

Circular/Notice to Shareholders

TOWER REAL ESTATE INVESTMENT TRUST

Subject	CIRCULAR TO UNITHOLDERS IN RELATION TO: PART A PROPOSED UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE PART B PROPOSED AMENDMENT TO THE INVESTMENT OBJECTIVE OF TOWER REAL ESTATE INVESTMENT TRUST
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Please refer attachment below.

Attachments



[Tower REIT - Circular.pdf](#)
566.4 kB

Announcement Info

Company Name	TOWER REAL ESTATE INVESTMENT TRUST
Stock Name	TWRREIT
Date Announced	29 Aug 2019
Category	Document Submission
Reference Number	DCS-28082019-00034

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of Part B of this Circular prior to its issuance as the said contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CIRCULAR TO UNITHOLDERS

IN RELATION TO

PART A

**PROPOSED UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

PART B

**PROPOSED AMENDMENT TO THE INVESTMENT OBJECTIVE OF
TOWER REAL ESTATE INVESTMENT TRUST**

Principal Adviser for Part B



Hong Leong Investment Bank Berhad (10209-W)

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

The resolutions in respect of the above proposals will be tabled at the forthcoming Annual General Meeting (“AGM”) of Tower Real Estate Investment Trust (“Tower REIT”) to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 17 October 2019 at 10.00 a.m. or at any adjournment thereof. The Notice of AGM and the Form of Proxy are set out in the 2019 Annual Report of Tower REIT, which is despatched together with this Circular.

This Circular is dated 29 August 2019

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PART A

**PROPOSED UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout Part A of this Circular:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board” or “Directors”	:	Board of Directors of the Manager
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Deed”	:	Principal deed dated 17 February 2006 entered into between the Manager and MTrustee Berhad constituting Tower REIT (as amended and restated by the restated deed dated 29 May 2014)
“GLM”	:	GuocoLand (Malaysia) Berhad
“GLM Group”	:	GLM and its subsidiaries
“HLCM”	:	Hong Leong Company (Malaysia) Berhad
“LPD”	:	31 July 2019, being the latest practicable date prior to the printing of this Circular
“Main Market Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
“Manager” or “GLM REIT”	:	GLM REIT Management Sdn Bhd, being the management company of Tower REIT
“Proposed Unitholders’ Mandate”	:	Unitholders’ approval for a general mandate in relation to recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of Tower REIT as set out in Section 2.3 herein
“Recurrent Related Party Transactions”	:	Related Party Transactions of a revenue or trading nature which are recurrent and necessary for the day-to-day operations of Tower REIT
“Related Party Transactions”	:	Transactions entered into by Tower REIT which involve the interest, direct or indirect, of a related party
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Units”	:	Issued units in Tower REIT
“Tower REIT”	:	Tower Real Estate Investment Trust



Registered Office:

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

29 August 2019

DIRECTORS OF THE MANAGER:

YBhg Datuk Edmund Kong Woon Jun (Chairman; Executive/Non-Independent)
YBhg Dato' Koh Hong Sun (Non-Executive/Independent)
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah (Non-Executive/Independent)
Ms Lim Tau Kien (Non-Executive/Independent)
Ms Lim Chew Yan (Non-Executive/Non-Independent)

To: The Unitholders of Tower Real Estate Investment Trust

Dear Sir/Madam

PROPOSED UNITHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 21 August 2019, the Board announced that Tower REIT proposes to seek its unitholders' approval for the Proposed Unitholders' Mandate at the forthcoming AGM of Tower REIT to be held on Thursday, 17 October 2019 at 10.00 a.m. ("Said AGM").

The purpose of Part A of this Circular is to provide you with details of the Proposed Unitholders' Mandate and to seek your approval for the proposed ordinary resolution pertaining to the Proposed Unitholders' Mandate to be tabled at the Said AGM.

The Notice of the Said AGM together with the Form of Proxy are set out in the 2019 Annual Report of Tower REIT, which is despatched together with this Circular.

