

PAVILION REAL ESTATE INVESTMENT TRUST

[Established in Malaysia under the First Amended and Restated Deed dated 18/2/2019 between MTrustee Berhad (198701004362 (163032-V)) and Pavilion REIT Management Sdn Bhd (201101011359 (939490-H))]

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE TENTH ANNUAL GENERAL MEETING OF PAVILION REAL ESTATE INVESTMENT TRUST HELD AT THE CRESCENT, LEVEL 7, PAVILION HOTEL KUALA LUMPUR MANAGED BY BANYAN TREE, 170, JALAN BUKIT BINTANG, 55100 KUALA LUMPUR, MALAYSIA (“BROADCAST VENUE”) ON WEDNESDAY, 30 MARCH 2022 AT 10.00 A.M.

The meeting was called to order at 10.00 a.m. after the confirmation of the requisite quorum being present.

The Audited Financial Statements of Pavilion REIT for the financial year ended 31 December 2021 together with the Trustee’s Report to the Unitholders issued by MTrustee Berhad, as trustee of Pavilion REIT and the Report and Statement by the Manager issued by Pavilion REIT Management Sdn Bhd, as the manager of Pavilion REIT and the Auditors’ Report thereon were laid at the meeting.

The following ordinary resolutions were tabled at the Tenth Annual General Meeting (“10th AGM”) for unitholders’ approval. The voting of the ordinary resolutions were conducted by poll as required under the Bursa Malaysia’s Main Market Listing Requirements.

The poll results in respect of the Ordinary Resolutions which were carried out are as follows:

Resolutions	VOTE FOR		VOTE AGAINST		TOTAL VOTES	
	No. of units	%	No. of units	%	No. of units	%
Proposed Authority to Allot and Issue New Units of up to 20% of the Total Number of Issued Units (Proposed Authority) [Ordinary Resolution 1]	2,674,875,061	95.2520	133,333,723	4.7480	2,808,208,784	100.00
Enhanced General Mandate for Rights Issue of up to 50% of the Total Number of Issued Units in Pavilion REIT on a Pro Rata Basis (“Enhanced Rights Issue Mandate”) [Ordinary Resolution 2]	2,674,936,961	95.2542	133,271,823	4.7458	2,808,208,784	100.00

The unitholders raised some questions which were responded to by the Chairman and/or the CEO. The questions and answers are set out in the Appendix.

The 10th AGM concluded at 11.25 a.m.

Tenth Annual General Meeting (“10th AGM”) of Pavilion Real Estate Investment Trust (“Pavilion REIT”) held on 30 March 2022 at 10.00 a.m. (“10th AGM”)

Questions and Answers at the 10th AGM of Pavilion REIT

No.	Comments/Questions raised by Unitholders / Proxy Holders	Responses/Answers from the Chairman/Chief Executive Officer
1.	a) Did Pavilion get any help from government in the form of covid-19 stimulus package?	Pavilion received 10% electricity rebate approximately RM350,000.00 per month from January 2021 to December 2021.
2.	a) Please furnish us e-voucher	<p>Over the past few years, we have decided not to give out e-vouchers and for this year, we remain consistent with our decision.</p> <p>We look forward to the time where unitholders can get together at a physical annual general meeting.</p>
3.	a) With regards to the potential acquisition of Pavilion Bukit Jalil, in 2019 the company decided not to take up ownership as at that time, it doesn't want to take unnecessary development and construction risks. My question is Pavilion REIT too rushed to look into this acquisition proposal as the mall is just opened for less than 3 months or is there a “pandemic discount” in terms of property valuation thus the rush.	<p>Nothing is rushed. We will evaluate everything very carefully including the valuation.</p> <p>The Board will carefully consider the proposed acquisition and it will be presented to the unitholders for approval if the Board decides to proceed with the acquisition.</p>
	<p>b) On page 28 Annual Report, it is stated top 10 tenants of Pavilion REIT contributed 15% of gross rental income and tenancy is expiring 2022-23. Has these tenants renewed their tenancy and what is the average rental reversion.</p> <p>From page 37 (Intermark Mall), it states that in FY2022 62% of NLA are expiring. What is the current renewal update and reversion rate?</p>	<p>Most of the tenancies will be due for renewal towards the end of the year. We are optimistic about the renewal as the footfall and tenants' sales have improved considerably.</p> <p>For the rental reversion, there is still some time until we know the outcome. We are optimistic on both the renewals and keeping rental rates stable.</p>

