

PAVILION

REAL ESTATE INVESTMENT TRUST



INTEGRATED ANNUAL REPORT 2024

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Pavilion REIT Management Sdn Bhd (“The Manager”) is pleased to present its Integrated Annual Report (IAR) 2024 (“Report”) as the source of information on Pavilion REIT’s financial and non-financial performance for the financial year ended 31 December 2024 (“FY2024”). This report is prepared in accordance with the Guiding Principles and Content Elements of the International Integrated Reporting (“<IR>”) Framework prescribed by the International Integrated Reporting Council (“IIRC”).

This Report reflects The Manager’s effort to improve the quality of its disclosures which aims to offer stakeholders a detailed understanding of Pavilion REIT’s value creation process, including key risks and opportunities, key management strategies, and the resulting outputs and outcomes for stakeholders.

Sustainability remains an important part of Pavilion REIT’s long-term strategy in guiding business decisions and stakeholder engagement. The Sustainability Statement can be found in Section 5 - Creating Sustainable Impact, where it demonstrates how Pavilion REIT leverage on the six (6) strategic pillars in creating sustainable impact for all its key stakeholders that goes beyond financial performance.

Reporting Suite

Integrated Annual Report




Scan the QR Code to read our Integrated Annual Report 2024 online

Reporting Scope & Boundary

This Report is produced and published annually. The information presented in this IAR covers the reporting period from 1 January 2024 to 31 December 2024 unless stated otherwise. The Report covers the primary activities of Pavilion REIT’s operations. Where data is limited to selected properties, a note will be disclosed. As Pavilion REIT does not have any employees, the information reported in relation to employees are made in reference to the employees of the Manager. Pavilion Bukit Jalil full-year’s data is included in this Report.

Reporting Framework, Standards & Best Practices

- Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”)
- Bursa Sustainability Reporting Guidelines & Toolkits (3rd edition)
- FTSE4Good Bursa Malaysia (“F4GBM”) Index
- Global Reporting Initiative (GRI) Standards – With reference
- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard
- IIRC’s Integrated Reporting <IR> Framework
- Malaysia Companies Act 2016
- Malaysian Code on Corporate Governance (“MCCG”)
- Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS Accounting Standards”)
- Securities Commission Malaysia’s (“SC”) Guidelines on Listed Real Estate Investment Trusts (“REIT”)
- Task Force on Climate-Related Financial Disclosures (“TCFD”)
- United Nations Sustainable Development Goals (“UN SDGs”)

Assurance

Contents of this Report have been read and approved by the Management and Board of Directors. The financial statements included in this IAR have been independently audited by KPMG PLT. As part of the Manager’s continuous efforts to enhance Pavilion REIT’s sustainability reporting, the Manager have also appointed KPMG PLT, to carry out an independent limited assurance exercise on selected indicators in this Report. Please refer to *Section 5.9 - Sustainability Assurance Statement* for the assurance report provided by KPMG PLT.

Materiality

No changes were made to the identified sustainability matter for FY2024. Information disclosed in this IAR is relevant to Pavilion REIT’s material matters, which have been determined by extensive stakeholder engagement as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect the Manager’s ability to create value and deliver on Pavilion REIT’s Purpose, Vision, Mission and Values. For detailed information on the key steps and outcomes of the materiality assessment, please refer to the “Our Value Creation Story” section of this Report.

Feedback & Contact Point

Your feedback is important to us as we progress in our sustainability journey. We welcome any queries or feedback to enhance the quality of reporting. Please visit www.pavilion-reit.com for more information or contact us via email at info@pavilion-reit.com or for sustainability related matter at esg@pavilion-reit.com.

Forward-Looking Statements

This Report may contain forward-looking statement with respect to Pavilion REIT’s future performance and prospects. Words such as “will”, “may”, “plan”, “could”, “believe”, “seek”, “intend” and similar expressions represents the Manager’s judgement and future expectations which may involve inherent risks and uncertainties, in which the actual results may be different from those anticipated. Undue reliance should not be placed on these forward-looking statements which are based on the Manager’s current view of future events, expectations, beliefs and assumptions.

Board Statement Of Responsibility

The Board of Directors (“Board”) of the Manager acknowledges its responsibility to ensure the integrity of the IAR for the financial year ended on 31 December 2024. In the Boards’ opinion, the Report addresses all key issues that are material to Pavilion REIT in creating value. This Report has been prepared in accordance with the IIRC<IR> Framework and was approved by the Board on 12 February 2025.



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OVERVIEW

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WHO WE ARE

Pavilion REIT is a real estate investment trust listed on the Main Market of Bursa Malaysia since 7 December 2011 and managed by Pavilion REIT Management Sdn Bhd (“the Manager”).

There were no significant changes in the business as compared to the previous financial year. Its investment properties have an aggregate value of RM8.5 billion as of 31 December 2024.

WHAT WE DO

The core activity of Pavilion REIT is investment in income-producing real estate assets used solely or predominantly for retail purposes (including mixed-use developments with a retail component) in Malaysia and other countries within the Asia-Pacific region. This investment serves the objective of providing Pavilion REIT’s unitholders with regular and stable distributions while achieving long-term growth in net asset value based on an appropriate capital structure.

WHERE WE OPERATE

Pavilion REIT currently have six (6) properties in its portfolio consisting of five retail malls and an office tower. Three of the malls and the office tower are located within the commercial centre of Kuala Lumpur. The remaining malls are situated in the Bukit Jalil and Subang Jaya neighbourhoods.

Property	Segment	Location
Pavilion Kuala Lumpur Mall and Elite Pavilion Mall (“Pavilion Malls”)	Retail	Kuala Lumpur
Intermark Mall	Retail	Kuala Lumpur
Pavilion Bukit Jalil	Retail	Kuala Lumpur
DA MEN Mall	Retail	Subang Jaya
Pavilion Tower	Office	Kuala Lumpur



VISION, MISSION AND INVESTMENT STRATEGIES

The principal investment policy of Pavilion REIT is to invest directly or indirectly, in a diversified portfolio of income producing real estate assets used solely or predominantly for retail purposes (including mixed-use developments with a retail component) in Malaysia and other countries within the Asia-Pacific region.



VISION

To be the leading and most sought-after REIT in Malaysia.



MISSION

To provide unitholders with regular and stable distributions to achieve long term growth in net asset value per unit and maintaining an appropriate capital structure, whilst balancing stakeholders needs.



PURPOSE

Create Pavilions that Bring Communities Together

INVESTMENT STRATEGIES

The Manager intends to achieve the vision and mission of Pavilion REIT through the following strategies:

Actively pursuing acquisition opportunities in accordance with the authorized investments of Pavilion REIT

- acquire yield accretive income-producing properties
- explore repositioning opportunities

Pursuing an efficient capital management strategy

- diversify sources of debt funding
- maintaining a reasonable level of debt service capability
- securing favourable terms of funding
- managing financial obligations
- managing the exposures arising from adverse market interest rates through appropriate hedging strategies
- actively managing the range of maturities to reduce refinancing risk and optimise the cost of capital

Proactively managing the properties and implementing asset enhancement strategies

- maximise quality shopper traffic, especially at Pavilion Malls
- active management of tenant base in order to optimise tenant mix and maintain high occupancy rates
- continued asset enhancement initiatives to increase net lettable area and rental potential
- improving operational efficiency and cost effectiveness
- commitment to sustainability to have positive impact on brand recognition, reputation and lessen environmental impact

CORE VALUES

EXCELLENCE

Strive to achieve Vision, Mission and Investment Strategies

INTEGRITY & COMPLIANCE

Uphold high levels of personal and professional value, with compliance to laws, policies and procedures

RESPECT & RESPONSIBILITY

Respect all individuals and stakeholders, both internally and externally, through responsible stewardship

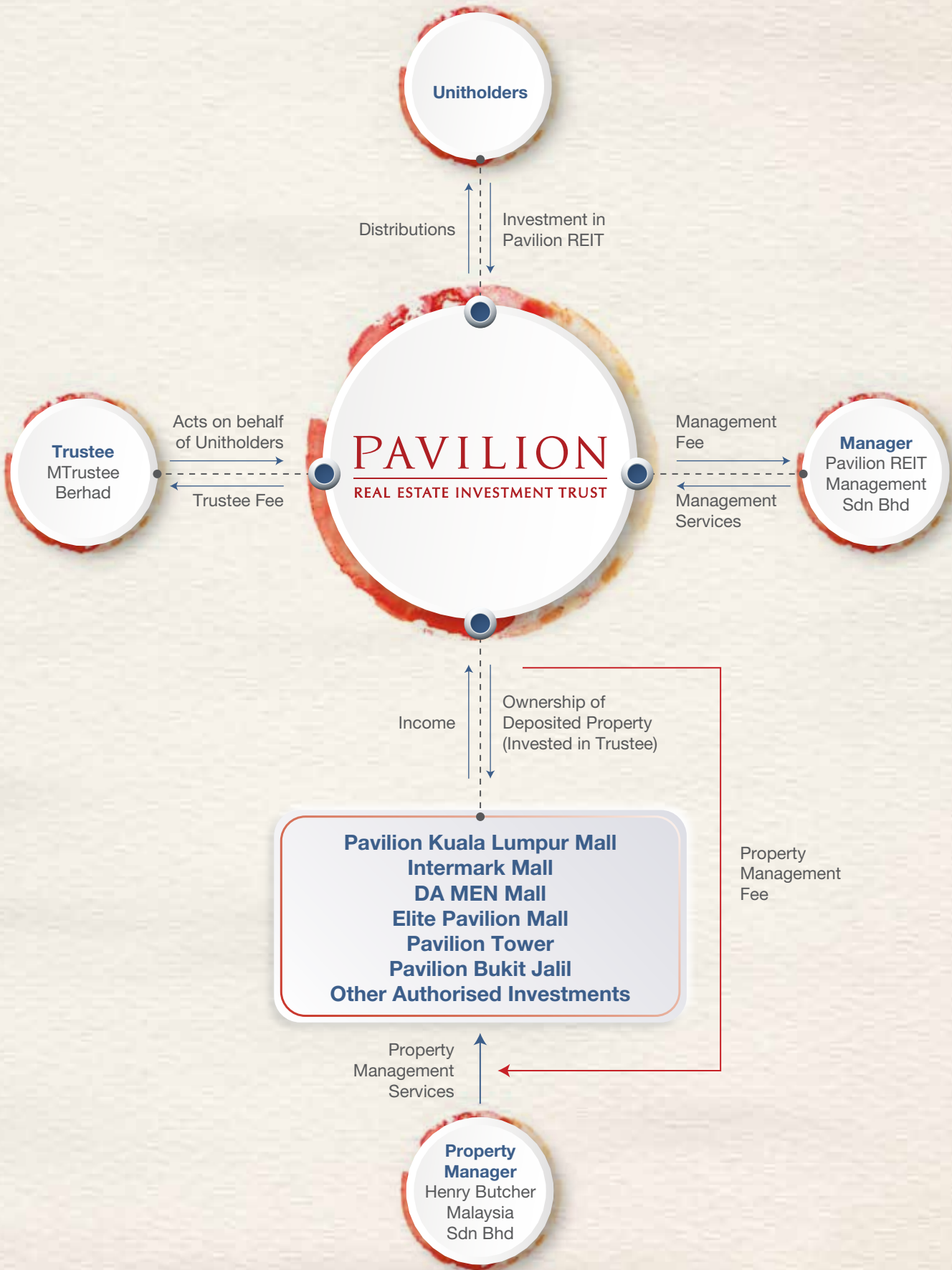
HEALTH & SAFETY

Prioritise the health and safety of employees, tenants and customers by adhering to the best environmental, safety and health standards

EQUITY & INCLUSION

All individuals including employees to be treated fairly with equal opportunity

PAVILION REIT STRUCTURE



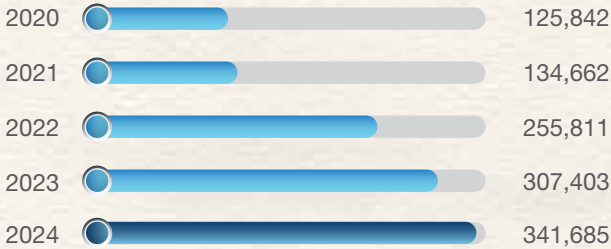
SALIENT FEATURES OF PAVILION REIT

Category of Fund	Real Estate Investment Trust
Type of Fund	Income and growth
Duration of Fund/ Termination Date	<p>The earlier of:</p> <ul style="list-style-type: none"> • The occurrence of any events listed under Clause 27.2 of the Deed • 999 years falling on 17 October 3010 • the date on which Pavilion REIT is terminated by the Manager under Clause 27.1(b) of the Deed
Investment Objective	To provide unitholders with regular and stable distributions as well as to achieve long-term growth in net asset value per Unit and maintaining an appropriate capital structure whilst balancing stakeholder needs
Distribution Policy	Half yearly distribution of 100% of distributable income for the financial year ended 31 December 2024 with at least 90% of distributable income for each subsequent financial year
Gearing Policy	Up to 50% of the total asset value of Pavilion REIT
Revaluation Policy	Annually by independent registered valuers
Financial Year Ending	31 December
Listing Market	Main Market of Bursa Malaysia Securities Berhad
Listing Date	7 December 2011
Board Lot	100 Units per board lot
Initial Public Offering Price per Unit	<ul style="list-style-type: none"> • Retail – RM0.88 • Institution – RM0.90
Stock Name	PAVREIT
Stock Code	5212

HIGHLIGHTS

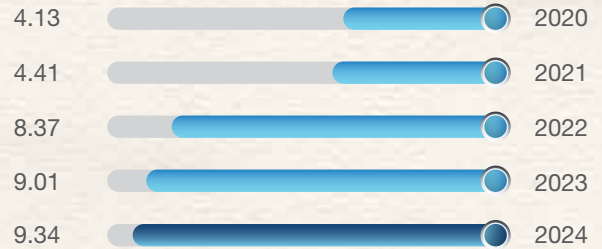
Distributable Income

(RM'000)



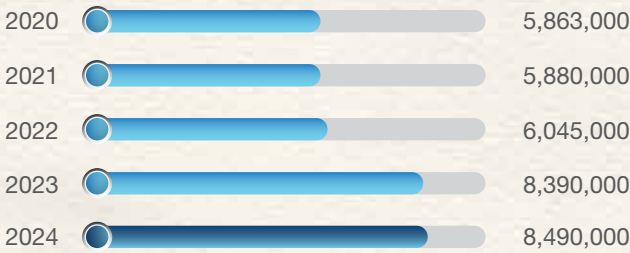
Distribution per Unit

(sen)



Investment Properties

(RM'000)



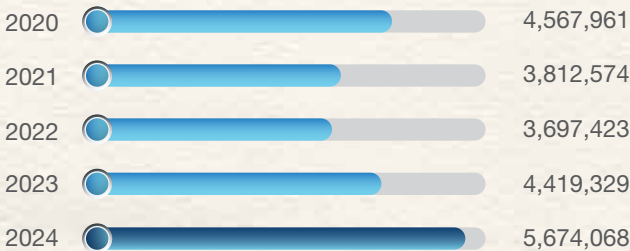
Net Asset Value per Unit

(RM)

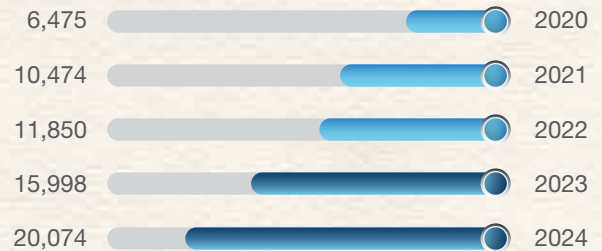


Market Capitalisation

(RM'000)



No of Unitholders



PORTFOLIO PERFORMANCE AND DETAILS

PORTFOLIO SUMMARY

Type	Retail	Office	Total
Appraised Value as at 31 December 2024 (RM million)	8,360	130	8,490
Net Lettable Area (square feet)	4,055,919	162,992	4,218,911

TOP 10 TENANTS

Pavilion REIT has a total combined tenancies list from the retail and office of 1,319 leases. Its ten largest tenants contributed to 14.7% of gross rental income for the reporting year.

Tenant's Name	Trade Sector	Expiry Year
Apex Excellent Sdn Bhd	Food and Beverage	2025, 2027
Gagan (Malaysia) Sdn Bhd	Fashion	2025
H & M Retail Sdn Bhd	Fashion	2025, 2027
Louis Vuitton (M) Sdn Bhd	Fashion	2026
Padini Dot Com Sdn Bhd	Fashion	2025, 2027
Parkson Corporation Sdn Bhd	Fashion	2025, 2027
Richard Mille (Malaysia) Sdn Bhd	Jewellery, Timepiece & Writing Instrument	2026
Richemont Luxury (Malaysia) Sdn Bhd	Jewellery, Timepiece & Writing Instrument	2025 – 2026
TGV Cinemas Sdn Bhd	Urban Leisure	2025
Premier Style Trading Sdn Bhd	Urban Leisure	2027

TENANCY PROFILES

More tenants are willing to discuss renewal terms with revised rental despite increase in operating cost. New brands are also approaching the malls to open their outlet despite being selective on where their outlets ought to be. Tenant mix is critical to retail malls. Hence, the Manager would not just randomly allow trades to operate just to maintain high occupancy.

Majority of Pavilion REIT's tenancies are for a term of three years each with an option to extend for another term of three (3) years each. Anchor and specialty anchor tenants generally have option for renewal of up to five terms of three years each.

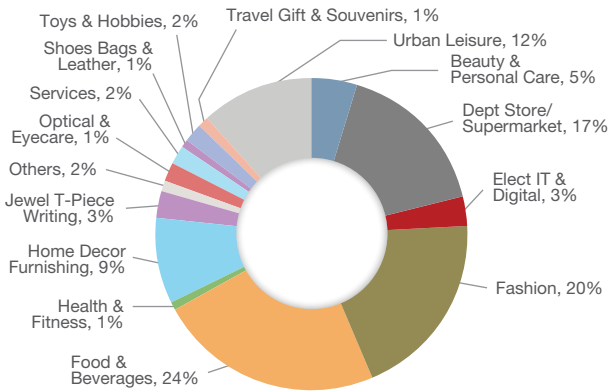
PORTFOLIO PERFORMANCE AND DETAILS

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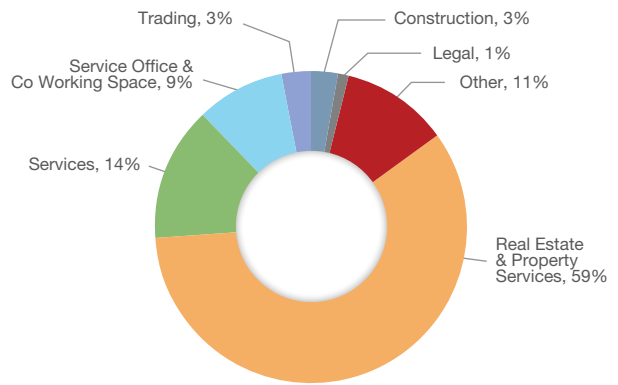
The weighted average lease expiry (“WALE”) as at year end has increased to 1.43 years against the end of 2023 of 1.30 years, with WALE for retail and office being 1.44 and 1.03 years respectively.

Food & beverages as well as fashion remain the two largest trade categories by net lettable area for its retail sector with real estate and property occupying the most spaces in the office sector.

Trade Category by Net Lettable Area - Retail



Trade Category by Net Lettable Area - Office



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

(A) RETAIL

Pavilion Kuala Lumpur Mall	
Address	168 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia
Description	7-storey shopping mall (including 4 split-levels of car parking bays together with a 3-storey retail office block sited atop and annexed with a 4-storey retail/entertainment connection block) and 3 levels of basement car parks
Year of Completion	2007
Age of Building	17 years
Title	Pajakan Negeri 53757 Lot 20020, Sekyksen 63, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan KL
Encumbrances	Private caveats have been lodged in favour of MTrustee Berhad and Alliance Bank Malaysia Berhad
Tenure	99-year lease expiring on 26 October 2109
Gross Floor Area	2,356,397 square feet
Net Lettable Area	1,367,983 square feet
Number of Car Park Bays	2,391
Occupancy Rate as at 31 December 2024	97.1%
Date of Acquisition	7 December 2011
Acquisition Price	RM3,190 million
Appraised Value	RM5,250 million
Date of Latest Valuation	31 December 2024
Independent Valuer	Knight Frank Malaysia Sdn Bhd
Capitalisation Rate – Reversionary	6.50%
Gross Revenue	RM510 million
Net Property Income	RM362 million
Ten Largest Tenants	Cartier, Dadi Cinema, Food Republic, Hermes, Louis Vuitton, Padini Concept Store, Parkson Elite, Richard Mille, Urban Revivo, Zara

PORTFOLIO PERFORMANCE AND DETAILS

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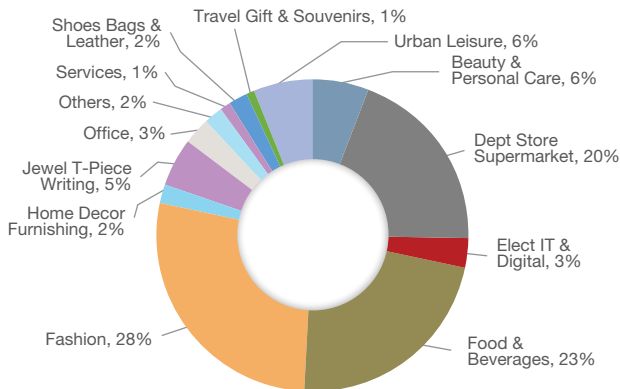


Tenancy Expiry Profile

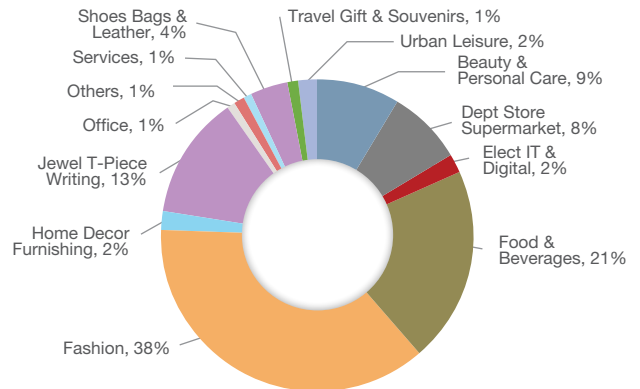
Period	% of Occupied NLA	% of Gross Rental
Monthly	7	7
FY2025	52	46
FY2026	28	33
FY2027 and thereafter	13	14
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

Intermark Mall	
Address	348 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Description	6-storey retail podium with a roof pavilion together with 367 designated car parking bays
Year of Completion	Refurbished in 2012
Age of Building	12 years
Title	Geran 75638/M1/B3/2, Parcel No 2, Storey No B3, Building No M1 on part of parent Lot 20000 Seksyen 43, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan
Encumbrances	Nil
Tenure	Interest in perpetuity
Gross Floor Area	337,427 square feet
Net Lettable Area	222,731 square feet
Number of Car Park Bays	367
Occupancy Rate as at 31 December 2024	92.9%
Date of Acquisition	25 March 2016
Acquisition Price	RM160 million
Appraised Value	RM190 million
Date of Latest Valuation	31 December 2024
Independent Valuer	CBRE WTW Valuation & Advisory Sdn Bhd
Capitalisation Rate – Reversionary	6.50%
Gross Revenue	RM29 million
Net Property Income	RM11 million
Ten Largest Tenants	Hanare, Hua Wei, In Colonial, Jaya Grocer, McDonald's, MST Golf, Oriental Landmark, Primrose Hill Active Learning, SportsDirect, Tsutaya Bookstore Intermark

PORTFOLIO PERFORMANCE AND DETAILS

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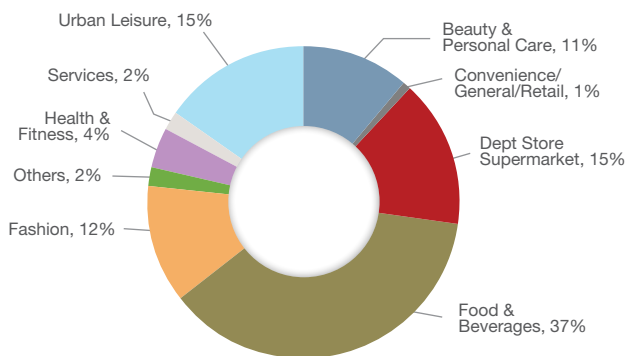


Tenancy Expiry Profile

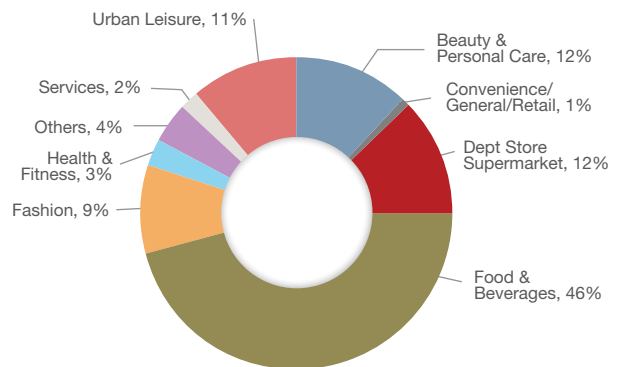
Period	% of Occupied NLA	% of Gross Rental
Monthly	3	4
FY2025	49	45
FY2026	20	24
FY2027 and thereafter	28	27
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

DA MEN Mall	
Address	Da:men USJ 1, Persiaran Kewajipan, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan
Description	5-storey retail mall together with a lower ground floor and 2 levels of basement car parks
Year of Completion	2015
Age of Building	9 years
Title	Geran 320023/M1-A/1/1, Building No M1-A, Storey No 1, Parcel No 1 on part of parent Lot 91576 Pekan Subang Jaya, Daerah Petaling, Negeri Selangor Geran 320023/M1-A/1/2, Building No M1-A, Storey No 1, Parcel No 2 on part of parent Lot 91576 Pekan Subang Jaya, Daerah Petaling, Negeri Selangor
Encumbrances	Nil
Tenure	Interest in perpetuity
Gross Floor Area	732,925 square feet
Net Lettable Area	421,524 square feet
Number of Car Park Bays	1,638
Occupancy Rate as at 31 December 2024	72.9%
Date of Acquisition	25 March 2016
Acquisition Price	RM487 million
Appraised Value	RM160 million
Date of Latest Valuation	31 December 2024
Independent Valuer	CBRE WTW Valuation & Advisory Sdn Bhd
Capitalisation Rate –Reversionary	6.50%
Gross Revenue	RM13 million
Net Property Loss	RM6 million
Ten Largest Tenants	Big Pharmacy, BookXcess, Dadi Cinema, Grand Harbour Restaurant, Jaya Grocer, Mr DIY, Nam Heong Ipoh, Roooar Karaoke, Swensen's, TNT Fitness Pro

PORTFOLIO PERFORMANCE AND DETAILS

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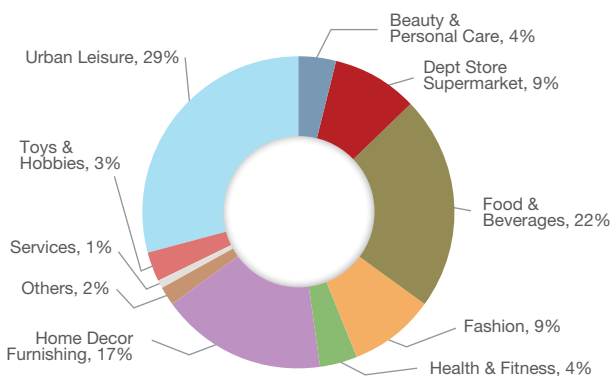


Tenancy Expiry Profile

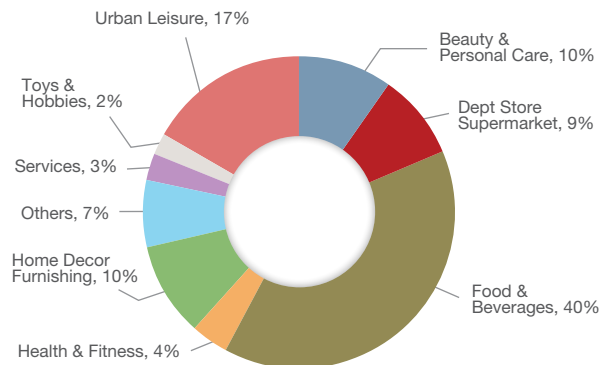
Period	% of Occupied NLA	% of Gross Rental
Monthly	38	37
FY2025	29	34
FY2026	29	22
FY2027 and thereafter	4	7
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

Elite Pavilion Mall	
Address	166 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia
Description	10-storey shopping mall with stratified parcels consisting of car park bays on Level B3 to Level 2 ('Elite Pavilion') interconnected to Pavilion Kuala Lumpur Mall via pedestrian link bridges and seating / retail areas on Level 4 to Level 10 ('Extension-Connections') and an underground pedestrian tunnel with retail outlets which contractual rights will expire on 10 October 2037 ('Subway Linkage')
Year of Completion	2016
Age of Building	8 years
Title	Geran 79872, Lot No 20027, Sekysen 57, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan KL for Elite Pavilion Pajakan Negeri 53757, Lot 20020, Sekysen 63, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan KL for Extension-Connections
Encumbrances	Nil
Tenure	Interest in perpetuity for Elite Pavilion 99-year lease expiring on 26 October 2109 for Extension-Connections
Gross Floor Area	427,123 square feet
Net Lettable Area	227,761 square feet
Number of Car Park Bays	50
Occupancy Rate as at 31 December 2024	97.8%
Date of Acquisition	27 April 2018
Acquisition Price	RM580 million
Appraised Value	RM550 million
Date of Latest Valuation	31 December 2024
Independent Valuer	Knight Frank Malaysia Sdn Bhd
Capitalisation Rate – Reversionary	6.25% for Elite Pavilion
Gross Revenue	RM73 million
Net Property Income	RM43 million
Ten Largest Tenants	Coach, COS "Collection of Style", Cotton On, JD Sports King of Trainers, Haidilao Hot Pot, Lukfook Jewellery, Lululemon, Muji & Café, Red Box Plus, ToysRUs

PORTFOLIO PERFORMANCE AND DETAILS

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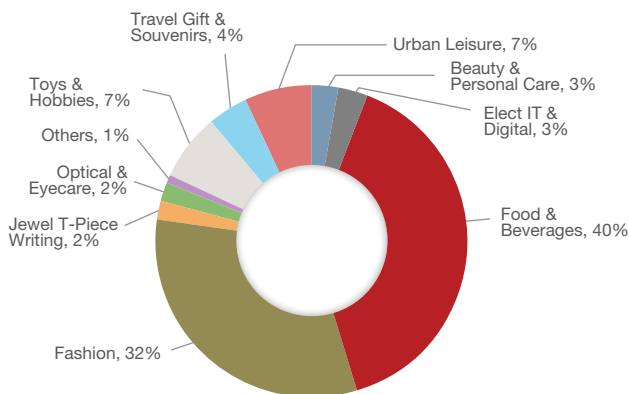


Tenancy Expiry Profile

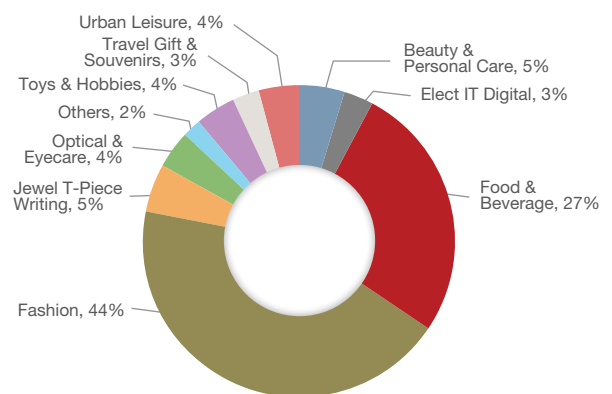
Period	% of Occupied NLA	% of Gross Rental
Monthly	9	5
FY2025	54	61
FY2026	22	20
FY2027 and thereafter	15	14
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

Pavilion Bukit Jalil	
Address	No 2 Persiaran Jalil 8, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia
Description	5 storey retail mall with 2 basement car park levels
Year of Completion	2021
Age of Building	3 years
Title	Geran 82227/M1/B2/1 Parcel No 1, Storey No B2, together with Accessory Parcel No(s) A1 to A27 (inclusive) and A29 to A135 (inclusive); and Geran 82227/M1/3/2, Parcel No 2, Storey No 3, together with Accessory Parcel No A28, both located within Building No M1, sited on Parent Lot 104303, Mukim Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Encumbrances	Charge to Alliance Bank Malaysia Berhad
Tenure	Interest in perpetuity for both titles
Gross Floor Area	3,595,275 square feet
Net Lettable Area	1,815,920 square feet
Number of Car Park Bays	4,800
Occupancy Rate as at 31 December 2024	89.7%
Date of Acquisition	1 June 2023
Acquisition Price	RM2,200 million
Appraised Value	RM2,210 million
Date of Latest Valuation	31 December 2024
Independent Valuer	Knight Frank Malaysia Sdn Bhd
Capitalisation Rate – Reversionary	6.50%
Gross Revenue	RM211 million
Net Property Income	RM110 million
Ten Largest Tenants	Forever 21, Food Republic, Game on Theme Park OMG Home, Harvey Norman, Muji, Parkson, Sports Direct & USC, TGV Cinema, The Food Merchant, Tsutaya Books

PORTFOLIO PERFORMANCE AND DETAILS

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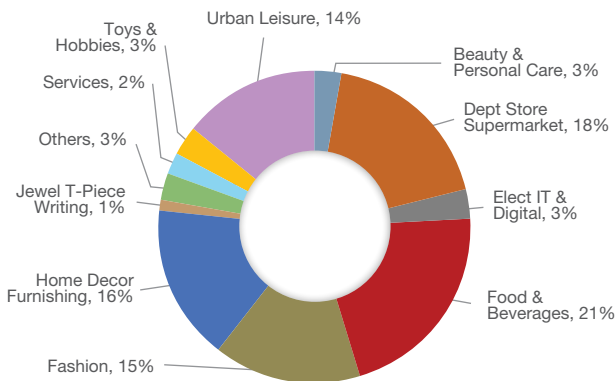


Tenancy Expiry Profile

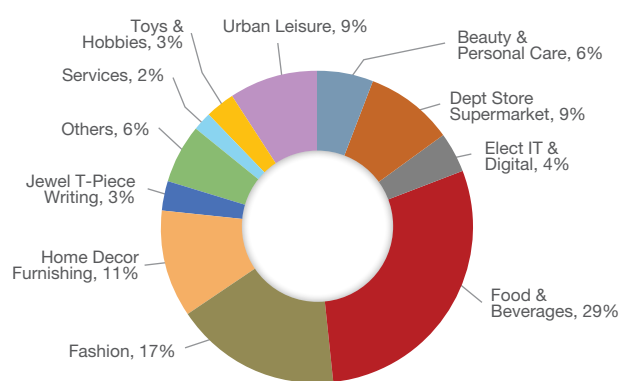
Period	% of Occupied NLA	% of Gross Rental
Monthly	6	6
FY2025	25	26
FY2026	16	18
FY2027 and thereafter	53	50
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental



PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

(B) OFFICE

Pavilion Tower	
Address	75 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia
Description	20-storey office building together with 6 mechanical / electrical levels
Year of Completion	2007
Age of Building	17 years
Title	Pajakan Negeri 53757 Lot 20020, Sekyksen 63, Town and District of Kuala Lumpur, Negeri Wilayah Persekutuan KL
Encumbrances	Private caveats have been lodged in favour of MTrustee Berhad and Alliance Bank Malaysia Berhad
Tenure	99-year lease expiring on 26 October 2109
Gross Floor Area	243,288 square feet
Net Lettable Area	162,992 square feet
Occupancy Rate as at 31 December 2024	72.5%
Date of Acquisition	7 December 2011
Acquisition Price	RM123 million
Appraised Value	RM130 million
Date of Latest Valuation	31 December 2024
Independent Valuer	Knight Frank Malaysia Sdn Bhd
Capitalisation Rate – Reversionary	6.50%
Gross Revenue	RM10 million
Net Property Income	RM2 million
Ten Largest Tenants	ARCC Offices Pavilion Tower Sdn Bhd, Coach Malaysia Sdn Bhd, Gapadu Development Sdn Bhd, Impian Ekspresi Sdn Bhd, Khuan Choo Development Sdn Bhd, KL Pavilion Design Studio Sdn Bhd, Kuala Lumpur Metro Property Sdn Bhd, Malton Berhad, New Balance Athletic Shoes Sdn Bhd, Pan-Asia Property Management Sdn Bhd

PORTFOLIO PERFORMANCE AND DETAILS

Cont'd

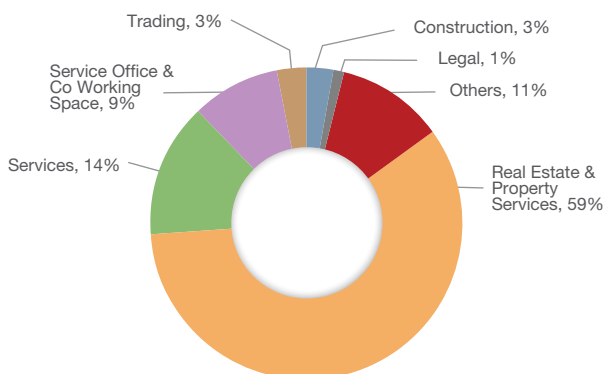


Tenancy Expiry Profile

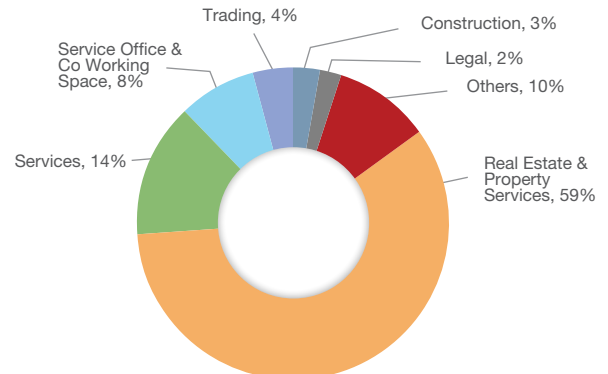
Period	% of Occupied NLA	% of Gross Rental
Monthly	23	23
FY2025	44	45
FY2026	22	22
FY 2027 and thereafter	11	10
Total	100	100

Trade Sector Analysis

Trade Sector Analysis based on Net Lettable Area



Trade Sector Analysis based on Gross Rental





Section 3:
**LEADERSHIP &
BUSINESS REVIEW**

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MESSAGE FROM THE CHAIRMAN



In 2024, the global economy remained stable yet subdued, with growth projected at 3.2%. While the U.S. saw upward revisions in growth projections to 2.8%, major European economies faced slowdowns, with euro area growth at just 0.8%. Emerging markets experienced mixed fortunes—supply chain disruptions, geopolitical tensions, and extreme weather hampered some regions, while surging demand for semiconductors and AI-driven investments boosted growth in China and Asia.