2. DETAILS OF THE PROPOSED UNITHOLDERS' MANDATE

2.1 Provisions under the Main Market Listing Requirements

Paragraph 10.09(2) of the Main Market Listing Requirements provides that a listed issuer may seek a mandate from its unitholders for related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries subject to, inter-alia, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the unitholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the unitholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main Market Listing Requirements;
- (c) the listed issuer's circular to unitholders for the unitholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information, where applicable;
- (d) in a meeting to obtain unitholder mandate, the relevant related party must comply with the requirements set out in paragraph 10.08(7) of the Main Market Listing Requirements; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular to unitholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a unitholder mandate pursuant to the above, the provisions of paragraph 10.08 of the Main Market Listing Requirements will not apply with regard to transactions as detailed in Section 2.3 of Part A of this Circular.

Tower REIT proposes to seek the Proposed Unitholders' Mandate from its unitholders to enter into Recurrent Related Party Transactions on terms 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.

The Proposed Unitholders' Mandate, if approved at the Said AGM, will take immediate effect upon conclusion of the Said AGM and will continue to be in force until the conclusion of the next AGM of Tower REIT, unless revoked or varied by Tower REIT in a general meeting, whichever is the earlier.

2.2 Classes of related parties

Unitholders' approval is sought for the Proposed Unitholders' Mandate involving recurrent related party transactions which are carried out by Tower REIT with HLCM (the ultimate holding company of the Manager and a major unitholder of Tower REIT) and persons connected with HLCM ("Hong Leong Group") including those as listed in Appendix II of this Circular.

The details of the unit holdings of HLCM in Tower REIT are set out in Section 5 of Part A of this Circular.

2.3 Nature of Recurrent Related Party Transactions contemplated

The principal activity of Tower REIT 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.

The Hong Leong Group is involved in a diverse range of industries including, inter-alia, manufacturing, procuring and assembling of motorcycles, scooters, motorcycle engines and related parts and products; distribution of motorcycles and motorcycle components; provision of maintenance and repair services for motorcycles; distribution, trading and provision of services in marine related products; manufacturing and sale of ceramic tiles; provision of research and development services for motorcycles and ceramic tiles; distribution of building materials; manufacturing, sale and distribution of fibre cement and concrete roofing products; manufacturing, assembling, testing and sale of integrated circuits, semiconductor devices, electronic components and leadframes; manufacturing and sale of cement and cement related products; manufacturing, marketing and sale of concrete and concrete related products; manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products; provision of logistics related services; commercial banking business and provision of related services which include Islamic banking business, property investment and management, investment holding and nominee services; life and general insurance and family takaful businesses; investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; unit trust management, fund management including Islamic fund management and sale of unit trusts; property investment and development; provision of project, property, consultancy and event management services; hotel operations; and provision of management, training and security services. In view of the diversity of the Hong Leong Group's businesses, it is envisaged that in the normal course of business of Tower REIT, transactions in respect of goods and/or services between Tower REIT and the Hong Leong Group will occur with some degree of frequency from time to time and may arise at any time.

Details of Recurrent Related Party Transactions contemplated shall include, but not limited to, those described below:

Recurrent Related Party Transactions with the Hong Leong Group are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Directors' and major unitholders' interests	*Estimated aggregate value during the validity period of the Proposed Unitholders' Mandate ("Estimated Value") (RM' million)
(a) Provision of management services	GLM Group	Tower REIT	YBhg Tan Sri Quek Leng Chan, HLCM, HL Holdings Sdn Bhd, Mr Kwek Leng Beng, Kwek Holdings Pte Ltd, Hong Realty (Private) Limited, Hong Leong Investment Holdings Pte Ltd ("HLIH"), Davos Investment Holdings Private Limited, Mr Kwek Leng Kee, Mr Quek Leng Chye, GLL (Malaysia) Pte Ltd, GuocoLand Limited, GuocoLand Assets Pte Ltd, Guoco Group Limited, GuoLine Overseas Limited and GuoLine Capital Assets Limited (collectively referred to as "Upstream Unitholders of GLM Equities Sdn Bhd ("GLM Equities")") and GLM Equities	1.50
(b) Rental of properties such as the following business premises from Tower REIT:** (i) Menara HLA, 3 Jalan Kia Peng, Kuala Lumpur (ii) Plaza Zurich, 12 Jalan Gelenggang, Bukit Damansara, Kuala Lumpur	Tower REIT	Hong Leong Group	GLM Equities, Upstream Unitholders of GLM Equities, Hong Leong Assurance Berhad ("HLA"), Mitsui Sumitomo Insurance Company, Limited, HLA Holdings Sdn Bhd and Hong Leong Financial Group Berhad ("HLFG")	3.50
(c) Provision of consultancy and event management services	GLM Group	Tower REIT	GLM Equities and Upstream Unitholders of GLM Equities	2.00

