed the quarterly report on Environmental, Social and Governance.

There were no situations of conflict of interest or potential conflict of interest reported to the Committee.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

cont'd

INTERNAL AUDIT (“IA”)

The IA function is undertaken by an in-house IA Department of the Manager’s parent company, GuocoLand (Malaysia) Berhad. The IA Department, led by the Head of IA, reports directly to the Committee. The IA Department supports the Committee in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Manager in managing Tower REIT. The Committee takes cognisance of the fact that an independent and adequately resourced internal audit function is essential in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The IA activities carried out during FY2024 include, inter alia, the following:

- Ascertained the extent of compliance with the established policies, procedures and statutory requirements;
- Reviewed the system of internal controls and key operating processes based on the approved annual IA plan by adopting a risk-based approach and recommending improvements to the existing system of controls;
- Conducted investigation audits on the request of management;
- Carried out planned audit reviews on Tower REIT’s operations; and
- Observed and witnessed tender opening processes during the year.

Arising from the above activities, IA reports, incorporating the audit findings, audit recommendations and management’s responses were presented to the Committee. Follow-up audit was also conducted and the status of implementation on the agreed recommendations was reported to the Committee.

The cost incurred for the IA function is included in the management fees paid by the Manager which amounted to RM180,000 for FY2024.

This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Plant and equipment	3	4,925	7,963
Investment properties	4	802,000	797,200
Total non-current assets		806,925	805,163
Trade and other receivables	5	3,847	1,747
Cash and cash equivalents	6	26,846	1,324
Total current assets		30,693	3,071
Total assets		837,618	808,234
Represented by:			
Unitholders' funds			
Unitholders' capital	7	350,025	285,345
Undistributed income – realised		61,890	60,095
Undistributed income – unrealised	8	158,165	155,631
		570,080	501,071
Liabilities			
Trade and other payables	9	8,105	9,116
Borrowings	10	232,312	260,292
Deferred tax liability	11	17,291	17,279
Total non-current liabilities		257,708	286,687
Trade and other payables	9	9,830	9,476
Borrowings	10	-	11,000
Total current liabilities		9,830	20,476
Total liabilities		267,538	307,163
Total unitholders' funds and liabilities		837,618	808,234
Net asset value		570,080	501,071

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024
cont'd

	Note	2024 RM'000	2023 RM'000
Net asset value ("NAV")			
Before income distribution		570,080	501,071
After income distribution*		566,300	500,314
Number of units in circulation ('000)			
	7	490,875	280,500
NAV per unit (RM)			
- Before income distribution		1.1614	1.7863
- After income distribution*		1.1537	1.7836

* after proposed final income distribution of 0.77 sen per unit (2023: 0.27 sen per unit)

The notes on pages 76 to 103 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 RM'000	2023 RM'000
Revenue	12	37,036	33,871
Property operating expenses	13	(16,960)	(17,254)
Net rental income		20,076	16,617
Change in fair value of investment properties	4	122	(21,533)
Net loss on impairment of trade receivables		(150)	-
Other income		325	38
Interest income		136	64
Total income/(expense)		20,509	(4,814)
Manager's fees	14	(2,345)	(2,215)
Trustee's fee	15	(152)	(156)
Auditors' fees		(105)	(78)
Administrative expenses		(1,110)	(361)
Valuation fee		(104)	(65)
Interest expense		(13,374)	(12,064)
Total expenses		(17,190)	(14,939)
Income/(Loss) before tax		3,319	(19,753)
Taxation	16	2,412	2,153
Net income/(loss) and total comprehensive income/(loss) for the year		5,731	(17,600)
Total comprehensive income/(loss) for the year is made up as follows:			
Realised		3,197	1,780
Unrealised		2,534	(19,380)
		5,731	(17,600)
Earnings/(Loss) per unit (sen)			
Realised		1.07	0.63
Unrealised		0.85	(6.91)
	17	1.92	(6.28)

The notes on pages 76 to 103 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE YEAR ENDED 30 JUNE 2024

	Note	Unitholders' capital RM'000	Undistributed income		Total RM'000
			<i>Non- Distributable - unrealised</i> RM'000	<i>Distributable - realised</i> RM'000	
At 1 July 2022		285,345	175,011	61,008	521,364
Operations for the year ended 30 June 2023					
Net (loss)/income for the year		-	(19,380)	1,780	(17,600)
Total comprehensive (loss)/income for the year		-	(19,380)	1,780	(17,600)
Unitholders' transactions					
Distribution to unitholders					
- 2022 final	18	-	-	(1,823)	(1,823)
- 2023 interim	18	-	-	(870)	(870)
Decrease in net assets resulting from unitholders' transactions		-	-	(2,693)	(2,693)
At 30 June 2023/1 July 2023		285,345	155,631	60,095	501,071
Operations for the year ended 30 June 2024					
Net income for the year		-	2,534	3,197	5,731
Total comprehensive income for the year		-	2,534	3,197	5,731
Unitholders' transactions					
Issuance of rights units	7	65,216	-	-	65,216
Establishment and issuance expenses	7	(536)	-	-	(536)
Distribution to unitholders					
- 2023 final	18	-	-	(757)	(757)
- 2024 interim	18	-	-	(645)	(645)
Increase in net assets resulting from unitholders' transactions		64,680	-	(1,402)	63,278
At 30 June 2024		350,025	158,165	61,890	570,080
		Note 7	Note 8		

The notes on pages 76 to 103 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Income/(Loss) before tax	3,319	(19,753)
Adjustments for:		
Change in fair value of investment properties	(122)	21,533
Depreciation	819	792
Interest expense	13,374	12,064
Net loss on impairment of trade receivables	150	-
Interest income	(136)	(64)
Operating profit before changes in working capital	17,404	14,572
Changes in working capital:		
Trade and other receivables	174	(1,112)
Trade and other payables	(657)	1,486
Net cash from operating activities	16,921	14,946
Cash flows from investing activities		
Acquisition of plant and equipment	(2,459)	(2,789)
Interest received	136	64
Net cash used in investing activities	(2,323)	(2,725)
Cash flows from financing activities		
Distribution paid to unitholders	(1,402)	(2,693)
Interest paid	(13,154)	(11,847)
Proceeds from issuance of rights units	65,216	-
Establishment and issuance expenses	(536)	-
(Repayment)/Drawdown of revolving credit	(11,000)	1,900
Repayment of term loan	(28,200)	-
Net cash from/(used in) financing activities	10,924	(12,640)
Net increase/(decrease) in cash and cash equivalents	25,522	(419)
Cash and cash equivalents at beginning of year	1,324	1,743
Cash and cash equivalents at end of year	26,846	1,324

The notes on pages 76 to 103 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024
cont'd

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	2024 RM'000	2023 RM'000
Deposit with a licensed bank	6	24,000	-
Short term deposit	6	2,300	-
Cash and bank balances	6	546	1,324
		26,846	1,324

The notes on pages 76 to 103 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Tower Real Estate Investment Trust (“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 (“the Deed”) between GLM REIT Management Sdn. Bhd. (“the Manager”) and MTrustee Berhad (“the Trustee”). The Deed is regulated by the Securities Commission (“SC”) Guidelines on Listed Real Estate Investment Trusts (“REITs”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Rules of the Depository and taxation laws and rulings. Tower REIT was listed on the Main Market of Bursa Malaysia Securities on 12 April 2006.

