

## **PAVILION REAL ESTATE INVESTMENT TRUST**

(Established in Malaysia under the Deed dated 13 October 2011 entered into between Pavilion REIT Management Sdn Bhd and AmTrustee Berhad (now known as MTrustee Berhad))

### **SUMMARY OF THE KEY MATTERS DISCUSSED AT THE SIXTH ANNUAL GENERAL MEETING OF PAVILION REAL ESTATE INVESTMENT TRUST AT SAUJANA BALLROOM, THE SAUJANA HOTEL, SAUJANA RESORT, JALAN LAPANGAN TERBANG SAAS, 40150 SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 29 MARCH 2018 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 2017 together with the Trustee's Report to the Unitholders issued by MTrustee Berhad as trustee of Pavilion REIT and the 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 ordinary resolution on the Proposed Authority to allot and issue new units pursuant to Clause 14.03 of the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts was tabled at the AGM for unitholders' approval. The voting of the ordinary resolution was conducted by poll as required under the Bursa Malaysia's Main Market Listing Requirements.

The poll results in respect of the Ordinary Resolution which was carried out is as follows:

<b>Resolution</b>	<b>VOTE FOR</b>		<b>VOTE AGAINST</b>		<b>TOTAL VOTES</b>	
	No. of units	%	No. of units	%	No. of units	%
Ordinary Resolution	2,565,922,711	99.496	12,990,000	0.504	2,578,912,711	100.00

The unitholders/proxy holders 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 AGM concluded at 11.05 a.m.

Sixth Annual General Meeting of Pavilion Real Estate Investment Trust (“Pavilion REIT”) held on 29 March 2018 at 10.00 a.m. (“AGM”)

Questions and Answers at the AGM pertaining to the Audited Financial Statements of Pavilion REIT for the year ended 31 December 2017

No.	Comments/Questions raised by Unitholders / Proxy Holders	Responses/Answers from the Chairman/Chief Executive Officer
1.	FYE 2017, DPU was 8.24 sen, distributable income RM249,683,000, NAV RM1.30. Will the DPU remain the same for 2018? What is the outlook for 2018?	As far as the outlook is concerned there is uncertainty globally and locally. Even though the forecast generally is optimistic there is still uncertainty on matters such as consumer purchasing power. 2018 is a challenging year and the Pavilion REIT manager will do the best it can. The manager does not foresee any major growth in the DPU but will try to maintain the DPU. If the DPU can be better this year it will be commendable.
2.	Noted that the USA interest rate has increased three folds in 2017 and eventually Malaysia interest rate will rise. The concern is that with the increase in interest rate the market price of Pavilion REIT will drop. It has dropped from RM1.80/per unit to RM1.37. What is the outlook for Pavilion REIT market price in 2018?	<p>The price of REIT units is interest rate sensitive. The interest rates are generally increasing. If the interest rate increases the price of REIT units may fall.</p> <p>The manager will try its best to maintain the financial performance and maintain or reduce operating expenses.</p> <p>The gross revenue has increased as Pavilion Kuala Lumpur has completed its repositioning exercise.</p>
3.	The occupancy rate for DA MEN Mall is 86% and the Intermark Mall is 89%. What are the steps taken to increase the occupancy rate of the 2 new acquisitions?	<p>For the DA MEN Mall occupancy rate is 86% and the Management will continue to reposition the mall.</p> <p>For Intermark Mall, occupancy rate should reach 97% to 98% the next few months.</p>

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4.	<p>51% of the occupied net lettable area tenancy in DA MEN Mall is being renewed in 2018. Will the occupancy still be maintained at 86%?</p> <p>Can the current market rates be maintained?</p>	<p>There are new tenants moving in such as Al Hannan which operates a 20,000 sq ft banquet hall with 100 tables and other mini tenants such as MR D.I.Y. and Explorer Outfitter. These should help to maintain the occupancy rate.</p> <p>Rental rate for 2018 will be slightly lower.</p>
5.	<p>What is the contribution of Elite Pavilion for this year?</p>	<p>At the moment there is no contribution as the acquisition of Elite Pavilion has yet to be completed.</p> <p>The Vendor of Elite Pavilion has just fulfilled the last condition precedent under the Sale and Purchase Agreement and completion is expected to be in about a month’s time.</p> <p>Elite Pavilion will contribute to approximately 5% of the Pavilion REIT portfolio.</p>
6.	<p>Will there be a further dilution with the placement of REIT Units?</p>	<p>At the REIT unitholder meeting held on 16 January 2018 the unitholders approved the acquisition of Elite Pavilion together with the related assets and rights for a total cash consideration of RM580 million.</p> <p>The purchase consideration was proposed to be funded from the Proposed Placement of up to 218,000,000 new units and/or borrowings. The authority has been given to the Board to decide the method of payment and the Board is in the midst of deliberating whether to issue new units or raise debts. The decision made will be the most yield accretive option and for the best interest of Pavilion REIT.</p>
7.	<p>What is the expected rental yield from the acquisition of Elite Pavilion?</p>	<p>The expected yield is approximately 6%.</p>