

Summary of key matters discussed at the 12th Annual General Meeting of Tower Real Estate Investment Trust (“Tower REIT”) 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.

1. What is the outlook for Tower REIT in 2025?

Response:

- The office rental market will continue to face challenges in 2025 due to the oversupply of office spaces, particularly in the central business district area of Kuala Lumpur. Despite challenges such as increasing vacancies, depressed office rental rates, rising operating expenses and high interest costs, there are positive signs that economic activities are gaining momentum, which may lead to an improvement in leasing activities.
- The Manager of Tower REIT (“Manager”) will remain committed to improve the occupancy rate of Tower REIT’s three buildings through proactive asset management and strategic enhancements.
- With the proceeds from Tower REIT’s rights issue raised in financial year ended 30 June 2024, the Manager has repaid a portion of the bank borrowings which allows Tower REIT to enjoy interest savings. The Manager will also use part of the proceeds to carry out refurbishment plan to improve the attributes of the three buildings.
- These efforts together with effective cost management remain the strategic imperatives of the Manager to strengthen and sustain Tower REIT’s competitive position.

2. What are the steps taken to improve the occupancy rate of Menara HLX?

Response:

- Menara HLX has upgraded its facilities and undergone refurbishments to modernize the building, aligning it to meet today’s energy-efficient and sustainable office space requirements. The Manager remains committed to implement additional asset enhancement initiatives to elevate the building’s economic, environmental, social and governance sustainability. These efforts will enhance the building efficiency, promote modernization and increase the overall value of Menara HLX, making it a more attractive choice for tenants.

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- Among the three buildings held by Tower REIT, Menara HLX faces the highest competition due to oversupply of office spaces in the central business district area of Kuala Lumpur. To address this challenge, the Manager has taken abovementioned steps to enhance Menara HLX’s competitiveness and improve its occupancy rate.
- Despite the challenges, Menara HLX has shown a positive trend in occupancy, with occupancy rate increasing from 26% in 2022 to 35% in 2024. The Manager remains committed with its efforts to further improve the occupancy rate for Menara HLX.

3. Will Tower REIT consider holding hybrid Annual General Meeting (“AGM”) in future?

Response:

- The Securities Commission Malaysia has encouraged listed issuers to hold physical or hybrid AGM instead of fully virtual AGM.
- Tower REIT regarded AGM as an important forum for effective communication and proactive engagement between unitholders and the Board of Directors of the Manager (“the Board”) and its senior management. Unitholders are encouraged to meet and communicate with the Board and to vote on all resolutions. Hence, Tower REIT planned to continue holding physical AGM in future.