Geopolitically, 2024 was a transformative year. The Middle East witnessed ongoing conflicts, with significant developments in Gaza and Syria, while Russia's advances in Ukraine and heightened tensions in the South China Sea further reshaped global stability.

In the United States, the annual inflation rate declined to 2.9% in 2024, down from 3.4% in 2023. To ensure price stability and reduce the unemployment rate, the Federal Reserve reduced interest rates by a total of 1.00% (three occasions) throughout 2024 bringing the range to 4.25% to 4.50%. In response, most other central banks adjusted their policies accordingly. Bank Negara Malaysia maintained the Overnight Policy Rate (OPR) at 3.00% throughout 2024, aligning with the health of the economy and remaining supportive of growth, with financing continuing to be available alongside sustained credit growth.

Meanwhile, inflationary pressures and climate-related disasters continued to challenge economic resilience. The near full recovery of global tourism further supported economic momentum. Within this dynamic landscape, Pavilion REIT excelled in 2024, demonstrating resilience, adaptability and optimism. As the travel and tourism industry witnessed a remarkable turnaround in the second half of the year, Pavilion REIT benefitted from renewed consumer confidence and increasing foot traffic. Visitors returned to cherished destinations and explored new ones, driving demand for retail and hospitality spaces. This resurgence not only fueled Pavilion REIT's growth but also offered hope for a sustained recovery in 2025.

ECONOMIC REVIEW

The International Monetary Fund (IMF) projected global GDP growth of 3.2% for 2024, with the World Bank expecting stabilization at 2.6% before a modest rise to 2.7% in 2025-2026. China's economy grew by 5% in 2024, fueled by strong manufacturing and government stimulus. While the country's economy faced challenges such as declining population numbers and sluggish consumer demand, there were signs of optimism across key sectors, including industrial output and digital economy growth.

MESSAGE FROM THE CHAIRMAN

Cont'd

Malaysia outperformed expectations, with a 5.1% full-year GDP growth, supported by strong consumer spending, wage growth, and a recovering tourism industry. Inflation remained low at 1.8%, while the ringgit strengthened due to strategic monetary policies. The country also led ASEAN in initial public offerings (IPOs), with 55 IPOs—the highest in 19 years—reflecting strong investor confidence. After a year of dedicated effort by the Ministry of Tourism the 2024 visitation reach a new post pandemic high of 25.0 million visitors mainly from Singapore, Indonesia, China, Thailand and Brunei. This marks an increase of 24.2% over the previous year. The nation also recorded tourist spending at RM102.2 billion, an increase of 43.4% as compared to year 2023.

However, 2025 is expected to present new challenges, with global growth projected at 3.3% (IMF) and 2.7% (World Bank). Trade disruptions, evolving U.S. economic policies, and China's economic recalibration will shape the global outlook.



PAVILION REIT – INVESTMENT AND ASSET PERFORMANCE

Pavilion Bukit Jalil's gross revenue grew to RM211.0 million from RM105.0 million (based on 7-month results in FY2023), leading to an increase in net property income (NPI) increasing to RM110.1 million from RM52.5 million (based on 7-month results in FY2023). Pavilion Bukit Jalil contributed 21.1% to Pavilion REIT's portfolio in terms of NPI. The Manager anticipates its contribution to the portfolio will continue to increase over the next few years.

Building on the successful acquisition of Pavilion Bukit Jalil, on 5 December 2024, Pavilion REIT announced the proposed acquisition of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur for RM480.0 million, marking a significant milestone in its growth strategy. Pavilion Kuala Lumpur Mall has been Pavilion REIT's flagship asset, and this acquisition will further complement and strengthen its portfolio within Kuala Lumpur, solidifying its position as a premium location featuring a world-class mall, office tower and hotels.

Pavilion REIT's gross revenue grew by 16.9% to RM845.9 million, resulting in a 13.9% increase in net property income to RM522.8 million as compared to the previous year. This translated into a 3.7% increase in distribution per unit, reaching 9.34 sen as compared to 9.01 sen for FY2023. Additionally, investment properties valuations increased from RM8.4 billion to RM8.5 billion, resulting in a net fair value gain of RM99.9 million.



MESSAGE FROM THE CHAIRMAN

Cont'd



MARKET REVIEW

The FBM KLCI Index closed 12.9% higher at 1,642.33 points on 31 December 2024 as compared to 1,454.66 points in FY2023. The M-REIT Index closed 11.4% higher at 871.50 points as compared to 782.22 points in FY2023, with its total market capitalisation as of 31 December 2024 increasing by 17.0% or RM7.1 billion to RM48.9 billion from RM41.8 billion in FY2023.

The MREIT sector was boosted by the stable economic growth recorded by the country since recovering from the COVID-19 pandemic which led to improvements in business and consumer sentiments. The introduction of the thirty-day visa free period for visitors from India and China has also provided a boost to the retail and leisure sectors. This in turn benefitted the retail and hospitality sectors as occupancy rates of shopping malls and hotel occupancy registered improvements. Based on a report by Retail Group Malaysia (RGM), Malaysia's retail industry is estimated to have expanded by 3.9% in 2024 and is projected to grow by 4% in 2025.

Due to positive market sentiment, fueled by optimism in certain sectors throughout the year, the Malaysian REIT market has been highly active announcing over RM2.6 billion in deals for FY2024. Among these transactions, Pavilion REIT has proposed to acquire two hospitality assets i.e. the Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, both of which are located at Bukit Bintang area, for a combined consideration of RM480.0 million.

On 18 September 2024, WCT Holdings Berhad announced a proposal to dispose of three retail properties for RM2.44 billion to a newly established REIT named Paradigm REIT. This transaction is pending regulatory approval. If approved, it will increase the number of REITs listed on Bursa Malaysia to 20. Pavilion REIT unit price closed at RM1.55 as compared to RM1.21 at the end of 2023, an increase of 28.1%.

PAVILION REIT'S SUSTAINABILITY EFFORTS

Pavilion REIT advanced its sustainability agenda, integrating ESG principles into its operations:

- Pavilion REIT has been included in the FTSE4GOOD Bursa Malaysia Index
- Pavilion Tower was awarded LEED Gold Certification by the U.S. Green Building Council
- Strengthened governance with a new Sustainability Policy and Board oversight on climate issues
- Embedded ESG considerations into decision-making and risk management
- Set measurable goals to track and improve sustainability performance

These initiatives reinforce Pavilion REIT's commitment to long-term value creation and a sustainable future.



MESSAGE FROM THE CHAIRMAN

Cont'd

GOING FORWARD

Looking ahead, global growth is projected to stabilize at 3.3% in both 2025 and 2026, according to the IMF, while the World Bank offers a more conservative estimate of 2.7% for the same period. Recent U.S. policy changes, including new tariffs and immigration reforms, are expected to reshape global trade dynamics. Inflation is projected to stabilize while broader economic uncertainties persist.

Malaysia's economy is set to grow at 5.0% in 2025, driven by the accelerated implementation of projects outlined in various national development plans such as the Johor-Singapore Special Economic Zone (JS-SEZ), adequate external demand, and broad-based sectoral expansion.

According to BNM, the global economy is expected to remain stable in 2025, supported by easing monetary policies, resilient labor market conditions, and moderating inflation. While China's growth is projected to continue, it may be tempered by challenges in the property market and subdued consumer sentiment, despite increased fiscal support. BNM also expects global trade to recover further, driven by sustained demand in both electrical & electronics (E&E) and non-E&E goods.

However, growth prospects remain subject to downside risks, including geopolitical tensions, shifts in trade policies among major economies, financial market volatility, and slowing economic momentum in key markets. At the same time, it was noted that stronger-than-expected demand, particularly from advanced economies, along with increased policy support in China, could present upside potential for global growth.

For Malaysia, 2025 tourism targets are set at 31.4 million international arrivals, supported by nearly RM550 million in tourism promotion funding and activities. This year, Malaysia assumed the role of ASEAN Chairmanship (with a market size of over 700 million population), with the themed "Inclusion and Sustainability" for 2025. This will provide a springboard to a successful implementation of "Visit Malaysia Year 2026".

The Board remains committed to developing strategies that ensure Pavilion REIT remains resilient against economic uncertainties and well-positioned for future growth.

UNITHOLDERS MEETING

Pavilion REIT's 12th Annual General Meeting held on 23 April 2024 to present Pavilion REIT's audited financial statement for the year ended 31 December 2023 went smoothly. The Board of Directors managed to obtain general mandate for the allotment and issuance of up to 20% of the total number of issued units.

The Board will seek the approval for the allotment and issuance of up to 20% of the total number of issued units for this year's forthcoming annual general meeting.

ACKNOWLEDGEMENT

I would like to thank all the members of the Board of Directors, management team and staff for their dedication, collective efforts and commitments during the year. On behalf of the Board and management we would also like to thank Mohd Abdulrazzaq A A Al-Hashmi and Dato' Choo Chuo Siong for services rendered prior to resignation and retirement, respectively.

The Board also welcomes a new independent director Mr. Ang Ah Leck who joined on 2 December 2024.

On behalf of the Board members, we also like to thank our unitholders, stakeholders, bankers and tenants for their support during the year.

TAN SRI LIM SIEW CHOON

Chairman

12 February 2025



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

REVIEW FOR THE YEAR

2024 has been a dynamic and milestone-driven year for Pavilion REIT, building on the successful acquisition and seamless integration of Pavilion Bukit Jalil into the Fund. The strong cohesion and operational synergies from Pavilion Bukit Jalil have contributed positively to the Fund's overall performance, reinforcing the Manager's strategic growth trajectory.

Further expanding its portfolio, the Manager was presented with an acquisition opportunity—the Pavilion Hotel Kuala Lumpur and Banyan Tree Kuala Lumpur—for a total consideration of RM480.0 million. This proposal was officially announced on 5 December 2024 and is currently pending regulatory approval.

Pavilion REIT delivered strong financial performance in FY2024, registering four consecutive quarters of growth. Gross revenue increased by 16.9% from RM723.8 million in 2023 to RM845.9 million in 2024, while distribution per unit (DPU) rose by 3.7% to 9.34 sen as compared to 9.01 sen in FY2023.

ASSET AND FINANCIAL PERFORMANCES

Overall, all assets within the Fund performed well during the year. The total market valuation of Pavilion REIT properties has risen to RM8.5 billion, up from RM8.4 billion in FY2023, reflecting an increase of RM99.9 million from Pavilion Kuala Lumpur Mall. Meanwhile, the valuations of all other assets remained stable.



The Manager observed that the overall cost of operations has risen due to several factors, including electricity surcharges passed through by TNB, increased labor costs, and higher maintenance and service expenses. These cost pressures have necessitated adjustments in service charges payable by tenants. Overall, operational expenses climbed to RM323.1 million, up from RM264.7 million in 2023, marking an increase of RM58.4 million or 22.1%.

Despite higher expenses, net property income showed robust growth, increasing by RM63.7 million, or 13.9%, to RM522.8 million as compared to RM459.1 million in the previous year. Pavilion REIT's borrowing costs also rose in line with the new acquisition. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.0% throughout 2024, reflecting economic stability and controlled inflation.

The combination of these factors resulted in a final total distribution income of RM341.7 million in FY2024, representing an 11.2% increase over FY2023.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Cont'd

STRATEGY AND OUTLOOK

Several recent developments are expected to support Malaysia's economic growth and benefit the retail sectors. For example, the establishment of the Johor-Singapore Special Economic Zone is set to boost trade, investment and job creation across various sectors on the Malaysian side of the border. This initiative is expected to stimulate economic activity and create new opportunities for growth. Not only that, the Ministry of Tourism Malaysia has set a target of 31.4 million international tourist arrivals for 2025. This aligns with the recovery of the tourism sector and is expected to drive higher footfall and spending in retail and hospitality spaces.

BNM likely to maintain the OPR at 3.0% throughout 2025, providing a stable financial environment for businesses and consumers alike. Inflation remained stable at 1.8% in 2024 and is anticipated to stay at the same level in 2025. These factors, combined with Malaysia's GDP growth momentum, are expected to drive the economy toward a 5.0% growth rate in 2025.

The Malaysian Institute of Economic Research (MIER) reported in November 2024 that the Business Confidence Index (BCI) for 4Q24 remains positive, building on the strong performance in 3Q24, which recorded 104.9 points, up from 86.2 points in 2Q24. This upward trend reflects stable and positive conditions in both local and foreign manufacturing sectors, supported by improved employment levels, rising wages, and better capacity utilization efficiency. The Manager believes the retail industry will benefit significantly from these positive developments.

Retail Group Malaysia (RGM) initially forecasted retail growth of 3.6% for 2024. However, accelerated sales growth in the second half of the year has revised this figure to approximately 3.9%. For 2025, RGM projects steady retail growth of 4.0%, further underscoring the resilience and potential of the sector.

In 2025, the Manager's strategic priorities include strengthening Pavilion REIT's market position, enhancing tenant mix across all malls to optimize retail offerings, maximizing operational efficiency through cost management and service improvements. Additionally, the Manager is looking forward to completing the acquisition of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, which will further diversify and strengthen the portfolio, driving long-term growth and value creation.

PAVILION REIT'S SUSTAINABILITY

During the year, Pavilion REIT was included in the FTSE4Good Bursa Malaysia (F4GBM) Index in December 2024, bringing the total number of constituents to 147 companies. The F4GBM Index measures the performance of public-listed companies with good liquidity that demonstrate strong environmental, social and governance practices. Aside from that, Pavilion Tower was awarded the prestigious Gold Rating under LEED (Leadership in Energy & Environment Design) in October 2024. This achievement is a testament to Pavilion REIT's collective commitment to sustainability and environment stewardship.

Pavilion REIT demonstrates its commitment to sustainability through its comprehensive framework outlining EESG goals and aspirations. These aspirations include strengthening internal governance, aligning with reporting requirements, and achieving recognition on sustainability indices.

Pavilion REIT actively pursues renewable energy initiatives, with malls utilizing green electricity and providing EV charging stations, while exploring solar panel installations. Resource conservation efforts include rainwater harvesting, food waste composting, and sustainable design assessments. Tenant and shoppers' satisfaction remains high across key areas, reflecting Pavilion REIT's dedication to quality service.

Additionally, measuring carbon emissions enables climate-related disclosures and ongoing risk management ensures environmental and social responsibility. Overall, the Manager's commitment to sustainability goes beyond policy, translating into concrete actions and continuous improvement for a greener future.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Cont'd



In short, Pavilion REIT focuses on:

- Maintaining portfolio strength:** Pavilion REIT's iconic portfolio of prime retail and office assets in Kuala Lumpur remained a cornerstone of its success. Pavilion REIT continues to optimize occupancy rates, diversify tenant mix, and enhance tenant relationships, ensuring stable and resilient income streams.
- Prioritizing sustainability:** Pavilion REIT remained unwavering in its commitment to environmental and social responsibility. Pavilion REIT implemented green building initiatives across its portfolio, actively engaged with stakeholders on ESG matters, and contributed positively to the communities it serves.
- Embracing innovation and strong corporate governance:** Pavilion REIT proactively implemented initiatives to cater to the changing consumer preferences including focus on experiential retail and remain committed to the highest standards of corporate governance and transparency.

Pavilion REIT's sustainability journey goes beyond policy—it is a commitment to concrete actions and continuous improvement. By integrating ESG principles into its operations, Pavilion REIT is not only enhancing its portfolio but also contributing to a greener, more sustainable future. The Manager remains dedicated to driving positive change, ensuring that Pavilion REIT remains a leader in sustainability and a trusted partner for all stakeholders.

ACKNOWLEDGEMENT

The Management would like to thank all the staff for their dedication and hard work throughout the year. Appreciation is also extended to all Pavilion REIT stakeholders including unitholders, bankers, tenants and business partners for their continuous support and trust.

DATO' PHILIP HO YEW HONG

Chief Executive Officer
12 February 2025



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Financial Results and Key Performance Indicators	FY2020	FY2021	FY2022	FY2023	FY2024	Change (%) FY2024 vs FY2023
Gross Revenue (RM'000)	510,220	488,591	551,349	723,811	845,866	16.86%
Net Property Income ("NPI") (RM'000)	233,524	236,622	364,201	459,111	522,765	13.86%
Distributable Income (RM'000)	125,842	134,662	255,811	307,403	341,685	11.15%
Earnings per Unit (sen)	1.52	4.11	13.03	12.68	11.21	(11.59)%
Distribution per Unit (DPU) (sen)	4.13	4.41	8.37	9.01	9.34	3.66%
Distribution Yield based on Year End Market Price (%)	2.75	3.53	6.92	7.45	6.03	(19.06)%
Management Expense Ratio ("MER") (%)	0.71	0.71	0.80	1.27	0.91	28.35%
Investment Properties (RM'000)	5,863,000	5,880,000	6,045,000	8,390,000	8,490,000	1.19%
Total Asset Value ("TAV") (RM'000)	6,241,907	6,238,695	6,483,176	8,998,489	9,130,854	1.47%
Net Asset Value ("NAV") (RM'000)	3,859,317	3,858,453	4,060,007	4,931,466	5,018,464	1.76%
NAV per Unit (RM)	1.27	1.27	1.33	1.35	1.37	1.48%
Gearing Ratio (%)	34.66	34.84	33.84	41.85	41.46	0.93%
Portfolio Turnover Ratio (times)	0.00	0.00	0.00	0.50	0.00	(100.00)%

FINANCIAL REVIEW

By Segment	Gross Revenue				Net Property Income			
	FY2023		FY2024		FY2023		FY2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pavilion Kuala Lumpur Mall	495,895	68.51	510,045	60.30	353,740	77.05	362,362	69.32
Intermark Mall	25,218	3.48	28,641	3.39	10,822	2.36	11,297	2.16
DA MEN Mall	13,212	1.83	13,184	1.56	(8,322)	(1.81)	(5,770)	(1.10)
Elite Pavilion Mall	75,276	10.40	73,460	8.68	47,399	10.32	42,753	8.18
Pavilion Bukit Jalil [^]	104,975	14.50	211,028	24.95	52,513	11.44	110,101	21.06
Retail	714,576	98.72	836,358	98.88	456,152	99.36	520,743	99.62
Office: Pavilion Tower	9,235	1.28	9,508	1.12	2,959	0.64	2,022	0.38
Total	723,811	100.00	845,866	100.00	459,111	100.00	522,765	100.00

[^] reflects only 7 months results for FY2023 as it was acquired on 1 June 2023

Gross revenue achieved in FY2024 was RM845.9 million or 16.9% higher as compared to the immediate preceding year. The increase was mainly due to full year results from Pavilion Bukit Jalil and higher rental income from Pavilion Kuala Lumpur Mall.

MANAGEMENT DISCUSSION AND ANALYSIS

Cont'd

Total operating expenses incurred was higher by RM58.4 million or 22.1% as compared to the previous year. This was mainly due to the operating expenses incurred for the new property, replacement of obsolete or aging parts and upkeeps in properties. Refurbishment of a floor toilet and lift lobby in Pavilion Tower was also undertaken. Higher utilities cost was also incurred due to additional consumption as a result of the hot weather and subscription of green electricity tariff from Tenaga Nasional Berhad.

These resulted in increase of Pavilion REIT's net property income by RM63.7 million to RM522.8 million. Pavilion Kuala Lumpur Mall and its seamlessly connected Elite Pavilion Mall collectively contributes to 77.5% of net property income of Pavilion REIT with Pavilion Bukit Jalil contributing about 21.1%.

Retail property contributes about 99.0% of Pavilion REIT's total portfolio in terms of gross revenue and net property income. Overall, Pavilion REIT's portfolio achieved NPI margin of 61.8% with retail and office achieving a NPI margin of 62.3% and 21.3% respectively.

Net fair value change in investment properties resulted in gain of RM99.9 million against the immediate preceding year due to higher valuation for Pavilion Kuala Lumpur Mall. Borrowing cost was higher due to the additional borrowings for acquisition of Pavilion Bukit Jalil with RM17.6 million recognised as present value adjustment to deferred acquisition payments. All these resulted in income before taxation for the year of RM409.9 million.

DISTRIBUTION PER UNIT

Total DPU for 2024 increased by 0.33 sen to 9.34 sen from 2023 DPU of 9.01 sen, despite the increase in additional 8,350,912 Units being issued during the year resulting in 3,660,689,013 Units as at 31 December 2024.

4.53 sen, earned for the first half of 2024 was distributed on 21 August 2024. The final distribution of 4.81 sen per unit earned in the second half of 2024 was paid on 28 February 2025. This resulted in net asset value per unit (after final income distribution) of RM1.32 and RM1.30 for FY2024 and FY2023 respectively.

STATEMENT OF FINANCIAL POSITION – ASSET AND LIABILITIES

Pavilion REIT's total asset value increased by RM132.4 million to RM9,130.9 million in FY2024 mainly due to the increase in value of investment properties as well as cash and cash equivalents. Its total liabilities also increased by RM45.4 million to RM4,112.4 million, mainly due to tenants' deposits and payables. REIT's borrowings remain about the same, totalling RM3,392.7 million for FY2024, resulting in gearing ratio of 41.5%.

INVESTMENT PROPERTIES AND VALUATION

During the year, there were no changes to the investment objectives set forth during the listing in December 2011.

The Manager will continue to put their best effort forward to identify future potential investment, negotiate the most efficient capital strategy and continue to implement improvements to its existing investment properties.

The Fund's investment properties had been re-valued as at the end of the financial year to ensure that its investment properties reflect the current market value and in compliance to Malaysian Financial Reporting Standards 140. This re-valuation resulted in a gain of RM99.9 million.

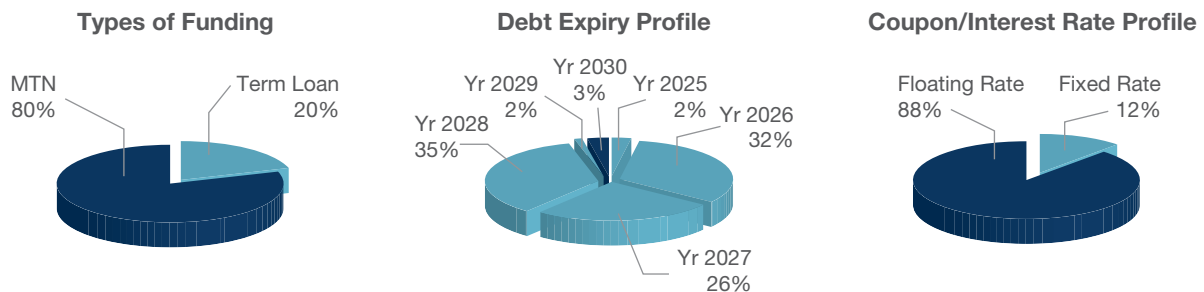
MANAGEMENT DISCUSSION AND ANALYSIS

Cont'd

Property	Market Value @ 31 Dec 2024 RM'000	Market Value @ 31 Dec 2023 RM'000	Change in Value RM'000	Property Yield 2024 %	Property Yield 2023 %
Retail					
Pavilion Kuala Lumpur Mall	5,250,000	5,150,000	100,000	7%	7%
Intermark Mall	190,000	190,000	-	6%	6%
DA MEN Mall	160,000	160,000	-	-4%	-5%
Elite Pavilion Mall	550,000	550,000	-	8%	9%
Pavilion Bukit Jalil	2,210,000	2,210,000	-	5%	4%^
	8,360,000	8,260,000	100,000		
Office					
Pavilion Tower	130,000	130,000	-	2%	2%
Total Portfolio	8,490,000	8,390,000	100,000		
Less : Capital Expenditure			(62)		
Net Fair Value Change			99,938		

^ annualized from 7 months net property income

CAPITAL MANAGEMENT



With average interest cost of 4.8%, Pavilion REIT's gearing decreased slightly to from 41.9% to 41.5% as compared to the preceding year end, which is below REIT Guidelines of up to 50% of Total Asset Value.

The Manager will try to optimise its fixed and floating rate funding ratio to manage its borrowing costs and arrange to fix its rate as the interest rate environment is anticipated to revise downwards in the future. The Manager will also continue to explore the best available financing options to enable it to have additional options ready for future acquisitions or to re-finance any existing credit facilities when due in the future.

STATEMENT OF CASH FLOWS

Of the net cash available from operating activities of RM506.6 million, RM8.3 million was earned from investing activities with RM496.5 million being net cash used in financing activities. This caused the increase in net cash of RM18.4 million for FY2024 resulting in cash and cash equivalents of RM473.9 million against preceding year end cash of RM455.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Cont'd

OPERATIONS REVIEW

Pavilion Kuala Lumpur Mall contributes to 60.3% or RM510.0 million of the Fund's gross revenue in FY2024. Some new tenants to the mall are balabala, Beneunder, Café Kitsune, Elisabetta Franchi, Guerlain, Louis Vuitton, Miniso, Reebok, Suk Duli, Thom Browne, Urban Revivo and Yunnan.

Elite Pavilion Mall's occupancy continued to increase from 95.9% as at the previous year end to 97.8% as at 31 December 2024 with Fuiyoh ! It's Uncle Roger opening its 1st outlet in Malaysia. However, as the mall's LED screen was undergoing upgrading during the year, the malls' gross revenue declined by 2.4%.

Intermark Mall's occupancy also increased marginally from 89.8% a year ago to 92.9% with Rival, a performance centre for physiotherapy, personal training, and recovery occupying about 3.8% of the mall's total lettable area on level 3.

DA MEN Mall's gross revenue remains the same at RM13 million with its operating expenses reduced by RM2.5 million to RM19.0 million resulting in net property loss of RM5.8 million against the previous year loss of RM8.3 million. Easyhome International (M) Sdn Bhd, will be operating the mall as a lifestyle home furnishing centre under the tradename of Easyhome Smart Home Life Experience Centre under a master tenancy from 1 April 2025 for 3 years, renewable up to 15 years.

Pavilion Bukit Jalil increased its gross revenue by 101.0% from RM105.0 million (based on 7 months results) to RM211.0 million resulting in net property income of RM110.1 million. This property is contributing 24.9% and 21.1% to Pavilion REIT's portfolio in terms of gross revenue and net property income respectively.

Pavilion Tower's occupancy improved slightly with an existing mall's retailer relocating their office occupying a whole floor. The office market remains soft and challenging as more new office spaces target for completion in the next few years and older office buildings trying to retain or capture new tenants by providing more incentives or lowering rent to compete. Good tenant retention with no negative rental reversion will continue to be the strategy for the coming years with continuous upkeep of the building to retain good tenants.

As the properties aged with wear and tear, continuous and regular upkeep will be required to refresh and maintain the standard of the respective properties. All properties service charge to tenants were increased from March 2024. Pavilion REIT will ensure its cost management procedures are continuously reviewed and enhanced to optimise return to unitholders as well as to ensure sustainable practices are adopted where applicable.

ASSET ENHANCEMENT EXERCISES

There were no asset enhancement exercises incurred during the year under review.

For FY2025, besides setting up of landlord provisions to cater for tenant requirements, capital expenditures to be incurred are energy saving measures in Pavilion Kuala Lumpur.

MARKET REVIEW

Malaysia's economy expanded 5.2% for the 1st nine months of 2024 with gross domestic product surpassed expectation. It is expected to sustain steady growth of above 5% in 2025 supported by strategic investment, robust fiscal management and economic resilient. OPR is expected to remain at 3.0%. According to research houses, the annual inflation is expected to increase from 2024 of 1.8% to 2.7% to 2.8% due to spillover effects from higher taxes and wages, base effects, volatility in global commodity and forex markets and potential shifts in US policies. According to BIMB Securities Research, notable domestic drivers include the mid-year retargeting of RON95 subsidies, February's minimum wage hike, sales tax revision and the expansion of the services tax scope in May, all of which are expected to raise operating costs and consumer prices.

For the whole of 2024, Retail Group Malaysia anticipates a 3.9% growth rate for the retail industry with 4.0% growth for 2025 as rising cost of living persists. In 2024, service tax was increased from 6% to 8% for all services with the exception of food and beverages, telecommunication and parking services with logistic services subjected to service tax for the 1st time. A new 10% sales tax on import of low-value goods (valued up to RM500) sold online in the

MANAGEMENT DISCUSSION AND ANALYSIS

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country was also imposed to enhance the competitiveness of local products. The Ministry of Finance and the Royal Malaysian Customs Department are now reviewing the scope of expansion to sales and service tax for gazetting in the 1st quarter of 2025. The mandatory EPF contribution on foreign workers of 2% is pending formalizing of the policy. This move is in line with the government's commitment to providing fair treatment to all workers regardless of their nationality as per international labour standards, to improve wage equity as well as to close the wage gap between local and foreign workers.

The Malaysian Institute of Economic Research (MIER) has indicated that the business outlook for the fourth quarter of 2024 remained positive, with the Business Confidence Index reaching nearly 105 points. It said key drivers include stable production and sales, improved employment levels, increased wage costs, rising investments, and enhanced efficiency in capacity utilisation.

As per Knight Frank's research report, the first half of 2025 is set to bring notable growth to the Klang Valley retail market with an additional 1.0 million square feet of retail space anticipated to be introduced from existing retail spaces of 70.9 million square feet. The Klang Valley retail sector is undergoing significant enhancement, with key players emphasising lifestyle elements and curated experiences to attract local communities and broader regional audience. Retailers are also diversifying their offerings to create unique experiences and foster community engagement. The retail sector in Klang Valley remains cautiously optimistic, supported by government measures aimed at mitigating rising living costs and adapting to evolving consumer preferences. Looking ahead, retailers face a landscape defined by both opportunities and challenges. Technological advancements highlight the potential for innovation, creating avenues to improve transparency, enhance consumer engagement and boost operational efficiency. At the same time, evolving consumer behaviours, persistent inflationary pressures and changes in government policies will demand strategic flexibility and adaptability.

According to BMI, a Fitch Solutions unit, Malaysia is expected to see continued growth in consumer spending throughout 2025, with real household spending forecasted to increase by 5.2% year-on-year to RM954.5 billion, marking a return to pre-Covid levels. This positive outlook is due to strong growth in household income and stable labour market, providing a solid foundation to sustained real terms growth in household expenditures.

Retail malls in good location and good management that continues to evolve are expected to be resilient despite retail market remaining challenging. Post pandemic, besides shoppers being more selective and opting for experiential options, retailers are adopting omni-channel approach to provide more seamless shopping experience for its customers. Retail sales are expected to stay resilient due to resurgence of tourist arrivals, favourable labour market conditions as well as targeted policy measures. Cost management will be closely monitored to ensure efficiency whilst ensuring good maintenance and upkeep as required. Partnerships and community engagement remains integral to maintaining the momentum to bolster consumer spending to tap into the resurgence of tourist arrivals.

As 1.8 million square feet or 47.9% of the total area of Pavilion REIT properties are due for renewal in 2025 (43.7% in Pavilion Kuala Lumpur Mall and 27.1% in Pavilion Bukit Jalil), the Manager expects a moderate increase in rental reversion as service charges for tenants in all properties were increased in 2024.

As per Knight Frank's second half 2024 real estate highlight, the Klang Valley's office supply currently totals 118.3 million square feet with approximately 1.6 million square feet of new supply is expected to be completed in the first half of 2025. Occupancy in KL City and KL Fringe recorded incremental improvements, likely driven by tenant relocations to prime spaces, renewed leasing activity and business expansion, spurred by improving business sentiment and demand for high-specification office buildings. Positive rental momentum was observed across all submarkets, albeit at varying rates. Occupiers continue to favour green-certified buildings with flexible layouts and modern amenities, leading to higher occupancies and rents in Prime A+ and Grade A offices. This demand has been driven by diverse sectors, including technology, finance and professional services. Although rents and occupancies remain below pre-pandemic levels, the steady rebound is underpinned by resilient demand from both local and international occupiers. This attractiveness is driven by factors such as a thriving occupier ecosystem, the availability of high-specification office spaces, access to a skilled workforce and cost-competitiveness, positioning the Klang Valley as a strategic choice for businesses. The strategy for 2025 is to continue to retain good tenants with continuous upkeep of property to maintain and enhance the standard of its facilities.

Distribution policy for FY2025 is expected to be maintained as per FY2024. Besides proactive lease management, the Manager will continue to explore enhancement opportunities to increase or maintain its properties' occupancy and monitor operational cost to optimize efficiency.



Section 4:

**OUR VALUE
CREATION STORY**

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OUR VALUE CREATION MODEL

Cont'd

VALUE TO STAKEHOLDERS

TRADE-OFFS

Outputs

Outcome

I Investing Strategically

- Gross Revenue: RM846 million (FY2023: RM724 million)
- Net Property Income: RM523 million (FY2023: RM459 million)
- Distribution per unit: 9.34 sen (FY2023: 9.01 sen)
- Distributable income: RM342 million (FY2023: RM307 million)

Read more on Section 5 – I: Investing Strategically

- Ranked 4th in the MREIT industry by Market Capitalisation: RM5.67 billion
- Property value: RM8.49 billion

Financial Capital is applied to enable Pavilion REIT to execute its growth strategy and in mitigating risks to sustain performance typically with positive impact on Manufactured, Intellectual and Social and Relationship Capitals. This, however, may impact Pavilion REIT's Manufactured Capital with reduced financial allocation towards capital expenditure.

M Maintaining Good Governance

- Zero cases of non-compliance on anti-bribery and corruption ("ABC") since FY2020

Read more on Section 5 – M: Maintaining Good Governance

- Retail: 4.1 million sq.ft. NLA
- Office: 162,992 sq.ft. NLA

Occupancy Rate

Retail

- Pavilion Kuala Lumpur Mall: 97.1%
- Intermark Mall: 92.9%
- DA MEN Mall: 72.9%
- Elite Pavilion Mall: 97.8%
- Pavilion Bukit Jalil: 89.7%

Office

- Pavilion Tower: 72.5%

Investing in asset enhancement initiatives and reducing the environmental footprint will benefit Natural, Intellectual, Social and Relationship Capitals, but it comes with a cost to Financial Capital and positively impacted Manufactured Capital in the mid-term through improvements in valuation and brand equity in the long term.

R Practicing Responsible Environment Stewardship

- Energy Intensity (kWh/m²/year): 301
- Water Intensity (m³/m²/year): 2.8
- 31% of electricity generated from renewable energy sources
- Waste diverted from disposal: 627.8 tonnes
- Diverted 6.5% of landfill waste

Read more on Section 5 – P: Practicing Responsible Environment Stewardship

- Lowered carbon footprint and efficient resource management
- Progressively achieving the goal of Net Zero Carbon Emissions by 2050

Investment in renewable energy and to minimise carbon footprint will impact Financial Capital at the outset but will certainly benefit Pavilion REIT's Natural, Social & Relationship and Manufactured Capitals over the mid and long term.

A Acclaiming Trusted Brand Reputation

- Properly governed and balanced investment decision-making process
- Incorporated investment checklist into the screening of investment opportunities
- Optimise of debt/financing

Read more on- Section 5 – A: Acclaiming Trusted Brand Reputation

- Achieved 58 accolades from both local and international councils or associations for Pavilion Kuala Lumpur Mall
- Strong governance structure

Investments in Intellectual Capital may reduce Pavilion REIT's Financial Capital over the short term; however, it is also likely to increase the value of Human, Financial and Social & Relationship Capitals over the mid and long term. This growth will stem from the benefits of improved wider coverage and recognition.

C Caring for Local Community

- Total amount invested into communities: RM0.3 million
- Strong long-term relationships with business partners and stakeholders with integrity and fairness

Read more on Section 5 – C: Caring for Local Community

- Number of unitholders: 20,074
- Community enhancement and wellbeing

Cultivating strong relationships with its stakeholders while strictly adhering to corporate governance requirements will serve to improve all Capitals.