Notes:

* The Estimated Value of the transactions is based on the actual value transacted and/or management's estimate of the value to be transacted during the validity period of the Proposed Unitholders' Mandate. The Estimated Value of these transactions may be subject to changes.

** The rental of properties will be for a tenure of up to three (3) years with option to renew and payment of rental is on monthly basis.

2.4 Amount due and owing by related parties

The total outstanding receivables arising from the Recurrent Related Party Transactions of Tower REIT which exceeded the credit term for the following periods as at 30 June 2019 is as follows:

	<u>Principal Sum</u> RM'000
A period of 1 year or less	12
A period of more than 1 year	-

	12
	=====

There were no interest and late payment charges imposed on the overdue receivables as they are trade in nature.

The above outstanding amount has been fully settled.

2.5 Methods or procedures on which transaction prices are determined/review procedures for Recurrent Related Party Transactions

To ensure that the Recurrent Related Party Transactions are conducted on commercial terms consistent with Tower REIT's usual business practices and policies and on transaction prices and terms not more favourable to the Related Party than those generally available to and/or from the public, where applicable, and are not, in the Manager's opinion, detrimental to the minority unitholders of Tower REIT, the following principles will apply:

- (i) the rental of properties shall be at the prevailing market rates for the same or substantially similar properties and shall be on commercial terms; and
- (ii) receipt of property-related and management services, consultancy and event management services shall be determined based on prevailing rates/prices of the services (including where applicable, preferential rates/prices/discounts accorded to a class or classes of customers) according to commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, for consideration to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products or services and/or quantities while the price alone shall not be the sole factor in the selection of the service provider or supplier.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the Board Audit & Risk Management Committee of the Manager, in its review of the Recurrent Related Party Transactions may, as it deems fit and whenever available, request for additional information pertaining to the transactions from independent sources or advisers.

To monitor, track and identify the Recurrent Related Party Transactions, the following review procedures have been implemented:

- (i) A register is maintained to record all RRPT which are entered into pursuant to the Unitholders' Mandate; and

- (ii) The Board Audit & Risk Management Committee of the Manager will undertake a quarterly review of Recurrent Related Party Transactions to ensure that such Recurrent Related Party Transactions are undertaken on commercial terms and on transaction prices and terms not more favourable to the related party than those generally available to and/or from the public, where applicable, and are not detrimental to the minority unitholders and are in the best interest of Tower REIT.

There are no specific thresholds for approval of Recurrent Related Party Transactions. However, all Recurrent Related Party Transactions are subject to the approval of the Chief Executive Officer or such other persons to whom he may delegate such power subject always to any Tower REIT's policies that may be issued from time to time.

The Board Audit & Risk Management Committee of the Manager will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the Recurrent Related Party Transactions are at all times carried out on commercial terms consistent with the Tower REIT's usual business practices and policies.

The Board Audit & Risk Management Committee of the Manager has reviewed the above procedures and is satisfied that the said procedures are adequate to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner and are sufficient to ensure that the Recurrent Related Party Transactions will be carried out on commercial terms consistent with the Tower REIT's usual business practices and policies and on terms 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. Any member of the Board Audit & Risk Management Committee who is interested in any transaction shall abstain from reviewing and deliberating on such transaction.

2.6 Validity period of the Proposed Unitholders' Mandate

The Proposed Unitholders' Mandate, if approved at the Said AGM, shall take immediate effect and shall continue to be in force until:

- (i) the conclusion of the next AGM of Tower REIT, 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 general meeting,

whichever is the earlier.