The address of the principal place of business of the Manager is at Level 13, Guoco Tower, Damansara City, 6 Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

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. There has been no significant change in the nature of this activity during the year.

The financial statements were approved by the Board of Directors of GLM REIT Management Sdn. Bhd. on 5 August 2024.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of Tower REIT have been prepared in accordance with the provisions of the 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, the SC Guidelines on Listed REITs, applicable securities laws, MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These financial statements also comply with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Securities.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by Tower REIT:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of compliance cont'd

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Tower REIT plans to apply the abovementioned accounting standards, interpretations and amendments:

- From the annual period beginning on 1 July 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024, except for amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*.
- From the annual period beginning on 1 July 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- From the annual period beginning on 1 July 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- From the annual period beginning on 1 July 2027 for the amendments that are effective for annual periods beginning on or after 1 January 2027 except for MFRS 19, *Subsidiaries without Public Accountability: Disclosures*.

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are measured at its fair value with any change therein recognised in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

1. BASIS OF PREPARATION cont'd

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is Tower REIT’s functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those significant unobservable inputs as disclosed in Note 4 - Investment properties.

2. CHANGES IN MATERIAL ACCOUNTING POLICIES

2.1 Material accounting policy information

Tower REIT adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Tower REIT’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PLANT AND EQUIPMENT

	Note	Fittings RM'000	Capital Work-in- Progress RM'000	Total RM'000
Cost				
At 1 July 2022		7,893	-	7,893
Additions		40	2,749	2,789
Transfer to investment properties	4	-	(133)	(133)
At 30 June 2023/1 July 2023		7,933	2,616	10,549
Additions		247	2,212	2,459
Transfer to investment properties	4	-	(4,678)	(4,678)
At 30 June 2024		8,180	150	8,330
Accumulated depreciation				
At 1 July 2022		1,794	-	1,794
Charge for the year		792	-	792
At 30 June 2023/1 July 2023		2,586	-	2,586
Charge for the year		819	-	819
At 30 June 2024		3,405	-	3,405
Carrying amounts				
At 1 July 2022		6,099	-	6,099
At 30 June 2023/1 July 2023		5,347	2,616	7,963
At 30 June 2024		4,775	150	4,925

3.1 Material accounting policy information

(a) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. PLANT AND EQUIPMENT cont'd

3.1 Material accounting policy information cont'd

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Capital work in progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Fittings 10 years

4. INVESTMENT PROPERTIES

	Note	2024 RM'000	2023 RM'000
At 1 July		797,200	818,600
Transfer from plant and equipment	3	4,678	133
Changes in fair value of investment properties		122	(21,533)
At 30 June		802,000	797,200

Description of property	Tenure of land	Location	Existing use	Fair value RM'000	At cost RM'000	Percentage of fair value to net asset value %
2024						
Menara HLX	Freehold	Kuala Lumpur	Office and Retail	327,600	241,508	57
Plaza Zurich*	Freehold	Kuala Lumpur	Office and Retail	225,000	141,963	39
Menara Guoco*	Freehold	Kuala Lumpur	Office	249,400	245,710	44
				802,000	629,181	
2023						
Menara HLX	Freehold	Kuala Lumpur	Office and Retail	324,000	237,969	65
Plaza Zurich*	Freehold	Kuala Lumpur	Office and Retail	224,000	140,976	45
Menara Guoco*	Freehold	Kuala Lumpur	Office	249,200	245,558	50
				797,200	624,503	

* These properties have been charged as security to the bank for borrowings as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. INVESTMENT PROPERTIES cont'd

The operating lease payments to be received are as follows:

	2024 RM'000	2023 RM'000
Less than one year	23,596	21,092
One to two years	14,258	14,990
Two to three years	3,541	7,937
Total undiscounted lease payments	41,395	44,019

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Menara HLX	-	-	327,600	327,600
Plaza Zurich	-	-	225,000	225,000
Menara Guoco	-	-	249,400	249,400
	-	-	802,000	802,000
2023				
Menara HLX	-	-	324,000	324,000
Plaza Zurich	-	-	224,000	224,000
Menara Guoco	-	-	249,200	249,200
	-	-	797,200	797,200

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2024 RM'000	2023 RM'000
At 1 July	797,200	818,600
Enhancements	4,678	133
Changes in fair value recognised in profit or loss	122	(21,533)
At 30 June	802,000	797,200

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. INVESTMENT PROPERTIES cont'd

The following are the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using yield rate to arrive at the capital value of the property.	<p>Expected market rental rate (p.s.f):</p> <p>i) Office: RM2.13 – RM9.00 (2023: RM2.13 – RM9.20)</p> <p>ii) Retail: RM2.30 – RM10.06 (2023: RM2.30 – RM10.35)</p> <p>Outgoing (p.s.f): RM1.18 – RM1.55 (2023: RM1.20 – RM1.50)</p> <p>Term yield: 5.50% - 5.75% (2023: 5.50% - 5.75%)</p> <p>Reversionary yield: 5.75% – 6.00% (2023: 5.75% – 6.00%)</p> <p>Void periods: 2.25% - 10.00% (2023: 2.50% - 10.00%)</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Expected net rental income were higher (lower); Void periods were shorter (longer); and Expected yield were lower (higher).

Valuation processes applied by the Manager for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market condition.

The last valuations by an independent valuer were done on 30 June 2024 for Menara HLX, Menara Guoco and Plaza Zurich and are compliant with the requirements of the SC Guidelines on Listed REITs to perform valuation at least once a financial year.