Contributions and support programmes that require Financial Capital will also serve to improve its Social & Relationship, Manufactured, Human and Intellectual Capitals over the longer term.

T Transforming Talent Management

- Employee retention rate: 91.3%
- Total Training Hours: 419
- Zero cases of fatalities in 2024

Read more on Section 5 – T: Transforming Talent Management

- High talent attraction and retention
- Increased capability of employees
- Optimum shopper satisfaction achieved through excellence customer service delivered by skilled workforce

Investing Financial Capital in upskilling of its people broadens career prospects and empowers them with greater capabilities. Over the long term, this provides immense benefits to Human Capital and Intellectual Capital.

OUR OPERATING LANDSCAPE

In FY2024, Malaysia's economy demonstrated resilience with steady growth, policy support, and a rebound in tourism, shaping a favorable operating landscape for Pavilion REIT. Increased consumer spending, stable borrowing costs, and higher international tourist arrivals created opportunities for sustained performance across Pavilion REIT's retail assets. Shifts in consumer behaviour, including a focus on experiential retail and digital engagement, aligns with Pavilion REIT's strategy to curate vibrant tenant mixes and enhance customer experiences. Simultaneously, sustainability regulations and rising environmental concerns resulted in Pavilion REIT embracing and integrating green practices, improve transparency in reporting, and adopting energy-efficient operations. In response to heightened cybersecurity threats, Pavilion REIT prioritised digital resilience, investing in robust IT systems, advanced security protocols, and proactive risk management.

As Malaysia prepares for 2025, Pavilion REIT remains strategically positioned to adapt to evolving economic conditions, consumer preferences, regulatory requirements, and technological advancements, ensuring sustainable growth and long-term value creation within a dynamic operating environment.

Below are the key trends that shape Pavilion REIT's operating landscape:

Key Trend 1: Macroeconomy

What happened in FY2024	How it impacts Pavilion REIT	Actions/Strategies	FY2025 Outlook
<p>Malaysia's economy expanded by 5.3% in Q3 2024, driven by strong investment activity, improved exports and increased tourism spending. Investment activity was underpinned by strong spending on structures and machinery and equipment, while household spending sustained its expansion amid positive labour market conditions and policy support. For 2024, economic growth is projected to range between 4.8% and 5.3%.</p> <p>BNM maintained the OPR at 3.0% reflecting a positive economic outlook and steady inflation. Headline and core Inflation remained contained at 1.9% in Q3 2024, with higher cost for diesel and vehicle insurance, offset by moderation in food and beverages prices.</p> <p>As of the beginning of the year, a 10% sales tax has been imposed on imported low-value goods not exceeding RM500 that are sold online. Additionally, the service tax rate on many goods and services has been increased from 6% to 8%, effective since 1 March 2024.</p> <p>To address rising living costs and stimulate consumer spending, the government implemented measures such as restructuring the EPF and implementing a 13% salary increase for civil servants.</p> <p>In a bid to boost tourism and economic growth, Malaysia introduced visa exemption for nationals from China and India under Visa Liberalisation Plan allowing visa-free visit for up to 30 days.</p> <p>Amid global market volatility, influenced by events such as the U.S. election, BNM remained focused on ensuring financial stability to sustain an environment conducive to investment and economic resilience.</p>	<p>The positive economic growth, stable inflation and policy support are expected to benefit Pavilion REIT, primarily through increased consumer spending which would translate to higher tenant sales, benefiting Pavilion REIT's rental income.</p> <p>Additionally, the visa exemption for tourists from China and India is anticipated to boost international tourist arrivals, where Pavilion REIT stands to gain from increased tourist spending at its malls, particularly those located in high tourist areas.</p> <p>The unchanged OPR has provided a temporary respite to REIT sector after higher financing costs in 2023. Maintaining the current interest rates would ensure the borrowing costs remain stable.</p> <p>However, global market volatility remains a potential risk, and Pavilion REIT will need to remain agile to adapt to changing economic conditions while capitalising on opportunities arising from domestic economic resilience.</p>	<p>The Manager closely monitor developments in the domestic and global economy to assess potential risks and opportunities.</p> <p>Continuously monitor on any changes in interest rate policies and their potential implications for Pavilion REIT's borrowing costs and investment plans.</p> <p>Diversifying the tenant mix to mitigate risks associated with specific sectors.</p> <p>Implementing effective risk management strategies.</p>	<p>Malaysia's GDP is projected to expand by 4.9% in 2025, driven by domestic tailwinds and tempered by global economic uncertainties.</p> <p>Economists expects BNM to keep the OPR at 3.0% throughout 2025.</p> <p>Inflation is expected to remain manageable, with headline inflation projected to average between 2.0% - 3.5% in 2025, accounting for risks from domestic policy measures.</p> <p>The government announced an extension of the visa exemption for nationals of China and India until 31 December 2026, aligning with Malaysia's 2025 Asean chairmanship and preparations for Visit Malaysia Year 2026.</p> <p>The Manager will continue to evaluate properties that are strategic and ensure efficient capital management while maintaining proper risk management and strong governance.</p>

OUR OPERATING LANDSCAPE

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Key Trend 2: Evolving Consumer Behaviour

What happened in FY2024	How it impacts Pavilion REIT	Actions/Strategies	FY2025 Outlook
<p>Retail Group Malaysia (“RGM”) reported a slowdown in retail sales growth to 0.6% in Q2 2024, followed by higher projections for Q3 2024. This optimism is bolstered by anticipated recovery across several sub-sectors, including department stores and supermarkets, which project a 7.3% growth, and the fashion sector, which expects a 7.4% increase. However, challenges remain.</p> <p>The lingering impact of geopolitical conflicts has adversely affected several international retail brands and F&B franchises with perceived ties to the affected countries. Additionally, rising living costs, driven by increased service taxes and fluctuating diesel prices, continue to weigh heavily on consumers.</p> <p>Consumer preferences shifted towards more experiential retail, with increased demand for dining, entertainment, and lifestyle offerings in shopping malls.</p> <p>Additionally, sustainability emerged as a key consumer priority, with consumers willing to spend an average of 9.7% more on sustainably produced or sourced goods, even as cost-of-living and inflationary concerns weigh, according to PwC’s 2024 Voice of the Consumer Survey, published on 15 May 2024.</p> <p>The adoption of digital transformation became essential for operational efficiency and customer engagement, with technology playing a pivotal role in driving mall performance and retail success.</p> <p>The planned introduction of a High-Value Goods Tax at rate between 5% to 10% on luxury goods, originally set for 1 May 2024, was postponed pending further consultation with the retail industry and tax experts.</p>	<p>Pavilion REIT may have experienced short-term fluctuations in tenant sales and rental income, but the anticipated annual growth of 3.6% provided optimism for sustained performance in key retail assets.</p> <p>The visa exemptions for Chinese and Indian tourists significantly increased international tourist arrivals, benefiting Pavilion REIT’s malls located in prime tourist destinations.</p> <p>The increased demand for dining, entertainment, and lifestyle offerings aligns with Pavilion REIT’s strategy to curate attractive tenant mixes and experiential spaces.</p> <p>The adoption of digital tools became crucial for enhancing operational efficiency and customer engagement. Failing to leverage digital platforms for marketing, customer engagement, and operational efficiency would mean missing out on valuable revenue streams and cost-saving opportunities.</p>	<p>Curate unique physical retail experiences to attract shoppers.</p> <p>Targeting the intended audience with targeted marketing campaign to help the malls attract shoppers and promote its tenant offerings.</p> <p>Invest in technology and digital marketing to communicate effectively with shoppers.</p> <p>Offer diverse dining and entertainment options.</p> <p>Host engaging events and activations.</p> <p>Embrace sustainable practices by pursuing green certifications, implementing energy-efficient operations, and adopting eco-friendly initiatives.</p>	<p>RGM has maintained its annual growth forecast at 3.6% for 2024, anticipating a 3.2% expansion in the retail sector during Q4 2024.</p> <p>This outlook was bolstered by increased consumer spending and the relaxation of visa regulations for key markets such as China and India, driving higher international footfall to retail spaces.</p> <p>Consumers are gravitating back to brick-and-mortar stores for tactile and immersive experiences that online platforms cannot provide. Retailers are blending technology with physical store offerings to create engaging omnichannel journeys, leveraging innovations like augmented reality and in-store digital displays.</p> <p>Pavilion REIT will continue to engage shoppers via festive and thematic campaign, international collaborations, first-in-Malaysia experiences, stronger tenant partnerships, celebrity appearances and rewards.</p>

OUR OPERATING LANDSCAPE

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Key Trend 3: Sustainability and Environmental Concerns

What happened in FY2024	How it impacts Pavilion REIT	Actions/Strategies	FY2025 Outlook
<p>Sustainability is defined as “meeting present needs without compromising future generations’ ability to meet theirs”</p> <p>In November 2024, the average global temperature reached 1.62°C above pre-industrial levels, according to the EU-funded Copernicus Climate Change Service, surpassing the symbolic 1.5°C level threshold set in the Paris Agreement. While this doesn’t breach the agreement, it highlights the urgent need for accelerated climate action.</p> <p>Malaysia has faced severe flooding caused by heavy rainfall from the Northeast Monsoon, resulting in significant damage to homes, livelihood and livestock in several states.</p> <p>In response, Malaysia’s Ministry of NRES updated the National Climate Change Policy 2.0, reiterating its commitment to achieving its NDCs while supporting the draft for Malaysia’s Climate Change Act (“Bill”), slated for early 2025.</p> <p>This Bill aimed at, amongst others, introducing legal frameworks designed to enforce climate action and includes critical mechanisms for companies such as:</p> <ul style="list-style-type: none"> - Carbon pricing and emissions regulations, requiring companies to monitor and report their carbon footprint - Mandatory climate-related disclosures to ensure transparency; and - Incentives and penalties to drive corporate compliance with climate goals. <p>On 23 December 2024, Bursa Malaysia mandated sustainability reporting in annual reports, align with IFRS’ Sustainability Disclosure Standards, for both Main Market and ACE Market listed companies.</p> <p>This also aligns with the National Sustainability Reporting Framework (NSRF), launched on 24 September 2024 by the Securities Commission Malaysia, enhancing the integration of sustainability and financial reporting while promoting long term value creation.</p>	<p>To build trust and demonstrate the impact of its sustainability initiatives, Pavilion REIT must effectively measure and report its progress. This requires developing robust frameworks for data collection, analysis, and reporting to meet stakeholder expectations and comply with emerging regulations, including the NSRF.</p> <p>As sustainability reporting becomes mandatory, Pavilion REIT will need to enhance its disclosure practices, ensuring transparent and accurate reporting in its annual reports. This shift will also require a stronger focus on long-term value creation through sustainability initiatives.</p> <p>Transitioning to sustainable practices may involve operational changes, including adjustments to tenant operations. Clear communication and collaboration will be essential to ensure smooth implementation and minimize disruptions.</p> <p>Additionally, implementing sustainability initiatives may require upfront investments in technology, infrastructure, and operational changes. While these investments can be significant, they often yield long-term cost savings by reducing energy and resource consumption.</p> <p>While Pavilion REIT’s properties are not located in flood-prone areas, extreme weather events still pose a broader risk. As climate-related risks increase, Pavilion REIT must adapt its risk management strategies and consider investments in climate-resilient infrastructure to ensure long-term sustainability.</p> <p>Pavilion REIT must also stay proactive in meeting climate and sustainability targets, leveraging available incentives and avoiding penalties for non-compliance.</p>	<p>Pavilion REIT has subscribed to TNB’s Green Tariff Scheme for Pavilion Kuala Lumpur Mall, Pavilion Tower and Intermark Mall, reinforcing its commitment to renewable energy sources.</p> <p>In FY2024, this commitment extended to measuring additional Scope 3 carbon emissions, including waste from operations, business travel and employee commuting, providing a more comprehensive view of its environmental impact.</p> <p>To further reduce its carbon footprint, Pavilion REIT offers EV charging ports at its properties and set targets to reduce water and energy consumption. Water-saving measures include rainwater harvesting and air-handling unit condensate recycling systems, have been implemented to support these goals.</p> <p>Complementing these efforts, Pavilion REIT launched a Food Compost Initiative, converting daily collected food waste into fertiliser, which is made available for shoppers at designated points in its malls.</p> <p>Recognising the role of tenant collaboration in sustainability, The Manager introduced Green Lease clauses to encourage tenants to adopt sustainable practices, implement energy-saving measures, and incorporate eco-friendly fit-outs, while collaborating on data sharing, target setting, and environmental certifications.</p> <p>Pavilion REIT’s dedication to sustainability is further validated by its inclusion in the FTSE4GOOD Bursa Malaysia Index and Pavilion Tower’s achievement of LEED Gold Certification from the U.S. Green Building Council.</p> <p>By organizing events and initiatives that promote sustainability awareness and education, Pavilion REIT fosters positive community relationships and attracts environmentally conscious consumers.</p>	<p>Sustainability is becoming a key differentiator for retailers, influencing consumer decisions. Pavilion REIT recognizes this trend and has integrated sustainability into its operations.</p> <p>Malaysia’s Budget 2025 emphasizes a commitment to a greener, more resilient economy, with measures to reduce carbon emissions, promote renewable energy, and support sustainable practices across key industries. This includes tax incentives and policy reforms to align sectors like energy, manufacturing, and palm oil with global sustainability goals.</p> <p>With tightening global sustainability disclosure requirements, companies face increased scrutiny and penalties for greenwashing. In response, Pavilion REIT is committed to transparent communication of its sustainability efforts through clear data and robust KPIs.</p> <p>As ESG investing grows, Pavilion REIT will explore sustainable finance opportunities and increase its reliance on renewable energy, expanding participation in TNB’s Green Tariff Scheme where applicable.</p> <p>The Manager is also enhancing its climate-related disclosures, aligning its reporting practices with IFRS Sustainability Disclosure Standards to ensure greater transparency and accountability for stakeholders.</p>

OUR OPERATING LANDSCAPE

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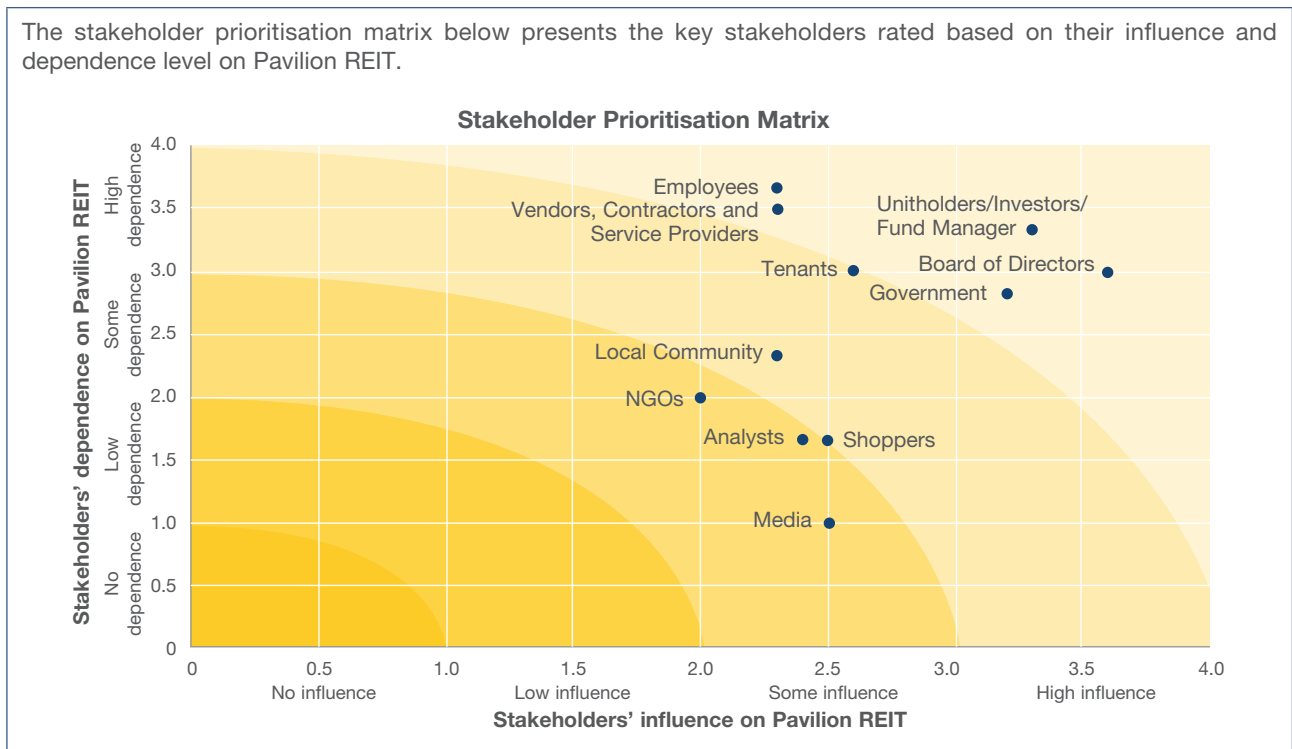
Key Trend 4: Technology and Digital Transformation

What happened in FY2024	How it impacts Pavilion REIT	Actions/Strategies	FY2025 Outlook
<p>In FY2024, Malaysia experienced a significant rise in cyber threats, with 5,664 cyber incidents reported between January and November, according to the latest statistics from CyberSecurity Malaysia. This figure is nearly on par with the total incidents recorded for all of 2023 (5,917). The incidents, which included fraud, intrusions, content-related issues, and malicious code, highlighted a concerning spike in fraud and double extortion ransomware attacks.</p> <p>This surge emphasised the urgent need for a comprehensive cybersecurity strategy, one that includes a robust incident response framework, proactive cross-sector collaboration, and new legislation.</p> <p>The growing number of cyberattacks exposed vulnerabilities within many Malaysian organisations, with insufficient cybersecurity measures leaving them vulnerable to malware, ransomware, and phishing threats. Given the significant financial risks involved, cybersecurity has increasingly become a critical governance issue and a key indicator of management quality.</p> <p>Malaysia continues to face challenges such as a shortage of skilled cybersecurity professionals and the escalating sophistication of attacks. However, steps have been taken to strengthen the nation's defenses. Notably, the Cybersecurity Act 2024, effective from August 2024, mandates stringent compliance standards for critical information infrastructure entities. Additionally, the SC issued revised guidelines on technology risk management in August 2024, requiring capital market entities to assess and implement cybersecurity measures tailored to their specific operations and technology risk exposures.</p>	<p>The rise in cyber incidents heightened Pavilion REIT's vulnerability to fraud, ransomware attacks, and phishing schemes, posing significant operational risks.</p> <p>Such breaches could lead to financial losses, legal liabilities and damage to Pavilion REIT's reputation, impacting investor confidence and stakeholder trust.</p> <p>Furthermore, a cyberattack targeting tenant management systems or financial platforms could disrupt daily operations, causing delays and inefficiencies.</p> <p>To address these risks, the Manager had to ensure alignment with evolving regulatory requirements, including the Cybersecurity Act 2024 and revised SC guidelines.</p> <p>Addressing cybersecurity vulnerabilities required significant investment in technology upgrades, personnel training, and external consultancy services.</p> <p>At the same time, digital technologies presented opportunities for Pavilion REIT to enhance customer engagement by personalising experience through targeted offers, recommendations and loyalty programs.</p> <p>Additionally, Pavilion REIT leverages the growing digital commerce market to attract shoppers beyond its physical locations, utilizing tools such as mobile apps and social media marketing to extend its reach and drive growth.</p>	<p>Pavilion REIT ensure compliance with relevant policies and acts by strengthening internal controls and safeguarding critical infrastructure.</p> <p>To effectively address cybersecurity risks, the Manager established incident response plans designed to detect, contain, and mitigate cyber threats promptly.</p> <p>Proactive measures included phishing email assessment campaign, periodic vulnerability assessments, cybersecurity audits, and penetration testing to identify and resolve weaknesses efficiently.</p> <p>Additionally, regular cybersecurity awareness programs and training sessions were implemented to equip employees with the knowledge and skills needed to recognize and respond to potential threats.</p> <p>To further protect its digital assets and customer data, Pavilion REIT invested in cybersecurity measures, including authentication protocols, antivirus software, firewalls, encryption tools, and monitoring systems to prevent unauthorised access and data breaches.</p> <p>In parallel, Pavilion REIT advanced digitalization efforts through its's member mobile application, enabling mall patrons to stay updated with the latest news, access exclusive offers, and engage with the mall's services seamlessly.</p>	<p>In Malaysia's 2025 Budget, a total of RM30 million was allocated to strengthen cybersecurity and combat fraud.</p> <p>This includes RM20 million for the National Fraud Response Centre and the launch of a National Fraud Portal to tackle online fraud. The portal will facilitate the automatic detection of suspicious transactions.</p> <p>In line with efforts to fortify the country's cybersecurity and the enactment of the Cyber Security Act 2024, National Cyber Security Agency will receive an additional RM10 million and 100 staff members. These measures reflect a proactive response to the rising cyber threats that increasingly disrupt social order and raise growing concerns.</p> <p>Furthermore, Act 574 of the Penal Code and Act 593 of the Criminal Procedure Code have been amended to allow more effective action by enforcement agencies in curbing mule account syndicates.</p> <p>The budget also highlights the importance of the country's growing digital economy and reaffirms its commitment to advancements in AI and other emerging technologies.</p> <p>This aligns with the Manager plans to continue improving its IT systems and infrastructures, ensuring compliance with evolving data governance and cybersecurity standards.</p> <p>To stay competitive and meet the changing needs of its stakeholders, the Manager is committed to continuous innovation, exploring new technologies and adapting to emerging trends in the digital commerce landscape.</p>

OUR STAKEHOLDERS

The Manager recognizes the importance of a stakeholder-inclusive approach in creating sustainable value. Hence stakeholders’ perspectives are integrated into Pavilion REIT’s business operations. In 2022, Pavilion REIT has conducted a stakeholder prioritisation exercise in which Pavilion REIT’s stakeholders were identified and prioritised with consideration of their influence and dependence on Pavilion REIT.

The stakeholder prioritisation matrix below presents the key stakeholders rated based on their influence and dependence level on Pavilion REIT.



The Manager has also conducted a stakeholder engagement survey to understand stakeholders’ views on the importance of these sustainability matters to Pavilion REIT and their expectations on the Manager’s sustainability management process. The key feedback from internal and external stakeholder groups were analysed and presented in the table below.

Internal Stakeholders	Why We Engage	Method of Engagement	Frequency of Engagement	Stakeholder's Issues and Expectations	Our Strategic Response
Board of Directors	Provides oversight of business directions and make overall decisions on the Pavilion REITs strategy	<ul style="list-style-type: none"> Annual general meeting Quarterly Board meeting 	<ul style="list-style-type: none"> Annually Quarterly 	<ul style="list-style-type: none"> Developing strategic decisions for Pavilion REIT 	<ul style="list-style-type: none"> Work closely with the Manager’s CEO in developing strategic decisions for Pavilion REIT
Employees	<ul style="list-style-type: none"> Involves in day-to-day operations Possesses knowledge and insights into other stakeholder groups through daily operations 	<ul style="list-style-type: none"> Training programmes Dialogue with senior management Annual Performance appraisals Townhall by C-suite executives Employees Engagement Survey 	<ul style="list-style-type: none"> Ongoing As needed Annual As needed Every 2 years 	<ul style="list-style-type: none"> Opportunities for learning and development Employee’s mental health and safety Diversity and equality at work Employee retention 	<ul style="list-style-type: none"> Facilitate training programmes and seminars Equal opportunity for all without discrimination Ensure a conducive and safe working environment Fair and transparent appraisals Improve work-related benefits and remuneration Implementing human rights and grievance mechanism

OUR STAKEHOLDERS

Cont'd

External Stakeholders	Why We Engage	Method of Engagement	Frequency of Engagement	Stakeholder's Issues and Expectations	Our Strategic Response
Government	Sets the rules and regulations of the industry	<ul style="list-style-type: none"> • Direct dialogue • Policy briefings • Consultation sessions and conferences 	<ul style="list-style-type: none"> • As needed • As needed • As needed 	<ul style="list-style-type: none"> • Compliance with regulatory requirements • Keeping abreast on policy and regulatory changes 	<ul style="list-style-type: none"> • Constant monitoring of EESG policies and procedures to ensure alignment with regulatory requirements through regular attestations, compliance monitoring programme and reporting • Work with professional subject experts
Unitholders/ Investors/ Fund Manager	<ul style="list-style-type: none"> • Provides investment to support Pavilion REIT's growth • Plays an essential role in ensuring the success of Pavilion REIT 	<ul style="list-style-type: none"> • Announcements • Annual general meetings • Investor roadshows • Electronic communication • Integrated annual report 	<ul style="list-style-type: none"> • As needed • Annually • As needed • As needed • Annually 	<ul style="list-style-type: none"> • Stable and sustainable returns • Business strategies implementation and progress • Minimising carbon footprint and green energy 	<ul style="list-style-type: none"> • Focus on providing unitholders with stable and sustainable income streams • Increase efforts in reducing emission through energy management • Increase efforts in implementing sustainable designs across all properties
Analysts	Influences investor sentiment through industry and company analysis	<ul style="list-style-type: none"> • Announcements • Analyst briefing • Electronic Communication • Integrated annual report 	<ul style="list-style-type: none"> • As needed • Twice a year • As needed • Annually 	<ul style="list-style-type: none"> • Safety at the building • Energy efficiency • Performance of assets • Timely and transparent reporting 	<ul style="list-style-type: none"> • Ensure timely release of announcements and financial results
Vendors, Contractors and Service Providers	Provides supplies and services to support Pavilion REIT's operations	<ul style="list-style-type: none"> • Meetings • Safety briefings and workshops 	<ul style="list-style-type: none"> • As needed • Ongoing 	<ul style="list-style-type: none"> • Fair and transparent procurement process and vendor selection • Compliance with rules and regulations 	<ul style="list-style-type: none"> • Build strong relationships with the vendors, contractors and service providers through fair treatment in all dealings • Ensure compliance through routine assessments with internally prescribed standards and applicable laws and regulations • ABC policy and procedure in place

OUR STAKEHOLDERS

Cont'd

External Stakeholders	Why We Engage	Method of Engagement	Frequency of Engagement	Stakeholder's Issues and Expectations	Our Strategic Response
Shoppers	<ul style="list-style-type: none"> Contributes to the traffic of Pavilion's malls End consumers of the value chain 	<ul style="list-style-type: none"> F e s t i v e performances and activities Promotional events C u s t o m e r satisfaction surveys Concierge 	<ul style="list-style-type: none"> Seasonal Ad hoc Every 2 years As needed 	<ul style="list-style-type: none"> Safe and conducive mall environment with good accessibility Good and diverse retail mix Promotional campaigns to enhance attraction Good connectivity to public transport and convenience in transportation 	<ul style="list-style-type: none"> Respond to feedback from customers Identifying avenues for improving the shopping experience Improve access to neighbouring amenities and transportation
Tenants	Provides revenue to Pavilion REIT	<ul style="list-style-type: none"> Update on property activities Tenant meeting 24 hours hotline help desk Tenant satisfaction survey 	<ul style="list-style-type: none"> Annually As needed As needed Every 2 years 	<ul style="list-style-type: none"> Good property maintenance High shopper traffic Competitive rental rates Promotional events to drive traffic T e n a n t engagement and support C o n d u c i v e operating environment 	<ul style="list-style-type: none"> Ensure any property maintenance or repairs are dealt with expeditiously Provide a comfortable and safe environment with exciting retail mix to maintain high shopper traffic Collaborate with tenants on promotional campaigns
NGOs	Collaborative partnerships	<ul style="list-style-type: none"> Corporate Social Responsibility initiatives Events Meetings 	<ul style="list-style-type: none"> As needed As needed As needed 	<ul style="list-style-type: none"> Corporate Social Responsibilities Giving back to local communities and focus on the needs of ageing society 	<ul style="list-style-type: none"> I n c r e a s e collaboration with NGOs' for charity events or activities Partner with non-government organisation to give back to the local ageing communities
Local Community	To generate long lasting positive impacts in community	<ul style="list-style-type: none"> Corporate Social Responsibility initiatives Relevant authorities to improve mobility and traffic congestion 	<ul style="list-style-type: none"> As needed As needed 	<ul style="list-style-type: none"> Community development Corporate responsibility to give back to the community and create a positive impact S t r e n g t h e n community ties 	<ul style="list-style-type: none"> Continuously seek to contribute to the communities where the properties are located
Media	Generates impact through news coverage on Pavilion REIT	<ul style="list-style-type: none"> Media launches Media interviews Media releases 	<ul style="list-style-type: none"> As needed As needed As needed 	<ul style="list-style-type: none"> Timely and transparent communication Industry and business performance outlook 	<ul style="list-style-type: none"> Communicate consistently on developments of interest and business performance in order to propagate Pavilion REIT's brand value and ensure transparency in the eyes of the public

OUR STAKEHOLDERS

Cont'd

MEMBERSHIP IN ASSOCIATIONS

Pavilion REIT actively shapes the retail landscape by advocating for best practices and holding leadership position in key industry associations.

Association involved:

Organisation	Pavilion REIT's Representative
Malaysian REIT Managers Association	Dato' Philip Ho Yew Hong, Immediate Past Chairman
Malaysia Shopping Mall Association	Dato' Joyce Yap Soh Ching, Honourable Members of Advisory Board Andrew Teoh, Committee Members of Technical

SHOPPER ENGAGEMENT

Customer Satisfaction Survey



In its ongoing commitment to delivering a sustainable and enjoyable shopping experience, Pavilion REIT developed a customer satisfaction survey conducted in August 2024. This initiative sought to gather valuable feedback from shoppers, a key stakeholder group.

The survey aimed to assess shoppers' satisfaction levels with the performance of Pavilion REIT's malls, identify emerging trends, and gain insights into their preferences for sustainable practices. The feedback serves as a vital tool for implementing improvements that enhance the shopping experience across Pavilion REIT's properties while fostering sustainable initiatives.

The average customer satisfaction score for Pavilion REIT malls is 81%. For a detailed list of accolades and achievements, please refer to the "Acclaiming Trusted Brand Reputation" under Section 5.4.

OUR STAKEHOLDERS

Cont'd

EMPLOYEES ENGAGEMENT

Employee Engagement Survey



As part of Pavilion REIT's ongoing efforts to strengthen relationships with employees, the first Employee Engagement Survey was conducted in 2024, achieving a 77% response rate and a 91% overall satisfaction score. The survey provided valuable insights into key areas such as the work environment, leadership, professional development, and company culture, laying the foundation for future improvements in employee engagement and satisfaction.

For further details on our talent management strategies and initiatives, including how these survey findings will shape the Manager's approach, please refer to the "Transforming Talent Management" under Section 5.6.

COMMUNITY ENGAGEMENT

Pavilion Loves Sustainability Week



Pavilion Loves Sustainability Week, held from 12 to 18 August 2024, engaged stakeholders such as shoppers and employees as well as collaborated with tenants to promote sustainability initiatives and raise awareness. 132 employees participated in the event. The event in collaboration with Spritzer, successfully collected 1,876 bottles, weighing a total of 28.15 kg, from shoppers for recycling. This effort engaged 1,282 shoppers. In addition, Pavilion REIT distributed 1,100 packs of fertilizer from its food composting initiative, throughout the week. For other community engagement initiatives, please refer to the "Caring for Local Community" under Section 5.5.

OUR STAKEHOLDERS

Cont'd

TENANT ENGAGEMENT



The Manager periodically arranges health and safety programs for tenants to ensure they are equipped with the necessary skills and knowledge on how to respond and take appropriate action in case of emergencies within the REIT properties.

Additionally, the Manager organizes security awareness programs for all tenants to raise awareness and provide guidance on identifying potential threats and responding effectively to security incidents within the mall. These programs also help tenants recognize individuals who may pose a security risk to the mall and public safety.

The Manager also provides mall tenants with Basic Life Support training, equipping them with essential skills to respond to medical emergencies. This initiative enhances overall safety and increases the chances of positive outcomes during medical incidents. A total of 133 tenants and their employees participated in the workshop.

For further details, please refer to Section 5.6: Transforming Talent Management under Health and Safety, where the Manager also conducts health and safety training programs for employees and non-employees.

Tenant Satisfaction Survey

In the past year, Pavilion REIT invited its tenants to evaluate the performance of property services across six key areas: mall and office tower facilities, design and fit-out services, leasing and tenancy administration, marketing services, credit control, and operations and facilities management. Overall, the services were rated as satisfactory. The survey covered 100% of tenants, achieving a response rate of 54% and an overall tenant satisfaction level of 75%.

Beyond assessing tenant satisfaction, Pavilion REIT also engaged tenants on sustainability-related matters and acknowledged their feedback regarding the need for better communication. In response, Pavilion REIT has enhanced the sustainability information available on each mall's website, making it more accessible. This readily available information benefits a wide range of audiences, including shoppers, the general public and unitholders.

OUR STAKEHOLDERS

Cont'd

MEDIA ENGAGEMENT

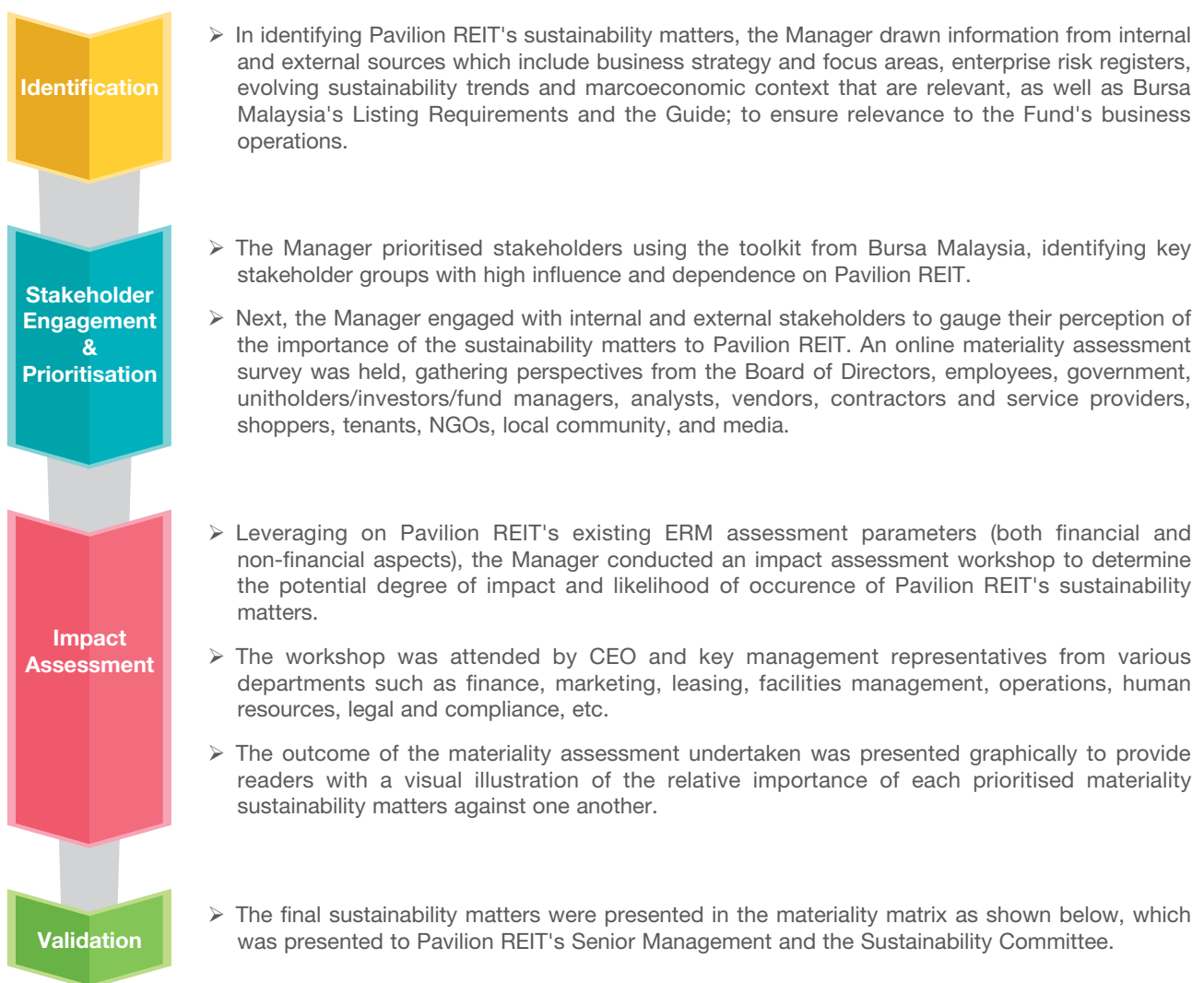


As part of Pavilion Feast Media Tour 2024, Pavilion Kuala Lumpur Mall hosted a month-long celebration featuring four vibrant themes: China Golden Week, Pink October, Deepavali, and Halloween. In collaboration with over 20 F&B tenants, Pavilion Kuala Lumpur Mall curated an array of unforgettable culinary experiences, exclusively catering to media representatives. The event garnered extensive media coverage, significantly amplifying its reach and strengthening community engagement. This showcase of Pavilion Kuala Lumpur Mall's rich culinary diversity reinforced its position as a premier dining and lifestyle destination.