The Proposed Unitholders' Mandate is subject to satisfactory review by the Board Audit & Risk Management Committee of the Manager of its continued application to Recurrent Related Party Transactions.

2.7 Disclosure

Disclosure will be made in the Tower REIT's Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, types of transactions made, names of the related parties involved and their relationships with Tower REIT pursuant to the Proposed Unitholders' Mandate in accordance with paragraph 10.09(2) and Practice Note No. 12 of the Main Market Listing Requirements.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED UNITHOLDERS' MANDATE

The rationale for and the benefits of the Proposed Unitholders' Mandate to Tower REIT are as follows:

- (i) The Proposed Unitholders' Mandate will facilitate transactions with related parties which are in the ordinary course of business of Tower REIT and undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Board's opinion, detrimental to the minority unitholders;
- (ii) The Proposed Unitholders' Mandate will enhance Tower REIT's ability to pursue business opportunities which are time-sensitive in nature and will eliminate the need for the Board to convene separate general meetings to seek unitholders' approval for each transaction;
- (iii) For certain transactions, where it is vital that confidentiality be maintained, it would not be viable to obtain unitholders' prior approval, as releasing details of the transactions prematurely may adversely affect and prejudice Tower REIT's interests and place Tower REIT at a disadvantage as compared to its competitors who may not require unitholders' approval to be obtained; and
- (iv) The Proposed Unitholders' Mandate will substantially reduce the expenses associated with convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channelled towards attaining other corporate objectives.

4. CONDITION OF THE PROPOSED UNITHOLDERS' MANDATE

The Proposed Unitholders' Mandate is subject to the approval of the unitholders of Tower REIT at the Said AGM.

5. DIRECTORS', MAJOR SHAREHOLDERS' AND MAJOR UNITHOLDERS' INTERESTS

GLM REIT is a wholly-owned subsidiary of GLM. HLCM is the ultimate holding company of GLM REIT through GLM and a major unitholder of Tower REIT through some of its subsidiaries. YBhg Tan Sri Quek Leng Chan, a major shareholder of GLM and a major unitholder of Tower REIT, is a director and major shareholder of HLCM. Mr Kwek Leng Beng is a director of HLCM, a major shareholder of GLM and HLCM, and a major unitholder of Tower REIT. Mr Kwek Leng Kee is a major shareholder of GLM and HLCM, and a major unitholder of Tower REIT. Mr Quek Leng Chye, a major unitholder of Tower REIT, is a brother of YBhg Tan Sri Quek Leng Chan.

The unit holdings of the major unitholders of Tower REIT as at LPD are as follows:

	No. of Units held			
	Direct	%	Indirect	%
GLM Equities	60,768,800	21.66	-	-
HLA	57,771,000	20.60	-	-
HLA Holdings Sdn Bhd	-	-	57,771,000	20.60#
Mitsui Sumitomo Insurance Company, Limited	-	-	57,771,000	20.60#
HLFG	-	-	63,658,000	22.69*
GLM	-	-	60,768,800	21.66**
GLLM	-	-	60,768,800	21.66**
GuocoLand Limited	-	-	60,768,800	21.66**
GuocoLand Assets Pte Ltd	-	-	60,768,800	21.66**
Guoco Group Limited	-	-	138,426,800	49.35^
GuoLine Overseas Limited	-	-	138,426,800	49.35^
GuoLine Capital Assets Limited	-	-	138,426,800	49.35^
HLCM	-	-	151,836,100	54.13*
HL Holdings Sdn Bhd	-	-	151,836,100	54.13~
Tan Sri Quek Leng Chan	-	-	151,836,100	54.13~
Kwek Leng Beng	-	-	151,836,100	54.13~
Kwek Holdings Pte Ltd	-	-	151,836,100	54.13~
Hong Realty (Private) Limited	-	-	151,836,100	54.13~
HLIH	-	-	151,836,100	54.13~
Kwek Leng Kee	-	-	151,836,100	54.13~
Davos Investment Holdings Private Limited	-	-	151,836,100	54.13~
Quek Leng Chye	-	-	151,836,100	54.13~

Notes:

Held through HLA

* Held through subsidiaries

** Held through GLM Equities

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

~ Held through HLCM

GLM Equities, HLA, HLCM, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng, Mr Quek Leng Chye and Mr Kwek Leng Kee will abstain and will ensure that persons connected with them will also abstain from voting, in respect of their direct and/or indirect interests, on the proposed ordinary resolution pertaining to the Proposed Unitholders' Mandate at the Said AGM.