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3.	c) For Pavilion KL, 61% of the NLA is expiring in 2022, please provide an update on tenancy renewal.	We are optimistic on the renewal and keeping rental rates stable.
	d) The performance of Damen is going from bad to worse, has the opening of Dadi Cinema improve DA MEN performance?	<p>Dadi Cinema opened in November 2021. When we planned for a cinema in DA MEN Mall, it was with full expectation that the cinema will be able to draw footfall into the mall and that the expectation remains.</p> <p>The country is just re-opening. Let’s give us more time before we can know the actual contribution of the cinema to footfall in DA MEN Mall.</p>
4.	a) Is there any short and long term plan to increase the footfall of DA MEN Mall and improve its NPI performance?	<p>The Management is looking for new tenants to move into the mall and the opening of Dadi Cinema is expected to increase the footfall of the mall.</p> <p>DA MEN Mall needs careful attention and the Management will continue to work diligently on improving the mall.</p>
	b) What is the rental reversion rate for those leases that are renewed in year 2021 especially for Pavilion Mall and the expected for year 2022?	Most of the tenancies will be due for renewal towards the end of the year. When the tenancies are renewed, we will have a better idea what is the rental reversion.
	c) Any estimated fund needed to purchase Pavilion Bukit Jalil?	The Board is still reviewing the acquisition. When the Board has made the decision, we will then determine how much fund is required and how to fund the acquisition.

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5.	a) What is the recovery plan after the pandemic for 2022?	The vacancy rate has increased due to the pandemic. The Management will continue to backfill the vacancy and will stay focussed on marketing and promotions, physical and digital events to drive the footfall into the malls.
	b) Are there any new project to boost revenue?	We will continue with physical enhancements of all our malls which will make the malls more attractive and improve patrons shopping experience. These should also increase revenues for the malls.
6.	a) What is your succession planning to replace retiring directors due to the new era of digital/virtual transaction?	The Board has deliberated on this. We are putting forward a plan as to who and when directors are to retire and how to go about looking for new directors to succeed the retiring directors.
7.	a) What is the plan to address upcoming interest rate hike? What will be the forecast on such impact on the REIT performance?	<p>We have a mixture of both fixed rate borrowings and variable rate borrowings. This should protect us both in times of rising rates and lowering rates.</p> <p>We are mindful that rates are expected to increase. As and when borrowings become due we will decide, the best we can, on whether to refinance with fixed or variable rates prevalent at that time.</p>
8.	a) Why go for Right issue, the share price will collapse.	Rights issue if allotted is based on a pro rata basis to all unitholders. We do not agree with the view that all right issues are bad for the unitholders.
9.	a) How much does the company spend on this virtual AGM?	About RM50,000.00 to RM60,000.00.

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9.	b) Would the BOD kindly consider giving shareholder with e-voucher, to patronise the Pavilion mall, especially the new mall at Bukit Jalil, as a token of appreciation for attending today’s RPV.	Consistent with our stand taken over the last few years we are not giving out e-vouchers.
	c) I would like to request a printed hard copy of company annual report. Thank you.	The annual report is available. Please request from the Share Registrar.
10.	a) What is the company doing to improve its esg ratings as required by bursa?	As explained by the Chief Executive Officer during his presentation at this Annual General Meeting, the Board is serious on this matter. We have set up sub-committees and have appointed consultants to help us continuously improve on our ESG.
	b) Are there any sustainability related loans planned to be taken by the company?	There is no sustainability related loans planned by Pavilion REIT at this present time. At appropriate time and when it is beneficial to Pavilion REIT, we will consider it.
11.	<p>a) The weighted average lease expiry (WALE) of PAVREIT reduced to 0.98 years in FY2021 vs 1.46 years in FY2020.</p> <p>(1) What are the reason(s) for the big decline in WALE.</p> <p>(2) What is the overall result in tenancy renewal in terms of changes in rental rates (%)?</p>	<p>(1) 63% of the tenancies are due for renewal in September 2022. Because of this WALE has decreased. However, once the tenancies are renewed, the WALE will increase.</p> <p>(2) Most of the tenancy renewals are due towards end of the year. It is still too early to tell what the reversion rates will be.</p>