OUR MATERIAL MATTERS

The Manager undertook a materiality assessment exercise in FY2022 to ensure relevancy to the sustainability matters that are most important to Pavilion REIT's business and stakeholders. This full-scale materiality assessment was conducted with reference to Pavilion REIT's Enterprise Risk Management (ERM) policy as well as guidance from Bursa Malaysia's Sustainability Reporting Guide and Bursa Malaysia's Toolkit: Materiality Assessment (3rd edition). The Manager has also taken into consideration the global megatrends, both internal and external factors affecting the REIT industry. Based on assessment, all the "common material matters" have been covered as indicated in the Bursa Malaysia Listing Requirements. While the Manager aim to conduct a comprehensive materiality assessment once every 3 years, the Manager undertake an annual review of the relevance of its previously prioritised EESG impacts arising from its day-to-day activities.

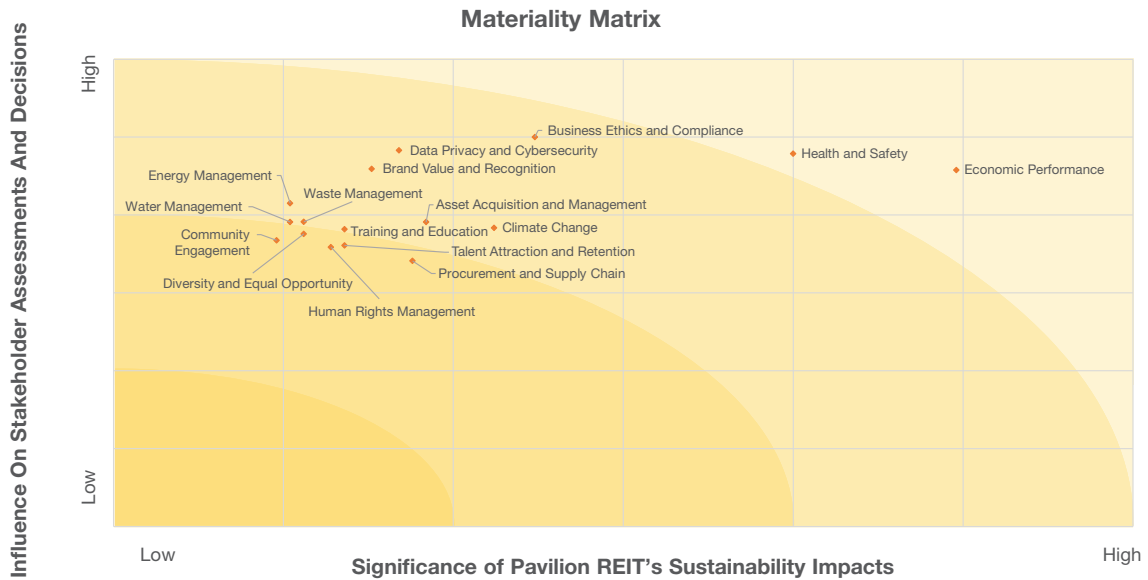
Materiality Assessment Process



OUR MATERIAL MATTERS

Cont'd

The materiality matrix below presents the current material sustainability matters for Pavilion REIT.



Based on the outcome of materiality assessment (as shown in the materiality matrix on the top), the key material matters identified are as below:

High Priority

- Economic Performance
- Health and Safety

Medium-High Priority

- | | |
|---|---|
| <ul style="list-style-type: none"> • Business Ethics and Compliance • Data Privacy and Cybersecurity • Brand Value and Recognition • Climate Change • Asset Acquisition and Management | <ul style="list-style-type: none"> • Energy Management • Training and Education • Waste Management • Water Management |
|---|---|

These key material matters are of high significance to Pavilion REIT’s stakeholders and business. The Manager is committed to manage these matters in a responsible way to create sustainable value for Pavilion REIT’s business and stakeholders. More details of how these material matters are managed are demonstrated in different IMPACT pillars under Section 5: *Creating Sustainable Impact*. The table below shows what each sustainability matter means for Pavilion REIT.

OUR MATERIAL MATTERS

Cont'd

EESG	Sustainability Matters	What It Means for Pavilion REIT	Mapping to Pavilion REIT's Risk & Opportunities	Mapping to UNSDGs	How do Pavilion REIT manage this matter?
Economic	Economic Performance	Generating long term financial value for stakeholders and ensuring long term business growth through strategic investment.	<ul style="list-style-type: none"> Acquisition & Investment Valuation Credit Tenant Concentration Financing Interest Rate Business Continuity Plan 	SDG 8	Please refer to Section 5; I: Investing Strategically sub-section for further details on management approach.
Economic	Asset Acquisition and Management	Ensuring sustainable value creation through strategic property management and asset acquisition.	<ul style="list-style-type: none"> Acquisition & Investment Valuation Financing Interest Rate Operational Business Continuity 	SDG 8	
Social	Procurement and Supply Chain	Supporting local procurement and ensuring alignment of values during the vendor evaluation process, taking into consideration Economic, Environment, Social and Governance factors.	<ul style="list-style-type: none"> Acquisition & Investment Operational 	SDG 12	
Governance	Business Ethics and Compliance	Zero-tolerance approach to bribery and corruption and strive to comply to regulatory requirements and standards, whilst maintaining business integrity and ethical conduct.	<ul style="list-style-type: none"> Legal & Regulatory Compliance 	SDG 16	Please refer to Section 5; M: Maintaining Good Governance sub-section for further details on management approach.
Governance	Data Privacy and Cybersecurity	Developing information technology system to maintain data privacy and secure data of stakeholders.	<ul style="list-style-type: none"> Business Continuity Plan Operational 	SDG 8 SDG 9	

OUR MATERIAL MATTERS

Cont'd

EESG	Sustainability Matters	What It Means for Pavilion REIT	Mapping to Pavilion REIT's Risk & Opportunities	Mapping to UNSDGs	How do Pavilion REIT manage this matter?
Environmental	Climate Change	Incorporating adequate climate change strategy and green practices in Pavilion REIT's properties to improve energy efficiency and reduce carbon emission in support of the national's climate change agenda.	<ul style="list-style-type: none"> Disaster Business Continuity Plan 	SDG 13	Please refer to Section 5; P: Practicing Responsible Environment Stewardship sub-section for further details on management approach.
Environmental	Energy Management	Striving to reduce energy consumption through energy-efficient installations and equipment and renewable energy mix to minimise environmental impact.	<ul style="list-style-type: none"> Operational 	SDG 7 SDG 13	
Environmental	Waste Management	Reducing waste generated whilst having sufficient internal control and waste management system to reduce adverse environmental impacts.	<ul style="list-style-type: none"> Operational Legal & Regulatory Compliance 	SDG 12	
Environmental	Water Management	Establishing effective internal control and monitoring mechanism to optimize water usage and minimize environmental impacts.	<ul style="list-style-type: none"> Operational 	SDG 6	
Economic and Social	Brand Value and Recognition	Strategies to maintain brand value and recognition, increase trust and confidence amongst stakeholders.	<ul style="list-style-type: none"> Tenant Concentration Financing 	SDG 8 SDG 16	Please refer to Section 5; A: Acclaiming Trusted Brand Reputation sub-section for further details on management approach.
Social	Community Engagement	Initiatives to support and engage the local community through CSR programmes, raising awareness on social issues and promoting art and culture.		SDG 3 SDG 11	Please refer to Section 5; C: Caring for Local Community sub-section for further details on management approach.

OUR MATERIAL MATTERS

Cont'd

EESG	Sustainability Matters	What It Means for Pavilion REIT	Mapping to Pavilion REIT's Risk & Opportunities	Mapping to UNSDGs	How do Pavilion REIT manage this matter?
Social	Talent Attraction and Retention	Enhancing efforts to attract, motivate and reduce employee turnover at work through providing a rewarding working environment	<ul style="list-style-type: none"> Staff Resource 	SDG 5 SDG 8 SDG 10	Please refer to Section 5; T: Transforming Talent Management sub-section for further details on management approach.
Social	Training and Education	Promoting high-performances work culture through continuous development and improvement of employees' skills and competencies.	<ul style="list-style-type: none"> Staff Resource 	SDG 4 SDG 5 SDG 8	
Social	Human Rights Management	Improving human rights practices through conduct of social and human rights audit in the organization and across the value chain.	<ul style="list-style-type: none"> Operational 	SDG 8	
Social	Diversity and Equal Opportunity	Promoting diversity and equality at work through merit-based employment, regardless of age, gender, ethnicity and disability, religion or any other status.	<ul style="list-style-type: none"> Staff Resource 	SDG 5 SDG 8 SDG 10	
Social	Health and Safety	Establishing a safe and healthy working environment by setting up processes and policies for the prevention, detection, risk assessment and reporting of health and safety matters.	<ul style="list-style-type: none"> Legal & Regulatory Compliance 	SDG 3 SDG 8	

OUR RISK AND OPPORTUNITIES

The Manager adopts a structured Enterprise Risk Management (ERM) process to identify its business risks and lessen their impact on Pavilion REIT. The core element of the process involves identification, measurement, control, constant monitoring and communication of associated risks. This allows the Manager to address and mitigate potential risks and seize any opportunities that could create value for Pavilion REIT's stakeholders and bring Pavilion REIT to greater heights. To ensure accountability, the Board maintains oversight on the identification of principal risks and ensures the implementation of appropriate control to manage these risks.

Pavilion REIT's ERM framework has integrated sustainability and climate-related risks in addition to its corporate, financial and operational risks. The Manager ensure all identified risks stay within its risk appetite through revision and monitoring by designated risk owners and the Manager's CEO and further deliberation by the Board Risk Management and Sustainability Committee.

The table below is a summary of the key risks associated with Pavilion REIT mapped against identified material sustainability matters. The details of the Manager's approach and performance data are available in Section 5 of the Report.

No.	Key Risks	Impact on Business	Mitigation Measures	Opportunities	Mapping to Sustainability Matters
1	Acquisition & Investment Risk	Risk of non-accretive yield from assets/investments affecting Pavilion REIT's overall performance.	<ul style="list-style-type: none"> Enhance due diligence prior to any acquisition. Implement sustainable practices 	<ul style="list-style-type: none"> Enhances operational efficiency, reduces environmental impact and increase asset value Sustainable financial performance attracts investors and delivers long term value for all stakeholders 	<ul style="list-style-type: none"> Asset Acquisition and Management Economic Performance
2	Valuation Risk	Risk that valuation of property may not be sustainable, hence affecting Pavilion REIT's asset value, profitability, and gearing	<ul style="list-style-type: none"> Maximise quality shopper traffic, especially at Pavilion Kuala Lumpur and Elite Pavilion malls Active management of tenant base Continue asset enhancement initiatives 	<ul style="list-style-type: none"> optimise tenant mix and maintain high occupancy rates increase net lettable area and rental potential 	
3	Credit Risk	Liquidity risk of non-payment by tenants/customers	Conduct thorough credit evaluation and due diligence on counterparties before accepting entering into letter of offer or agreement tenants	Ensure liquidity through reliable tenant payments.	
4	Financing Risk	Risk of not being able to obtain fresh facilities or renew its facilities when due, either from financial institution or debt capital market	<ul style="list-style-type: none"> Engagement with borrowers to discuss and negotiate better terms before renewal of MTN programs Diversify sources of debt funding Maintain a reasonable level of debt service capability Secure favourable terms of funding 	Improved financial flexibility and reduced financing risk.	

OUR RISK AND OPPORTUNITIES

Cont'd

No.	Key Risks	Impact on Business	Mitigation Measures	Opportunities	Mapping to Sustainability Matters
5	Interest Rate Risk	Risk refers to the potential unfavourable movement in floating interest rate that will affect income before taxation	Manage the exposures arising from adverse market interest rates through appropriate hedging strategies.	Effective interest rate risk management.	<ul style="list-style-type: none"> • A s s e t Acquisition and Management • E c o n o m i c Performance
6	Tenant Concentration Risk	Risk of relying on only a handful of tenants	<ul style="list-style-type: none"> • Establish a leasing team which is responsible for monitoring the sales performance of its tenants. • Have more tenants within each property 	Regular tenant engagements for continuous improvement to meet tenant expectations.	<ul style="list-style-type: none"> • E c o n o m i c Performance • B r a n d Value and Recognition
7	Business Continuity Risk	Risk of business not being able to operate at an optimal level	<ul style="list-style-type: none"> • Periodic review of IT system and user privileges. • Regular risk reviews, mitigation actions, and training. 	Robust cybersecurity and improved data management protect shopper data, maintaining trust.	<ul style="list-style-type: none"> • E c o n o m i c Performance • D a t a Privacy and Cybersecurity
8	Legal and Regulatory Compliance Risk	Risk of non-compliance impacting operations	<ul style="list-style-type: none"> • Identify and assess bribery and corruption risks quarterly. • Not to enter into any business dealings with third parties which are in suspect of engaging in improper business practices • Conduct due diligence to verify business partners' identity/ background and to assess their bribery and corruption risks • Provide bilingual training to ensure all employees understand and align with Pavilion REIT's policies and procedures • Ensure all electrical installations are compliant with relevant laws and regulations • Ensure full compliance with government regulations such as OSHA 1994, Fire Services Act 1988, and Electricity Supply Act 1990 • Institute the Hazard Identification, Risk Assessment and Risk Control (HIRARC) into Pavilion REIT's business operations • Ensure human rights practices throughout the operations 	<ul style="list-style-type: none"> • E n h a n c e d corporate governance and reputation. • Strong human rights practices and safety culture. • S o u n d procurement governance. 	<ul style="list-style-type: none"> • B u s i n e s s Ethics and Compliance • W a s t e Management • H e a l t h and Safety • P r o c u r e m e n t & Supply Chain • H u m a n Rights Management

OUR RISK AND OPPORTUNITIES

Cont'd

No.	Key Risks	Impact on Business	Mitigation Measures	Opportunities	Mapping to Sustainability Matters
9	Operational Risk	Risk of incurring loss resulting from inadequate procedures or existing system failure	<ul style="list-style-type: none"> • Improve operational efficiency and cost effectiveness • Require contractors to undergo a pre-evaluation process and KYC background check to evaluate their financial stability and ensure ethical business conducts • Plan Cybersecurity Awareness Programs. • Regular inspections, tests, and calibration of electrical installations to ensure they are operating efficiently and smoothly • Ensure strong and effective internal control on energy, waste and water management is in place • Conduct quarterly human rights audits at the foreign workers' accommodation of its security and cleaning service providers to ensure there are proper welfare for the foreign workers who work at Pavilion REIT properties • Conduct verifications with the service providers to ensure that the workers are being paid the minimum wage as per the latest government regulations • Provide flood mitigation training. 	<ul style="list-style-type: none"> • Effective mitigation and adaptation strategy ensures business continuity • Waste reduction and increased resource efficiency can result in cost savings for operations • Efficient water management may reduce operational costs and promote water conservation behavior. 	<ul style="list-style-type: none"> • D a t a Privacy and Cybersecurity • E n e r g y Management • W a s t e Management • W a t e r Management • H u m a n R i g h t s Management • Procurement & Supply Chain • C l i m a t e Change
10	Disaster Risk	Risk of loss and damage due to incidents arising from natural disaster	<ul style="list-style-type: none"> • Implement flood mitigation mechanism and training besides installation of flood defence equipment such as pump drainage systems at properties • All properties under Pavilion REIT has their own emergency response and crisis management team 	<ul style="list-style-type: none"> • Protect properties, communities and operations from disaster. 	<ul style="list-style-type: none"> • C l i m a t e Change

OUR RISK AND OPPORTUNITIES

Cont'd

No.	Key Risks	Impact on Business	Mitigation Measures	Opportunities	Mapping to Sustainability Matters
11	Staff Resource Risk	Risk of not being able to attract and retain capable staff	<ul style="list-style-type: none"> Hiring process is based on merit and credibility regardless of background Proactively review and improve the current employee-related benefits remuneration Provide learning & development programmes that involve reskilling and upskilling programmes for employees Enforce a Whistleblowing Policy for employees to report any unethical practices, discrimination, and harassment anonymously Practice diverse and inclusive hiring process regardless of employee background 	<ul style="list-style-type: none"> Effective talent development and upskilling programmes with attractive benefits packages Able to retain and attract industry talent as well as contribute to a high-performance culture Inclusive, diverse and empowering work culture attracts talents and brings a range of viewpoints that enhances the quality of decision making. 	<ul style="list-style-type: none"> Talent Attraction and Retention Training and Education Diversity and Equal Opportunity

OUR INVESTMENT STRATEGY

As the Manager paves the way to achieving Pavilion REIT's vision, which is to be the leading and most sought-after REIT in Malaysia, the Manager recognises the importance of integrating sustainability into Pavilion REIT's business operations and embrace a top-down approach which focuses on the "Creation of Impact" to its stakeholders and the environment. With this in mind, the Manager has reviewed Pavilion REIT's business strategies as follows:





Section 5:
**CREATING
 SUSTAINABLE
 IMPACT**

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CREATING SUSTAINABLE IMPACT

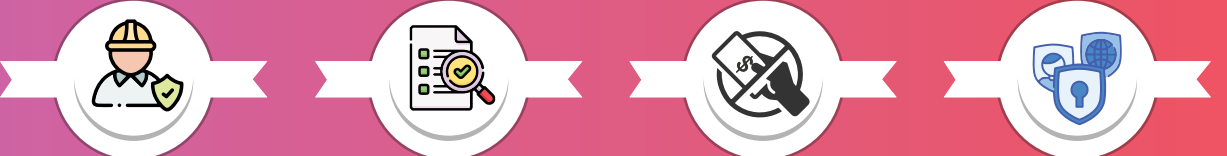
2024 Sustainability Highlights



- >99%** of vendor and suppliers engaged were local
- Green Lease Clauses** incorporated into Tenancy Agreement
- Anti-corruption training has been provided to **100%** of employees, including all board members



- Pavilion Tower received **LEED Gold Certification** from the U.S. Green Building Council
- Achieved a **91%** overall employee satisfaction score



- Zero work-related fatality** reported in 2024
- Zero incidents** recorded resulting from Vendor Code of Conduct
- Zero reported** cases of bribery and corruption
- Zero complaints** concerning breaches of customer privacy and loss of customer data



- 6.5%** landfill diversion rate
- Achieved **31%** renewable electricity usage



- Expanded Scope 3** emissions reporting
- Pavilion REIT has been included in the **FTSE4GOOD Bursa Malaysia Index**
- Sustainability Policy** being introduced



- 81% shopper** satisfaction rate across all Pavilion REIT malls
- Collected **192.7 tonnes** of food waste, resulting in **23.2 tonnes** of compost

PAVILION REIT'S SUSTAINABILITY STATEMENT

REITs and the real estate industry are fundamental in building up the infrastructures of our nation. The Fund is well positioned to take a leadership role in strategic investment, good governance, environmental stewardship and responsible social practices within our society and nation. In today's business landscape, creating continuous sustainable value requires a comprehensive and integrated approach that serves all stakeholders, including investors, tenants, employees, and local communities. Businesses are required to address and manage the full range of sustainability risks and opportunities. With the rapid increase of concern within REIT's stakeholders, it is vital for REITs and real estate industry to accelerate their sustainability journey.

At Pavilion REIT, the Manager constantly seek ways to create a sustainable impact to Pavilion REIT's business and stakeholders. In this section, we describe the efforts and performance in managing sustainability matters which are categorised into the below sub-sections.



INVESTING STRATEGICALLY

Grow Pavilion REIT's portfolio with long-term value creation and future-proofed solutions.

Describing efforts to manage economic-related sustainability matters – economic performance, asset acquisition and management, procurement and supply chain.



MAINTAINING GOOD GOVERNANCE

Maintain strong corporate governance practices that uphold transparency and accountability.

Describing efforts to manage governance-related sustainability matters – business ethics and compliance, data privacy and cybersecurity.



PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Minimize environmental footprint through responsible resource management, carbon reduction, and biodiversity protection.

Describing efforts to manage environmental-related sustainability matters – climate change, energy, waste and water management.



ACCLAIMING TRUSTED BRAND REPUTATION

Cultivate a positive brand image through ethical sourcing, responsible supply chains, and community engagement.

Describing efforts to maintain Pavilion REIT's brand value and recognition.



CARING FOR LOCAL COMMUNITY

Actively contribute to the well-being of surrounding communities through social responsibility initiatives and employee volunteerism.

Describing efforts to manage community-related sustainability matters – corporate social responsibility and community engagement.



TRANSFORMING TALENT MANAGEMENT

Invest in people, fostering a diverse and inclusive workplace that empowers personal and professional growth.

Describing efforts to manage talent-related sustainability matters – talent attraction and retention, training and education, human rights management, diversity and equal opportunity, health and safety.

PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Sustainability Journey



PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Sustainability Framework

Pavilion REIT adheres to the principles of EESG and prioritises the integration of sustainable practices into all its operations. This Sustainability Framework defines the Manager's approach to EESG, outlining the established goals and objectives for achieving sustainable development. It serves as a key component of Pavilion REIT's overall sustainability strategy and is designed to facilitate Pavilion REIT's progress towards its long-term sustainability aspirations, thereby contributing to the creation of value for its stakeholders.

Vision
To be the leading and most sought-after REIT in Malaysia.

Mission
To provide unitholders with regular and stable distributions to achieve long term growth in net asset value per unit and maintaining an appropriate capital structure, whilst balancing stakeholders needs.

Purpose
Create Pavilions that brings communities together.

Core Values

EXCELLENCE	INTEGRITY & COMPLIANCE	RESPECT & RESPONSIBILITY	HEALTH & SAFETY	EQUITY & INCLUSION
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Sustainability Pillars

Investing Strategically	Maintaining Good Governance	Practicing Responsible Environment Stewardship	Acclaiming Trusted Brand Reputation	Caring for Local Community	Transforming Talent Management
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Sustainability Matters

<ul style="list-style-type: none"> Economic Performance Asset Acquisition & Management Procurement & Supply Chain 	<ul style="list-style-type: none"> Business Ethics & Compliance Data Privacy & Cybersecurity 	<ul style="list-style-type: none"> Climate Change Energy Management Water Management Waste Management 	<ul style="list-style-type: none"> Brand Value & Recognition 	<ul style="list-style-type: none"> Community Engagement 	<ul style="list-style-type: none"> Health & Safety Training & Education Diversity & Equal Opportunity Human Rights Management Talent Attraction and Retention
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Note: Text in blue are the key matters (high significance to Pavilion REIT's stakeholders and business)

Stakeholder Groups

Board of Directors	Employees	Government	Unitholders/ Investors/Fund Manager	Analysts	Vendors, Contractors and Service Providers
Shoppers	Tenants	NGOs	Local Community	Media	

Our Commitments
















Reporting Framework, Standards & Best Practices





TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Sustainability Governance

Pavilion REIT's sustainability governance structure is seamlessly integrated into its corporate governance framework. To ensure comprehensive sustainability integration across all property aspects, the Board and its committees' responsibilities have been expanded to encompass sustainability elements, as reflected in their updated terms of reference.



The Board of Directors ultimately steers Pavilion REIT's strategic direction on sustainability while being supported by dedicated Board Committees through delegated tasks. Pavilion REIT's Sustainability Working Committee (SWC) is helmed by the Manager's CEO and includes its management team, reporting directly to the Sustainability Committee (SC). The SC oversees and reviews Pavilion REIT's sustainability strategy twice in a year, including climate-related considerations, sustainability risks and opportunities, all relevant policies, and the SWC's performance. The SC also plays a crucial role in advising the Board on the adequacy and effectiveness of the sustainability strategy and initiatives framework.

The CEO spearheads the development and implementation of the sustainability strategy, oversees its management, and reports progress, including key ESG advancements, to the Board for approval, covering ESG priorities and commitments. Additionally, the CEO communicates the Board's vision, strategy, policies, and responsibilities to the SWC.

Composed of representatives from each operating property and asset, the SWC actively supports the ESG agenda across various functions. The SWC plays a key role in the day-to-day execution of the organization's sustainability strategies and plans.

Demonstrating a commitment to informed decision-making, the Board of Directors and Sustainability Committee actively participate in periodic capacity-building programs to stay equipped with the knowledge necessary for managing sustainability challenges and opportunities, with a specific focus on climate-related aspects.

Sustainability Policy

Aligned with Sustainability Framework, Pavilion REIT has established a Sustainability Policy, effective 24 January 2024. This policy serves as a comprehensive guide for implementing responsible ESG practices, including climate-related considerations, to ensure long-term value creation for its stakeholders and the communities it serves. The roles and responsibilities of sustainability committees, senior management, and working-level teams are clearly defined within the policy, ensuring accountability and effective implementation across all levels. This policy acts as a roadmap for embedding sustainability principles into every facet of Pavilion REIT's business operations. It aims to:

- Provide clear guidance to employees and stakeholders on Pavilion REIT's commitment to sustainability and its strategic direction.
- Integrate sustainability principles seamlessly into all aspects of Pavilion REIT's operations.
- Foster vibrant and inclusive communities by creating Pavilions that serve as hubs for connection, engagement, and shared growth.

Through this policy, Pavilion REIT reaffirms its dedication to building a sustainable future for all.

PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Pavilion REIT's 5 year ESG aspirations

Pavilion REIT's 5 year ESG aspiration from FY2023 to FY2027:



Pavilion REIT is actively integrating sustainability into its business operations through five key focus areas – governance, strategy, integrated risk management, performance monitoring and business activities. Pavilion REIT's Sustainability Roadmap is structured across three key time horizons – short-term (2023), medium-term (2024-2027), and long-term (beyond 2027) – with defined goals and measurable progress stated under the pillars outlined in *Section 5: Creating Sustainable Impact*.

These pillars include Investing Strategically, Maintaining Good Governance, Practicing Responsible Environmental Stewardship, Acclaiming Trusted Brand Reputation, Caring for Local Community and Transforming Talent Management.

By aligning sustainability efforts with these pillars, Pavilion REIT remains dedicated to fostering environmental responsibility, promoting social well-being and upholding transparent governance. This structured approach supports the Manager's commitment to delivering sustainable growth, enhancing stakeholder value and ensuring long-term business resilience.

Performance Scorecard

Sustainability Pillars	Material Matters	Targets	Current Progress against Targets
I: INVESTING STRATEGICALLY	Procurement and Supply Chain	Zero incidents recorded resulting from Vendor Code of Conduct	In FY2024, there are zero (0) cases of non-compliance incidents recorded resulting from Vendor Code of Conduct
		To support local companies and establish good relations with the local business community through local procurement	In FY2024, more than 99% of its vendor services are procured locally, with the remaining spent on international service providers for information technology, marketing and promotional purposes.
M: MAINTAINING GOOD GOVERNANCE	Business Ethics and Compliance	To achieve 100% attendance to anti-corruption training	<ul style="list-style-type: none"> All Board members were given the training. 100% of employees participated in anti-corruption training.
		Zero reported cases of bribery and corruption	In FY2024: <ul style="list-style-type: none"> no corruption incident reports were submitted through the whistleblowing portal. No employees faced dismissal or disciplinary action for corruption-related offenses. No contracts with business partners were terminated or not renewed due to corruption violations. No public legal cases involving corruption were brought against Pavilion REIT or its employees.
	Data Privacy and Cybersecurity	Zero reports of complaints concerning breaches of customer privacy and loss of customer data	There were no complaints concerning breaches of customer privacy and losses of customer data in FY2024.

PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Sustainability Pillars	Material Matters	Targets	Current Progress against Targets
P: PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP	Climate Change	<ul style="list-style-type: none"> • 20% Carbon Reduction by 2030: To reduce Pavilion REIT's Scope 2 carbon emissions by 20% compared to FY2019 levels by the year 2030. • Net Zero Carbon by 2050 (Scope 1 & 2): To achieve net zero carbon emissions from Pavilion REIT's direct and indirect operations (scope 1 and 2) by 2050, using FY2019 as the baseline. • 20% Intensity Reduction (Scope 1 & 2): To achieve a 20% reduction in carbon intensity for Pavilion REIT's direct and indirect operations (scope 1 and 2) by 2030, compared to FY2019. 	<p>Pavilion REIT reports its owned or controlled generator sets usage as Scope 1 emission, contributing approximately 7.3 tCO₂e in FY2024.</p> <p>In FY2024, total Scope 2 emissions were reduced to 79,056 tCO₂e, compared to 83,628 tCO₂e in FY2019, representing a 5.5% reduction. This reduction was mainly driven by increased adoption of Malaysia's GET. Excluding Pavilion Bukit Jalil, FY2024 scope 2 emissions fell to 39,925 tCO₂e, a 52.3% reduction compared to FY2019.</p> <p>In FY2024, Pavilion REIT achieved a GHG emission intensity of 0.18 tCO₂e/m², reflecting an improvement from 0.22 tCO₂e/m² in FY2019, which represents an 18.2% reduction in emission intensity. Excluding Scope 3 emissions, the GHG emission intensity decreases further to 0.11 tCO₂e/m², representing a 50% reduction.</p> <p>With the subscription of TNB's GET, Pavilion Kuala Lumpur Mall, Intermark Mall and Pavilion Tower manages to avoid 35,744 tCO₂e emission in 2024.</p>
	Energy Management	<ul style="list-style-type: none"> • 3% reduction in landlord electricity consumption by 2030 vs FY2019 • 50% renewable electricity by 2040 by all Pavilion REIT assets under operational control 	<p>Overall energy consumption across all properties showed an increase of 35.8% compared to FY2019. Excluding Pavilion Bukit Jalil, consumption would be only 98,064,630 kWh, representing a decrease of 11.1% as compared to FY2019.</p> <p>Achieved 31% renewable electricity usage across REIT properties, driven by GET subscriptions at Pavilion Kuala Lumpur Mall, Pavilion Tower and Intermark Mall.</p>
	Waste Management	<ul style="list-style-type: none"> • FY2024: Target of diverting 5% of waste from landfills as compared to FY2019. • FY2025 - FY2027: Accelerate progress, reaching a 10% landfill diversion rate. 	<p>Pavilion REIT diverted 6.5% of waste from landfills in FY2024.</p>
	Water Management	To achieve 2% reduction in landlord water consumption by 2030 compared to FY2019	<p>The total volume of water used by Pavilion REIT for landlord consumption stands at 1,212,348m³.</p> <p>Excluding Pavilion Bukit Jalil, the water usage drops to 730,487m³, representing a decrease of 9.5% as compared to FY2019.</p>

PAVILION REIT'S SUSTAINABILITY STATEMENT

Cont'd

Sustainability Pillars	Material Matters	Targets	Current Progress against Targets
A: ACCLAIMING TRUSTED BRAND REPUTATION	Brand Value and Recognition	To be a responsible corporate citizen, with the aim to increase brand value and recognition within the REIT industry via higher tenant satisfaction and unitholder investment.	<p>Pavilion Kuala Lumpur Mall, a testament to this commitment, has been awarded an impressive 58 accolades to date (up from 53 in 2023) by esteemed local and international councils and associations.</p> <p>The Manager also conducted a shopper satisfaction survey, reaffirming its commitment to providing a sustainable and enjoyable shopping experience. By gathering shopper feedback, the Manager can enhance mall operations and collaborate closely with tenants to create a more engaging retail environment. A better shopping experience ultimately strengthens tenant performance and adds value for unitholders. The shopper satisfaction score for Pavilion REIT malls stands at 81%.</p>
C: CARING FOR LOCAL COMMUNITY	Community Engagement	Targets by FY2030 including: <ul style="list-style-type: none"> Reaching and supporting 1,000 beneficiaries in communities surrounding Pavilion REIT properties; Raising and contributing RM1 million (in cash and in kind) towards funding CSR activities; and Achieving 1,000 hours of employee volunteerism. 	<p>In 2024, the Manager raised and contributed RM0.3 million in cash and in-kind donations, benefiting 1,990 individuals. During these community engagement events, employees contributed a total of 495 volunteer hours.</p> <p>Additionally, the total number of people engaged throughout the year, including shoppers and the wider community, was approximately 5,182.</p>
T: TRANSFORMING TALENT MANAGEMENT	Talent Attraction and Retention	To develop values that attract exceptional talents as well as to provide new benefits for the employees to ensure a fair working environment and a healthy work-life balance for all	In 2024, the Manager maintained a steady influx of new talent with a 7.1% new hire rate and employee retention climbed to 91.3%.
	Training and Education	To develop its employees' talents and maximise their potential by creating a work environment that informs, educates, and inspires employees to achieve their professional and personal goals and aspirations.	Recorded an increase of 79.4% in total training hours compared to the previous financial year
	Human Rights Management	Zero substantiated complaints concerning human rights violations	Zero complaints concerning human rights violation reported in 2024
	Diversity and Equal Opportunity	<ul style="list-style-type: none"> At least 30% female participation in leadership roles at management level At least 30% female participants at board level 	<ul style="list-style-type: none"> 40% of Board of Directors in 2024 were women, which is higher than 30% recommendation by the MCCG 67% of leadership roles are held by women at the management level in 2024 76% of the Manager's employees in 2024 were female
	Health and Safety	<ul style="list-style-type: none"> Zero fatality annually Maintain zero work-related injuries 	<ul style="list-style-type: none"> Zero fatality reported in 2024 1 injury reported in 2024 due to oversight of the injured parties. A thorough investigation was conducted, and prevention measures were defined to avoid recurrence.

I : INVESTING STRATEGICALLY

ECONOMIC PERFORMANCE

Why It Matters and Approach

Pavilion REIT remains committed to creating long-term financial values for all its stakeholders. As one of the largest real estate investment trusts in Malaysia, Pavilion REIT contributes to the Malaysian economy through our strategic investment strategy which involves a diversified portfolio of income-producing real estate assets across Malaysia.

The Manager oversees operating cash flows, financing arrangement, investment, and debt maturity profile to ensure the generation of economic value through its performance.

In addition, Pavilion REIT has observed various positive indirect socio-economic impacts derived from its operations which include the growth of small-medium enterprises within its properties which led to an increase in job opportunities for the surrounding neighbourhoods in the areas where it operates.

Separately, the Manager has also held various community development and enhancement programmes for the local community. These philanthropic programmes aim to support the underprivileged communities, which include youth and women, to improve their welfares. More information on how Pavilion REIT creates indirect economic value for its stakeholders can be found in the “Caring for the Community” section.

Progress

Creating Economical Values for Stakeholders

The Manager aims to develop strategic key initiatives to create economical values which can lead to better economic performances. The table below shows the key initiatives that was implemented by Pavilion REIT with the economical values created:

Key Initiatives	Value Created
Renewal of MTNs matured during the year Engagement with subscribers to negotiate better terms before issuance of MTN programs	Pavilion REIT maintains financing cost at a manageable level
Proactive lease management Through proactive lease management, new tenants are brought in	Pavilion REIT enhances properties occupancy and tenant mix
Marketing promotions and activities Formed partnerships with event sponsors or be a venue sponsor for events	Pavilion REIT brings in shoppers into the malls through marketing and promotional activities, thus increasing retail sales and car park income which may lead to better percentage rent
Managing operating cost Efficiency in operational management and regular upkeep	Pavilion REIT manages operating cost to mitigate downtime in the event of major breakdown or equipment failure
Asset enhancement Repurposing underutilised spaces with pop-up shops and implementing energy and water efficiency upgrades. This includes installing LED lighting, water-saving fixtures (AHU condensate water recycling, rainwater harvesting), upgrading service lifts, enhancing CCTV, repainting the common ceiling and installing solar film on the exterior glass panels. and solar film installation	Pavilion REIT utilises asset enhancements to enhanced property value and create new spaces in the mall to lease out to tenants

I : INVESTING STRATEGICALLY

Cont'd

Direct economic value generated and distributed

Economic Performance	FY2022 (RM'000)	FY2023 (RM'000)	FY2024 (RM'000)
Direct Economic Value Generated			
• Revenue ⁽¹⁾	557,872	735,216	860,662
Economic Value Distributed			
• Operating Costs	195,277	275,035	333,516
• Employee Wages and Benefits ⁽²⁾	-	-	-
• Payments to Capital Providers ⁽³⁾	346,166	439,939	503,722
• Payments to Government	16,263	20,223	23,473
Total	557,706	735,197	860,711
Economic Value Retained/(Deficit)	166	19	(49)

Notes:

(1) Includes gross revenue and interest income.

(2) Not applicable, as all employees are under the Manager.

(3) Includes borrowing costs and income distribution. The proposed final income distribution is payable in the following financial year.

Deficit in economic value is due to current year distribution of the balance undistributed amount from the previous year.

ASSET ACQUISITION AND MANAGEMENT

Why It Matters and Approach

Pavilion REIT's core activity is to invest in income-producing real estate assets, which are solely used predominantly for retail purposes in Malaysia and other countries within the Asia-Pacific region, with the objective of providing its unitholders with regular and stable distributions while achieving long-term growth in the net asset value based on an appropriate capital structure.

Achieving Investment Objective Through Various Strategies

The primary objective of Pavilion REIT is to provide unitholders with regular and stable distributions and achieve long-term growth in net asset value per unit and maintaining an appropriate capital structure, while balancing stakeholders needs.