Save as disclosed above, none of the other Directors of the Manager, major shareholder of the Manager, major unitholders of Tower REIT or persons connected with them, has any interest, direct or indirect, in the resolution pertaining to the Proposed Unitholders' Mandate.

6. DIRECTORS' RECOMMENDATION

Your Board, having taken into consideration all aspects of the Proposed Unitholders' Mandate, is of the opinion that the Proposed Unitholders' Mandate are in the best interest of Tower REIT and accordingly, your Board recommends that you vote in favour of the proposed ordinary resolution relating to the Proposed Unitholders' Mandate to be tabled at the Said AGM.

7. RESOLUTION ON THE PROPOSED UNITHOLDERS' MANDATE AND AGM

The proposed ordinary resolution on the Proposed Unitholders' Mandate will be tabled at the Said AGM to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 17 October 2019 at 10.00 a.m. or at any adjournment thereof. The said resolution is set out in the 2019 Annual Report of Tower REIT.

The Notice of the Said AGM and the Form of Proxy are enclosed in the 2019 Annual Report of Tower REIT, which is despatched together with this Circular.

If you are unable to attend the Said AGM in person and wish to appoint other person(s) to be your proxy, please complete the Form of Proxy and deposit it at the Registered Office of the Manager at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, so as to arrive not later than forty-eight (48) hours before the time appointed for holding of the Said AGM or at any adjournment thereof.

The completion and deposit of the Form of Proxy will not preclude you from attending and voting at the Said AGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

8. FURTHER INFORMATION

Unitholders are requested to refer to the attached Appendix III of this Circular for further information.

Yours faithfully,
For and on behalf of the Board

**DATO' NICHOLAS JOHN LOUGH @
SHARIF LOUGH BIN ABDULLAH**
Independent Non-Executive Director

PART B

**PROPOSED AMENDMENT TO THE INVESTMENT OBJECTIVE OF
TOWER REAL ESTATE INVESTMENT TRUST**

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout Part B of this Circular:

“AGM”	: Annual General Meeting
“Applicable Requirements”	: Collectively, the REIT Guidelines, the Listing Requirements and the CMSA
“Board”	: Board of Directors of the Manager
“CMSA”	: Capital Markets and Services Act 2007 (updated as at 5 April 2018)
“Deed”	: Principal deed dated 17 February 2006 entered into between the Manager and the Trustee constituting Tower REIT (as amended and restated by the restated deed dated 29 May 2014)
“Listing Requirements”	: Main Market Listing Requirements of Bursa Malaysia Securities Berhad (updated as at 3 June 2019)
“LPD”	: 31 July 2019, being the latest practicable date prior to the printing of this Circular
“Manager”	: GLM REIT Management Sdn Bhd, being the management company of Tower REIT
“Proposed Amendments”	: Collectively, the Proposed Objective Amendment and Proposed Deed Amendments
“Proposed Deed Amendments”	: Proposed amendments to the Deed to align the Deed with the Applicable Requirements
“Proposed Objective Amendment”	: Proposed amendment to the investment objective of Tower REIT to include investment in residential and industrial properties
“REIT Guidelines”	: Guidelines on Listed Real Estate Investment Trusts issued by the SC (effective 9 April 2018 and updated on 18 June 2019)
“SC”	: Securities Commission Malaysia
“Second Restated Deed”	: Second restated deed to be entered into between the Manager and the Trustee that amends and restates the Deed
“Tower REIT”	: Tower Real Estate Investment Trust
“Trustee”	: MTrustee Berhad, being the trustee of Tower REIT
“Unitholders”	: Any persons registered as holding a unit in Tower REIT in accordance with the provisions of the Deed