Highest and best use

Tower REIT's investment properties are office buildings. The valuation of each property reflects the highest and best use as these properties are located on prime land in the city centre.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

4. INVESTMENT PROPERTIES cont'd

4.1 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

5. TRADE AND OTHER RECEIVABLES

	Note	2024 RM'000	2023 RM'000
Trade receivables		459	487
Other receivables and deposits		837	474
Prepayments		127	786
Real Property Gains Tax ("RPGT") refundable	16	2,424	-
		<u>3,847</u>	<u>1,747</u>

6. CASH AND CASH EQUIVALENTS

	2024 RM'000	2023 RM'000
Deposit with a licensed bank	24,000	-
Short-term deposits	2,300	-
Cash and bank balances	546	1,324
	<u>26,846</u>	<u>1,324</u>

Included in the cash and cash equivalents are balances arising from normal business transactions with a company related to the Manager, amounting to:

	2024 RM'000	2023 RM'000
Cash and cash equivalents	24,535	1,306

NOTES TO THE FINANCIAL STATEMENTS

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7. UNITHOLDERS' CAPITAL

	Number of Units 2024 '000	Amount 2024 RM'000	Number of units 2023 '000	Amount 2023 RM'000
Issued and fully paid-up units	280,500	285,345	280,500	285,345
At 1 July				
Issuance of Rights Units pursuant to Rights Issue (210,375,000 units of RM0.31 each) (Note 7.1)	210,375	65,216	-	-
Establishment and issuance expenses (Note 7.1)	-	(536)	-	-
At 30 June	490,875	350,025	280,500	285,345

7.1 On 28 May 2024, Tower REIT has issued 210,375,000 new units by way of a renounceable rights issue and has raised gross proceeds of RM65,216,000. The expenses in relations to rights issue (professional fees, regulatory fees and other incidental expenses) amounting to RM536,000 has been capitalised from unitholders' capital which is permitted under MFRS 132 *Financial instruments: Presentation*.

As at 30 June 2024, the Manager did not hold any units in Tower REIT. The related parties of the Manager held units in Tower REIT as follows:

	2024		2023	
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000
	Direct unitholdings in Tower REIT of the related parties of the Manager:			
GLM Equities Sdn. Bhd.	163,548	53,153	60,769	25,219
Hong Leong Assurance Berhad	101,974	33,142	57,771	23,975
Asia Fountain Investment Company Limited	24,500	7,963	14,000	5,810
Associated Land Sendirian Berhad	41,466	13,476	13,409	5,565
Hong Leong Investment Bank Berhad	10,302	3,348	5,887	2,443

The market value is determined by multiplying the number of units with the market closing price of RM0.325 (2023: RM0.415) per unit as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

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8. UNREALISED UNDISTRIBUTED INCOME

	2024 RM'000	2023 RM'000
Cumulative net change arising from fair value movement of:		
- investment properties	158,165	155,631

9. TRADE AND OTHER PAYABLES

		2024 RM'000	2023 RM'000
Non-current			
Tenants' deposits	9.1	8,105	9,116
		8,105	9,116
Current			
Trade			
Trade payables		61	1,562
Tenants' deposits	9.1	4,720	2,330
Contract liabilities	9.3	908	590
		5,689	4,482
Non-trade			
Other payables and accrued expenses	9.2	4,141	4,994
Total current		9,830	9,476
Total		17,935	18,592

NOTES TO THE FINANCIAL STATEMENTS

cont'd

9. TRADE AND OTHER PAYABLES cont'd

9.1 Included in tenants' deposits are rental deposits received from companies related to the Manager, amounting to:

	2024 RM'000	2023 RM'000
Payable within 12 months	705	480
Payable after 12 months	631	786
	1,336	1,266

9.2 Included in other payables and accrued expenses are amounts due to the Manager and the Trustee of RM235,333 (2023: RM195,036) and RM14,045 (2023: RM12,358) respectively which are unsecured, interest free and payable monthly in arrears.

9.3 The contract liabilities primarily relate to the advance consideration received from tenants, for which this is recognised as revenue over time. The contract liabilities are expected to be recognised as revenue over a period of 3 months.

10. BORROWINGS

		2024 RM'000	2023 RM'000
Non-current			
Term loan	10.1	232,971	261,171
Transaction costs for term loan		(659)	(879)
		232,312	260,292
Current			
Revolving credit	10.2	-	11,000
		232,312	271,292
Gearing ratio		27.73%	33.57%

Plaza Zurich and Menara Guoco have been charged as securities to the bank for borrowings as disclosed in Note 4.

10.1 The interest on term loan are charged at rates ranging from 4.76% to 4.95% (2023: 3.64% to 4.77%) per annum.

10.2 The interest on revolving credit were charged at rates ranging from 4.26% to 4.45% (2023: 3.14% to 4.27%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

10. BORROWINGS cont'd

10.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 July RM'000	Net changes from financing cash flows RM'000	Amortisation of transaction costs RM'000	At 30 June RM'000
2024				
Term loan	260,292	(28,200)	220	232,312
Revolving credit	11,000	(11,000)	-	-
	271,292	(39,200)	220	232,312
2023				
Term loan	260,075	-	217	260,292
Revolving credit	9,100	1,900	-	11,000
	269,175	1,900	217	271,292

11. DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

	2024 RM'000	2023 RM'000
Investment properties	17,291	17,279

11.1 Movement of deferred tax liability during the year

	At 1 July 2022 RM'000	Recognised in profit or loss (Note 16) RM'000	At 30 June 2023/ 1 July 2023 RM'000	Recognised in profit or loss (Note 16) RM'000	At 30 June 2024 RM'000
Investment properties	19,432	(2,153)	17,279	12	17,291

11.2 Material accounting policy information

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

12. REVENUE

	2024 RM'000	2023 RM'000
Rental income	22,431	21,394
Service charge	10,626	9,239
Car park income	2,495	1,799
Others	1,484	1,439
	37,036	33,871

12.1 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000
Year ended 30 June 2024				
Service charge	10,706	6,438	2,111	19,255
Year ended 30 June 2023				
Service charge	8,573	5,757	2,784	17,114

The REIT applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised service to a customer and when the customer pays for that service is one year or less.

12.2 Material accounting policy information

(i) Rental income

Tower REIT recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(ii) Service charge

Service charge is recognised in profit or loss upon services being rendered to the tenants over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

12. REVENUE cont'd

12.2 Material accounting policy information cont'd

(iii) Car park income

Car park income is recognised in profit or loss upon services being rendered.

(iv) Other revenue

Other revenue consists of income from hawker centre rental, naming right income and signage rental. Other revenue is recognised over time when services are delivered.

13. PROPERTY OPERATING EXPENSES

	2024	2023
	RM'000	RM'000
Assessment	3,043	3,600
Service contracts and maintenance	4,753	4,753
Property management fees	377	348
Utilities	5,290	5,720
Others	3,497	2,833
	16,960	17,254

Property management fees of RM377,280 (2023: RM348,039) were charged by property managers, in accordance with the Valuers, Appraisers and Estate Agent Acts 1981 with permissible discount.

14. MANAGER'S FEES

Pursuant to the Deed constituting Tower REIT, the Manager's fees consist of a base fee of up to 0.75% per annum of the gross asset value and a performance fee of up to 4% per annum of the net property income, but before deduction of property management fee, and an acquisition fee of 1% of acquisition price. These fees are based on the agreed scale rate.