The Manager intends to achieve the investment objective of Pavilion REIT through the following strategies:

- (i) **Actively pursuing acquisition opportunities in accordance with the authorised investments of Pavilion REIT**
 - acquire yield accretive income-producing properties
 - explore repositioning opportunities
- (ii) **Pursuing an efficient capital management strategy**
 - diversify sources of debt funding
 - maintaining a reasonable level of debt service capability
 - securing favourable terms of funding
 - managing financial obligations
 - managing the exposures arising from adverse market interest rates through appropriate hedging strategies.
 - actively managing the range of maturities to reduce refinancing risk and optimise the cost of capital
- (iii) **Proactively managing the properties and implementing asset enhancement strategies**
 - maximise quality shopper traffic, especially at Pavilion Malls
 - active management of tenant base in order to optimise tenant mix and maintain high occupancy rates
 - continued asset enhancement initiatives to increase net lettable area and rental potential
 - improving operational efficiency and cost effectiveness
 - commitment to sustainability to have positive impact on brand recognition, reputation and lessen environmental impact

I : INVESTING STRATEGICALLY

Cont'd

ESG Due Diligence for New Acquisitions

Committed to sustainable practices, Pavilion REIT embeds ESG due diligence in its asset acquisition process. This commitment translated into standardized asset-level environmental and social risk assessments for all new acquisitions. Pavilion Bukit Jalil serves as an example, with assessments encompassing procurement and supply chain, business ethics and compliance, data privacy and cybersecurity, climate change, energy management and efficiency, waste management, water management and efficiency, regulatory compliance, building safety, health and well-being, indoor environmental quality, biodiversity and habitat, tenant management, and community engagement.

Pavilion REIT also remains committed to implement and improve sustainability measures after asset acquisitions. The Manager continues to be on the look-out for green building designs during the due diligence process and prioritise buildings with green features such as installation of rainwater harvesting tanks, LED lights and/or solar panels. Apart from that, public transportation network and accessibility, risk of flooding, potential hazards from adjacent properties or lands are among the criteria that are being reviewed and deliberated prior to any acquisition.

Progress

In line with Pavilion REIT's mission of generating solid returns for unitholders through strategic asset acquisition, Pavilion REIT successfully completed the RM2.2 billion acquisition of Pavilion Bukit Jalil. This iconic shopping mall in a prime location not only expands its footprint into the vibrant Bukit Jalil district but also enhances portfolio diversification.

Building on the successful acquisition of Pavilion Bukit Jalil, Pavilion REIT has on 5 December 2024 announced the proposed acquisitions of two prestigious hospitality assets in Kuala Lumpur: the Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, in a landmark deal valued at RM480 million, represent a significant milestone in Pavilion REIT's growth strategy.

Sustainable Building Certifications & ESG Recognition

Pavilion REIT is committed to sustainability and continues to explore opportunities to enhance the environmental performance of its properties.

Pavilion Tower, a key office asset within Pavilion REIT's portfolio, has achieved LEED Gold Certification from the U.S. Green Building Council on 31 October 2024, underscoring its adherence to globally recognized green building standards.

This commitment to sustainable building management is further reflected in Pavilion REIT's inclusion in the FTSE4GOOD Bursa Malaysia Index, which recognizes companies with strong ESG practices. Highlighting Pavilion REIT's commitment to sustainable practices, Pavilion Kuala Lumpur Mall has been awarded the Green Energy Stewardship Gold Award at the National Energy Awards 2024 which hosted by Malaysian Green Technology and Climate Change Corporation (MGTC), on 27 February 2025.



Green Building Certification Overview

Metrics	Unit	FY2024
Properties certified under a recognized green building standard	Number	1
Total properties in Pavilion REIT's portfolio	Number	6
Percentage of certified properties	%	17

By prioritising sustainability in its portfolio, Pavilion REIT is taking significant steps toward responsible property management and contributing to a greener built environment.

FTSE4GOOD Bursa Malaysia Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) had in December 2024, confirms that Pavilion REIT has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

I : INVESTING STRATEGICALLY

Cont'd

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

PROCUREMENT AND SUPPLY CHAIN

Why It Matters and Approach

At Pavilion REIT, the Manager understands the importance to ensure ethical and transparent behaviour and responsible dealings with vendors by promoting best practices. This year, the Manager embarked on the journey to increase ESG awareness and include ESG consideration in its vendor evaluation process as part of the strategic plan to create sustainable impact. The approach applies to all business partners that contributes to Pavilion REIT’s business and maintenance of its assets, including vendors who offer services such as property management, building maintenance, landscaping, security, marketing and promotions of products or services.

Pavilion REIT has revised the Vendor Code of Conduct which outlines its expectation to ensure business integrity and ethics, human rights as well as responsibility towards the environment, health, safety and labour practices. Vendors are expected to maintain ethical and professional conduct in all business dealings with integrity, honesty, transparency and accountability for the services provided.

The Manager also strives to promote best practices and maintain a zero-tolerance approach against all forms of bribery and corruption. All Pavilion REIT vendors are required to comply with Pavilion REIT’s ABC SOP and Policy by acknowledging “Declaration of Integrity”. Vendors are also encouraged to report all misconduct through an independent platform operated by a third party.

Pavilion REIT also require all its vendors to respect human rights and labor standards. The Manager have a robust human rights policy in place and conduct regular audits to ensure compliance.

Progress

Pavilion REIT uphold the highest ethical standards in its business dealings and are committed to maintaining them. The Manager actively monitor its suppliers and take prompt action if they violate Pavilion REIT’s Vendor Code of Conduct. In FY2024, there are zero (0) cases of non-compliance incidents recorded resulting from Vendor Code of Conduct.

Non-compliance incidents recorded resulting from Vendor Code of Conduct	Number of cases		
	FY2022	FY2023	FY2024
	0	0	0

Vendor Screening and Assessment

To enhance transparency in vendor selection and promote a sustainable value chain, the Manager has integrated ESG factors into the assessment framework for both existing and new vendors. All vendors must undergo a pre-evaluation process and a ‘Know Your Customer’ (KYC) background check to verify financial stability and ensure ethical business practices. Due diligence is conducted based on the following key criteria:

Quality & Compliance	Price	Prompt Delivery	Service	Support	ESG Factors
Technical expertise, adherence to specifications and product certification.	Competitiveness pricing structures and resilience to potential cost variations.	Consistent reliability in meeting delivery timelines.	Alignment with requirements, suitability and a proven track record.	Capabilities in after-sales service and ongoing operational support.	Preference will be given to vendors who align with Pavilion REIT’s ESG expectations, including commitments to climate action, fair labor practices, data privacy, and community development.

I : INVESTING STRATEGICALLY

Cont'd

Assessment of existing vendors' will be conducted once every 2 years. Vendors who failed the evaluation (with a score of less than 50 marks) will either be suspended or removed from the approved vendor list. To proactively identify and address risks in the supply chain, Pavilion REIT conducts supplier sustainability assessments at the onset of vendor relationships. This ensures potential risks are mitigated early in the collaboration process, reinforcing Pavilion REIT's commitment to sustainable supply chain management. For new vendors, completing the supplier sustainability assessment is mandatory prior to onboarding, with a minimum passing score of 50%. This process rolled out by Pavilion REIT in December 2024, will undergo periodic reviews to ensure continuous improvement. In FY2024, the Manager did not identify any negative environmental and social impacts in its supply chain that required corrective action.

In instances of significant non-compliance with ESG criteria, vendors will be required to provide a clear explanation of the non-compliance issue as well as take corrective actions to address and resolved the identified concerns. This comprehensive approach reflects Pavilion REIT's dedication to fostering long-term partnerships with vendors who share its commitment to sustainability, transparency, and ethical business practices. In FY2024, the Manager did not identify any negative environmental and social impacts in its supply chain that required corrective action.



Progress

	FY2024
% of new vendors that were screened using environmental criteria	100% ⁽¹⁾
Number of existing vendors assessed for environmental impacts	216
% of new vendors that were screened using social criteria	100% ⁽¹⁾
Number of existing vendors assessed for social impacts	216

Note:

(1) The statistics in this analysis are based on data collected in December 2024, the month in which Pavilion REIT commenced the rollout of its new supplier sustainability assessment.

Local Procurement

Pavilion REIT is committed to supporting local companies as part of its efforts to contribute to a stable local economy and establishing good relations with the local business community through local procurement. In FY2024, out of RM566 million spent on procurement, more than 99% of its vendor services are procured locally, with the remaining spent on international service providers for information technology, marketing and promotional purposes. The proportion of spending on local suppliers is similar to last year.

Progress

Total procurement from local suppliers

Proportion of spending on local suppliers	FY2022	FY2023	FY2024
	>99%	>99%	>99%

Integrated Sustainable Procurement and Green Leasing Approach

Pavilion REIT is committed to embedding sustainability across its operations through both responsible procurement practices and sustainable leasing agreements.

Pavilion REIT encourages suppliers and vendors to adopt responsible procurement practices that align with its sustainability values. This initiative serves as a communication tool to promote awareness and foster continuous improvement in environmental and social performance across the supply chain.

To further extend sustainability into property management, Green Lease clauses has been incorporated into tenancy agreements, effective from 1 August 2024. These clauses set clear guides for tenants on what Pavilion REIT's envision, covering areas such as energy efficiency, water conservation, waste reduction, and sustainable operations within leased spaces.

M : MAINTAINING GOOD GOVERNANCE

BUSINESS ETHICS AND COMPLIANCE

Why it Matters and Approach

The Manager recognises that upholding strong governance, ethics and integrity is essential to Pavilion REIT's long-term success, which is founded on building and safeguarding the trust that the unitholders and stakeholders have placed in Pavilion REIT. Whilst complying with the applicable laws and regulations, Pavilion REIT is committed to high standards of governance, ethics, and integrity, as well as adopt a zero-tolerance stance on bribery, corruption, and fraud. Hence, the Manager has developed and implemented relevant policies throughout Pavilion REIT's operations.

As part of its commitments, the Manager prohibits all forms of bribery, corruption and facilitation payments to or from third parties. Communication is crucial in creating awareness of the policies amongst employees, third parties and business acquaintances.

Pavilion REIT has revised and enhanced the policies below, which were overseen and approved by the respective Board Committees, effective 17 July 2024, to ensure they remain relevant and aligned with industry best practices. The Code of Conduct & Ethics was previously revised on 24 January 2024. These policies are publicly accessible and effectively communicated to all relevant parties, which can also be accessed on Pavilion REIT's website: www.pavilion-reit.com.

ABC Policy



- sets out relevant statements against bribery and corrupt practices which extends to the Board, employees, tenants, vendors, and suppliers.
- The policy shall be reviewed at least once every 3 years.
- A bribery and corruption risk assessment will be conducted at least once every 2 years.

AML/CFT/CPF Policy



- aims to establish controls to manage and prevent the risks of Pavilion REIT being used as a conduit for money laundering and terrorism financing activities.
- The policy shall be reviewed at no later than 2 years or when required.
- Training sessions will be conducted at least once every 2 years.

Whistleblowing Policy



- provides a safe and transparent mechanism for stakeholders to raise concerns about improper conduct.
- The policy shall be reviewed at least once every 3 years.
- The Manager will ensure protection against retaliation or discrimination for those reporting in good faith.
- Reports of suspected wrongdoing can be submitted via the dedicated website: <https://bdoethics.com/v1/r/QxgwQn00Eyx5cz2z6DILFLAGx4xDL6x9>

Vendor Code of Conduct



- establishes clear guidelines on business integrity, ethical practices, and the Manager's expectations for vendors. It defines compliance parameters and emphasises vendors' responsibility towards environmental stewardship.
- This Code shall be reviewed once every 2 years to ensure it remain relevant and appropriate.

Code of Conduct & Ethics



- serves as guidance for all parties when interacting with Pavilion REIT and promotes the adoption of ethical principles and objectives.
- A briefing session on the Code will be provided to all new joiners and existing employees as a refresher course.

Through these measures, Pavilion REIT reaffirms its dedication to maintaining good governance, fostering ethical business practices, and ensuring accountability at all levels of the organisation.

M : MAINTAINING GOOD GOVERNANCE

Cont'd

Reducing Our Exposure to Bribery and Corruption Risks

Every half yearly, the Manager will identify and assess its exposure to any emerging bribery and corruption risks. The outcome of this assessment will be documented in Pavilion REIT's enterprise risk register. Any occurrence of bribery or corruption will be documented with the corresponding corruption risk assessment, alongside the impacts, root causes, gaps and rectification measures to prevent a recurrence.

The Manager will not enter any business dealings with parties which are suspected to be engaging in improper business practices. Prior to entering a business relationship with Pavilion REIT, due diligence is conducted to verify their identity/ background and to assess their bribery and corruption risks.

To ensure that all employees understand Pavilion REIT's policies and procedures, training materials and trainings were given in both English and Bahasa Malaysia. The Manager also considers various means to communicate the ABC Policy to employees through annual training:

- Communicating issues on bribery and corruption including any relevant laws and regulations;
- Publicizing "lessons learned" out of bribery and corruption cases prosecuted by the authorities;
- Sharing of information on the common bribery and corruption modus operandi (mode of operating)

Corruption-related training

Throughout the reporting year, the Manager demonstrated a strong commitment to anti-corruption initiatives. Anti-corruption training has been provided to 100% of the board members and 100% of employees.

To further reinforce awareness and compliance, the Manager went above and beyond by conducting training sessions despite the trainings can be done at least once every 2 years, ensuring all employees remained informed about the anti-corruption policy and procedures. The anti-corruption training sessions held on July and November 2024.

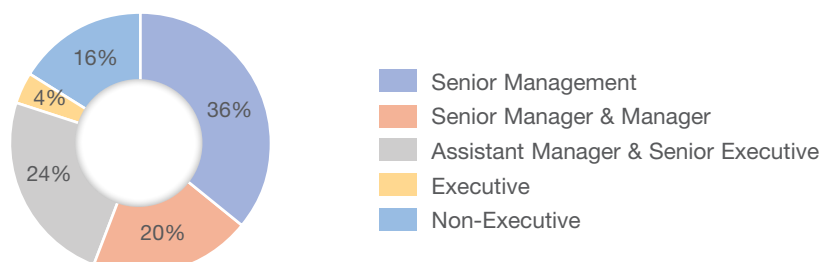
Moving forward, the Manager aims for 100% attendance at future anti-corruption training sessions. This dedication to ongoing education reflects the Manager's commitment to ethical conduct and compliance with the Malaysian Anti-Corruption Commission Act 2009. Additionally, the Manager will continue to regularly review and enhance the anti-corruption policy and procedures to ensure their effectiveness and alignment with evolving legal requirements.

Target: Aim to achieve 100% attendance to anti-corruption training.

Progress

Communication and training about anti-corruption policy and procedure		2022	2023	2024
1. For the Board	Number of members	12	11	10
	%	100	100	100
2. For the employees	Number of trainings	1	1	1
	%	89	100	100

% of employees who have received training on anti-corruption by employee category



M : MAINTAINING GOOD GOVERNANCE

Cont'd

Corruption Risk Assessment

The Manager confirmed that there were no reports of corruptions within the Manager and the operations of Pavilion REIT's properties.

Target: 100% of operations assessed for corruption risks.

Progress

	2023	2024
% of operations that underwent corruption risk assessments	100%	100%

Corruption incidents

As of 31 December 2024, the Manager recorded zero incidents of corruption across Pavilion REIT's properties' business operations.

Target: Zero cases of non-compliance on anti-bribery and corruption.

Progress

	2022	2023	2024
Number of confirmed corruption incidents	0	0	0

To further encourage the reporting of potential corruption concerns, the Manager has strategically positioned suggestion boxes at loading bays and pantries throughout the properties. Employees are strongly encouraged to utilize these channels, as well as the whistleblower portal and Human Resources Department, to report any suspected instances of corruption.

In FY2024, The Manager also confirmed that:

- No corruption incident reports were submitted through the whistleblowing portal.
- No employees faced dismissal or disciplinary action for corruption-related offenses.
- No contracts with business partners were terminated or not renewed due to corruption violations.
- No public legal cases involving corruption were brought against Pavilion REIT or its employees.
- No any instances of non-compliance with laws and regulations.
- Pavilion REIT did not make any contributions to any political parties for any political reason during the year.

The Manager is committed to promoting a culture of transparency and accountability, as well as ensuring the effectiveness of the implemented reporting mechanisms.

Conflict of Interest Practices

In line with Pavilion REIT's Code of Conduct & Ethics, the Manager has implemented a Conflict of Interest (COI) Declaration practice to ensure ethical decision-making and uphold responsible governance. All employees are required to complete an annual declaration of any perceived, potential, or actual conflicts of interest through the COI Form.

If a conflict arises outside the annual declaration cycle—whether due to incidental or ad hoc circumstances—employees must declare it within three (3) working days. Declarations must include comprehensive details, such as:

- The nature of the conflict
- The individuals or entities involved
- The potential impact on the company

Failure to disclose a COI constitutes a breach of Pavilion REIT's Code of Conduct & Ethics and will result in disciplinary action in accordance with the company's established conduct and disciplinary procedures. These practices are integral to the Code of Conduct & Ethics and underscore the Manager's commitment to maintaining transparency and accountability across all levels of operation.

M : MAINTAINING GOOD GOVERNANCE

Cont'd

DATA PRIVACY AND CYBERSECURITY

Why it Matters and Approach

In today's rapidly evolving digital landscape, data privacy and cybersecurity have become essential priorities for businesses worldwide. The increasing reliance on digital technologies and a globally connected economy has amplified concerns regarding cybersecurity threats and the protection of sensitive data processed by organisations.

To safeguard Pavilion REIT's business operations and stakeholder information from cyber-attacks, the Manager is actively working to strengthen in-house cybersecurity systems and procedures. This involves enhancing and developing policies in key areas, including data classification and retention, webinar policy, equipment refreshment policy and procedures etc. Pavilion REIT's approach to cybersecurity is governed by its Technology Risk Management Framework and other relevance IT policies and procedures such as Anti-Virus Management, Disaster Recovery, Firewall Management, Backup and Restore and Network Management.

The Manager recognizes that effective cybersecurity governance and a robust IT infrastructure are fundamental to ensuring data privacy and cybersecurity. The IT infrastructure and information systems serve as the backbone of Pavilion REIT's operations. The IT Department ensures that all IT equipment, systems, and data are well-managed and securely protected. Every employee is responsible for safeguarding Pavilion REIT against cybersecurity risks. Employees are strictly prohibited from sharing confidential information with unauthorized external parties. Additionally, any IT-related modifications or system adjustments must be carried out exclusively by certified and professional vendors, with prior authorisation from Pavilion REIT.

To improve efficiency and sustainability, Pavilion REIT encourages the use of digital tools for viewing, approving, and digitally signing working documents. A clear understanding of emerging technologies and IT tools enables the organization to streamline business processes and enhance productivity effectively.

Progress and Key Initiatives

The Manager continuously enhances Pavilion REIT's information security framework to safeguard data integrity, confidentiality, and availability. Key initiatives include:

Review and Enhancement of IT Security Policies	Penetration Testing	Cybersecurity Awareness Training	System Security Measures
Regular updates to IT security policies, physical security measures, and end-point protection solutions ensure alignment with current business requirements.	Periodic penetration testing exercises identify vulnerabilities and strengthen system resilience.	Annual cybersecurity awareness programs equip employees with the skills to recognize and respond to cyber threats. In 2024, training sessions were held on 7 May and 14 May, attended by all employees.	Periodic reviews of system access privileges, implementation of security patches, and use of Multi-Factor Authentication (MFA) and Two-Factor Authentication (2FA) ensure systems remain protected against unauthorized access and potential breaches.

To further enhance cybersecurity awareness, knowledge-sharing articles are disseminated regularly, keeping employees informed about emerging threats and trends in cybersecurity and technology.

M : MAINTAINING GOOD GOVERNANCE

Cont'd

Protecting Our Shoppers' Privacy

Pavilion REIT demonstrates a strong commitment to data privacy and security, as evidenced by its consistent compliance with the Personal Data Protection Act (PDPA). Notably, in 2024, Pavilion REIT's properties achieved zero reported or substantiated complaints regarding shopper privacy breaches or data loss. This achievement reflects the effectiveness of Pavilion REIT's data security framework and its dedication to safeguarding shopper information.

Target: Zero reports of complaints concerning breaches of customer privacy and loss of customer data.

	2023	2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0

This external commitment to shopper privacy aligns with Pavilion REIT's internal focus on cybersecurity and data protection. The Manager's proactive measures to fortify IT infrastructure, train employees, and implement robust cybersecurity protocols ensure that both internal systems and external customer interactions remain secure. Together, these efforts create a comprehensive approach to data privacy and cybersecurity, reinforcing Pavilion REIT's reputation as a trusted and responsible organisation.

Future Initiatives and Long-Term Plans

Building upon Pavilion REIT's current commitment to data privacy and cybersecurity, the Manager is focused on continuing to strengthen both its internal infrastructure and external data protection efforts. The following long-term plans will ensure that Pavilion REIT remains resilient, efficient, and at the forefront of cybersecurity and data privacy best practices:

Expansion of E-Services	Continuous Improvement	Cloud Migration	Paperless Environment	Optimized IT Asset Ownership
Explore and plan for the implementation of additional e-services to improve productivity and operational efficiency.	Maintain ongoing enhancements in cybersecurity protocols to meet audit compliance standards.	Gradually migrate enterprise-based systems to cloud platforms for improved scalability and resilience.	Promote a paperless business model to drive efficiency and sustainability.	Strategically reduce Pavilion REIT's IT asset ownership to streamline resource allocation and management.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

CLIMATE CHANGE

Why it Matters and Approach

Malaysia's target of net-zero GHG emissions by 2050 and renewable energy milestones (31% by 2025, 40% by 2035) align with global efforts under the Paris Agreement. As part of Malaysia's NDC, the country's aim to reduce carbon intensity by 45% by 2030, reinforces the urgency of transitioning to sustainable operations. The Manager recognises that climate change is a pressing issue, impacting livelihoods across Malaysia through increasingly frequent and intense weather changes.

Pavilion REIT acknowledges that while its properties are not directly situated in flood-prone areas, the implications of climate change, ranging from extreme weather to resource scarcity, require a proactive and strategic approach. Energy consumption constitutes a significant portion of Pavilion REIT's environmental footprint, making energy efficiency and emissions reduction pivotal priorities.

To address these challenges, Pavilion REIT integrates sustainable practices across its operations, guided by a Board-level Sustainability Committee that oversees ESG initiatives biannually. Key focus areas include reducing energy and water consumption, minimizing waste, and enhancing biodiversity wherever possible around its properties. Initiatives such as exploring renewable energy options, implementing smart energy systems, and encouraging recycling and water-saving measures contribute to operational efficiency and environmental stewardship. Regular climate risk assessments and adherence to green building standards further bolster resilience and align Pavilion REIT with global sustainability objectives.

By embedding sustainability into its operations, Pavilion REIT not only reduces costs, such as through lower energy consumption, but also strengthens its reputation as a responsible and forward-thinking organisation. These efforts support Malaysia's broader sustainability goals, ensuring long-term resilience and creating a positive impact on the environment, tenants, and surrounding communities. Through this balanced approach, Pavilion REIT safeguards its future while contributing meaningfully to the nation's climate ambitions.

Pavilion REIT's Commitment to Net Zero Carbon

- **20% Carbon Reduction by 2030:** Pavilion REIT aims to achieve a 20% reduction in Scope 2 carbon emissions by 2030, using FY2019 as the baseline year.
- **50% Renewable Energy by 2040:** Pavilion REIT targets sourcing 50% of its total electricity consumption from renewable energy sources by 2040, supporting its long-term carbon reduction goals.
- **Net Zero Carbon⁽¹⁾ by 2050 (Scope 1 & 2):** Pavilion REIT is committed to achieving net zero carbon emissions across Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity) by 2050. The baseline year for existing properties is set at FY2019, while newly acquired properties will use their first full financial year's operational data as the baseline, subject to change.

Notes:

- (1) *Achieving net zero carbon emissions means that Pavilion REIT will balance the carbon it emits (Scope 1 & 2) with an equivalent amount of carbon removal or offsetting measures, ultimately resulting in no net increase of carbon dioxide in the atmosphere from its direct and indirect operations.*
- (2) *Sustainability targets are adjusted based on annual progress across indicators where applicable, reflecting Pavilion REIT's dynamic commitment to continuous improvement.*

Biodiversity

The Manager is dedicated to preserving and promoting biodiversity across its properties and surrounding areas whenever possible. Pavilion REIT's properties are situated within urban environments, where the direct impact on natural ecosystems is minimal. As none of these properties are located within protected areas, no material biodiversity risks have been identified.

Nonetheless, the Manager remains committed to implementing sustainable practices that support urban biodiversity. This includes incorporating green spaces, adopting eco-friendly landscaping and collaborating with stakeholders to minimize ecological impacts wherever needed. The Manager continues to monitor environmental developments and explore initiatives that enhance biodiversity and contribute to a sustainable urban ecosystem.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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Climate Transition Strategy

To navigate this path towards net zero carbon, the Manager has developed a comprehensive climate transition strategy. This strategy, alongside its policies such as Sustainability Policy and Environmental Policy, acts as a roadmap for Pavilion REIT's decarbonization efforts. It rests on three key pillars:

1. Managing Pavilion REIT's Emissions

- **Enhancing Energy Efficiency**
 - Implementing measures like LED lighting and new/upgrade chiller system that are more energy efficient to reduce electricity consumption across its properties.
 - Subscribing to TNB's GET scheme for cleaner energy sources.
 - Conducting regular energy audits to identify and address energy waste.
- **Integrating Sustainable Practices**
 - Encouraging responsible waste management and water conservation initiatives.
 - Partnering with green suppliers and service providers.

2. Investing in Low Emissions and Green Technologies

- **Embracing Clean Technologies**
 - Implementing smart building systems to optimize energy usage.
 - Providing electric vehicle charging infrastructure to support clean transportation.
 - Exploring innovative solutions for low-carbon technologies.
- **Prioritizing Green Buildings**
 - Targeting green building certifications for its properties.
 - Employing sustainable construction practices and materials in new renovations and asset enhancement exercises.

3. Leveraging on Partnerships and Collaboration

- **Engaging Stakeholders:**
 - Partnering with tenants, suppliers, and industry players to promote climate action.
- **Participating in Sustainability Initiatives:**
 - Collaborating with relevant organizations and associations to advance sustainable practices.

Progress

Upholding Our Commitments Towards Climate Change

Pavilion REIT actively pursues its strategic pillars, placing a strong emphasis on driving real progress in emission reduction and contributing to a cleaner, more sustainable future. The Manager demonstrates this commitment through several initiatives implemented during the year:

- **Installed sensor-activated lighting systems throughout all staircases and carparks of Pavilion Kuala Lumpur Mall and Elite Pavilion Mall.** This not only reduces energy consumption but also enhances user convenience and safety.
- **Upgraded LED lighting within Pavilion Kuala Lumpur Mall and Elite Pavilion Mall.** This energy-efficient technology further minimizes greenhouse gas emissions while maintaining optimal lighting levels.
- **EV charging stations at Pavilion Kuala Lumpur Mall, Pavilion Bukit Jalil, and DA MEN Mall.** This promotes sustainable transportation, attracting environmentally conscious shoppers and tenants.
- **Successfully subscribed to TNB's GET scheme for Pavilion Kuala Lumpur Mall, Pavilion Tower and Intermark Mall.** This proactive step signifies a pivotal shift towards green energy, diversifying Pavilion REIT's energy portfolio and aligning with Malaysia's renewable energy goals.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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Recognizing the increased risk of flooding due to climate change, Pavilion REIT has implemented comprehensive SOPs for managing flash floods around its properties. These SOPs include:

- **Floodgate activation:** Identifying key car park ramp entrances (e.g., Pavilion Kuala Lumpur Mall, DA MEN Mall) and promptly activating floodgates to prevent water ingress.
- **Floodwater removal:** Utilizing vacuum and flushing systems to efficiently remove floodwater within properties.
- **Sandbagging:** Deploying sandbags at vulnerable property entrances for additional protection.
- **Patron evacuation:** Guiding patrons to the nearest exit if the situation worsens.

These measures demonstrate Pavilion REIT's proactive approach to climate resilience, ensuring the safety of its stakeholders and the continued operation of its properties.

Supporting Clean Transportation



Pavilion REIT is committed to supporting sustainable transportation through the installation of EV charging stations across its properties. A total of 26 EV charging stations are operational at Pavilion Kuala Lumpur Mall, Pavilion Bukit Jalil and DA MEN Mall. Among these, 16 are Tesla Superchargers, marking the first Tesla Supercharging stations in Malaysia.

Collectively in FY2024, the 26 EV charging stations across Pavilion REIT properties supported 17,505 charging sessions. These stations represent an essential investment in clean transportation and are designed to help reduce GHG emissions while meeting the needs of environmentally conscious employees, tenants and shoppers.

Pavilion REIT's strategic installation of EV charging stations aligns with its commitment to sustainability and Malaysia's broader goals of achieving net-zero GHG emissions by 2050. By facilitating the adoption of clean transportation, Pavilion REIT contributes to reducing the carbon footprint of urban mobility while enhancing the appeal and accessibility of its properties for EV users.

Sustainable Connectivity: Free Shuttle Bus Services



For the convenience of shoppers, Pavilion Bukit Jalil offers a daily free shuttle service connecting LRT Awan Besar to the mall. The shuttle bus services are available daily, with the designated pick-up and drop-off point at Pavilion Bukit Jalil located at the Park Entrance. From January to December 2024, the service recorded an impressive 529,603 riders, reflecting its popularity and utility among mall patrons and employees.

This initiative not only enhances convenience but also contributes to reducing commuting-related emissions, supporting Pavilion REIT's commitment to sustainability. By providing a reliable and accessible alternative to driving, the shuttle service increases the mall's accessibility for customers who may lack direct access to public transportation or personal vehicles.

Furthermore, the shuttle bus service helps alleviate traffic congestion in the area, making Pavilion Bukit Jalil more accessible and enjoyable for all visitors. This aligns with Pavilion REIT's goal of creating a seamless, sustainable, and customer-focused shopping experience.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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Innovative Transit: Solar-Generating Bus Stop



Pavilion Bukit Jalil continues to champion sustainability and convenience by constructing solar-generating public bus stop. This innovative facility not only enhances access to the mall but also underscores Pavilion Bukit Jalil’s commitment to environmentally friendly initiatives. Equipped with solar panels, the bus stop harnesses renewable energy to power lighting and other basic features, reflecting the mall’s dedication to promoting clean energy solutions. The total investment for this project amounts to RM165,000.

This bus stop adds significant value for shoppers, tenants, and the surrounding community by improving connectivity to the mall and making commuting more convenient. The integration of solar technology aligns with Pavilion Bukit Jalil’s broader sustainability goals, providing a tangible example of how small yet impactful changes can contribute to a greener future.

Additionally, RapidKL bus services commenced operations at this location on 1 December 2024, further enhancing accessibility for the public. These services provide a reliable and cost-effective transportation option, encouraging the use of public transit and reducing reliance on private vehicles. By facilitating sustainable and efficient transit options, Pavilion Bukit Jalil continues to support the community’s mobility needs while addressing environmental concerns such as traffic congestion and carbon emissions.

Scope 1 Emissions

Pavilion REIT reports its owned or controlled generator sets usage as direct GHG emissions (Scope 1) under its operational control asset, contributing approximately 7.3 tonnes of CO₂e in FY2024. While this amount may seem small in the immediate context, Pavilion REIT remains committed to continuous emission reduction. The Manager’s long-term strategy involves transitioning to renewable energy sources, effectively eliminating emissions from these generators in the future.

Properties	Scope 1 (tCO ₂ e/gallon) ⁽¹⁾		Description
	2023	2024	
Pavilion Kuala Lumpur Mall	8.9	0	6 diesel gensets, there was no fuel purchase for FY2024.
Elite Pavilion Mall	4.6	0	1 diesel genset, there was no fuel purchase for FY2024.
Pavilion Tower	22.1	0	1 diesel genset, there was no fuel purchase for FY2024.
Intermark Mall	0	7.3	3 diesel gensets, total fuel purchased: 2,700 liters in FY2024.
DA MEN Mall	Genset is owned and managed by DA MEN management corporation and not DA MEN Mall. ⁽³⁾		
Pavilion Bukit Jalil	0.1 ⁽²⁾	0	7 diesel gensets, monitored via meters, there was no fuel consumption for FY2024.
Total	35.7	7.3⁽⁴⁾	

Notes:

- (1) The emission factor calculation is based on the assumption that 1 gallon of diesel emits 10.21kg of CO₂, as per the US EPA’s Emission Factors for Greenhouse Gas Inventories (2023).
- (2) Negligible, Pavilion Bukit Jalil employs kWh to measure genset usage and applies an emission factor of 0.758 tCO₂e/MWh, as per the Malaysian Energy Commission’s 2021 data. Data availability for Pavilion Bukit Jalil is limited to the period from June to December 2023, as the mall was acquired on 1 June 2023.
- (3) Data is unavailable as the genset is owned and managed by DA MEN Management Corporation, not DA MEN Mall. Despite this, the Manager will continue to make best efforts to obtain the data for future improvements.
- (4) Scope 1 emission arising from fuel consumed for gensets in FY2024 has been assured externally by KPMG. Where direct fuel usage data is unavailable, the Manager uses fuel purchased as a proxy to ensure accurate emissions tracking.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

A baseline for Scope 1 emissions will be established after three years of data collection. The Manager acknowledges that fugitive emissions may not be fully accounted for due to data limitations, including availability and measurement constraints. Efforts are ongoing to improve data collection and disclosure as reliable data becomes available. The Manager remains committed to enhancing the transparency and comprehensiveness of its Scope 1 emissions disclosures, reinforcing Pavilion REIT's dedication to environmental accountability.

Scope 2 Emissions

Pavilion REIT is dedicated to reducing its environmental footprint, with a particular focus on Scope 2 emissions. These include landlord-controlled electricity consumption within the common areas of Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, Intermark Mall, DA MEN Mall, and Pavilion Bukit Jalil. Scope 2 emissions are calculated using the 2021 Grid Emission Factor from the Malaysia Energy Commission, set at 0.758 tCO₂e/MWh.

Scope 2 GHG emission (tCO ₂ e/MWh)	FY2019 (Base Year)	FY2022	FY2023	FY2024
	83,628	71,336	94,757	79,056 ⁽¹⁾

Note:

(1) The GHG emission data for Scope 2 in FY2024 has been assured externally by KPMG.

In FY2024, total Scope 2 emissions were reduced to 79,056 tCO₂e, compared to 83,628 tCO₂e in FY2019, representing a 5.5% reduction. This reduction was mainly driven by increased adoption of Malaysia's GET. In FY2023, Pavilion REIT subscribed to GET for Pavilion Kuala Lumpur Mall and Intermark Mall (starting from August 2023). In FY2024, the program was expanded to Pavilion Tower, alongside increased subscriptions for Pavilion Kuala Lumpur Mall and Intermark Mall, amplifying the impact of renewable energy.

To ensure consistency with the FY2019 baseline, emissions from Pavilion Bukit Jalil i.e. 39,131 tCO₂e, which was not part of the portfolio in FY2019, are excluded in the analysis. Excluding Pavilion Bukit Jalil, FY2024 emissions fell to 39,925 tCO₂e, a 52.3% reduction compared to FY2019. This decrease highlights the success of Pavilion REIT's energy management initiatives and demonstrates that the target of a 20% carbon reduction has already been achieved. The Manager will continue to monitor progress closely and implement measures to sustain and enhance this achievement.

While Pavilion Bukit Jalil is excluded from the target setting, Pavilion REIT remains committed to reducing electricity consumption and improving sustainability initiatives at Pavilion Bukit Jalil. The Manager plans to revisit the FY2019 baseline once three years of data for newly acquired assets like Pavilion Bukit Jalil are available, enabling more accurate comparisons and assessments.

Scope 3 Emissions

This year, Pavilion REIT has enhanced its Scope 3 GHG emissions reporting to include business travel and employee commuting, in addition to electricity consumption by tenants and consumers. This expansion aims to provide stakeholders with a more comprehensive view of Pavilion REIT's indirect environmental impacts and underscores its commitment to sustainable and responsible operations.