Registered Office:

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

29 August 2019

DIRECTORS OF THE MANAGER:

YBhg Datuk Edmund Kong Woon Jun (Chairman; Executive/Non-Independent)
YBhg Dato' Koh Hong Sun (Non-Executive/Independent)
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah (Non-Executive/Independent)
Ms Lim Tau Kien (Non-Executive/Independent)
Ms Lim Chew Yan (Non-Executive/Non-Independent)

To: The Unitholders of Tower Real Estate Investment Trust

Dear Sir/Madam

PROPOSED OBJECTIVE AMENDMENT

1. INTRODUCTION

On 25 July 2019, Hong Leong Investment Bank Berhad announced, on behalf of the Board, that Tower REIT proposed to undertake the Proposed Amendments.

The Proposed Objective Amendment is subject to approval being obtained from the Unitholders comprising not less than two-thirds (2/3) of all Unitholders present at the forthcoming AGM.

The Proposed Deed Amendments are not subject to the approval of the Unitholders as the amendments are to comply with the Applicable Requirements. Pursuant to Section 295(4)(b) of the CMSA, the Manager and the Trustee are to issue a written statement each to certify that the Proposed Deed Amendments:

- (i) do not materially prejudice the interests of the Unitholders; and
- (ii) do not operate to release the Manager or the Trustee from any responsibility to the Unitholders.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED OBJECTIVE AMENDMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION IN RELATION TO THE PROPOSED OBJECTIVE AMENDMENT TO BE TABLED AT THE FORTHCOMING AGM. THE NOTICE OF AGM AND THE FORM OF PROXY ARE ENCLOSED IN THE 2019 ANNUAL REPORT OF TOWER REIT, WHICH IS DESPATCHED TOGETHER WITH THIS CIRCULAR.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR TOGETHER WITH APPENDIX III OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED OBJECTIVE AMENDMENT TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED OBJECTIVE AMENDMENT

The Manager proposes to amend the investment objective of Tower REIT to include investment in residential and industrial properties as follows:

<u>Existing clause in the Deed</u>	<u>Proposed amendment in the Second Restated Deed</u>
<p>“The objective of the Trust is:-</p> <p>to invest primarily in a portfolio of quality office buildings and commercial properties in order to:</p> <p>(1) provide Unitholders with regular and stable distributions; and</p> <p>(2) achieve medium to long-term growth in the Net Asset Value per Unit.”</p>	<p>“The objective of the Trust is:-</p> <p>to invest primarily in a portfolio of <u>real estate including</u> quality office buildings, and commercial properties, <u>residential properties and industrial properties</u> in order to:</p> <p>(1) provide Unitholders with regular and stable distributions; and</p> <p>(2) achieve medium to long-term growth in the Net Asset Value per Unit.”</p>

3. RATIONALE FOR THE PROPOSED OBJECTIVE AMENDMENT

The Proposed Objective Amendment aims to diversify the portfolio of Tower REIT to include residential and industrial properties for its future acquisitions. This is in line with the intention of the Manager to grow the distributable income and enhance returns to the Unitholders by exploring investment opportunities in the residential and industrial property markets with long term growth potential.

4. EFFECTS OF THE PROPOSED OBJECTIVE AMENDMENT

The Proposed Objective Amendment will not have any effect on the issued unitholders’ capital and major unitholders’ unitholdings in Tower REIT.

In addition, the Proposed Objective Amendment will not have any material effect on the net asset value, net asset value per unit, gearing, earnings and earnings per unit of Tower REIT after taking into consideration the estimated expenses in relation to the Proposed Objective Amendment.

5. APPROVALS REQUIRED

The Proposed Objective Amendment is subject to approval being obtained from the Unitholders comprising not less than two-thirds (2/3) of all the Unitholders present at the forthcoming AGM.