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12.	a) What’s the current status of Pavilion Bukit Jalil acquisition and what is the occupation rate of the asset?	<p>The proposed acquisition of Pavilion Bukit Jalil is still being evaluated by the Board. No decision has been taken by the Board as yet.</p> <p>After the Board has decided, we will make appropriate announcement(s) and present it to the unitholders if the Board decides to proceed with the acquisition.</p>
13.	a) Although daily cases remain high but the government will not implement MCO measures, what are the current occupancy rates of the 5 properties as compared to 31 Dec 2021?	<p>The occupancy rate was explained by the Chief Executive Officer during his presentation at this Annual General Meeting. One of the focus by the Management for this year is to backfill the vacancies which had occurred during the pandemic. We are optimistic on this by the evidence of the improvement on footfall and tenants’ sales. The expectation for the economic recovery for the nation is still intact and we remain optimistic for the rest of the year.</p>
	b) Do you expect better performance in FY2022?	<p>There are good reasons to be optimistic about 2022. There is a general expectation that there will be an economic recovery during the year.</p> <p>Barring unforeseen circumstances, we expect a better performance in FY2022.</p> <p>We are also seeing increasing footfall into the malls and tenants’ sales are close or even better than pre pandemic level.</p>
14.	a) What was the annual footfall of the entire REIT in 2021?	<p>The footfall in 2021</p> <ul style="list-style-type: none"> i) Pavilion Kuala Lumpur Mall : 14 - 15 million ii) Elite Pavilion Mall : 7 - 8 million iii) DA MEN Mall : about 3 – 4 million

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14.	b) What was the occupancy cost (%) in 2021?	<p>The occupancy cost varies by industries. For F&B, the occupancy cost for pre pandemic period is between 10% to 15%.</p> <p>The occupancy cost for F&B is slightly higher during pandemic. However, with rebate given to the tenants, the occupancy cost varies from tenants to tenants. It is estimated that the occupancy cost during pandemic is between 18% to 25%.</p> <p>For luxury brands, there are still tenants performing better than others during post pandemic in terms of sales.</p> <p>For pre pandemic period, the occupancy cost for high end fashions is between 10% or in a single digit %. During the period where the sales are down and rebates given, the occupancy cost is between 15% to 18%.</p> <p>For the local fashions, the occupancy cost is between 20% to 25%.</p>
	c) How many of the leases (%) expiring in 2022 were renewed?	<p>The main bulk of tenancies is due towards end of this year. The Management still have time to get the renewals done.</p>
	d) It is stated in Annual Report 2021 that the contractual rights of the underground pedestrian tunnel of Elite Pavilion Mall will expire in 2037. What will happen afterwards? Will the REIT still be the owner of this tunnel after 2037?	<p>The Subway Linkage Agreement provides for an unexpired 21-year contractual rights, benefits and entitlement to the Subway Linkage commencing from the date of the Subway Linkage Agreement, with an initial period of 3 years, automatically renewed for successive periods of 3 years upon the expiry of the prevailing tenancy period.</p> <p>We have been in discussion with DBKL on the renewal for the next period i.e. 10 years or 20 years or 30 years extension before the expiration. The discussions are still in progress.</p>

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15.	a) Is the Pavilion Bkt Jalil going to be included in Pavreit portfolio and if yes when will be the completion Quarter?	The proposed acquisition of Pavilion Bukit Jalil is still being considered by the Board. The review is still on going. No decision has yet been taken.