Scope 3 emissions encompass indirect emissions that occur in Pavilion REIT's value chain. Specifically, this includes:

- Electricity purchased and resold to end users
- Employee commuting
- Business travel

Recognizing the importance of addressing all relevant sources of indirect emissions, Pavilion REIT's Manager remains committed to exploring additional Scope 3 categories in future reporting cycles.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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Overview

Tenants' and Consumers' Electricity Consumption

The scope of this reporting includes electricity consumption across Pavilion REIT properties where Pavilion REIT acts as the direct electricity supplier. This includes:

- Pavilion Kuala Lumpur Mall (including Pavilion Hotel and Pavilion Suites)
- Elite Pavilion Mall
- Pavilion Bukit Jalil
- Pavilion Tower

The Scope 3 GHG emissions for these properties reflect the emissions generated from electricity purchased by Pavilion REIT and resold to end users. Scope 3 emissions are calculated using the 2021 Grid Emission Factor from the Malaysia Energy Commission, set at 0.758 tCO₂e/MWh.

tCO ₂ e/MWh	FY2023	FY2024
Total Emissions	38,267 ⁽¹⁾	49,216 ⁽²⁾

Notes:

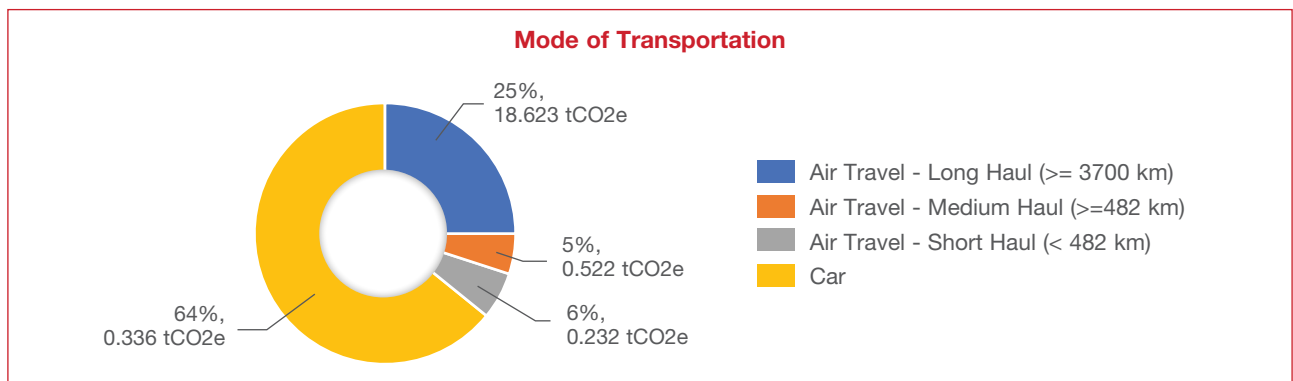
- (1) The GHG emission data for FY2023 from Pavilion Kuala Lumpur Mall (including Pavilion Hotel, Pavilion Suites, and Elite Pavilion Mall) and Pavilion Tower has been externally assured by KPMG.
- (2) For FY2024, KPMG has assured Scope 3, Category 13 emissions arising from electricity sold to tenants. This assurance does not include emissions from business travel or employee commuting.

In FY2024, total Scope 3 emissions increased due to the inclusion of electricity consumption data from Pavilion Bukit Jalil. The breakdown of emissions is as follows:

- Pavilion Kuala Lumpur Mall: 32,701 tCO₂e/MWh
- Elite Pavilion Mall: 5,001 tCO₂e/MWh
- Pavilion Tower: 476 tCO₂e/MWh
- Pavilion Bukit Jalil: 11,037 tCO₂e/MWh

The Manager plans to establish a baseline year for consistent annual comparisons once three years of data have been collected and stabilised. The reported emissions above exclude tenant electricity consumption at Intermark Mall and DA MEN Mall, as tenants are billed directly by electricity suppliers. While Pavilion REIT does not have direct access to this data, the Manager will continue to explore avenues to obtain it where feasible.

Business Travel



tCO ₂ e/miles	FY2024
Total Emissions	19.71

Please note that minor percentage differences may occur due to rounding in calculations. These differences are not material and do not affect the overall accuracy of the reported data.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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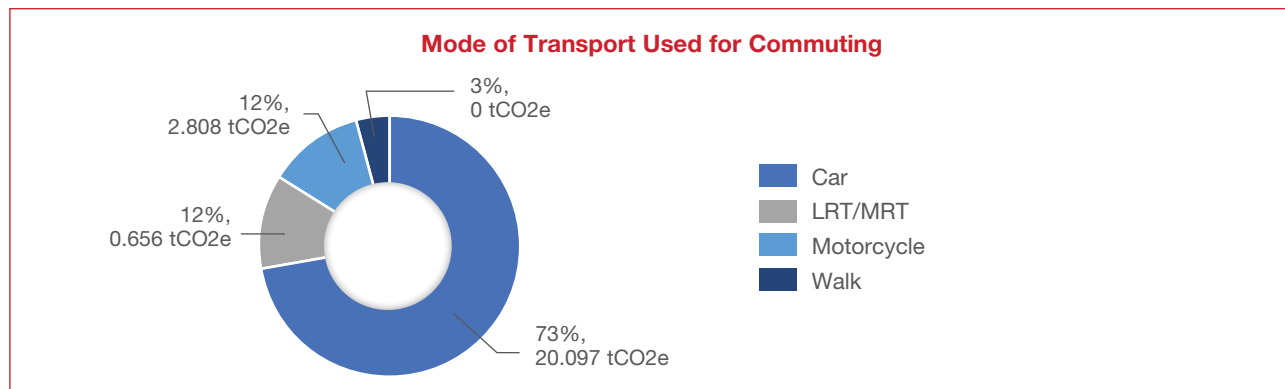
Pavilion REIT actively monitors and tracks the environmental impact of employee business travel as part of its commitment to sustainability. The Manager takes into account the mode of transportation utilised by employees, which includes air travel, buses, cars, motorcycles, and public transport such as LRT/MRT.

To calculate the GHG emissions associated with business travel, Pavilion REIT uses the emission factors provided by the US EPA GHG Emission Factors Hub 2024. This ensures that the reporting aligns with globally recognized standards for accuracy and transparency.

Employees are required to complete and submit travel claim forms, including all relevant travel details, which are supported by invoices and receipts for verification. For FY2024, the Manager's employees contributed to business travel emissions, generating a total of 19.71 tCO₂e/miles.

Pavilion REIT's ongoing efforts to monitor business travel emissions reflect its dedication to reducing its carbon footprint and encouraging sustainable practices within its operations.

Employees' Commuting



tCO ₂ e/ miles	FY2024
Total Emissions	23.56

Please note that minor percentage differences may occur due to rounding in calculations. These differences are not material and do not affect the overall accuracy of the reported data.

This category covers emissions generated by employees commuting to and from work. In 2024, Pavilion REIT conducted a survey among its employees to gather data on their commuting habits, including mode of transport and daily travel distance. The boundary for this assessment was limited to the Manager's employees.

The HR department facilitated this process by distributing the survey and collecting responses from employees. Participants provided details about their commuting patterns, enabling Pavilion REIT to estimate the associated GHG emissions.

For calculating the environmental impact of employee commuting, Pavilion REIT utilised emission factors from the US EPA GHG Emission Factors Hub 2024, ensuring the results are accurate and aligned with international standards.

This initiative reflects Pavilion REIT's commitment to understanding and managing its indirect emissions as part of its broader sustainability strategy.

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GHG Emission Intensity

Pavilion REIT is committed to responsible operations and reducing its environmental impact. A key measure of this commitment is GHG emission intensity, which tracks the amount of GHG emissions released per unit of activity or output. This metric helps monitor progress toward sustainability goals and identify areas for improvement.

GHG emission intensity for Pavilion REIT is calculated as tons of CO₂ equivalent per square meter of gross floor area (tCO₂e/m²). By normalizing emissions to GFA, this metric ensures fair and consistent comparisons over time, even as the portfolio grows and evolves. A lower intensity indicates greater operational efficiency and reduced environmental impact.

The GHG emission intensity metric includes - Scope 1: Emissions from generator fuel consumption, Scope 2: Emissions from landlord electricity consumption and Scope 3: Emissions from tenant electricity consumption. This approach focuses on the material sources of emissions, ensuring relevance and transparency in reporting.

There has been a change in the GHG intensity calculation. Instead of summing up the emissions from each property individually, the Manager now reflects and updates the GHG emission intensity based on the total portfolio and overall emissions.

In FY2024, Pavilion REIT achieved a GHG emission intensity of 0.18 tCO₂e/m², based on total emissions of 128,279 tCO₂e, normalized by a gross floor area of 714,650 m². This represents a notable improvement compared to 0.22 tCO₂e/m² in FY2019, reflecting a 18.2% decrease over five years. This decline highlights Pavilion REIT's efforts to improve energy efficiency and implement sustainable practices across its portfolio.

The inclusion of Pavilion Bukit Jalil in FY2023 and the addition of Scope 3 emissions significantly impacted the GHG emission intensity results. These changes provide a more comprehensive and accurate view of Pavilion REIT's emissions profile, aligning with reporting standards and strengthening Pavilion REIT's commitment to transparency and accountability.

Total GHG Emission Intensity (tCO ₂ e/m ²)	FY2019	FY2022	FY2023	FY2024
	0.22	0.19	0.19	0.18

To drive further improvement, Pavilion REIT has set a target to reduce carbon intensity for its direct and indirect operations (Scopes 1 and 2) by 20% by 2030, using FY2019 as the baseline year. When excluding Scope 3 emissions, Pavilion REIT's GHG emission intensity shows even greater improvement:

Total GHG Emission Intensity (tCO ₂ e/m ²)	FY2019	FY2022	FY2023	FY2024
Scope 1 and 2 only	0.22	0.19	0.13	0.11

This focused approach highlights the impact of energy efficiency initiatives directly under Pavilion REIT's operational control while maintaining transparency on the broader emissions profile.

CO₂ Emission Avoidance

Pavilion REIT remains committed to a sustainable future and actively pursues innovative energy-efficient applications and initiatives. A significant milestone was achieved this year through the TNB's GET program.

Across the landlord's electricity consumption, Pavilion REIT total portfolio subscribed to 32% renewable energy, marking a meaningful shift towards cleaner energy sources. Individually, Pavilion Kuala Lumpur Mall subscribed to 68% of its electricity under the GET program, while Intermark Mall sourced 33%, and Pavilion Tower subscribed to 29%.

These efforts represent an important step in Pavilion REIT's journey to meet its carbon emission targets, which include achieving 50% renewable energy utilisation by 2040. This long-term goal will significantly increase reliance on clean energy sources, reducing Pavilion REIT's environmental footprint. Currently, Pavilion Kuala Lumpur Mall, Pavilion Tower, and Intermark Mall are participating in the GET program, with plans to expand renewable energy adoption across other properties, where feasible.

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The adoption of the GET program has delivered substantial environmental benefits by avoiding significant CO₂ emissions. In FY2023, Pavilion Kuala Lumpur Mall avoided 19,553 tonnes of CO₂ emissions, while Intermark Mall, which joined the program in August 2023, avoided 640 tonnes of CO₂ emissions. In FY2024, the environmental benefits expanded further, with the total portfolio avoiding 35,744 tonnes of CO₂ emissions, compared to 20,193 tonnes in FY2023. These achievements are supported by the Malaysia Renewable Energy Certificates (mREC) provided by TNB, which validate the renewable energy consumed under the GET program.

Properties Participating in the GET Energy Program

Properties	CO ₂ emission avoidance (tCO ₂ e/MWh)		
	FY2022	FY2023	FY2024
Pavilion Kuala Lumpur Mall	15,033 ⁽¹⁾	19,553	32,614 ⁽³⁾
Intermark Mall	-	640 ⁽²⁾	2,742
Pavilion Tower	-	-	388 ⁽³⁾
Total	15,033	20,193	35,744

Notes:

- (1) CO₂ emission avoidance for Pavilion Kuala Lumpur Mall in FY2022 is based on March to December 2022 of GET subscription.
- (2) CO₂ emission avoidance for Intermark Mall in FY2023 is based on a partial year of GET subscription, as the subscription began in August 2023.
- (3) CO₂ emission avoidance for Pavilion Tower in FY2024 is based on a partial year of subscription (January to mid-August 2024). Following this period, Pavilion Tower's electricity supply was integrated under Pavilion Kuala Lumpur Mall's GET subscription. To maintain the REIT's overall percentage of green electricity, the Manager reallocated Pavilion Tower's subscription under Pavilion Kuala Lumpur Mall.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

Aligned with the TCFD recommendations across four key areas—governance, strategy, risk management, and metrics & targets—Pavilion REIT is committed to transparent reporting of its climate-related risks, opportunities and financial impacts.

Additionally, the Manager is actively exploring alignment with the International Financial Reporting Standards (IFRS) S1 and S2 to ensure standardised and comprehensive climate-related financial reporting. This approach enhances transparency, enables informed decision-making and strengthens unitholders confidence in its sustainability strategy. The Manager remains committed to continuously improving its disclosures over time.

Governance

The Sustainability Committee (SC) supports the Board in strategically integrating sustainability considerations, including climate-related risks, opportunities and sustainability initiatives across Pavilion REIT's properties.

The SC, comprising five independent directors oversees climate-related risks, opportunities, initiatives and target setting, ensuring alignment with Pavilion REIT's sustainability strategy. The SC met twice yearly to reviews and monitor Pavilion REIT's sustainability performance and progress.

The Sustainability Working Committee (SWC), chaired by the Manager's CEO and comprising property representatives is responsible for executing climate strategies, monitoring performance and reporting to the SC.

Roles and responsibilities related to sustainability for the Board, senior management, and working-level teams are clearly defined within the Sustainability Policy, ensuring accountability and effective implementation across all levels.

The Board Committee's Terms of Reference explicitly include climate-related matters, reinforcing the Board's commitment to addressing environmental risks and opportunities.

Additionally, the Board engages in ongoing training on ESG-related topics, ensuring that directors remain informed of emerging sustainability issues, regulatory developments and best practices.

For further details, on the sustainability governance structure, please refer to Sustainability Governance section in this report.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

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Strategy and Risk Management

At Pavilion REIT, climate change and environmental stewardship are central to its strategic priorities. The Manager actively assess climate-related risks and integrate them into its enterprise risk management framework to enhance resilience and long-term value creation.

Pavilion REIT has expanded and enhanced ESG-related impact areas as in risk assessment parameters, by incorporating ESG related impact into the risk management policy and procedures effective from 25 April 2024.

The Manager also conduct regular risk assessments with cross-departmental risk owners to identify, evaluate, and mitigate climate risks across all operating assets. These assessments consider both physical risks (e.g., storms, floods, droughts and wildfires) and transition risks (e.g., policy shifts, technological advancements and reputational risks) to ensure a proactive approach to climate resilience.

Physical Risks

Pavilion REIT recognizes the potential impacts of extreme weather events and long-term climate shifts on its properties. Key risks include:

- Flash floods, rising temperatures (heatwaves/El Niño), earthquakes/tremors, and other extreme weather events that could cause damage—ranging from minor disruptions to major structural impacts.

Key impacts:

- Increased operational costs, service disruptions, infrastructure damage, reputational risks and operational downtime.

To mitigate these risks, the Manager has implemented:

- **Safety protocols** – Mandatory briefings for contractors and employees.
- **Regular inspections and maintenance** – Conducted by its Mechanical & Electrical (M&E) teams.
- **Flood prevention measures** – Including flood gate activation and drainage system improvements.
- **Crisis management strategies** – Emergency Response Team (ERT) training in firefighting, first aid, and disaster response.
- **Ongoing risk assessments** – Identifying vulnerabilities and implementing preventive measures to safeguard assets.

Transition Risks

The transition to a low-carbon economy presents regulatory and financial challenges, including:

- Rising electricity and fuel costs.
- Investments in energy-efficient technologies and renewable energy solutions.
- Potential future carbon pricing policies.

Key impact:

- Increased operating costs due to compliance requirements and sustainability-related investments.

To address these challenges, the Manager has implemented:

- **Regulatory compliance and monitoring** – Keeping pace with evolving climate-related policies and industry standards.
- **Energy and emissions reduction targets** – Aiming to reduce Pavilion REIT's environmental footprint through efficiency improvements.
- **Renewable energy exploration** – Investing in and evaluating the feasibility of solar and other clean energy solutions.
- **Systematic building performance monitoring** – Enhancing operational efficiency through data-driven energy management.
- **Sustainability integration into corporate strategy** – Strengthening stakeholder engagement and transparent reporting on climate goals and progress.

For further details, please refer to Our Risk and Opportunities and Climate Change sections in this report.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Metrics and Targets

In FY2024, Pavilion REIT continuously refined its sustainability targets to ensure they effectively address climate change and broader environmental and social priorities. These targets focus on:

- Energy management – Improving efficiency and reducing consumption.
- Water management – Minimizing usage and promoting conservation.
- Waste management – Reducing waste generation and enhancing recycling efforts.
- Emissions management – Tracking and reducing greenhouse gas (GHG) emissions.
- Social impact – Strengthening engagement with stakeholders and communities.

These targets are detailed in the “Creating Sustainable Impact” section of this report. Pavilion REIT actively monitors and tracks emissions across its properties and is committed to transparent disclosure of its environmental performance in the integrated annual report.

Pavilion REIT also expands its Scope 3 emission calculations this year by assessing employee work commute and business travel.

ENERGY MANAGEMENT

Why it Matter and Approach

Pavilion REIT’s properties are proactively working towards operating sustainably in line with the Manager’s sustainability commitments which include minimizing any adverse impact on the environment by adopting sustainable energy management measures to reduce energy consumption and use green energy as an energy source.

Each properties facilities and operations have implemented operational procedures to ensure the energy consumption of its properties is managed efficiently and comply to the relevant regulations.

01

Measure and Inspect

Pavilion REIT conduct regular inspections, tests and calibration of electrical installations to ensure they are operating efficiently and smoothly. Energy consumption at each property is measured and monitored on a regular basis for any anomaly. In the effort to prevent excessive energy losses involving piping insulation and duct system insulation and to prevent condensation under certain conditions, random inspections are conducted to ensure there are no air leakage and water leakage under any circumstances. These procedures ensure optimum usage and reduce any impact to environment due to wastage of resources.

02

Fix and Maintain

Upon detection of any anomaly, they will be investigated and corrective action will be promptly taken to resolve any issues. Energy maintenance have been implemented, which is maintenance of all systems that uses or affect energy usage. The energy maintenance includes routine maintenance tasks such as yearly chiller oil change, using thermography infrared for electrical installation as well as cleaning and servicing of electrical components.

03

Monitor

Building Automation System (BAS) is used to monitor system performance for air conditioning system efficiency. BAS also monitors the sub-metering of building systems to track energy consumption of major equipment and other end use application, for example, by categorizing load into building systems such as chillers, tenant and landlord.

04

Compliance

Pavilion REIT ensures all electrical installations are in compliant with the Electricity Supply Act 1990 (Act 447), Electricity Regulations 1994 with relevant certificates and licenses for their operation. Regular inspections are conducted at each property by an independent Certified Supervising Engineer who is registered with Energy Commission. All properties are managed by certified Chargeman and Energy Manager which is required in accordance with the Electricity Supply Act 1990 (Act 447).

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Progress

Key Initiatives related to Energy Management

As energy management is closely intertwined with climate change – emission management, detailed information about strategies and initiatives can be found in the “Climate Change” section of this report. The energy consumption data presented here reflects landlord electricity usage, including renewable energy sourced through green electricity programs.

In FY2024, Pavilion REIT’s total energy consumption across all properties increased by 35.8% compared to FY2019. This rise was primarily driven by the full-year inclusion of Pavilion Bukit Jalil, which was acquired in June 2023. Additionally, the year-on-year increase in electricity consumption can be attributed to higher mall visitation and warmer climate conditions. When PBJ’s data is excluded, total energy consumption was 98,064,630 kWh, reflecting a 11.1% decrease compared to FY2019.

This reduction, achieved despite portfolio expansion, demonstrates the impact of Pavilion REIT’s ongoing energy efficiency initiatives, including:

- **Installation of sensor activated lighting & LED lighting upgrades:** Transitioning to energy-efficient lighting to reduce electricity usage across properties.
- **Green electricity adoption:** Increasing reliance on renewable energy sources, supported by the GET program.
- **Proactive energy monitoring:** Conducting regular energy checks to minimize waste and optimize energy usage.

Electricity Consumption by Landlord

Metrics	FY2019	FY2022	FY2023	FY2024	Target	Progress
Landlord Electricity Consumption (kWh)	110,328,076	94,111,270	125,009,245	150,121,209 ⁽¹⁾	-	Increase of 36.1% compared to FY2019 due to PBJ inclusion
Green Electricity Usage (kWh)	-	19,272,717	25,888,000	45,825,600 ⁽¹⁾	50% renewable electricity by 2040 by all Pavilion REIT assets under operational control	Achieved 31% renewable electricity usage in FY2024
% of Renewable Electricity	-	20%	21%	31%	50% by 2040	31% achieved
Landlord Electricity Consumption Without PBJ (kWh)	110,328,076	94,111,270	94,290,180	98,496,626	3% reduction in landlord electricity consumption by 2030 vs FY2019	10.7% reduction achieved
% of Renewable Electricity (without PBJ)	-	20%	27%	47%	50% by 2040	47% achieved

Note:

(1) The electricity data in FY2024 has been assured externally by KPMG.

The Manager remains committed to Pavilion REIT’s energy management goals and broader sustainability objectives. Key targets include:

1. Achieving a 3% reduction in landlord electricity consumption by 2030 compared to FY2019 levels.
2. Utilizing 50% renewable electricity across all operational assets by 2040.

To meet these goals, Pavilion REIT will continue to implement innovative energy-saving solutions and expand the adoption of renewable energy programs like the GET. The Manager will also prioritize investments in energy-efficient technologies and maintain proactive energy monitoring to drive continuous improvement.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Electricity Consumption by Tenants and End Users

The Manager began collecting data on tenant and end-user electricity consumption in FY2023. This report covers electricity usage at Pavilion Kuala Lumpur Mall (including Pavilion Hotel and Pavilion Tower), Elite Pavilion Mall and, starting in FY2024, Pavilion Bukit Jalil. Data is disclosed only for properties where Pavilion REIT acts as the direct electricity supplier. Pavilion REIT's Scope 3 emissions include the generation of electricity that is purchased by Pavilion REIT and subsequently resold to end users. The reported electricity consumption here exclude tenant electricity consumption at Intermark Mall and DA MEN Mall, as tenants are billed directly by electricity suppliers. While Pavilion REIT does not have direct access to this data, the Manager will continue to explore avenues to obtain it where feasible.

Metrics	FY2023	FY2024
Tenant & End User Electricity Consumption (kWh)	50,484,242	64,928,307 ⁽¹⁾

Note:

(1) The electricity data in FY2024 has been assured externally by KPMG.

Building Energy Intensity (BEI): Measuring Efficiency and Progress

This section delves into the BEI of Pavilion REIT's properties, a metric for measuring energy efficiency. BEI is calculated as the total energy consumption per square meter of building floor area annually.

The scope of this report includes landlord energy consumption for all six properties in Pavilion REIT's portfolio: Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, Intermark Mall, DA MEN Mall, and Pavilion Bukit Jalil.

Starting in FY2023, the reporting scope was expanded to include electricity sold by Pavilion Kuala Lumpur Mall to Pavilion Hotel, Elite Pavilion Mall, and Pavilion Tower, where Pavilion REIT acts as the direct electricity supplier. Due to this expanded scope, BEI comparisons across years may not be entirely consistent. However, the Manager is committed to transparency and strives to provide the most comprehensive data possible.

BEI is calculated using Gross Floor Area (GFA) to ensure greater comparability with industry benchmarks.

Sector	Building Energy Intensity (kWh/m ² /year)			
	FY2019	FY2022	FY2023	FY2024
Retail	311	256	250	307
Office	83	75	100	103
Overall BEI	297	245	246	301

The changes in BEI for FY2024 can be attributed to two key factors:

- **Inclusion of Full Year Data for Pavilion Bukit Jalil:** its larger floor area and energy consumption naturally impact the overall BEI.
- **Expanded Reporting Scope:** Incorporating its tenant and consumers electricity consumption in Pavilion Kuala Lumpur Mall, Pavilion Tower and Pavilion Bukit Jalil has contributes to the overall increase in retail BEI.

To provide further context, the Manager also reference Green Building Index (GBI) baseline minimum BEI values.

- **Office:** Pavilion Tower's current BEI of 103 kWh/m²/year already meets the GBI baseline minimum of 150.
- **Retail:** The current BEI of 301 kWh/m²/year for retail already meets the GBI standard of 350. Pavilion REIT will continue implementing measures to improve retail energy efficiency.

The Manager remain committed to reducing its BEI and is actively exploring and implementing various initiatives, including:

- Energy audits and optimization measures across Pavilion REIT's properties.
- Investment in energy-efficient technologies and equipment.
- Collaboration with tenants on energy-saving practices.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

WATER MANAGEMENT

Why it Matter and Approach

The Manager understands the importance of water conservation in Malaysia due to water shortages, dry seasons, and river pollution. Water is essential for daily operations to maintain functionality and meet health and safety regulations.

Efficient water management is a key sustainability strategy that the Manager is committed to implementing within Pavilion REIT properties to reduce water waste and minimize environmental impact. The Manager has implemented procedures to optimize water usage, minimize environmental impact and detect potential leakages in water pipes.

Operations monitor water consumption at each property daily for anomalies. If an anomaly is detected, an investigation is launched, and corrective action is promptly taken. Water-efficient fittings, such as sensor-activated sink faucets, have been installed during the progressive refurbishment of toilets at all its properties to further reduce water waste among users.

The Manager has implemented new strategies to optimize water usage and minimize disruptions within Pavilion REIT. These initiatives include the installation of rainwater harvesting systems at Pavilion Kuala Lumpur Mall, Pavilion Tower, Intermark Mall, DA MEN Mall and Pavilion Bukit Jalil. Additionally, air handling unit (AHU) condensate water recycling systems have been installed at Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Intermark Mall, DA MEN Mall and Pavilion Bukit Jalil. The Manager remains committed to evaluating the feasibility of extending these installations to other properties.

Water Management Data

Water Withdrawal & Consumption

The Manager recognizes the importance of water conservation and is committed to reducing Pavilion REIT's water footprint. Pavilion REIT source water primarily from and discharged it to municipal supplier and actively implement strategies to optimize water usage across its properties. Pavilion REIT does not have any properties or operations at water-stressed sites, as its properties are located in urban areas. In the event of water disruption, a contingency Syabas water supply will be available from Pavilion Hotel, connected to the suction tank of Pavilion Kuala Lumpur Mall. Alternatively, it can procure water from third party water service providers.

Water Withdrawn from Third Party Water Service Providers – Municipal Supplier	Volume (m ³)				Target
	FY2019	FY2022	FY2023	FY2024	
Water Consumption (Landlord)	807,408	699,372	1,055,816	1,186,053	-
Water Consumption (Tenant)	435,215	358,828	599,750	790,019	
Water Consumption (Landlord) without PBJ	807,408	699,372	763,875	730,487	To achieve 2% reduction in landlord water consumption by 2030 compared to FY2019.

The total volume of water used by Pavilion REIT for landlord consumption in FY2024 was 1,186,053 m³, compared to 807,408 m³ in FY2019. This increase is primarily attributed to the inclusion of Pavilion Bukit Jalil's water usage data, following its acquisition in June 2023.

Excluding Pavilion Bukit Jalil, landlord water usage was 730,487 m³ in FY2024, reflecting a 9.5% reduction compared to FY2019 levels.

The Manager is also committed to transparency and accountability in tenant water usage. The Manager disclose water consumption by tenants within their premise/tenanted area in the following properties: Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Intermark Mall, DA MEN Mall, and Pavilion Bukit Jalil. Pavilion Tower water usage is minimal and falls under landlord consumption, as tenants' usage is managed as part of the landlord's facilities.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Water Intensity

	Water Intensity (m ³ /m ² /year)			
	FY2019	FY2022	FY2023	FY2024
Retail	3.5	2.9	2.4	2.9
Office	1.1	0.7	0.7	0.8
Overall Water Intensity	3.3	2.8	2.3	2.8

Water intensity in this context is measured based on the GFA, providing a standardised metric to assess water efficiency across properties. Despite the inclusion of Pavilion Bukit Jalil and tenant consumption data, retail water intensity decreased from 3.5 m³/m²/year in FY2019 to 2.9 m³/m²/year in FY2024. Office water intensity also exhibited a positive trend, dropping from 1.1 m³/m²/year to 0.8 m³/m²/year. Overall water intensity for Pavilion REIT properties improved from 3.3 m³/m²/year in FY2019 to 2.8 m³/m²/year in FY2024.

These improvements in water intensity are a direct result of sustainability initiatives implemented across Pavilion REIT properties. Key measures include the installation of rainwater harvesting systems and air handling unit (AHU) condensate recycling systems at selected locations.

Demonstrating Commitment to Water Conservation



Condensate Harvesting located at Pavilion Kuala Lumpur Mall.



Rain Water Harvesting located at Pavilion Kuala Lumpur Mall.

Water Withdrawal from secondary source	Volume (m ³)	
	FY2023	FY2024
Fresh Surface Water		
• Rain Water Harvesting	226	15,974
Recycled/Reused Water		
• Condensate Harvesting	2,912	3,153
Ground Water	165	462
TOTAL	3,303	19,589

This table showcases Pavilion REIT's commitment to water conservation by utilizing secondary water sources, contributing to a 9.5% reduction in overall landlord's water usage compared to FY2019, excluding Pavilion Bukit Jalil factor. Initiatives like rainwater harvesting and AHU condensate recycling play a crucial role in achieving this reduction.

Rainwater Harvesting

Pavilion REIT's rainwater harvesting systems optimize water usage across various properties by repurposing collected rainwater for non-potable needs:

- Pavilion Kuala Lumpur Mall: Used for toilets, loading bays and washing compactor rooms.
- Pavilion Tower: Used to top up the cooling tower water.
- DA MEN Mall: Used for external landscaping and refuse chamber cleaning.
- Pavilion Bukit Jalil: Applied for cleaning loading bay driveways.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

AHU Condensate Harvesting

Condensate recycling systems in AHU further enhance water efficiency by repurposing condensate for cleaning and maintenance:

- Pavilion Kuala Lumpur Mall & Elite Pavilion Mall: Used for loading bays and washing compactor rooms.
- Intermark Mall: Utilised for washing grease traps and refuse chambers.
- DA MEN Mall: Used for external landscaping and refuse chamber cleaning.
- Pavilion Bukit Jalil: Applied for cleaning loading bay driveways.

Groundwater Utilisation

- Pavilion Kuala Lumpur Mall: Groundwater is collected and piped to lifting station rooms for weekly cleaning activities.

These proactive measures demonstrate Pavilion REIT's dedication to environmental sustainability and responsible water management. By actively seeking alternative water sources and implementing efficient recycling practices, the Manager strive to minimize its reliance on municipal water and contribute to a more sustainable future.

Water Reduction Target

Pavilion REIT is actively pursuing water conservation goals to minimize its reliance on freshwater and environmental impact. The Manager is committed to achieving a 2% reduction in landlord water consumption by 2030 compared to FY2019. To achieve this, The Manager is implementing various initiatives:

- **Rainwater and AHU Metering installation:** In FY2024, Pavilion Bukit Jalil installed meters to accurately track rainwater and AHU water usage, ensuring precise monitoring and reporting.
- **AHU Condensate Water Recycling System Installation:** New system was installed at DA MEN Mall in FY2024, which is expected to reduce overall water consumption and reliance on freshwater sources.
- **Continuous improvement:** The Manager regularly reviews and explores new water-saving technologies and methods to enhance water management efficiency across all properties.

Beyond its current target, the Manager will continue to actively seek innovative ways to reduce water consumption. This includes:

- **Promoting Water Conservation Awareness:** The Manager is committed to educating tenants and employees about water conservation practices and encouraging their participation in its initiatives.
- **Regular Monitoring and Maintenance:** Consistent monitoring systems and timely maintenance protocols are in place to identify and repair water leakages, ensuring efficient water use.

There has been no fine or sanction imposed on Pavilion REIT for any non-compliance with the local environmental laws and regulations during the reporting year.

Through these initiatives, Pavilion REIT demonstrates its commitment to responsible water management and environmental sustainability. By adopting innovative solutions and maintaining a continuous focus on improvement, the Manager aims to minimize reliance on municipal water sources, reduce environmental impact, and contribute to a sustainable future.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

WASTE MANAGEMENT

Why it Matter and Approach

According to Solid Waste Management and Public Cleansing Corporation (SWC), Malaysia faces a growing challenge in waste management. Every day, Malaysians throw away about 39,078 tonnes of solid waste, equivalent to about 1.17kg per person, with food, plastic, and paper constituting the bulk. This puts pressure on landfills and highlights the need for sustainable solutions.



Playing Our Part in Waste Reduction

Recognizing the national challenge of waste management, Pavilion REIT is committed to responsible practices. The Manager actively implement the 3Rs (Reduce, Reuse, Recycle) principle across Pavilion REIT's properties, minimizing waste generation and diverting materials from landfills.

Beyond individual actions, the Manager collaborate with industry partners and public authorities to explore innovative solutions, including transforming organic waste into fertilizer. The Manager's goal is to contribute to a more sustainable future for Malaysia, where efficient waste management becomes a cornerstone of national progress.

The Manager continuously improve its efforts across all properties, playing its part in reducing waste. This includes maintaining a proper waste management workflow, setting up convenient recycling bins in its malls, and engaging authorized waste contractors for responsible collection and disposal at designated landfills approved by the relevant authorities.

Progress

Waste Disposal Data

Pavilion REIT is consistently exploring ways to reduce the amount of waste generated and sent to disposal across all its properties. The Manager is also focused on increasing the diversion of waste from landfills, with a particular emphasis on food waste recycling.

	Weight of waste (Tonnes)			
	FY2019	FY2022	FY2023	FY2024
Waste generated	5,368.8	4,264.1	5,445.2	9,650.0
Waste directed to disposal	5,172.2	4,098.4	5,198.0	9,022.4
Waste diverted from disposal	196.6	165.8	247.2	627.6

Waste generation at Pavilion REIT properties includes both non-hazardous waste (general waste) and hazardous waste (scheduled waste). Waste directed to disposal is managed by licensed waste contractors and sent to landfills, while waste diverted from disposal is calculated based on the weight of hazardous and non-hazardous waste recovered for reuse and recycling. The data presented in the table reflects waste management activities across Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, DA MEN Mall, and Pavilion Bukit Jalil.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

In FY2024, total waste generated across these properties reached 9,650.0 tonnes. This figure includes 1.0 tonnes of hazardous waste processed through recovery operations and 626.6 tonnes of non-hazardous waste recycled, encompassing materials such as plastics, paper, metal and food waste.

The inclusion of data from DA MEN Mall and Pavilion Bukit Jalil contributed to significant improvements in waste diversion efforts. In FY2024, 627.6 tonnes of waste were successfully diverted from landfills—a notable increase compared to previous years. Despite an increase in the volume of landfilled waste to 9,022.4 tonnes, the overall landfill diversion rate rose to 6.5%, up from 3.7% in FY2019. This progress underscores Pavilion REIT's commitment to enhancing its waste management practices and reducing its environmental footprint.

The Manager also engages DOE-licensed contractors as and when required for the disposal of scheduled waste to authorized recycling and/or disposal facilities in accordance with the Environmental Quality (Scheduled Waste) Regulations enforced by the Department of Environment (DOE), Malaysia.

Pavilion Loves E.A.R.T.H. Initiative



This year, Pavilion REIT introduced the Pavilion Loves E.A.R.T.H. platform with the launch of its Food Compost Initiative at Pavilion Bukit Jalil. This initiative promotes sustainable food waste management. The Pavilion Loves E.A.R.T.H. initiative is built on the principles of Environment, fostering Awareness, driving Renewal, inspiring Transformation, and cultivating Hope. Its goals include responsible resource management, carbon reduction, and biodiversity protection.

The Food Compost Initiative represents a key step in embedding sustainability into Pavilion REIT's operations by diverting food waste from landfills and transforming it into compost. This process reduces overall waste and minimises the carbon footprint of Pavilion REIT's properties.

Key Features of the Food Compost Initiative:

- **Daily Collection:** Food waste is collected from supermarkets, food courts, and F&B outlets at Pavilion REIT malls.
- **Composting Technology:** Food composting machines convert food waste into fertiliser suitable for plants
- **Water Reuse:** The water generated during composting is utilised for cleaning the loading bay driveway and watering plants.
- **Rainwater Harvesting:** A nearby water harvesting tank collects AHU water and rainwater for cleaning purposes, further supporting the sustainability cycle.

The Food Waste Recycling program is being rolled out across Pavilion REIT malls. In FY2024, Pavilion REIT malls collected 192.7 tonnes of food waste, resulting in the composting of 23.2 tonnes of fertiliser. Shoppers can redeem and collect fertiliser at designated locations, such as concierge counters and autopay stations. Banners throughout the malls raise awareness, and shoppers to Pavilion Bukit Jalil can explore the food composting area. This initiative supports waste management, sustainability education, and community engagement in the REIT's eco-friendly efforts.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Waste Diverted from Disposal

Hazardous Waste

	Weight of hazardous waste (tonnes)			
	FY2019	FY2022	FY2023	FY2024
Other recovery operations	1.3	0.2	0.3	1.0

The data in the table represents hazardous waste generated by Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, and Pavilion Bukit Jalil.

Pavilion REIT has made significant progress in diverting hazardous waste from landfills. As shown in the table, the weight of hazardous waste processed through other recovery operations increased to 1.0 tonnes in FY2024. This improvement reflects a successful shift toward more responsible and sustainable disposal practices for hazardous materials.

Non-Hazardous Waste (Total Waste Recycled)

Category	Subcategory	Weight of non-hazardous waste (tonnes)			
		FY2019	FY2022	FY2023	FY2024
Non-Hazardous Waste Recycling	Plastic	1.7	0	4.3	17.3
	Paper	191.9	164.6	239.5	412.8
	Metal	1.7	1.0	3.1	3.8
	Total	195.3	165.6	246.9	433.9
Food Waste Recycling	Food Waste Collected				192.7
	Compost Produced				23.2
Total Waste Recycled					626.6

The data represents non-hazardous waste recycled across Pavilion REIT properties, including Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, Intermark Mall (food waste only), DA MEN Mall, and Pavilion Bukit Jalil.

Pavilion REIT continues to prioritize the reduction and recycling of non-hazardous waste. In FY2024, Pavilion REIT malls recycled 626.6 tonnes of waste, a 153.7% increase YoY compared to 246.9 tonnes in FY2023, driven by the inclusion of DA MEN Mall, Pavilion Bukit Jalil, and food waste initiatives.