Upon obtaining the approval of the Unitholders for the Proposed Objective Amendment, the Manager and the Trustee will enter into the Second Restated Deed. Thereafter, the Second Restated Deed will be registered and lodged with the SC, and will be deemed effective from the date of registration with the SC.

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

None of the Directors and major shareholders of the Manager, major unitholders of Tower REIT and/or persons connected with them have any interest, directly or indirectly, in the Proposed Objective Amendment.

7. DIRECTORS' RECOMMENDATION

The Board, having considered and deliberated on all aspects of the Proposed Objective Amendment, is of the opinion that the Proposed Objective Amendment is in the best interest of Tower REIT.

As such, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Objective Amendment to be tabled at the forthcoming AGM.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Amendments, there are no other corporate exercises which have been announced but have yet to be completed as at the LPD.

9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Objective Amendment is expected to be completed by the 4th quarter of 2019.

10. AGM

The forthcoming AGM, the Notice of which is enclosed in the 2019 Annual Report of Tower REIT, which is despatched with this Circular, will be held at Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 17 October 2019 at 10.00 a.m. or at any adjournment thereof to consider and, if thought fit, pass with or without modification the resolution to give effect to the Proposed Objective Amendment.

If you are unable to attend and vote in person at the AGM, please complete the Form of Proxy, which is attached in the 2019 Annual Report of Tower REIT, which is despatched with this Circular, in accordance with the instructions contained therein and forward it to the Registered Office of the Manager at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time stipulated for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix III for further information.

Yours faithfully,
For and on behalf of the Board

DATUK EDMUND KONG WOON JUN
Non-Independent Executive Chairman

DEFINITIONS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS

- “related party(ies)”
- (a) in relation to a corporation, means a director, major shareholder or person connected with such director or major shareholder;
 - (b) in relation to a business trust, means the trustee-manager, a director or major shareholder of the trustee-manager, a major unit holder of the business trust or person connected with any of the aforesaid persons;
 - (c) in relation to a closed-end fund, means the Managers, a director or major shareholder of the Managers or the closed-end fund, or person connected with any of the aforesaid persons; or
 - (d) in relation to a real estate investment trust (“REIT”), means the management company, the trustee, a director or major shareholder of the management company, major unit holder of the REIT, or person connected with any of the aforesaid persons.

For the purpose of this definition, “director”, “major shareholder” and “major unit holder” have the meanings given in paragraph 10.02 of the Main Market Listing Requirements and “Managers” has the meaning given in paragraph 1.01 of the Main Market Listing Requirements.

- “director”
- has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:
- (a) a director of the listed issuer, its subsidiary or holding company;
 - (b) a chief executive of the listed issuer, its subsidiary or holding company;
 - (c) in relation to a special purpose acquisition company (“SPAC”), a member of the SPAC’s management team;
 - (d) in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company;
 - (e) in relation to a closed-end fund, in addition to a director or chief executive of the closed-end fund, a director or chief executive of the Managers, its subsidiary or holding company; and
 - (f) in relation to a REIT, a director or chief executive of the management company.

- “major shareholder”
- includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

(For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act)

DEFINITIONS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (Cont'd)

“major unit holder” includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more units in a unit trust scheme and the number or aggregate number of those units, is:

- (a) 10% or more of the total number of the units in the unit trust scheme; or
- (b) 5% or more of the total number of the units in the unit trust scheme where such person is the largest unit holder of the unit trust scheme.

(For the purpose of this definition, “interest in units” shall have the meaning given in Section 4 of the Capital Markets and Services Act 2007)

“person connected” in relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:

- (a) a family member of the said Person;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
- (c) a partner of the said Person;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person.