	2024		2023	
	RM'000	%	RM'000	%
Base Fee and % of Gross Asset Value	1,617	0.20	1,621	0.20
Performance Fee and % of Net Property Income	728	3.35	594	3.35
	2,345		2,215	

NOTES TO THE FINANCIAL STATEMENTS

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15. TRUSTEE'S FEE

Pursuant to the Deed constituting Tower REIT, the Trustee is entitled to receive a fee of 0.03% (2023: 0.03%) per annum of the net asset value of Tower REIT with a cap of RM200,000 (2023: RM200,000).

	2024 RM'000	2023 RM'000
Year ended 30 June	152	156

16. TAXATION

		2024 RM'000	2023 RM'000
Current tax recovery			
- RPGT refundable	16.1	(2,424)	-
Deferred tax expense/(income)			
- current year		12	(2,153)
		12	(2,153)
Total taxation		(2,412)	(2,153)
Reconciliation of taxation			
Income/(Loss) before tax		3,319	(19,753)
Income tax using Malaysian tax rate of 24% (2023: 24%)		797	(4,741)
Difference in tax rate arising from (gain)/loss on investment properties		(17)	3,015
Non-deductible expenses		573	354
Effect of income exempted from tax		(1,341)	(781)
RPGT refundable	16.1	(2,424)	-
Total taxation		(2,412)	(2,153)

Pursuant to Section 61A of the Income Tax Act, 1967, total income of the trust for a year of assessment shall be exempted from tax when the trust distributes 90% or more of its total income to its unitholders in the basis period for that year of assessment. Tower REIT fulfills the requirement and hence eligible for the tax exemption.

With effect from 1 January 2019, corporate RPGT rate on disposal of properties held more than 5 years is 10%.

NOTES TO THE FINANCIAL STATEMENTS

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16. TAXATION cont'd

16.1 The Inland Revenue Board (“IRB”) had on 7 December 2021, appealed to the Court of Appeal against the decision of the High Court, which was in favour of Tower REIT on the assessment of RPGT of RM2,423,983 in relation to the disposal of Menara ING in year 2014. The IRB had subsequently on 5 March 2024 withdrawn the appeal against the decision of the High Court. On 23 April 2024, the IRB issued a notice of tax refund to Tower REIT amounting to RM2,423,983 which is recognised as a tax recoverable during the financial year.

17. EARNINGS/(LOSS) PER UNIT

The calculation of earnings/(loss) per unit is based on net income/(loss) for the financial year of RM5,731,000 (2023: RM17,600,000) and the weighted average number of units in circulation, calculated as follows:

	2024 '000	2023 '000
Number of units circulation as at beginning of year	280,500	280,500
Issue of Rights Units during the year	17,291	-
Weighted average number of units circulation at end of year	297,791	280,500
Earnings/(loss) per unit (sen)		
Realised	1.07	0.63
Unrealised	0.85	(6.91)
	1.92	(6.28)

18. DISTRIBUTION TO UNITHOLDERS

	Gross/Net distribution per unit sen	Total amount RM'000	Date of payment
Year ended 30.06.2024			
2023 Final income distribution	0.27	757	30 August 2023
2024 Interim income distribution	0.23	645	28 February 2024
		1,402	
Year ended 30.06.2023			
2022 Final income distribution	0.65	1,823	30 August 2022
2023 Interim income distribution	0.31	870	28 February 2023
		2,693	

NOTES TO THE FINANCIAL STATEMENTS

cont'd

18. DISTRIBUTION TO UNITHOLDERS cont'd

On 5 August 2024, the Directors of the Manager proposed a final income distribution of 0.77 sen (2023: 0.27 sen) per unit amounting to RM3,779,738 (2023: RM757,350) in respect of the financial year ended 30 June 2024. The distribution will be recognised in the subsequent year.

The total income distribution for the financial year ended 30 June 2024 which comprises the first interim income distribution of 0.23 sen (2023: 0.31 sen) per unit and the proposed final income distribution of 0.77 sen (2023: 0.27 sen) per unit are from the following sources:

	2024 RM'000	2023 RM'000
Rental income	37,036	33,871
Interest income	136	64
Other income	325	38
	37,497	33,973
Less: Expenses	(34,300)	(32,193)
Realised income for the period/year	3,197	1,780
Previous year undistributed realised income	59,338	59,185
Total realised income available for distribution	62,535	60,965
Less: Proposed/declared income distribution	(4,425)	(1,627)
Balance undistributed realised income	58,110	59,338
Net income distribution		
- Interim income distribution of 0.23 sen per unit paid on 28 February 2024 (2023: 0.31 sen per unit paid on 28 February 2023)	645	870
- Final income distribution declared after the end of reporting date of 0.77 sen per unit payable on 30 August 2024 (2023: 0.27 sen per unit payable on 30 August 2023)	3,780	757
	4,425	1,627

NOTES TO THE FINANCIAL STATEMENTS

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18. DISTRIBUTION TO UNITHOLDERS cont'd

	2024	2023
Income distribution per unit		
- First interim* (sen)	0.23	0.31
- Final* (sen)	0.77	0.27
	1.00	0.58

* Withholding tax will be deducted for distributions made to the following categories of unitholders:

	<i>Withholding tax rate</i>	
	2024	2023
<i>Resident corporate</i>	Nil [^]	Nil [^]
<i>Resident non-corporate</i>	10%	10%
<i>Non-resident individual</i>	10%	10%
<i>Non-resident corporate</i>	24%	24%
<i>Non-resident institutional</i>	10%	10%

[^] To tax at prevailing corporate tax rate.

19. MANAGEMENT EXPENSE RATIO

	2024	2023
Management expense ratio ("MER") (%)	0.70	0.57

The calculation of MER is based on total fees incurred by Tower REIT, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value during the financial year. Since the average net asset value is calculated on a quarterly basis, comparison of the MER of Tower REIT with that of other real estate investment trusts which use different basis of calculation, may not be accurate.

20. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, the parties which the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common control are related parties. Related parties may be individuals or other entities.

	2024	2023
	RM'000	RM'000
Rental charged	4,359	4,429
Interest income	136	64

NOTES TO THE FINANCIAL STATEMENTS

cont'd

20. TRANSACTIONS WITH RELATED PARTIES cont'd

The above transactions have been established based on negotiated terms. The outstanding balances arising from the above transactions have been disclosed in Note 6 and 9 to the financial statements.

21. FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Financial liability measured at amortised cost ("FL").

	Carrying amount RM'000	AC/ (FL) RM'000
2024		
Financial assets		
Trade receivables	459	459
Other receivables and deposits	837	837
Cash and cash equivalents	26,846	26,846
	28,142	28,142
Financial liabilities		
Borrowings	(232,312)	(232,312)
Trade and other payables	(17,027)	(17,027)
	249,339	249,339
2023		
Financial assets		
Trade receivables	487	487
Other receivables and deposits	474	474
Cash and cash equivalents	1,324	1,324
	2,285	2,285
Financial liabilities		
Borrowings	(271,292)	(271,292)
Trade and other payables	(18,002)	(18,002)
	(289,294)	(289,294)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.2 Net gain and loss arising from financial instruments

	2024 RM'000	2023 RM'000
Net gain/(loss) arising on:		
- Financial assets at amortised cost	(14)	64
- Financial liabilities at amortised cost	(13,374)	(12,064)
	(13,388)	(12,000)

21.3 Financial risk management

Risk management is integral to the whole business of Tower REIT. Tower REIT has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors Tower REIT's risk management process to ensure that an appropriate balance between risk and control is achieved.

Tower REIT has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.4 Credit risk

Credit risk is the risk of a financial loss resulting from the failure of a tenant or counterparty to settle its financial and contractual obligations to the Trust, as and when they fall due. Cash and bank deposits are placed with financial institutions which are regulated.

Receivables

Risk management objectives, policies and processes for managing the risk

The Manager monitors tenants' balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.4 Credit risk cont'd

Receivables cont'd

Recognition and measurement of impairment loss

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Manager uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The write off policy are as follows:

- A review of receivables' delinquency must be conducted annually before the end of every financial period to ascertain any bad debts to be written off after reasonable steps for recovery have been taken and collectability is not probable or as dictated by regulatory requirements.
- For debts already written off, Lease Director and Finance Manager shall carry out an annual review of the customer's records (where applicable) to assess whether the pursuit of recovery shall continue.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	Carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Not past due	170	-	170
Past due 31 – 60 days	5	-	5
Past due 61 – 90 days	93	-	93
Past due 91 – 120 days	44	-	44
>121 days	297	(150)	147
	609	(150)	459
2023			
Not past due	106	-	106
Past due 31 – 60 days	-	-	-
Past due 61 – 90 days	135	-	135
Past due 91 – 120 days	10	-	10
>121 days	370	(134)	236
	621	(134)	487

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.4 Credit risk cont'd

Receivables cont'd

Recognition and measurement of impairment loss cont'd

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	2024 RM'000	2023 RM'000
At 1 July	134	134
Add: Allowance for impairment	150	-
Less: Amount written off	(134)	-
At 30 June	150	134

21.5 Liquidity risk

Liquidity risk is the risk that Tower REIT will not be able to meet its financial obligations as they fall due. Tower REIT's exposure to liquidity risk arises principally from its various payables and borrowings.

Tower REIT maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below analyses the maturity profile of Tower REIT's financial liabilities as at the end of the reporting period, based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2024							
<i>Non-derivative financial liabilities</i>							
Term loan	232,312	4.76 to 4.95	259,075	12,624	104,261	142,190	-
Tenants' deposits	12,825	-	12,825	4,720	8,105	-	-
Trade and other payables	4,202	-	4,202	4,202	-	-	-
	249,339		276,102	21,546	112,366	142,190	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.5 Liquidity risk cont'd

Maturity analysis cont'd

The table below analyses the maturity profile of Tower REIT's financial liabilities as at the end of the reporting period, based on undiscounted contractual payments. cont'd

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Revolving credit	11,000	3.14 to 4.27	11,470	11,470	-	-	-
Term loan	260,292	3.64 to 4.77	297,864	12,416	12,416	273,032	-
Tenants' deposits	11,446	-	11,446	2,329	9,117	-	-
Trade and other payables	6,556	-	6,556	6,556	-	-	-
	<u>289,294</u>		<u>327,336</u>	<u>32,771</u>	<u>21,533</u>	<u>273,032</u>	<u>-</u>

21.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect Tower REIT's financial position or cash flows.

21.6.1 Interest rate risk

Tower REIT's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Where necessary, Tower REIT adopts an appropriate hedging policy to minimise interest rate exposure. This may involve fixing certain portion of the interest payable on its underlying debt liabilities via financial derivatives or other suitable financial products.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.6 Market risk cont'd

21.6.1 Interest rate risk cont'd

Exposure to interest rate risk

The interest rate profile of Tower REIT's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year was:

	2024 RM'000	2023 RM'000
Fixed rate instruments		
<i>Financial assets</i>		
Deposit with a licensed bank	24,000	-
Short-term deposits	2,300	-
	26,300	-
Floating rate instruments		
<i>Financial assets</i>		
Cash and bank balances	461	479
<i>Financial liabilities</i>		
Revolving credit	-	(11,000)
Term loan	(232,312)	(260,292)
	(231,851)	(270,813)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

Tower REIT does not account for any fixed rate instruments at fair value through profit or loss, and Tower REIT does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the end of the financial period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.6 Market risk cont'd

21.6.1 Interest rate risk cont'd

Interest rate risk sensitivity analysis cont'd

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rate, remained constant.

	Equity/(Profit or loss)	
	100bp increase RM'000	100bp decrease RM'000
2024	(2,319)	2,319
2023	(2,708)	2,708

21.7 Fair value information

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. There are no material differences between the carrying amount and fair value.

The table below analyses other financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2024										
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	(12,461)	(12,461)	(12,461)	(12,825)
Borrowings	-	-	-	-	-	-	(232,312)	(232,312)	(232,312)	(232,312)
	-	-	-	-	-	-	(244,773)	(244,773)	(244,773)	(245,137)

NOTES TO THE FINANCIAL STATEMENTS

cont'd

21. FINANCIAL INSTRUMENTS cont'd

21.7 Fair value information cont'd

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2023										
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	(10,980)	(10,980)	(10,980)	(11,446)
Borrowings	-	-	-	-	-	-	(271,292)	(271,292)	(271,292)	(271,292)
	-	-	-	-	-	-	(282,272)	(282,272)	(282,272)	(282,738)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of Tower REIT at the reporting date.

The discount rates used above have incorporated credit risk of Tower REIT. The inputs for these risks are unobservable because there are no identical or similar instruments to benchmark to.

Fair value hierarchy

Tower REIT uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Tower REIT can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

22. CAPITAL MANAGEMENT

Tower REIT's objectives when managing capital are to safeguard Tower REIT's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value.

The Manager monitors capital based on gearing ratio. Under the SC Guidelines on REITs, Tower REIT is required to maintain a gearing threshold of not exceeding 50% of total assets.

The gearing is calculated as gross borrowings divided by total assets, based on the latest valuations. Gross borrowings refer to the gross interest-bearing borrowings as set out in Note 10 to the financial statements.