Plastic recycling exhibited the most significant growth, increasing from 1.7 tonnes in FY2019 to 17.3 tonnes in FY2024, with a 302% YoY growth from FY2023 to FY2024. Paper recycling increased consistently, reaching 412.8 tonnes in FY2024, a 72.4% YoY increase, while metal recycling rose slightly to 3.8 tonnes.

Food waste recycling was introduced in FY2024, resulting in the collection of 192.7 tonnes of food waste, with 23.2 tonnes converted into compost, supporting Pavilion REIT's commitment to circular economy practices.

This consistent focus on responsible waste management has significantly reduced landfill contributions and highlights Pavilion REIT's role as a sustainability leader. The Manager is confident that ongoing innovation and partnerships will continue driving progress toward a greener future.

P : PRACTICING RESPONSIBLE ENVIRONMENT STEWARDSHIP

Cont'd

Demonstrating Progress in Waste Prevention

Pavilion REIT remains committed to minimizing its environmental footprint through waste prevention and landfill diversion initiatives. These efforts are integral to achieving sustainable operations and aligning with global environmental goals.

	Unit of measurement	FY2019	FY2022	FY2023	FY2024
Total Waste Generated	tonnes	5368.8	4264.1	5445.2	9650.0
Waste Prevented	tonnes	196.6	165.8	247.2	627.6
% Diversion from landfill	%	3.7	3.9	4.5	6.5%

In FY2024, Pavilion REIT successfully prevented 627.6 tonnes of waste, representing a 153.9% increase compared to 247.2 tonnes in FY2023. This significant growth was driven not only by enhanced waste management practices but also by the inclusion of data from DA MEN Mall and Pavilion Bukit Jalil, as well as the introduction of food waste recycling initiatives. Over time, the landfill diversion rate has also shown steady improvement, rising from 3.7% in FY2019 to 6.5% in FY2024, with a notable 44.4% YoY increase from FY2023 when the rate was 4.5%. These achievements highlight Pavilion REIT's proactive approach to waste reduction and recycling.

The Manager had set a target to achieve a 5% landfill diversion rate in FY2024. Through focused efforts, expanded recycling programs, and the integration of innovative waste management solutions, the Manager exceeded expectations by reaching a 6.5% diversion rate, showcasing the success of its comprehensive strategies.

Year-over-year trends further underscore the significant progress Pavilion REIT has made. For instance, the total waste prevented has grown from 165.8 tonnes in FY2022 to 247.2 tonnes in FY2023, and then to 627.6 tonnes in FY2024. Similarly, the landfill diversion rate steadily increased from 3.9% in FY2022 to 4.5% in FY2023 and 6.5% in FY2024, reflecting the impact of operational enhancements and broader property inclusion.

Our Future Plans for Waste Reduction

Looking ahead, Pavilion REIT aims to further its sustainability efforts. The Manager has set a progressive target to achieve a 10% landfill diversion rate by FY2027, with plans to expand recycling programs and explore innovative waste management solutions. For the long term, the Manager will reevaluate its goals to ensure feasibility while striving to achieve ambitious yet practical outcomes, such as a 20% diversion rate.

By integrating innovation, collaboration, and ongoing reviews of its strategies, Pavilion REIT is well-positioned to continue driving impactful progress in waste management. These initiatives not only benefit the environment but also create value for its stakeholders, reinforcing Pavilion REIT's leadership in sustainability.

A : ACCLAIMING TRUSTED BRAND REPUTATION

BRAND VALUE AND RECOGNITION

Why it Matter and Approach

The Manager is committed to be a responsible corporate citizen and pledge commitment towards fulfilling United Nations Sustainable Development Goals (UNSDGs), with the aim to increase brand value and recognition within the REIT industry and lead to new tenant penetration and unitholder investment.



In 2024, Pavilion REIT leveraged innovative marketing campaigns, strategic collaborations, and targeted sponsorships to significantly increase footfall and tenant sales across its malls. These initiatives have not only delivered tangible outcomes but also bolstered Pavilion REIT's brand reputation and strengthened trust among stakeholders.

The Manager is confident that ongoing marketing efforts will further position Pavilion Malls as Malaysia's premier destination for fashion, dining, and urban leisure. Pavilion Kuala Lumpur Mall, a testament to this commitment, has been awarded an impressive 58 accolades to date (up from 53 in 2023) by esteemed local and international councils and associations. These honors reflect the mall's unwavering focus on delivering exceptional experiences to its shoppers.



A : ACCLAIMING TRUSTED BRAND REPUTATION

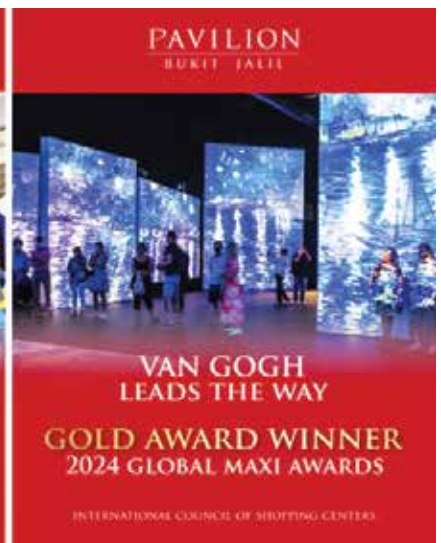
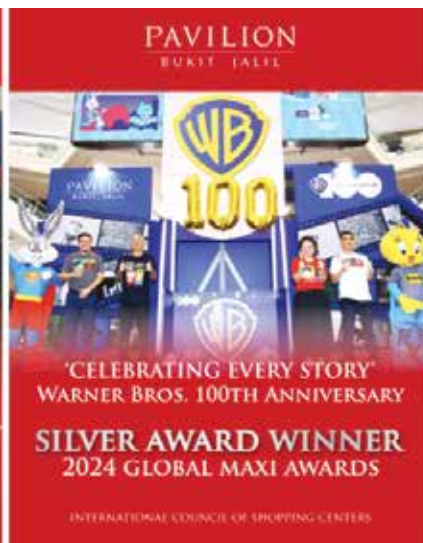
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Progress

Accolades and Achievements in FY2024



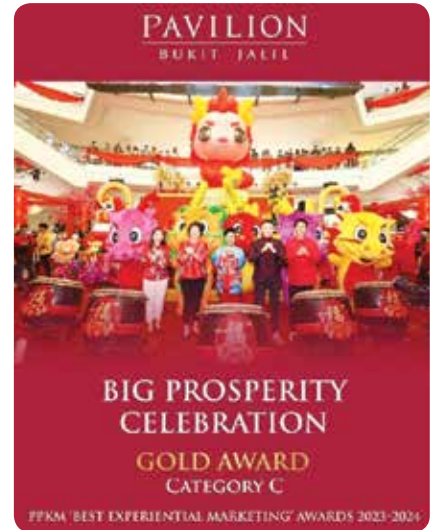
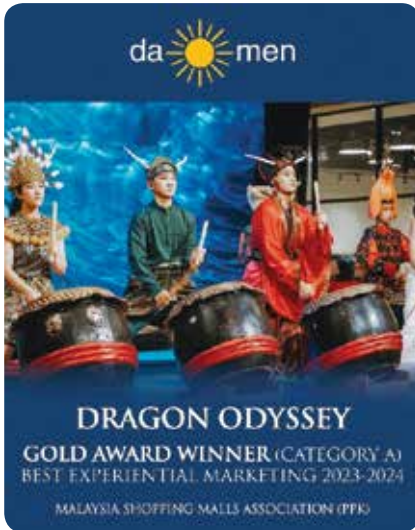
Pavilion Malls continued to set industry benchmarks in FY2024, receiving numerous prestigious awards that highlight their commitment to excellence and innovation. Pavilion Kuala Lumpur Mall garnered the **TripAdvisor Travelers' Choice Awards 2024**, a **Silver Award at the International Council of Shopping Centers (ICSC) Global MAXI Awards 2024** for the campaign *"Michelle Yeoh: The Pride of Malaysia,"* the **Platinum Award at the PPKM Experiential Marketing Awards 2023-24** for *"Dragon Dynasty,"* and the **Special Mayor's Award 2024** for *Best Commercial Building* in the Building Light-Up Category.



Pavilion Bukit Jalil added to its impressive accolades with the **FIABCI Malaysia Property Award 2023 (Retail Category)**, the **World Gold Winner at the FIABCI World Prix d'Excellence Awards 2024 (Retail)**, a **Gold Award at the ICSC Global MAXI Awards 2024** for the campaign *"Van Gogh Leads the Way,"* a **Silver Award at the ICSC Global MAXI Awards 2024** for *"Warner Bros 100th Anniversary,"* the **Parents' Choice Award 2024** for **Best Shopping Mall for Families**, and a **Gold Award at the PPKM Experiential Marketing Awards 2023-24** for the *"Big Prosperity Celebration."*

A : ACCLAIMING TRUSTED BRAND REPUTATION

Cont'd



Meanwhile, DA MEN Mall secured its own recognition with a **Gold Award at the PPKM Experiential Marketing Awards 2023-24** for the festival celebration “*Dragon Odyssey*”.

Beyond Retail: Fostering Growth Through Shoppers Experiences & Community

As an active committee member of the Malaysian REIT Managers Association and a member of Persatuan Pengurusan Kompleks Malaysia (“PPKM”) (also known as Malaysia Shopping Malls Association) as well as BKLCC Tourism Association, the Manager works with the associations to strengthen efforts towards economic growth, environmental conservation, good corporate governance and community development.

The Manager also maintains good relationship with local and international retail associations such as Malaysia Retailers Association (MRA), Malaysia Retail Chain Association (MRCA) and International Council of Shopping Centers (ICSC) through the exchange of trade information, education and training and pooling of resources and expertise. Community messaging, sharing updates and dialogues with associations are undertaken to discuss matters of importance for the benefit of stakeholders.



A : ACCLAIMING TRUSTED BRAND REPUTATION

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On top of that, the Manager also works closely with federal government agencies (e.g., Tourism Malaysia, Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) and Ministry of Tourism, Arts & Culture (MOTAC)), local authorities (e.g., Dewan Bandaraya Kuala Lumpur (DBKL)) and foreign embassies for various marketing campaigns and initiatives to boost Pavilion REIT’s brand recognition locally as well as internationally.

In 2024, Pavilion Kuala Lumpur Mall solidified its position as Malaysia’s premier shopping destination and a vibrant hub for cultural celebrations, community engagement, and global recognition. The year began with the Chinese New Year “Charity at Heart” initiative, raising over RM100,000 to support elderly residents across Malaysia, reflecting the mall’s commitment to compassion and social responsibility. During Hari Raya, the ‘Radiant Raya’ celebration highlighted Malaysia’s rich textile heritage, featuring the Weaving Threads of Heritage exhibition in collaboration with Yayasan Tuanku Nur Zahirah and designer Radzuan Radziwill. The festivities continued with Deepavali, offering visitors traditional music, dance, and festive-inspired treats from the mall’s F&B tenants.

The mall also promotes various countries to attract a diverse audience and foster cultural exchange. Events like the 1st Malaysia Kendama Festival, organized by the Malaysia Kendama Association, helped raise awareness of the traditional Japanese folk game, contributing to the mall’s global appeal and commitment to inclusivity and cultural understanding.



Not only that, the malls welcomed an array of international stars, including Jackson Wang, Chinese singer Hu Xia, and Hong Kong artistes such as Nicholas Tse, Gordon Lam, Bosco Wong and Ron Ng. Thai actor Tay Tawan represented AirAsia to promote Thailand, while Korean star Nayeon from Twice captivated audiences during her visit. The mall also celebrated the launch of Tesla’s AI and Robotics Showcase, along with other attractions such as MG’s first pop-up event introducing their EV cars to Malaysia.



A : ACCLAIMING TRUSTED BRAND REPUTATION

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The mall also demonstrated its commitment to environmental sustainability during Earth Hour with a LED screen countdown and various green initiatives in partnership with brands like Kiehl's and National Geographic. Additionally, the Pavilion Loves Sustainability Week was introduced to drive community engagement and raise awareness about the importance of sustainability.

Other notable moments included the launch of Prada Beauty's first Southeast Asia boutique, graced by Thai actor Win Metawin, and the grand opening of Louis Vuitton's first triplex store in the region, celebrated with a visit by Jackson Wang. Pavilion KL also hosted Uncle Roger's restaurant launch, *Fuiyoh! It's Uncle Roger*, which culminated in a Guinness World Record for the largest gathering of fans.



The year ended on a high note with *Pavilion KL's Snow Experience*. This festive attraction delighted visitors with nightly shows, Santa meet-and-greets, and holiday performances, leaving a memorable impression of the mall's commitment to creating magical experiences for its shoppers.

At Intermark Mall, vibrant celebrations and cultural showcases highlighted its commitment to diversity and meaningful engagement. The Wonder Women Art Exhibition, launched by YB Teo Nie Ching, celebrated creativity and resilience with 80 artworks by women from diverse backgrounds, honoring motherhood and womanhood. The Czech Festival, in collaboration with the Czech Embassy Kuala Lumpur and CzechTourism, offered visitors an immersive experience of Czech culture through traditional food prepared by visiting chef, exhibits from renowned Czech companies, and interactive displays. Similarly, the Amazing Borneo event showcased Sabah and Sarawak's crafts, textiles, and cultural heritage, bringing the wonders of East Malaysia to life with artisanal demonstrations and live performances. Intermark Mall enhanced cultural appreciation, enriched the shopping experience, and strengthened its brand value.



DA MEN Mall being a community-friendly mall in the heart of Subang, strengthens its connection with local audiences through holistic and inclusive events. Collaborating with local councils, educational institutions, and NGOs, the mall hosted initiatives such as STEM Fest 2024, a Blood Donation Drive, Nasi Lemak Eating Competition, and festive drum performances. These activities not only drive purposeful footfall but also create a welcoming and loyal community environment, aligning with Pavilion REIT's values.

At Pavilion Bukit Jalil, engaging events and collaborations further enhanced its reputation as a dynamic retail destination. Highlights included the Watsons x PingMin Market at Piazza area, the Automobile Roadshow, and the Balik Kampung Chinese New Year Festival 2024, which brought festive joy and cultural celebration to shoppers. Other noteworthy initiatives included the Pop Mart Roboshop, the Immersive Hong Kong campaign, and Panasonic Energy for a Green Future, which emphasized sustainability and innovation.

Ultimately, these initiatives contribute to Pavilion REIT's core objective: building strong brand value and recognition. By fostering a vibrant and inclusive environment, the Manager attract diverse tenants and shoppers, inspire investor confidence, and ensure sustainable economic growth. This commitment to a holistic approach, where business success thrives alongside community well-being, is the foundation of Pavilion REIT's journey forward. This year's customer satisfaction survey, detailed in Section 4.3, is a testament to Pavilion REIT's commitment to continuously improving and aligning with the needs of its stakeholders.

C : CARING FOR LOCAL COMMUNITY

COMMUNITY ENGAGEMENT

Why it Matter and Approach

As one of the largest retail concentrated REIT in Malaysia, the Manager believes on the long-lasting positive impact that can be generated for the local communities in where Pavilion REIT operates. Its malls have actively engaged with the local communities to gauge their needs and organise various events to promote social advancement of its communities.

The Manager is committed in building mutually beneficial relationship with the local communities to ensure sustainable development of Pavilion REIT’s business. The initiatives conducted are designed to maximise positive impact to the communities around its properties and align with Pavilion REIT’s positioning of becoming the premier shopping destination.

This year, the Manager has set targets for FY2030, including:

- Reaching and supporting 1,000 beneficiaries in communities surrounding Pavilion REIT properties;
- Raising and contributing RM1 million (in cash and in kind) towards funding CSR activities; and
- Achieving 1,000 hours of employee volunteerism.

The initiatives will focus on key areas such as Arts & Culture, Education, Environment, Health, and Social Welfare. Additionally, the Manager remains committed to supporting Economic Development and providing Emergency Relief whenever necessary. Furthermore, the promotion of gender equality will be embedded across all five pillars whenever applicable, including initiatives such as job creation for women, opportunities for single mothers and support for individuals with disabilities.

Progress

Engaging with our local communities

Throughout FY2024, Pavilion REIT actively engaged with local communities through diverse initiatives. These included impactful CSR programs during festive seasons, engaging art and cultural events, and events raising awareness on critical social topics. Demonstrating its commitment to social responsibility, Pavilion REIT invested approximately RM0.3 million in community investments in FY2024, addressing important areas such as arts & culture, education, environment, health, and social welfare.

	FY2024 - FY2030 Target	Unit	FY2024
Raised and Contributed in Cash and in Kind	RM1,000,000	RM	297,340
Beneficiaries	1,000 people	People	1,990
Hours Contributed by Employees	1,000 hours	Hour	495
Number of People (e.g. shoppers, community) Engaged Throughout the Year	N/A	People	5,182

Pavilion REIT malls hosted a variety of community initiatives, including:

Arts & Culture



C : CARING FOR LOCAL COMMUNITY

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Support for institutions (theaters, museums, public galleries etc.) that promote or protect arts activities, whether visual arts or the performing arts such as music, dance and theater. Also includes activities or organizations that promote or protect 'Heritage' such as might be regarded as part of a country's local or national history.

Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
Pavilion Kuala Lumpur Mall	12 Aug 2024 to 18 Aug 2024	Collaboration with Istana Budaya's Traditional Orchestra Malaysia	Partnership with Istana Budaya to feature a 24-piece Traditional Orchestra Malaysia, promoting arts and culture. This initiative showcases Malaysia's heritage, supports local talent, and engages the community in preserving traditional art forms.	<ul style="list-style-type: none"> 69 performers participated. RM40,000 in performance fees supported local artists and cultural practitioners. Venue Sponsorship 	<ul style="list-style-type: none"> Local community Shoppers Cultural advocates Istana Budaya 	<ul style="list-style-type: none"> Preserved and promoted Malaysia's cultural heritage. Strengthened the local arts ecosystem by supporting artists and cultural organizations. Fostered cultural appreciation and community engagement.
Intermark Mall	28 Apr 2024 to 2 May 2024	Wonder Women Art Exhibition in conjunction with Mother's Day	In collaboration with Art Market Malaysia, Intermark Mall hosted the "Wonder Women Art Exhibition" to celebrate femininity, strength, and resilience through art. The event provided a platform for over 150 artists and women-led businesses, showcasing local and international works. Intermark Mall offered rental-free spaces in the Ground Atrium and Level 3 for exhibitions, art sales, workshops, and art therapy sessions. A special feature included Afri-Lamps FHK, a Ugandan women-owned business led by social entrepreneur Ms. Catherine Opondo, promoting African artistry and girl-child empowerment.	<ul style="list-style-type: none"> 150 artists and women-led businesses Venue Sponsorship worth RM11,000. 10 paintings sold, generating nearly RM10,000 in sales 	<ul style="list-style-type: none"> Women, with a focus on single mothers and diverse communities Local Communities Shoppers 	<ul style="list-style-type: none"> Empowered women entrepreneurs, fostered cross-cultural understanding, and promoted local and international artistry.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	17 Aug 2024	67th Merdeka: Traditional Costume Competition	Participants showcased their heritage with pride through traditional costumes, offering an opportunity to celebrate cultural diversity. Judges and attendees gain valuable insight into the history, significance, and traditions behind each costume, fostering appreciation and understanding of Malaysia's rich cultural heritage.	<ul style="list-style-type: none"> • 1 0 0 attendees • V e n u e Sponsorship RM2,000 	<ul style="list-style-type: none"> • L o c a l community • Shoppers • MPP4 	<ul style="list-style-type: none"> • Preserving and celebrating heritage, fostering inclusivity, and educating the public about cultural diversity. • Strengthen community identity, encourage intergenerational knowledge sharing, and support local artisans and cultural practitioners.
DA MEN Mall	8 Nov 2024	Deepavali Movie Screening	To celebrate Deepavali and appreciate the Indian community, DA MEN Mall organized a movie screening across 3 halls with 201 seats.	<ul style="list-style-type: none"> • 2 0 1 shoppers • M o v i e Tickets worth RM4,221 • 3 employees involved 	<ul style="list-style-type: none"> • L o c a l Community 	<ul style="list-style-type: none"> • Promoted cultural inclusion, strengthened community ties, and supported cultural preservation and appreciation.

Education



Contributions to educational institutions or organizations or projects that promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	8 Mar 2024 to 10 Mar 2024	International Women's Day 2024	<p>This initiative focused on empowering women by providing opportunities for skill development, networking, and confidence-building through workshops, panels, and mentorship programs. The event also advocated for gender equality by mobilizing support for initiatives that foster social change and inspired women and girls through stories of resilience and success.</p> <p>In partnership with Pusat Wanita Berdaya Subang Jaya, DA MEN Mall hosted a key event on women's mental health, led by Y.B. Michelle Ng with guest speaker Puan Anita Abu Bakar, Founder and President of MIASA. The event offered vital guidance on mental health management and supported 120 B40 single mothers in navigating their challenges and promoting their well-being.</p>	<ul style="list-style-type: none"> Reach out to 600 shoppers 2 employees involved Venue, tables and chairs sponsorship worth RM4,334 provided. Empowered 120 B40 single mothers with resources on managing mental health 	<ul style="list-style-type: none"> Women of all demographics, particularly B40 single mothers Shoppers Local Community MPP4 	<ul style="list-style-type: none"> The initiative strengthened women's mental health awareness, advocated for gender equality, and provided meaningful opportunities for empowerment, contributing to a more resilient community.
DA MEN Mall	30 Nov 2024	World Children Day & Lil' Beezpreneur Fair 2024	<p>A children-led bazaar with 20 booths featuring crafts, baked goods, and eco-friendly products. 6 booths were hosted by NGOs and social enterprises, including SUHAKAM, D11, Host International Malaysia, R.E.A.L Kids Pre-school, Malaysia Federation of the Deaf and Greater Purpose Solution. The event also promoted children's rights and strengthened community ties.</p>	<ul style="list-style-type: none"> Venue, tables, and chairs sponsorship worth RM3,668 provided. Reach out to 900 shoppers Promoted children's creativity and awareness of social issues. 3 employees involved 	<ul style="list-style-type: none"> Children and Individuals with Special Needs Re:Play, PUAk Payong Shoppers Local Community 	<ul style="list-style-type: none"> Empowered children with entrepreneurial skills, supported inclusive community engagement, and promoted awareness of social and environmental causes.

C : CARING FOR LOCAL COMMUNITY

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Environment



Contributions to projects or organizations that advance environmental protection or conservation or through engaging people in activities such a recycling or other aspects of a sustainable lifestyle

Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
Pavilion Kuala Lumpur Mall	12 Aug 2024 to 18 Aug 2024	Pavilion Loves Sustainability	The “Pavilion Loves Sustainability” campaign, launched on 12 August 2024, aimed to promote environmental awareness among the public and employees through engaging activities. Highlights included a Spritzer pop-up encouraging plastic bottle recycling, sustainable presentations by tenants, and initiatives to distribute fertilizer from Pavilion’s food composting efforts.	<ul style="list-style-type: none"> Engaged 1,282 shoppers Collected 1,876 plastic bottles (28.15 kg) 132 employees participated and contributed 132 hours. Distributed 1,100 packs of fertilizer from food composting initiatives 	<ul style="list-style-type: none"> Local Community Shoppers Tenants Employees 	Promoted recycling, reduced plastic waste, and supported eco-friendly practices within the community.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	1 Jan 2024 to 31 Dec 2024	Plastic Bottles & Caps Recycling Program	In response to the growing issue of plastic pollution, DA MEN Mall introduced a year-long recycling program featuring a crab-shaped bin at the ground floor main entrance. This visually engaging bin encouraged the local community and shoppers to deposit plastic bottles and caps. The collected recyclables were conscientiously transported to the Subang Jaya City Council (MBSJ) recycling hub in USJ1 for proper recycling.	<ul style="list-style-type: none"> • 150kg of plastic caps and bottles collected and recycled. 	<ul style="list-style-type: none"> • Local community • Shoppers • Environment • Subang Jaya City Council (MBSJ) 	Reduced plastic waste in landfills, educated the community on sustainable waste management, and inspired long-term behavioral change.
Intermark Mall	14 May 2024 to 21 May 2024	Harmoni Raya : Sustainable Fashion Initiative	<p>In partnership with KL6, an emerging women-led sustainable fashion brand, Intermark Mall celebrated Hari Raya by promoting eco-friendly fashion. KL6 showcased their Sustainable Raya 2024 collection in the Ground Atrium, with a launch event on 19 Mar 2024, featuring a fashion show and a Raya Open House concept. Throughout the event, six KL6 designers held workshops on "Natural Dye," "Special Needs Fashion," and "Patchwork Design," while also selling their collections.</p> <p>Three donation bins were set up to collect pre-loved clothes, contributing to the collection of 150 kg of fabric for upcycling.</p>	<ul style="list-style-type: none"> • 6 designers participated • Engaged 150 shoppers • Collected 150 kg of fabric for upcycling • Venue sponsorship worth RM31,200 	<ul style="list-style-type: none"> • KL6 • Local community • Shoppers 	Raised awareness of sustainable fashion, reduced fashion waste through upcycling, and promoted eco-friendly practices in the local community.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
Pavilion Bukit Jalil	23 Jan 2024	Pavilion Loves E.A.R.T.H.	On 23 January 2024, Pavilion Bukit Jalil launched the <i>Pavilion Loves E.A.R.T.H.</i> initiative, a dedicated food waste program aimed at reducing waste and promoting sustainability. Food waste collected daily from the mall's supermarkets, food courts, and F&B outlets is processed and converted into organic fertilizer. In addition to composting, the fertilizers are distributed to shoppers, DBKL and Pavilion Bukit Jalil Stadium to support their landscaping and gardening needs. This activity is ongoing, further reinforcing Pavilion Bukit Jalil's commitment to environmental responsibility and sustainable practices.	<ul style="list-style-type: none"> In FY2024, Pavilion REIT malls collected 192.7 tonnes of food waste, resulting in the composting of 23.2 tonnes of fertiliser. 	<ul style="list-style-type: none"> Local Communities Shoppers Employees 	This initiative significantly reduces landfill waste while promoting a circular economy by turning food waste into valuable organic fertilizer. It raises awareness of sustainable waste management among shoppers, employees, and the wider community, contributing to environmental preservation and more eco-conscious lifestyles.
Pavilion Bukit Jalil	24 Sep 2024	Transforming Waste into Wonders: Recycling Arts Initiative	<p>The <i>Recycle Hoarding Art</i> initiative at Pavilion Bukit Jalil incorporates sustainability and creativity by using recycled materials such as old magazines, plywood, and colored wires to create an eye-catching art display. Executed by the Pavilion Bukit Jalil Visual Merchandise team, the display has been showcased since 24 September 2024.</p> <p>This initiative also aligns with the SEA Games 2024, celebrating Malaysia's team spirit and fostering unity through eco-friendly art. By using painting and drawing as its foundation, the project emphasizes recycling, ESG values, and sustainability in an innovative way.</p>	<ul style="list-style-type: none"> 4 employees contributed a total of 120 hours. 	<ul style="list-style-type: none"> Local Communities Employees 	This project raises awareness about the importance of recycling while demonstrating the creative potential of repurposed materials. It encourages sustainable practices and showcases how artistic expression can drive eco-conscious values, inspiring both employees and local communities to adopt greener lifestyles.

C : CARING FOR LOCAL COMMUNITY

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Health



Contributions to hospitals, health trusts and other health related organizations that prevent or relieve sickness, disease or human suffering, as well as promoting health and healthy lifestyles

Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	22 Jun 2024	B l o o d Donation Drive	In collaboration with Synergy Integrity Consultancy & Management (SICM) Petaling Jaya, DA MEN Mall organized a Blood Donation Drive, with all donations directed to Pusat Darah Negara. The collected blood bags will be processed and sent to hospitals and medical centers to assist patients in need of blood transfusions.	<ul style="list-style-type: none"> • Reach out to 150 shoppers • Collected blood donations from 69 donors • Potential to save up to 207 lives (based on World Health Organisation that one blood donation can save 3 lives) • Venue Sponsorship worth RM2,000 • 3 employees volunteered a total of 24 hours. 	<ul style="list-style-type: none"> • Pusat Darah Negara • Patients in need of blood transfusions • Local Community 	The drive supported the critical need for blood donations, helping to save lives and contribute to public health resources.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	10 Aug 2024	Leaving No One Behind HPV Vaccination Program & Perkeso 3.0	DA MEN Mall hosted a health and wellness event in collaboration with RISE Advisory and the National Cancer Society Malaysia (NCSM). The event featured a range of services, including chiropractic consultations, vision tests, and health screenings. The event also raises awareness about HPV prevention as well as valuable insights into maintaining well-being.	<ul style="list-style-type: none"> • 242 participants screened for HSP • 535 individuals received HPV vaccinations • Venue sponsorship valued at RM2,000 	<ul style="list-style-type: none"> • Local Community • Shoppers • RISE Advisory and National Cancer Society Malaysia (NCSM) 	Promoted health awareness, encouraged preventative measures, and empowered the community to actively engage in the fight against HPV.
DA MEN Mall	2 Nov 2024	PinkTober Breast Cancer Awareness Campaign	In support of Breast Cancer Awareness Month, DA MEN Mall hosted MAKNA's PinkTober 1-day event, offering clinical breast examinations and a cancer awareness exhibition. The event featured free clinical breast exams, engaging board games and an educational exhibition dedicated to raising awareness about breast cancer.	<ul style="list-style-type: none"> • 10 shoppers involved. • Provided venue, tables, and chairs sponsorship valued at RM1,764 	<ul style="list-style-type: none"> • Shoppers • Local Community • MAKNA - Majlis Kanser Nasional 	Promoted breast cancer awareness and provided accessible health screenings, contributing to community education and well-being

Social Welfare



C : CARING FOR LOCAL COMMUNITY

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Support to organizations or activities that promote or address the interests of those in need in society and facing hardship by reason of youth, age, ill-health, disability, financial hardship or other disadvantage

Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
Pavilion Kuala Lumpur Mall	9 Feb 2024 to 26 Mar 2024	'Charity At Heart' Brings Joy To Senior Citizens This CNY	The 'Charity At Heart' initiative is a core part of Pavilion KL's commitment to connecting with the community. On 9 February 2024, Pavilion KL invited 100 senior citizens to visit the mall and celebrate the festive season. Later, on 26 March, Pavilion KL employees visited local old folks' homes to deliver donations and spread joy.	<ul style="list-style-type: none"> • 100 senior citizens enjoyed a special outing to Pavilion KL, where they were treated to lunch, received goody bags, and enjoyed a spectacular CNY performance. • 20 employees contributed a total of 160 hours to the initiative • RM10,000 worth of home and kitchen electronics, appliances, and groceries delivered to old folks' homes. • RM90,000 in cash donated to charitable organizations. 	<ul style="list-style-type: none"> • Senior citizens from Victory Elderly Home and Rumah Charis Old Folks Home • Local Communities 	The initiative enhanced the well-being of senior citizens by fostering community connection, reducing social isolation, and contributing valuable resources to support their daily lives. It also encouraged corporate social responsibility by actively engaging employees in meaningful, hands-on activities.
Pavilion Kuala Lumpur Mall	19 Dec 2024	Christmas Enchantment CSR	On 19 December 2024, Pavilion KL hosted <i>Christmas Enchantment</i> , a heartwarming CSR initiative that invited 50 children for a special Christmas Day Out. The children experienced a magical day filled with festive activities, including gift-giving by Santa, who distributed stationery and festive cookies. They also enjoyed a screening of the movie <i>Moana</i> and a delightful Christmas dinner at Grandmama's. This event brought joy and holiday cheer to the children, making it a memorable celebration of the season.	<ul style="list-style-type: none"> • 50 children • 15 employees volunteered a total of 45 hours • The initiative provided transportation, movie tickets, Christmas gifts, and dinner valued at RM7,010. 	<ul style="list-style-type: none"> • Orphans from Persatuan Kebajikan Anak Yatim Mary • Local Communities 	The initiative fostered community connection and spread holiday cheer to underprivileged children, addressing social inequalities by creating joyful experiences. It also encouraged corporate employee participation in meaningful acts of giving, demonstrating a strong commitment to social responsibility.

C : CARING FOR LOCAL COMMUNITY

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Property	Date	Initiative	Details	Outcome	Target Group	Sustainability Impact
DA MEN Mall	17 Aug 2024	The Smile & Make a Difference Fair	In partnership with the Kiwanis Club of Kota Kemuning and PUA K Payong, DA MEN Mall hosted a landmark event bringing together 37 NGOs under one roof. This initiative aimed to support the less fortunate through the Pay-It-Forward Market and Free Market, while also showcasing the talents and abilities of differently-abled individuals in the workplace.	<ul style="list-style-type: none"> Reached 2,000 shoppers Venue sponsorship valued at RM12,000 3 employees involved 	<ul style="list-style-type: none"> Individuals from less fortunate backgrounds who benefit from the Pay-It-Forward Market and Free Market. KIWANIS Club of Kota Kemuning, P U A K Payung 	Promoted inclusivity, supported the less fortunate, and raised awareness of the potential of differently-abled individuals in the workplace.
Pavilion Bukit Jalil	26 Mar 2024	Raya Fun Day Out	Pavilion REIT hosted 200 children and caretakers from Rumah Amal Limpahan Kasih and Pertubuhan Kebajikan dan Penjagaan Nur Hidayah for a joyous Raya celebration. The day included outings to Blue Ice Snow Park and Little Pirates Playland, a festive performance, and the distribution of Raya packets and goody bags. The event concluded with a <i>Buka Puasa</i> dinner at Grandmama's.	<ul style="list-style-type: none"> 200 participants (children and caretakers). Buka Puasa Dinner and outings to Blue Ice Snow Park and Little Pirates Playland, valued at RM 11,570 Goody bags with electrical items and daily necessities worth RM9,975. Cash contribution of RM 6,500 15 employees contributed 8 hours of their time 	<ul style="list-style-type: none"> Rumah Amal Limpahan Kasih & Pertubuhan Kebajikan dan Penjagaan Nur Hidayah 	This initiative fostered community engagement and enhanced the well-being of underprivileged children, creating a meaningful and joyful Raya celebration. It highlights Pavilion REIT's commitment to giving back to society through acts of kindness, unity, and support for local charitable organizations.
Pavilion Bukit Jalil	26 Dec 2024	CoComelon Christmas Playland CSR	On 26 December 2024, Pavilion Bukit Jalil hosted a <i>CoComelon Christmas</i> Playland CSR event, inviting 100 children for a special Christmas Day Out. The children enjoyed a day filled with festive activities, including fun at the CoComelon Playland, followed by a delightful Christmas lunch at Seniman. The celebration brought joy and festive cheer, creating unforgettable memories for the children during the holiday season.	<ul style="list-style-type: none"> 100 children 15 employees contributed 6 hours of their time Meal allowance and playland worth RM7,495 	<ul style="list-style-type: none"> House of Joy Rumah Charis Rumah Victory Children & Youth Ho Rumah Hope Persatuan Kebajikan Kanak Kanak Angels Kuala Lumpur 	This initiative fostered community engagement and spread holiday cheer to underprivileged children. It also emphasized the importance of corporate social responsibility by involving employees in creating a meaningful and joyous experience for the children.

T : TRANSFORMING TALENT MANAGEMENT

TALENT ATTRACTION AND RETENTION

Why it Matter and Approach

Our employees are the people who enabled the company to grow into what it is today. The Manager views talent attraction and retention as a key indicator in driving a healthy high-performance working culture. The Manager maintains its commitment to develop values that attract exceptional talents as well as to provide new benefits for the employees to ensure a fair working environment and a healthy work-life balance for all.

This year, Pavilion REIT has recorded an employee retention percentage of 91.3% which it believes can be further increased. Hence, the Manager is proactively developing strategies to increase the retention percentage. For talent attraction strategy, hiring process is based on merit and credibility of the candidate while being compliant with all local employment laws and regulations.

The Manager ensures all employees are well informed of their employment rights and of any changes to its policies. Any amendments pertaining to the policies or those relating to employment laws are communicated to all employees via email and briefings through their respective managers.

All amendments about employment are updated and communicated in the new employee’s orientation, employee handbook and/or letter of appointment.

Stepping Up For Our Employees

Employee benefits are crucial to an employee’s wellbeing and the Manager wants its employees to know that they are well taken of. The Manager is proactively improving the current employee-related benefits to ensure the employees are well appreciated.

Benefits	
Free medical and life insurance coverage	Maternity leave
Pre-employment health screening	Paternity leave
Employee health screening	Medical/hospitalization leave
Company trips	Compassionate leave
Festive gatherings/dinners	Marriage leave
Meal allowance	Examination leave
Annual leave	

Improving Our Benefits

The Manager is proactively reviewing salary structures, employee benefits and company best practices against industry peers. There has been a proposal to increase the salaries of entry-level position, review the salaries of employees with a particular focus on non-executives and senior executives and review the performance increment to meet the rising cost of living.

The Manager is also looking into several initiatives to support the employees in their career growth while fostering a community.