PERSONS CONNECTED WITH HLCM AS AT 13 AUGUST 2019

Company	Interest of HLCM as at 13 August 2019 (%)	Nature of business
1. HL Management Co Sdn Bhd and its subsidiaries and/or its related corporations	100.00	Provision of management and training services; and investment holding; and provision of nominees and custodian services
2. Hong Leong Share Registration Services Sdn Bhd	100.00	Provision of share registration services
3. GuoLine Group Management Co Limited and its subsidiary	100.00	Investment holding and provision of management services
4. GuoLine Intellectual Assets Limited	100.00	Intellectual properties holding company
5. Hong Leong Manufacturing Group Sdn Bhd and its unlisted subsidiaries and associated corporations	100.00	Investment holding; provision of management services; property investment; and provision of logistics related services
6. Hong Leong Financial Group Berhad and its unlisted subsidiaries and associated corporations	77.31	Investment holding; provision of services to its subsidiaries to enhance group value; life and general insurance businesses; and family takaful business
7. Hong Leong Bank Berhad and its subsidiaries and associated corporations	64.52	Commercial banking business and provision of related services which include Islamic banking business, property investment and management, investment holding and nominee services
8. Hong Leong Capital Berhad and its subsidiaries and associated corporations	81.33	Investment holding; investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; and unit trust management, fund management including Islamic fund management and sale of unit trusts
9. GuocoLand (Malaysia) Berhad and its subsidiaries and associated corporations	65.04	Investment holding; property development; property investment; hotel operations; trading in securities; provision of management and property-related services; provision of consultancy and event management services; and operation of oil palm estates

PERSONS CONNECTED WITH HLCM AS AT 13 AUGUST 2019 (Cont'd)

Company	Interest of HLCM as at 13 August 2019 (%)	Nature of business
10. Hong Leong Industries Berhad and its subsidiaries and associated corporations	75.17	Investment holding; manufacturing, procuring and assembling of motorcycles, scooters, motorcycle engines and related parts and products; distribution of motorcycles and motorcycle components; provision of maintenance and repair services for motorcycles; distribution, trading and provision of services in marine related products; manufacturing and sale of ceramic tiles; provision of research and development services for motorcycles and ceramic tiles; distribution of building materials; and manufacturing, sale and distribution of fibre cement and concrete roofing products
11. Malaysian Pacific Industries Berhad and its subsidiaries and associated corporations	54.23	Investment holding; and manufacturing, assembling, testing and sale of integrated circuits, semiconductor devices, electronic components and leadframes
12. Hume Industries Berhad and its subsidiaries and associated corporations	70.33	Investment holding; manufacturing and sale of cement and cement related products; and manufacturing, marketing and sale of concrete and concrete related products
13. Southern Steel Berhad and its subsidiaries and associated corporations	67.37	Investment holding; and manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products
14. Guoco Group Limited and its non-Malaysian subsidiaries and associated corporations	71.88	Investment holding; investment management; principal investment; property development and investment; hospitality and leisure business; banking and insurance as well as production and distribution of honey and related products
15. Lam Soon (Hong Kong) Limited and its subsidiaries and associated corporations	57.53	Investment holding; importing, processing and trading of flour products; manufacturing, processing and trading of edible oils; and processing and trading of home care products
16. Guardian Security Consultants Sdn Bhd	20.00	Provision of security services
17. BIB Insurance Brokers Sdn Bhd and its subsidiaries	30.00	Investment holding; insurance brokers and consultants; commission agents; and rent-a-captive insurance business

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular had been seen and approved by the Directors of the Manager who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement herein misleading.

2. CONSENT

Hong Leong Investment Bank Berhad, being the Principal Adviser for the Proposed Objective Amendment, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in Part B of this Circular.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of:

- (i) any material commitments incurred or known to be incurred by Tower REIT which may have a material impact on the financial position of Tower REIT; or
- (ii) any contingent liabilities which, upon becoming enforceable, may have a material impact on Tower REIT's profits or net asset value.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, Tower REIT is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board is not aware of any proceeding pending or threatened against Tower REIT or any facts likely to give rise to any proceeding which might materially and adversely affect the business and financial position of Tower REIT.

5. MATERIAL CONTRACTS

There are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by Tower REIT within the two (2) years immediately preceding the date of this Circular.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Manager at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular to the date of the forthcoming AGM:

- (i) the Deed and the draft Second Restated Deed;
- (ii) audited financial statements of Tower REIT for the 18-month financial period ended 30 June 2019 and financial year ended 31 December 2017; and
- (iii) the letter of consent referred to in Section 2 of this Appendix.