	Note	2024 RM'000	2023 RM'000
Gross borrowings	10	232,312	271,292
Total assets		837,618	808,234
Gearing		27.73%	33.57%

23. OPERATING SEGMENTS

Segment information is presented based on the information reviewed by Tower REIT's Chief Operating Decision Maker ("CODM") for performance assessment and resource allocation. For the purpose of the assessment of segment performance, the Trust's CODM has focused on its investment properties. This forms the basis of identifying the operating segments of Tower REIT under MFRS 8, *Operating Segments*.

As each investment property is mainly used for commercial purposes, these investment properties are similar in terms of economic characteristics and nature of services. The CODM is of the view that Tower REIT only has one reportable segment – leasing of investment properties.

Accordingly, no operating segment information has been prepared as Tower REIT only has one reportable segment.

No geographical segment information has been prepared as all the investment properties of Tower REIT are located in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

23. OPERATING SEGMENTS cont'd

Major customers

The following are major customers with revenue equal or more than 10% of the REIT's total revenue:

	Revenue		Property
	2024	2023	
	RM'000	RM'000	
British American Tobacco Malaysia	5,912	6,032	Menara Guoco
Hong Leong Group	4,359	4,429	Plaza Zurich, Menara Guoco & Menara HLX

STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 70 to 103 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), so as to give a true and fair view of the financial position of Tower REIT as at 30 June 2024 and of its financial performance and cash flows for the year then ended.

Signed for and on behalf of the Manager

GLM REIT Management Sdn. Bhd.

in accordance with a resolution of the Directors of the Manager

NOORBAIZURA BINTI HERMEYNEY

YBHG DATO’ TAN ANG MENG

Kuala Lumpur

Date: 5 August 2024

STATUTORY DECLARATION

I, Choo Chee Beng, being the person primarily responsible for the financial management of Tower Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 70 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Choo Chee Beng, MIA No.: 19087, at Kuala Lumpur on 5 August 2024.

Choo Chee Beng
Chief Financial Officer

Before me,

Pesuruhjaya Sumpah
Commissioner for Oaths
Kuala Lumpur

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF TOWER REAL ESTATE INVESTMENT TRUST
(ESTABLISHED IN MALAYSIA)

We have acted as Trustee of Tower Real Estate Investment Trust ("Tower REIT") for the financial year ended 30 June 2024. To the best of our knowledge, GLM REIT Management Sdn. Bhd. ("the Manager") has managed Tower REIT in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed constituting Tower REIT (the "Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007, and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deed and relevant regulatory requirements; and
- (c) the distribution of returns of 1.00 sen per unit for the financial year ended 30 June 2024 by Tower REIT is tied to and reflects the objectives of the fund.

For and on behalf of the Trustee
MTrustee Berhad

NURIZAN JALIL
Chief Executive Officer

Petaling Jaya, Selangor

Date: 5 August 2024

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF TOWER REAL ESTATE INVESTMENT TRUST (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tower Real Estate Investment Trust ("Tower REIT"), which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive income, changes in net asset value and cash flows for the year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 70 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Tower REIT as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board ("MFRS Accounting Standards") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of Tower REIT in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of Tower REIT for the current year. These matters were addressed in the context of our audit of the financial statements of Tower REIT as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Refer to *Note 4 – Investment properties*.

The key audit matter

Tower REIT owns investment properties comprising three commercial office buildings located in Malaysia. Investment properties represent the single largest category of assets on the statement of financial position.

These investment properties are measured at their fair values based on valuations performed by GLM REIT Management Sdn. Bhd. ("the Manager") with the assistance of an external valuer.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied. The fair values of the investment properties were derived using investment method, of which were highly sensitive to key assumptions, in particular those unobservable inputs as disclosed in Note 4 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF TOWER REAL ESTATE INVESTMENT TRUST
(INCORPORATED IN MALAYSIA)
cont'd

Key Audit Matters cont'd

Valuation of investment properties cont'd

Refer to *Note 4 – Investment properties*. cont'd

The key audit matter cont'd

This is a key audit matter because of the complexities involved in the valuation and the significant judgement required from us to evaluate the unobservable inputs.

How the matter was addressed in our audit

In this area, our audit procedures, among others, include:

- a) assessed the valuation methodology applied by Tower REIT against those applied by the external valuer for similar type of property;
- b) considered the qualifications and competence of the external valuer and assessed the scope of work of the external valuer to determine whether the valuations were appropriate to be applied for financial reporting purposes;
- c) read the valuation reports produced by the external valuer and challenged the key assumptions applied by comparing such information against internal and external sources;
- d) considered procedures to address the limitation or disclaimer included in the valuation report; and
- e) determined that the rental data input used by the valuer is consistent with agreements with tenants.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Manager are responsible for the other information. The other information comprises the information included Managers' Report (but does not include the financial statements of Tower REIT and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report which are expected to be made available to us that date.

Our opinion on the financial statements of Tower REIT does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of Tower REIT, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of Tower REIT or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Manager and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards of Auditing.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF TOWER REAL ESTATE INVESTMENT TRUST (INCORPORATED IN MALAYSIA)

cont'd

Responsibilities of the Directors for the Financial Statements

The Directors of the Manager are responsible for the preparation of financial statements of Tower REIT that give a true and fair view in accordance with MFRS Accounting Standards and IFRS Accounting Standards. The Directors of the Manager are also responsible for such internal control as the Directors of the Manager determine is necessary to enable the preparation of financial statements of Tower REIT that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of Tower REIT, the Directors of the Manager are responsible for assessing the ability of Tower REIT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate Tower REIT or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of Tower REIT as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of Tower REIT, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Tower REIT.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- Conclude on the appropriateness of the Directors of the Manager use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Tower REIT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of Tower REIT or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Tower REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of Tower REIT, including the disclosures, and whether the financial statements of Tower REIT represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF TOWER REAL ESTATE INVESTMENT TRUST
(INCORPORATED IN MALAYSIA)
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements cont'd

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of Tower REIT for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the unitholders of Tower REIT, in accordance with the Trust Deed of Tower REIT and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 5 August 2024

Chan Kah Mun
Approval Number: 03350/01/2026 J
Chartered Accountant

OTHER INFORMATION

ANALYSIS OF UNITHOLDINGS AS AT 5 SEPTEMBER 2024

DISTRIBUTION SCHEDULE OF UNITHOLDERS

Size of Holding	No. of Unitholders	% of Unitholders	No. of Units Held	% of Units Held
Less than 100	19	0.74	530	0.00
100 – 1,000	395	15.39	261,875	0.05
1,001 – 10,000	1,118	43.55	6,166,725	1.26
10,001 – 100,000	812	31.63	30,657,245	6.24
100,001 – less than 5% of issued units	220	8.57	163,259,800	33.26
5% and above of issued units	3	0.12	290,528,825	59.19
	2,567	100.00	490,875,000	100.00

LIST OF THIRTY LARGEST UNITHOLDERS

Name of Unitholders	No. of Units	%
1. GLM Equities Sdn Bhd	163,548,350	33.32
2. Hong Leong Assurance Berhad - As Beneficial Owner (Life Non Par)	85,514,275	17.42
3. Associated Land Sendirian Berhad	41,466,200	8.45
4. Citigroup Nominees (Asing) Sdn Bhd - GSCO LLC for Asia Fountain Investment Company Limited	24,500,000	4.99
5. CIMSEC Nominees (Asing) Sdn Bhd - CIMB for Yong Yoon Kiong (PB)	14,000,000	2.85
6. Hong Leong Investment Bank Berhad - IVT (EPI) Account 1	10,302,250	2.10
7. Hong Leong Assurance Berhad - As Beneficial Owner (Life Par)	10,163,475	2.07
8. Lian Mong Yee @ Lian Mung Yee	6,971,825	1.42
9. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Poh Soon Sim (CEB)	5,397,875	1.10
10. Loh Cheng Yean	4,600,000	0.94
11. CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd (SFS)	4,255,675	0.87
12. Hong Leong Assurance Berhad - As Beneficial Owner (Shareholders Non Par Fund)	3,636,500	0.74

OTHER INFORMATION

cont'd

ANALYSIS OF UNITHOLDINGS AS AT 5 SEPTEMBER 2024 cont'd

LIST OF THIRTY LARGEST UNITHOLDERS cont'd

	Name of Unitholders	No. of Units	%
13.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Law Kiu Kiong	3,110,700	0.63
14.	Liew Kon Mun	2,934,000	0.60
15.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Chen Yik (Penang-CL)	2,660,000	0.54
16.	Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Insurance Berhad (Life Par FD)	2,254,700	0.46
17.	Chan Chor Yook	2,210,000	0.45
18.	Hong Leong Assurance Berhad - As Beneficial Owner (Life Ann Par)	1,785,000	0.36
19.	Tan Kim Chuan	1,774,100	0.36
20.	Mong Mei Sin	1,650,000	0.33
21.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Liew Sun Yick	1,551,900	0.32
22.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Law Kiu Kiong (6000710)	1,454,800	0.30
23.	Lim Sheau Theng	1,430,000	0.29
24.	CGS International Nominees Malaysia (Asing) Sdn Bhd - Exempt AN for CGS International Securities Singapore Pte Ltd (Retail Clients)	1,362,200	0.28
25.	Ong Ah How @ Ong Beng Hwa	1,148,000	0.23
26.	Ong Ee Nah	1,100,000	0.22
27.	Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Insurance Berhad (Ann FD)	1,074,000	0.22
28.	Lim Kew Seng	1,065,000	0.22
29.	Chan Oi Chow	981,750	0.20
30.	Hong Leong Assurance Berhad - As Beneficial Owner (Unitlinked BCF)	875,000	0.18
		404,777,575	82.46

OTHER INFORMATION

cont'd

ANALYSIS OF UNITHOLDINGS AS AT 5 SEPTEMBER 2024 cont'd

MAJOR UNITHOLDERS

	Name of Unitholders	No. of Units Held			
		Direct	%	Indirect	%
1.	GLM Equities Sdn Bhd	163,548,350	33.32	-	-
2.	Hong Leong Assurance Berhad	101,974,250	20.77	-	-
3.	Associated Land Sendirian Berhad	41,466,200	8.45	-	-
4.	HLA Holdings Sdn Bhd	-	-	101,974,250	20.77 #
5.	Mitsui Sumitomo Insurance Company, Limited	-	-	101,974,250	20.77 #
6.	HLCM Assets Sdn Bhd	-	-	41,466,200	8.45 @
7.	Hong Leong Financial Group Berhad	-	-	112,276,500	22.87 *
8.	GuocoLand (Malaysia) Berhad	-	-	163,548,350	33.32 **
9.	GLL (Malaysia) Pte Ltd	-	-	163,548,350	33.32 **
10.	GuocoLand Limited	-	-	163,548,350	33.32 **
11.	GuocoLand Assets Pte Ltd	-	-	163,548,350	33.32 **
12.	Guoco Group Limited	-	-	300,324,850	61.18 ^
13.	GuoLine Overseas Limited	-	-	300,324,850	61.18 ^
14.	GuoLine Capital Assets Limited	-	-	300,324,850	61.18 ^
15.	Hong Leong Company (Malaysia) Berhad	-	-	153,742,700	31.32 *
16.	HL Holdings Sdn Bhd	-	-	153,742,700	31.32 ~
17.	Tan Sri Quek Leng Chan	-	-	341,791,050	69.63 ^
18.	Kwek Leng Beng	-	-	341,791,050	69.63 ^
19.	Kwek Holdings Pte Ltd	-	-	341,791,050	69.63 ^
20.	Hong Realty (Private) Limited	-	-	341,791,050	69.63 ^
21.	Hong Leong Investment Holdings Pte Ltd	-	-	341,791,050	69.63 ^
22.	Kwek Leng Kee	-	-	341,791,050	69.63 ^
23.	Davos Investment Holdings Private Limited	-	-	341,791,050	69.63 ^
24.	Quek Leng Chye	-	-	341,791,050	69.63 ^

Notes:

Held through Hong Leong Assurance Berhad

@ Held through Associated Land Sendirian Berhad

* Held through subsidiaries

** Held through GLM Equities Sdn Bhd

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

~ Held through Hong Leong Company (Malaysia) Berhad

OTHER INFORMATION

cont'd

DIRECTORS' INTERESTS AS AT 5 SEPTEMBER 2024

Subsequent to the financial year ended 30 June 2024, there is no change in the Directors' interests in the units of Tower Real Estate Investment Trust ("Tower REIT") appearing in the Manager's Report.

MATERIAL CONTRACTS

There was no material contract entered into by Tower REIT that involved the Directors of the Manager or major unitholders of Tower REIT during the financial year under review.

SANCTION AND/OR PENALTIES

There was no public sanction or penalty imposed on the Manager by the relevant regulatory bodies during the financial year under review.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting (“Twelfth AGM”) of the unitholders of Tower Real Estate Investment Trust (“Tower REIT”) will be held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Wednesday, 30 October 2024 at 2.30 p.m. in order:-

1. To lay before the meeting the audited financial statements of Tower REIT together with the reports of the Trustee and Auditors thereon for the financial year ended 30 June 2024.

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as Ordinary Resolutions, with or without modifications:

2. **Ordinary Resolution 1**
Proposed Renewal Of Unitholders’ Mandate To Allot And Issue Up To 98,175,000 New Units In Tower Real Estate Investment Trust (“Tower REIT”), Representing Up To 20% Of The Existing Total Number Of Units Issued Of Tower REIT Of 490,875,000 Units (“Proposed Renewal Of Authority Mandate”)

“**THAT** pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main Market of Bursa Securities”), and subject to the passing of Ordinary Resolution 2 below and the requisite approvals being obtained, approval be and is hereby given to the Directors of GLM REIT Management Sdn Bhd, the Manager of Tower REIT (the “Manager”), to issue new units from time to time to such persons and for such purposes as the Directors of the Manager may deem fit provided that the aggregate number of the new units to be issued, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of units issued of Tower REIT for the time being comprising 490,875,000 units and the Directors of the Manager be and are hereby also empowered to obtain the approval for the listing of and quotation for such new units on the Main Market of Bursa Securities;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) revoked or varied by resolution passed by the unitholders in a unitholders’ meeting,

whichever is the earlier;

AND THAT such new units shall, upon allotment and issue, rank equally in all respects with the existing units except that the new units will not be entitled to any income distribution, right, benefit, entitlement and/or any other distributions that may be declared before the date of allotment and issue of such new units;

AND THAT authority be and is hereby given to the Directors of the Manager and MTrustee Berhad, acting as Trustee of Tower REIT (the “Trustee”), acting for and on behalf of Tower REIT, to give effect to the Proposed Renewal of Authority Mandate with full powers to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Tower REIT and/or as may be imposed by the relevant authorities; **AND FURTHER THAT** the Directors of the Manager and the Trustee, acting for and on behalf of Tower REIT, are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of Authority Mandate.”

(Resolution 1)

NOTICE OF ANNUAL GENERAL MEETING

cont'd

3. Ordinary Resolution 2

Proposed Increase In The Existing Total Number Of Units Issued Of Tower REIT From 490,875,000 Units To A Maximum Of 589,050,000 Units Pursuant To The Proposed Renewal Of Authority Mandate (“Proposed Increase In Units Issued”)

“**THAT** subject to the passing of Ordinary Resolution 1 above and the requisite approvals being obtained, the total number of units issued of Tower REIT be and is hereby increased from 490,875,000 units to a maximum of 589,050,000 units by the creation of up to 98,175,000 new units;

AND THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Tower REIT, to give effect to the Proposed Increase In Units Issued, with full power to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Tower REIT and/or as may be imposed by the relevant authorities; **AND FURTHER THAT** the Directors of the Manager and the Trustee, acting for and on behalf of Tower REIT, are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Increase In Units Issued.”

(Resolution 2)

4. Ordinary Resolution 3

Proposed Renewal Of Unitholders’ Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad (“HLCM”) And GuoLine Capital Assets Limited (“GCA”); And Persons Connected With HLCM And GCA (“Proposed Renewal Of RRPT Mandate”)

“**THAT** approval be and is hereby given for Tower REIT to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Unitholders dated 1 October 2024 (“Circular”), with HLCM and GCA; and persons connected with HLCM and GCA provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, detrimental to the minority unitholders of Tower REIT;

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the unitholders at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) revoked or varied by resolution passed by the unitholders in a unitholders’ meeting,

whichever is the earlier;

AND THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Tower REIT, to give effect to the Proposed Renewal Of RRPT Mandate, with full power to assent to any condition, modification, variation and/or amendment as they may deem fit in the best interest of Tower REIT and/or as may be imposed by the relevant authorities; **AND FURTHER THAT** the Directors of the Manager and the Trustee, acting for and on behalf of Tower REIT, are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal Of RRPT Mandate.”

(Resolution 3)

NOTICE OF ANNUAL GENERAL MEETING

cont'd

- To consider any other business of which due notice shall have been given.

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
1 October 2024

Notes

- For the purpose of determining unitholders' eligibility to attend this meeting, only unitholders whose names appear in the Record of Depositors as at 22 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- 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.
- 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.
- 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.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.

Explanatory Notes

1. Ordinary Resolution 1 - Proposed Renewal Of Authority Mandate

The Proposed Renewal Of Authority Mandate, if passed, will give a renewed mandate to the Directors of the Manager of Tower REIT to issue units of Tower REIT from time to time provided that the aggregate number of the new units to be issued, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of issued units of Tower REIT for the time being. The Proposed Renewal Of Authority Mandate, unless revoked or varied at a unitholders' meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the unitholders of Tower REIT.

As at to date, no new units of Tower REIT have been issued pursuant to the mandate granted to the Directors of the Manager at the last AGM of Tower REIT held on 16 October 2023 and which will lapse at the conclusion of the forthcoming Twelfth AGM of Tower REIT.

The Proposed Renewal Of Authority Mandate will enable the Directors of the Manager to take swift action in case of, inter-alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new units, and to avoid delay and cost in convening unitholders' meetings to approve such issue of units.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

2. **Ordinary Resolution 2 - Proposed Increase In Units Issued**

The purpose of the Proposed Increase In Units Issued is to accommodate the issuance of such new units pursuant to the Proposed Renewal Of Authority Mandate.

3. **Ordinary Resolution 3 - Proposed Renewal Of RRPT Mandate**

The Proposed Renewal Of RRPT Mandate, if passed, will give a renewed mandate to Tower REIT to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of Tower REIT, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Manager's opinion, detrimental to the minority unitholders of Tower REIT.

Detailed information on the Proposed Renewal Of RRPT Mandate is set out in the Circular to Unitholders dated 1 October 2024 which is available on Tower REIT's website at <https://www.tower-reit.com/investor-information/reports>.

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 Twelfth Annual General Meeting ("Twelfth AGM") of unitholders of Tower REIT to be held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Wednesday, 30 October 2024 at 2.30 p.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.	As special business, to approve the ordinary resolution on the proposed renewal of unitholders' mandate to allot and issue new units in Tower REIT		
2.	As special business, to approve the ordinary resolution on the proposed increase in the existing total number of units issued of Tower REIT		
3.	As special business, to approve the ordinary resolution on the proposed renewal of unitholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and GuoLine Capital Assets Limited ("GCA"); and persons connected with HLCM and GCA		

Dated this _____ day of _____ 2024

Number of units held _____

Signature(s) of Unitholder _____

CDS Account No.: _____

NOTES:

- For the purpose of determining unitholders' eligibility to attend this meeting, only unitholders whose names appear in the Record of Depositors as at 22 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and to vote on their behalf.
- 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.
- 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.
- A proxy may but need not be a unitholder of Tower REIT.
- 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.
- 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).
- 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.
- 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.
- In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of unitholdings to be represented

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Twelfth Annual General Meeting will be put to vote by way of a poll.

Fold This Flap For Sealing

Then Fold Here

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

1st Fold Here

GLM REIT MANAGEMENT SDN BHD (Registration No. 200401020808 (659312-H))

The Manager of Tower Real Estate Investment Trust

Level 13, Menara Guoco
Damansara City
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2726 1000
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<https://www.tower-reit.com>