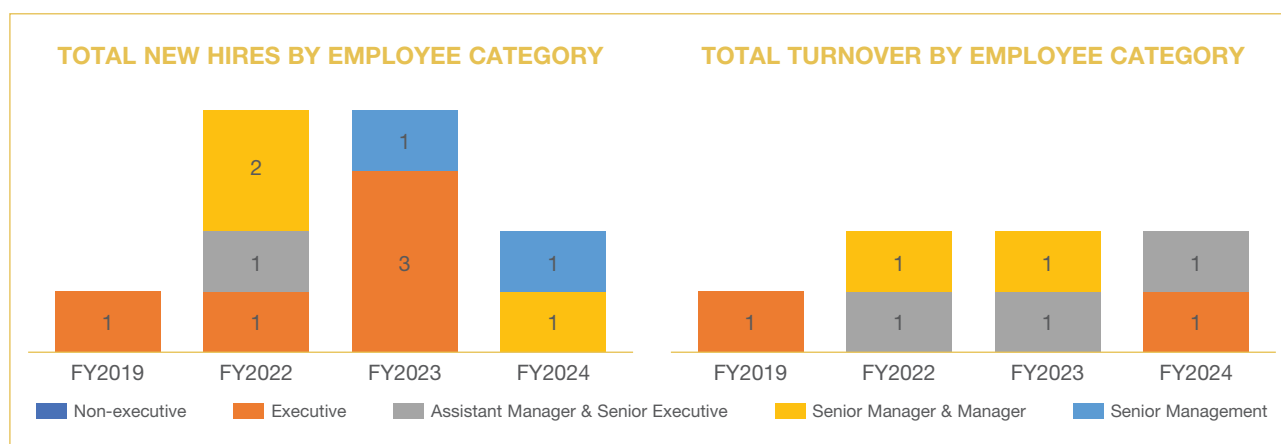
T : TRANSFORMING TALENT MANAGEMENT

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Progress

Employee Retention and Attrition

Employee New Hires and Turnover



	2019	2022	2023	2024
New hire rates (%)	3.7	16.7	15.4	7.1
Turnover rates (%)	3.7	8.3	7.7	7.1
Employee retention rate (%)	96.3	91.7	92.0	91.3

In 2024, Pavilion REIT continued to demonstrate strong workforce performance, with key metrics reflecting stability and progress. The new hire rate decreased from 15.4% in 2023 to 7.1% in 2024, aligning with strategic workforce planning as post-pandemic operations stabilised. Turnover rates also improved, declining from 7.7% in 2023 to 7.1% in 2024, indicating sustained efforts in employee engagement and satisfaction. Employee retention remained robust at 91.3% in 2024, slightly lower than 92.0% in 2023, yet still reflecting a strong commitment to maintaining a supportive workplace. Compared to the pre-pandemic rate of 96.3% in 2019, retention levels remain resilient, showcasing Pavilion REIT’s ability to adapt to evolving workforce dynamics while prioritizing talent management. These results underscore the organization’s alignment with ESG objectives and its commitment to long-term workforce sustainability.

Employee Engagement Survey 2024

In 2024, Pavilion REIT conducted its first Employee Engagement Survey, marking the beginning of a biennial initiative aimed at fostering a supportive and engaging workplace. The survey achieved a 77% response rate.

Designed to be anonymous and conducted internally, the survey ensured candid feedback on key areas such as work environment, job satisfaction, management and leadership, professional development, work-life balance, team dynamics and company culture.

The results revealed a 91% overall satisfaction score, reflecting a strong and positive organizational culture. By engaging 100% of employees, this survey provides a foundation for continuous improvement, strengthening Pavilion REIT’s commitment to creating a thriving and sustainable workplace.

Following the survey, Pavilion REIT implemented a formalised process where the Manager review the results and develop targeted engagement plans and strategies to address key areas of improvement. These efforts are supported by HR-led programs and initiatives aimed at enhancing employee satisfaction.

T : TRANSFORMING TALENT MANAGEMENT

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Programs and Initiatives to Enhance Employee Engagement



Pavilion REIT is committed to fostering a motivated and engaged workforce by implementing strategic programs and initiatives that prioritize employee well-being, development, and recognition. Based on insights from employee surveys, the Manager have outlined several key focus areas:

Enhancing Employee Recognition and Rewards	Improving Communication and Transparency	Investing in Employee Development and Growth	Enhancing Staff Benefits
<p>To celebrate individual and team achievements, Pavilion REIT introduced performance-based incentives in specific departments, fostering a culture of excellence and motivation. Employee appreciation events, such as the annual Staff Christmas Party, also play a crucial role in recognising milestones and strengthening team morale. These initiatives aim to create a positive, inclusive, and engaging work environment that values contributions at all levels.</p>	<p>Employee engagement surveys will be conducted every two years to gather valuable feedback and address concerns effectively. These surveys serve as a foundation for understanding employee perspectives and identifying actionable areas for improvement. Transparent communication about survey results and follow-up initiatives ensures employees feel heard and valued.</p>	<p>Pavilion REIT has increased investments in professional development programs, equipping employees with the skills and knowledge needed to excel in their roles. A notable initiative includes study trips to China, where employees explored innovative practices, advanced technologies, and cutting-edge mall designs. Such opportunities not only enhance expertise but also inspire creativity and innovation within the organization.</p>	<p>In an effort to remain competitive and retain top talent, Pavilion REIT conducted a thorough review of its employee benefits. Proposals under consideration by top management include upgrading existing benefits and introducing new offerings that align with industry standards. Notable initiatives under this proposal include complimentary gym memberships and allowances for recreational sports such as badminton and futsal, promoting regular exercise and a balanced lifestyle. These benefits are designed to support physical and mental well-being while reinforcing Pavilion REIT's position as an employer of choice.</p>

Pavilion REIT's comprehensive approach to employee engagement reflects its commitment to cultivating a supportive and thriving workplace. By prioritizing recognition, communication, development, and wellness, Pavilion REIT is well-positioned to enhance employee satisfaction, boost retention, and drive long-term success.

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

Parental Leave

In accordance with Malaysia Employment Act 1955, Pavilion REIT provides all eligible female employees with 98 days of maternity leave. Eligible male employees are entitled to seven days of paid paternity leave, subject to the conditions such as length of services and marriage verification. There was no employee who took parental leave during the reporting year. Further details, please refer to Sustainability Key Performance Data in this report.

TRAINING AND EDUCATION

Why it Matter and Approach

Talent development is a crucial aspect of high-performance work culture. The Manager is committed to developing its employees' talents and maximising their potential by creating a work environment that informs, educates, and inspires employees to achieve their professional and personal goals and aspirations. Pavilion REIT embraces a culture that actively supports participation in learning and upskilling activities and acquiring new knowledge and skills on the job.

Our Training and Education Initiatives

This year, the Manager has provided learning & development programmes that involve re-skilling and up-skilling programmes for employees to ensure they are well prepared for any challenges that may arise. The employees are also given training in areas where necessary to ensure there is continued compliance with revised or new government regulations.

The Manager has conducted the following trainings for all employees to ensure everyone is well informed and educated on topics of the trainings:

ESG-Related Training

Courses related to sustainability, responsible business practices, reporting, and employee well-being fall under the ESG category.

Training	Description	ESG Pillar
ESG Reporting and Carbon Management Workshop 2024	Training on ESG reporting and carbon emissions management.	Environmental
Zero Waste Talk	Addresses sustainable waste management and reduction practices.	Environmental
KSY777: ESG and Sustainability: Addressing Climate Change as Part of ESG Journey in Malaysia Capital Market	Covers ESG and climate change strategies, particularly for Malaysia's capital market.	Environmental
Anti-Bribery and Corruption Refresher Training	Focus on ethical governance and anti-corruption practices.	Governance
Bursa Malaysia (KLSE) Sustainability Reporting Guide Training Course	Training on local sustainability reporting requirements.	Governance
Cybersecurity Training	Ensures data safety and protection, indirectly tied to workplace security.	Governance
GRI Certificate Training Course: Reporting With GRI Standards 2021 Update	Focused on understanding and implementing GRI standards for sustainability reporting.	Governance
Managing Employee Well-Being Issues	Focus on social aspects of employee well-being and workplace health.	Social

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

Health & Safety Related Trainings



Courses focusing on workplace safety, health, and operational compliance are part of the HS framework.

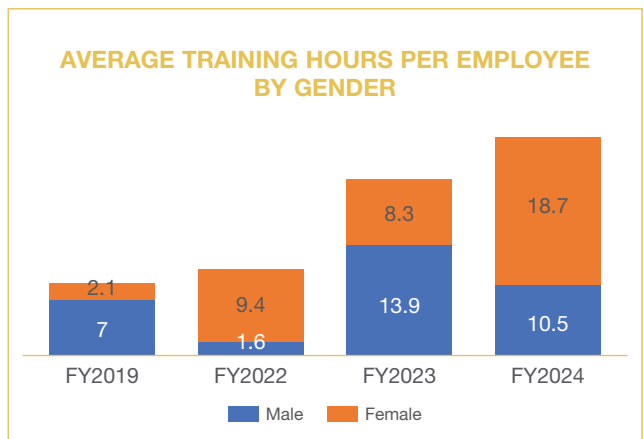
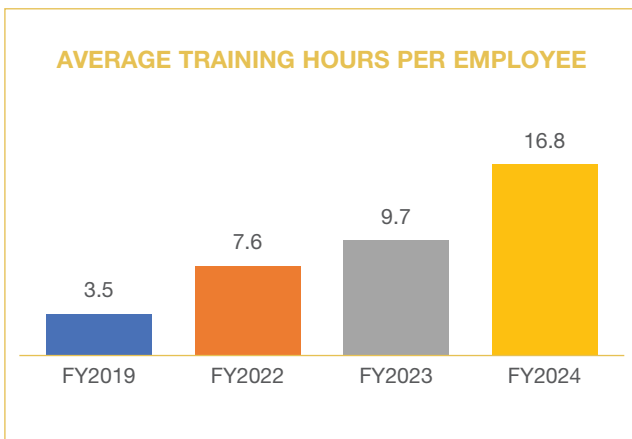
Training	Description
Counter Terrorism	Safety-focused training related to physical security.
First Aid Training	Focuses on workplace health and emergency preparedness.
Threat Management Talk	Addresses workplace safety protocols and risk management.

Other Professional Development & Skills Training

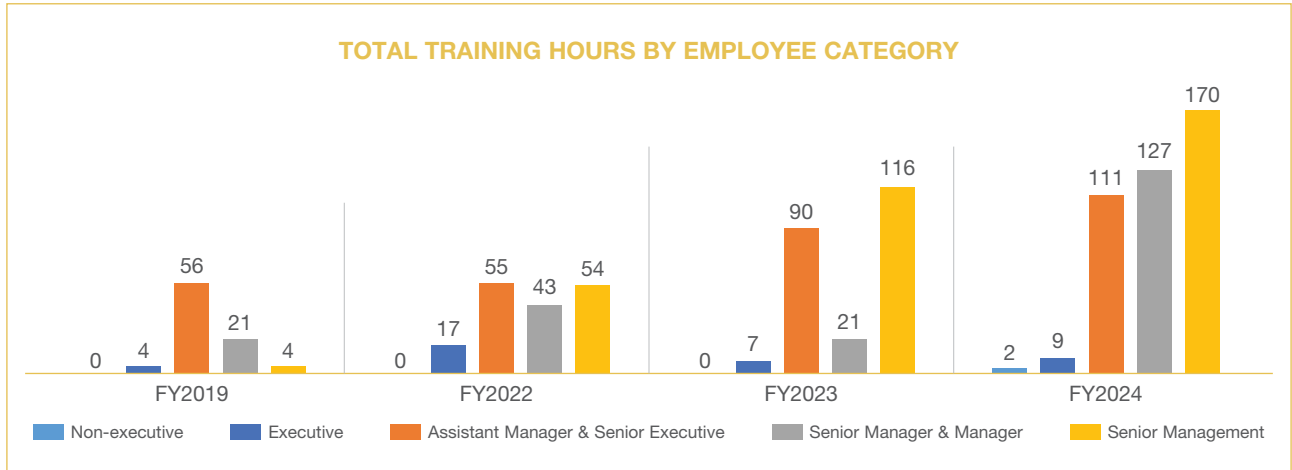
Training	
A Review of All Amendments & New Legislation	HR2000 Refresher Training
Accounting & Invoicing Knowledge Skills	ITIL Foundation 4
Advanced MS Excel Training	KSY009: Second Half of Internet: Online Shopping and Influencer Marketing (Wanghong) Economy
AI-Human Collaboration in Social Media - Unleashing ChatGPT's Potential	Malaysia Retailers' Association (MRA) 2024
Employer's Tax Obligations: Adapting You	Marketing Data Analytics
Employment Update - Constructive Dismiss	Orientation (For New Joiner)
Forum Khas 2024 EPF SOSCO LHDN JTK	Royal Protocol & Etiquette Course
Handling Poor Performance Employees	

Progress

Training and Education Data



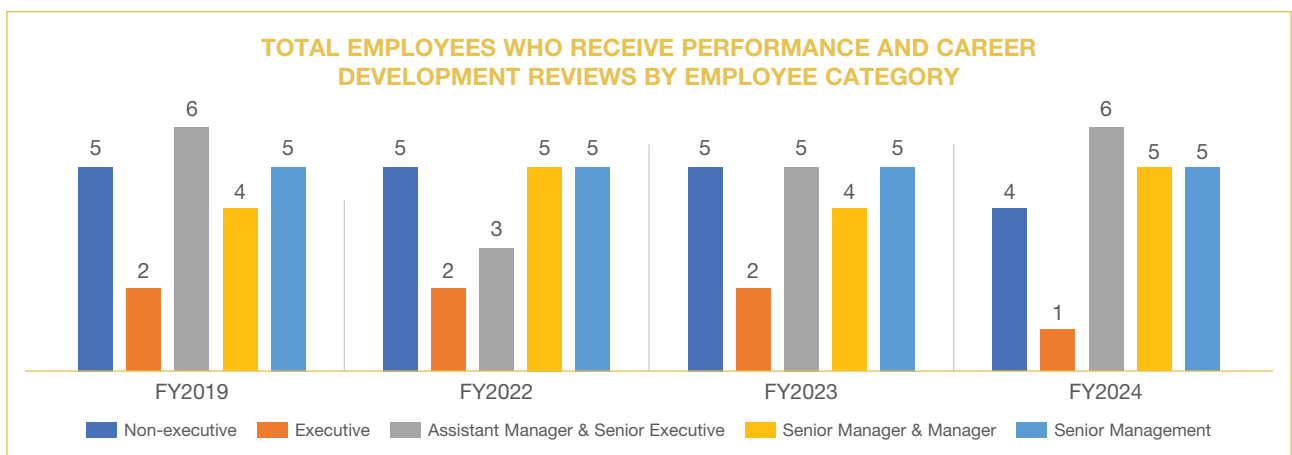
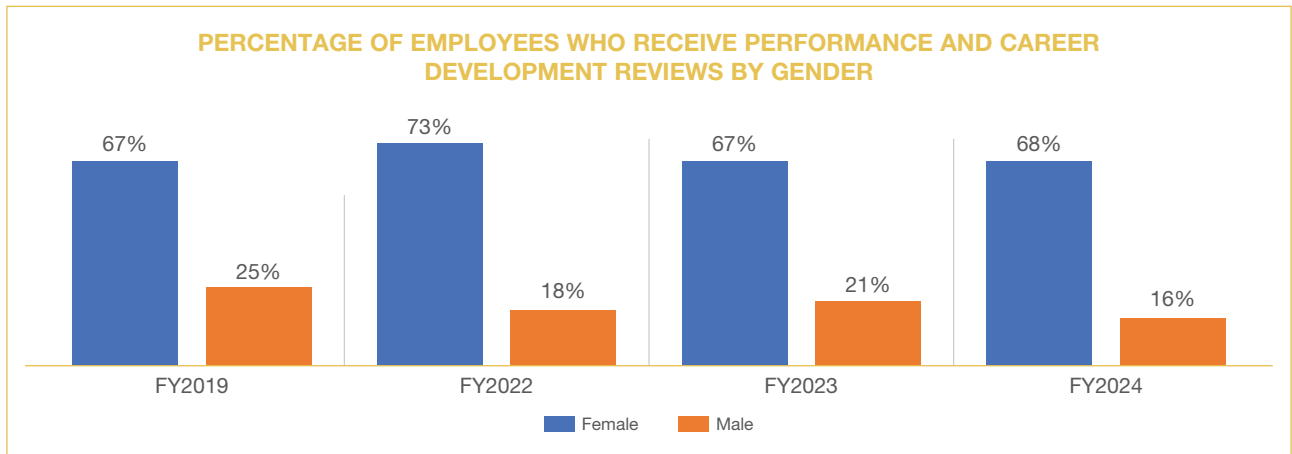
T : TRANSFORMING TALENT MANAGEMENT Cont'd



In 2024, 419 hours were spent on trainings, recorded an increase of 79.4% in total training hours compared to previous financial year of 234 hours. The Manager invested RM38,121 in employee’s learning and development.

Annual Performance and Career Development Reviews

Most of the employees have received their annual performance and career development reviews, in which management provides feedback on the performances and areas of improvement. The annual performance review helps the Manager in understanding and meeting the needs of employees, whilst creating an environment that promotes growth and efficiency, which in turn help improving its business operations.



T : TRANSFORMING TALENT MANAGEMENT

Cont'd

The Manager will continue to expand the number of learning and development programs while focusing on the creation of new skills acquisition initiatives for all employees. These efforts aim to support employees in their career growth and progression.



DIVERSITY AND EQUAL OPPORTUNITY

Why it Matter and Approach

In today's workplace, diversity and inclusion play a huge role in fostering a positive and inclusive work environment for employees. Research has shown that diversity and inclusion has led to better performances and higher revenue growth. The Manager recognizes the importance of diversity and inclusion and is looking to incorporate more diversity and inclusion practices into Pavilion REIT.

The Manager complies with the following laws to ensure its employees are well protected:

Malaysia Employment Act 1955

Industrial Relations Act 1967

Occupational Safety and Health Act (OSHA) 1994

The Manager also complies with the Malaysia Employment Act Amendment 2022 which states that an employee cannot work more than 45 hours in a week and the Malaysian Minimum Wages Order 2024 which increases the new minimum wage to RM1,700 per month. It practices equal wage ratio and maintain equal opportunity regardless of gender. The Manager has recorded equal gender ratio of 1:1 for all degree holders since FY2019.

The Manager is also committed in prioritising local employment and embrace merit-based employment policies and promote diversity and equality at work regardless of gender, race, and ethnicity, religion, political opinion or social origin. The Manager does not discriminate those from underprivileged groups including differently-abled people, low-income families or people with no formal education qualifications. Code of Conduct and Ethics govern the Manager's employees to ensure they maintain the highest standard of conduct when dealing with internal and external parties and most importantly, they treat their colleagues with equal respect.

The Manager has enforced a Whistleblowing Policy for its employees to report on any unethical practices, discrimination, and harassments. This policy provides a safe avenue for employees to have their voices heard.

Diversity of Our Board of Directors and Our Employees

Board of Directors Distribution Data

The Board of Pavilion REIT comprises ten (10) members, including six (6) men and four (4) women, with five (5) of these members serving as independent directors. Women represent 40% of the Board, surpassing the 30% minimum recommendation outlined in the MCCG. This milestone underscores Pavilion REIT's strong commitment to fostering gender diversity and creating a balanced, inclusive leadership structure.

The Manager has consistently set a target of maintaining at least 30% female representation on the Board, and this target was successfully achieved in 2024. Moving forward, Pavilion REIT is committed to upholding and exceeding this standard as part of its broader focus on diversity, equity, and inclusion (DEI).

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

Gender diversity on the Board contributes significantly to Pavilion REIT's ability to make balanced, informed decisions, fostering innovation and resilience within its governance framework. To further strengthen its commitment, the Manager actively evaluate its nomination and governance processes to ensure that opportunities for leadership are equally accessible to qualified candidates, regardless of gender.

Pavilion REIT recognizes that diverse perspectives are essential to building sustainable value for stakeholders and will continue to align its Board composition with international best practices and evolving corporate governance standards.

Board Diversity by Gender (%)	FY2019	FY2022	FY2023	FY2024
Male	83%	67%	64%	60%
Female	17%	33%	36%	40%

Board Diversity by Age (%)	FY2019	FY2022	FY2023	FY2024
<30	8%	0%	0%	0%
30-39	17%	17%	18%	0%
40-50	8%	25%	18%	20%
>50	67%	58%	64%	80%

Board by Ethnicity (%)	FY2019	FY2022	FY2023	FY2024
Malay	25%	17%	27%	30%
Chinese	42%	42%	37%	40%
Indian	0%	8%	9%	10%
Others	33%	33%	27%	20%

Employee Distribution Data

Employee Gender and Age

The Manager promotes inclusivity and employs a diverse range of people that bring different experiences and knowledge to Pavilion REIT, regardless of gender and age.

Total employees of 25 in 2024

Gender Diversity - Employees (%)	FY2019	FY2022	FY2023	FY2024
Male	29%	23%	25%	24%
Female	71%	77%	75%	76%

Age Diversity - Employees (%)	FY2019	FY2022	FY2023	FY2024
<30	4%	9%	12%	8%
30-39	25%	18%	21%	24%
40-50	42%	32%	25%	28%
>50	29%	41%	42%	40%

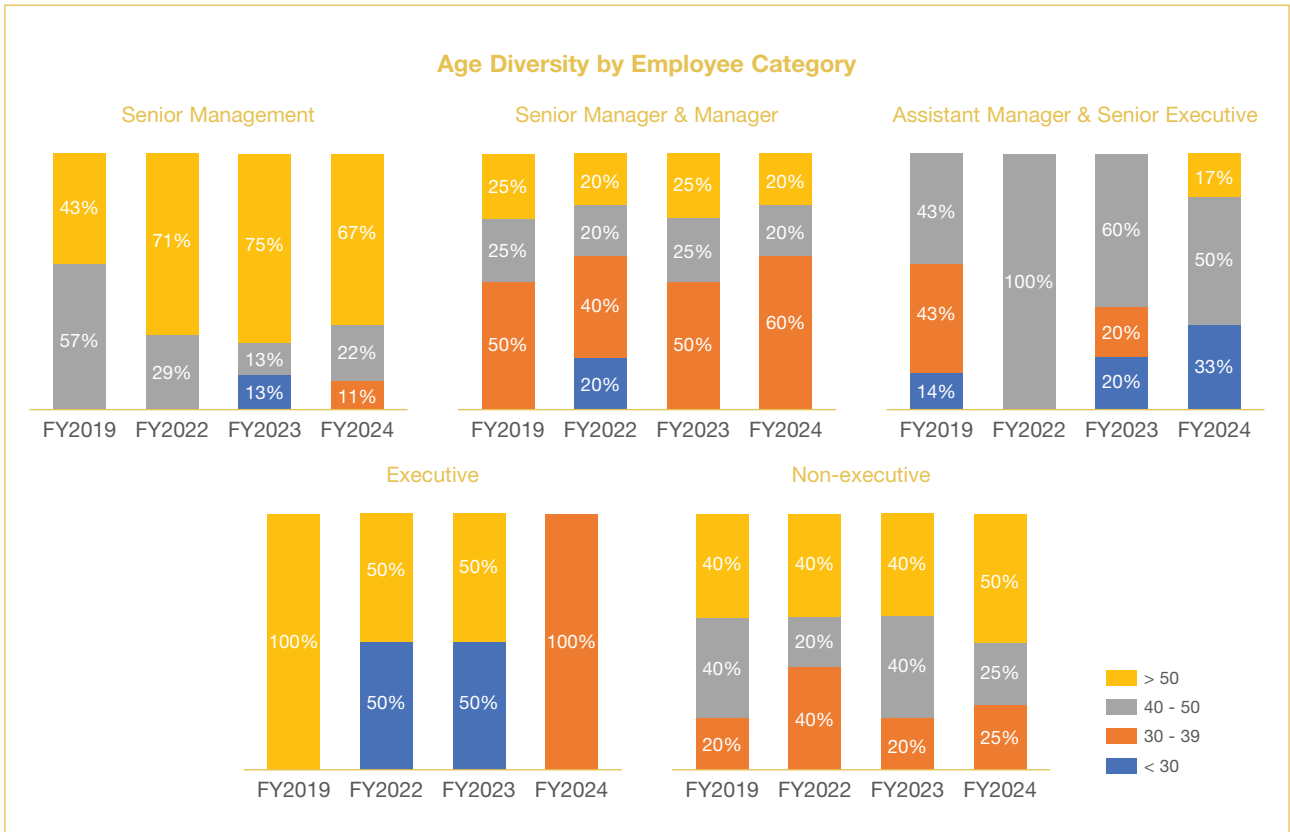
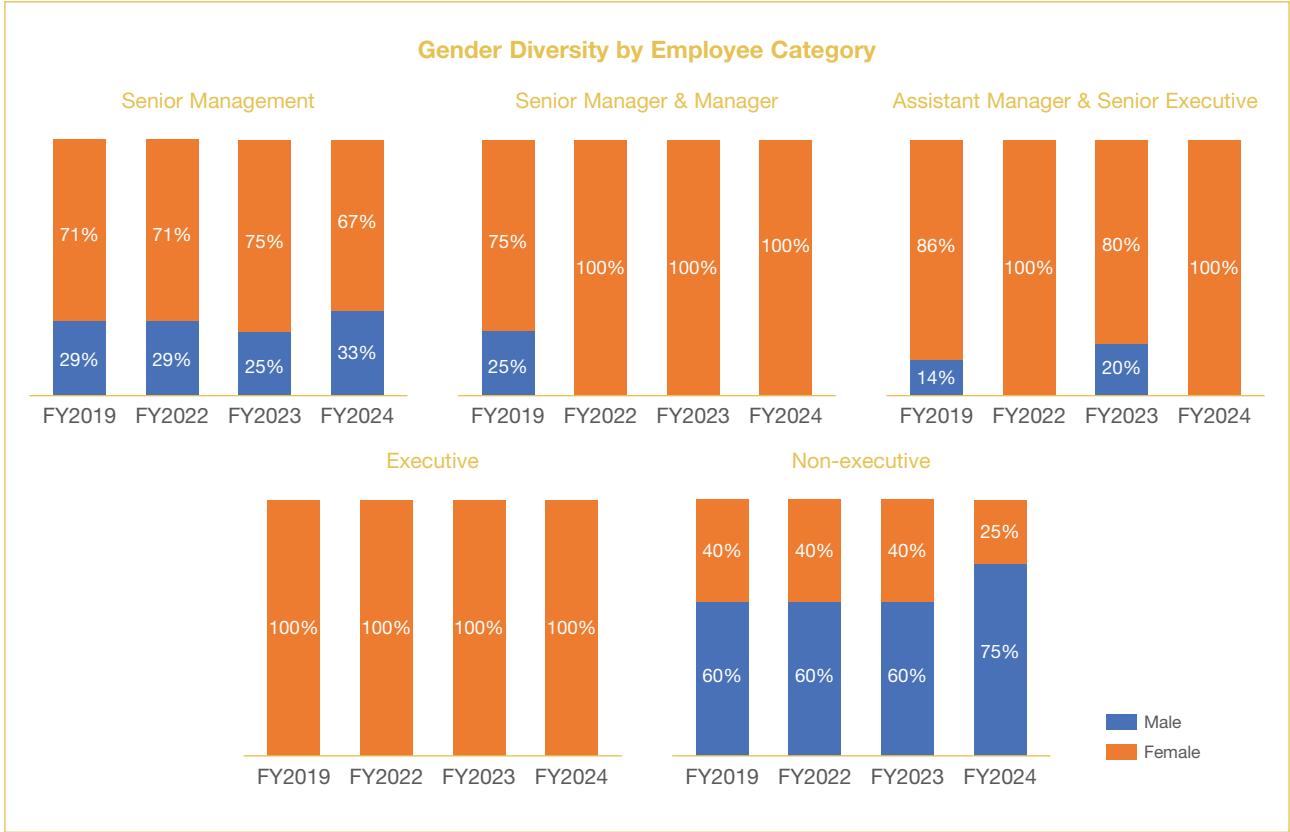
Ethnic Diversity (%)	FY2019	FY2022	FY2023	FY2024
Malay	17%	18%	17%	16%
Chinese	83%	82%	83%	84%
Indian	-	-	-	-
Others	-	-	-	-

Employee Composition

Pavilion REIT hired all permanent employees, there is no temporary staff.

T : TRANSFORMING TALENT MANAGEMENT

Cont'd



T : TRANSFORMING TALENT MANAGEMENT

Cont'd

HUMAN RIGHTS MANAGEMENT

Why it Matter and Approach

Human rights are fundamental rights that every human being has regardless of background. The Manager recognises the importance of human rights' values within an organization to ensure everyone who works directly or indirectly is treated with respect and dignity, regardless of gender, seniority level, etc. Poor condition of workers' accommodation was one of the major cluster outbreaks which claimed many lives in FY2021. The outbreak highlighted the urgency to address human rights practices among companies that provide accommodation for workers.

Since FY2020, the Manager has implemented new initiatives to increase its efforts in upholding human rights principles within Pavilion REIT properties.

Since FY2020, the Manager has conducted quarterly human rights audits at the foreign workers' accommodation of all the security and cleaning service providers. This initiative is to ensure there is proper welfare for all foreign workers who work at Pavilion REIT properties. Some of the social and human rights audit checklist includes:

- No overcrowding;
- Provision of proper facilities/amenities;
- Proper fire safety measures in place;
- Hygienic and safe living conditions;
- Provision of first aid kit;
- Evacuation route.

Due to shortage of manpower, Pavilion REIT service providers required their workers to work additional hours or over time. The Manager has taken measures to ensure that these service providers are in compliance with requirements without exceeding the maximum statutory over time hours. The Manager also requires Pavilion REIT service providers (of cleaning and security) to report their respective workers' working hours during their daily roll call. The Manager conducts verifications with the service providers to ensure that these workers are being paid the minimum wage as per the latest government regulations.

Progress

	FY2022	FY2023	FY2024
Number of substantiated complaints concerning human rights violations	0	0	0

Human Right Policy

Pavilion REIT strives to create a workplace where open and honest communication among all employees is valued and respected. Human Resources Department has established a Human Rights Policy which is in accordance with the UN Guiding Principles on Business and Human Rights and aligned with International Labour Organization (ILO) standards, to promote and uphold human rights in the workplace. Effective 1st November 2023, the Human Rights Policy applies to all directors and employees, including full-time, part-time, casual, contract, and interns. The Policy also extends to Pavilion REIT's business partners.

The Human Rights Policy covers topics such as:

- (a) non-discrimination, workforce diversity and equal opportunity;
- (b) freedom of association and collective bargaining;
- (c) safe and healthy workplace;
- (d) prevention of violence at the workplace;
- (e) compliance to local laws on minimum wage and working hours;
- (f) prevention of forced labour including modern forms of slavery and any form of human trafficking; and
- (g) protection of the rights of children and prohibit the hiring of child labour in all its business operations.

There is also a grievance mechanism for individuals to report suspected policy violations without fear of discrimination or retaliation. In cases of non-compliance or critical concerns, the report ultimately escalates to the CEO of the Manager, who then presents it to the Sustainability Committee with Board oversight.

The appropriate whistleblowing channel is available at : <https://bdoethics.com/v1/r/QxgwQn00Ey5cz2z6DILFLAGx4xDL6x9>.

The Manager also revised the Code of Conduct & Ethics to includes a commitment to human rights, effective on 24 January 2024.

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

HEALTH AND SAFETY

Why it Matter and Approach

Aligned with Pavilion REIT's core values, health and safety are important aspects of Pavilion REIT that the Manager takes every effort to ensure the well beings of all employees, ground staff, mall patrons and other stakeholders are well taken care of.

Incidents at work are a possibility that cannot be ruled out. To prevent or minimise such possibility, there are training programmes held for both employees and non-employees to educate them on safe conduct when working. The Manager is committed in providing a safe working environment for everyone at the properties regardless of their roles.

In light of the Occupational Safety and Health (Amendment) Act 2022 (OSH Amendment Act), effective 1 June 2024, the Manager has revised its Environmental, Safety, and Health (EHS) policies. These updated policies govern safe practices during business activities across all properties, with the aim of preventing incidents and injuries. The updated OSH policy emphasizes prevention measures, continuous improvement, and clearly outlines the duties of employees to ensure adherence to workplace safety requirements.

Additionally, the Environmental Policy has been enhanced to reflect a stronger commitment to sustainable business operations. It now includes provisions for climate change mitigation, water and waste management, energy efficiency, sustainable procurement and fittings and biodiversity preservation. These updates also outline employees' responsibilities in supporting these initiatives.

Effective 7 October 2024, these policies serve as guiding frameworks for all OSH and Environmental initiatives, legal compliance, and operational commitments across Pavilion REIT. The updated policies have been communicated to all employees, contractors, and stakeholders involved in operations. Furthermore, the Manager encourages suppliers, partners, and tenants to adopt these practices to foster a culture of safety and sustainability.

This year, the Safety & Health Committee meetings and bi-weekly Operations meetings incorporated discussions on occupational safety and health matters. These sessions focused on improving ongoing initiatives and briefing heads of departments, OSH representatives, EHS committee members, contractors, service providers, and tenants on the latest requirements. The Manager also held quarterly meetings to discuss and review potential risks and their ratings under the ERM process.

Progress

Joint Management-Worker Meeting

It was conducted during the quarterly meeting where EHS committees will discuss and monitor all matters that related to environment, health and safety including the worker's role and responsibilities.

An audit on Pavilion REIT's Health & Safety was conducted by internal auditor last year with no material findings.

EHS Committees

The Environment, Health and Safety ("EHS") committee works closely with the Emergency Response Team ("ERT") to ensure the efforts of the Manager is in full compliance with government regulations such as OSHA 1994, Fire Services Act 1988, and Electricity Supply Act 1990.

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

The EHS committee oversees all safety aspects of all malls, including tenant operations, under Pavilion REIT. There are three (3) areas that EHS oversee:

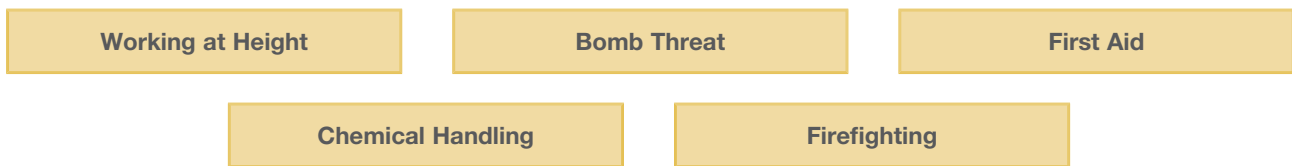
- Office**
 - Conduct safety checks for any potential hazards in the office premises
- Tenant operation**
 - Conduct safety checks on gas and fire safety at the tenants' premises
- External contractor**
 - Review contractors' applications for work permits
 - Ensure safety compliance for those working in high risk work e.g., hot work, lifting operations and work at height

The EHS department is led by a manager who works closely with the EHS committee to review SOPs and conduct trainings for the workers to be educated and informed on health and safety protocols. The main functions are as follows:

- SOPs**
 - Review and update when required to keep updated on the current operations requirements
- Training**
 - Plan and conduct annual training programmes for non-employees to ensure they are updated and well trained to attend and handle any situation

Keeping our Employees safe

Pavilion REIT continues its initiatives from previous years while implementing new ones to further enhance safety measures. This reporting year, more trainings focusing on OHS regulations have been given to non-employees to minimize work-related hazards and educate them on the health and safety measures.



Besides the training programmes, the Manager has incorporated Enterprise Risk Management (“ERM”) process into Pavilion REIT’s business operation to address any health and safety related matters, identify and mitigate any potential risks. The ERM process covers all workers at all properties of Pavilion REIT as the Manager is committed in eliminating any possible hazard and minimizing any risks involving all workers.

The Manager has also instituted the Hazard Identification, Risk Assessment and Risk Control (HIRARC) into Pavilion REIT’s business operations where HIRARC assessments are conducted by all departments at each property to identify and mitigate any risk. Pavilion REIT conducted trainings to equip non-employees with knowledge on how to work at height, how to handle chemicals and how to handle first aid cases in the malls.

Visitor Health and Safety

The Manager views its visitors’ health and safety as top priority and maintains preventive measures to minimise accidents in its properties. In addition to having CCTV surveillance system installed for strategic monitoring, panic buttons are also available in car park and remote public mall areas where there’s less patronage. Wheelchairs, walking aids and disable facilities are also available at all Pavilion REIT’s retail malls to increase shoppers’ comfort.

Prompt investigation will be undertaken immediately followed by corrective action in the event of any threats to its visitor health and safety issues.

T : TRANSFORMING TALENT MANAGEMENT

Cont'd

Health and safety training

In 2024, a total of 438 participants were given trainings on health and safety.

Number of employees trained on health and safety training & standards	FY2022	FY2023	FY2024
Employees	2	5	11
Non-employees ⁽¹⁾	128	106	427
Total	130	111	438

Note:

(1) Non-employees refer to Kuala Lumpur Pavilion Sdn Bhd's staff stationed in Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Tower, Intermark Mall, DA MEN Mall and Pavilion Bukit Jalil.

Health and Safety Data

	FY2022		FY2023		FY2024	
	Employees	Non-Employees	Employees	Non-Employees	Employees	Non-Employees
Total Hours Worked	46,592	657,280	50,752	591,136	52,832	1,000,064
Number of Work-Related Fatalities	0	0	0	0	0	0
Number of Lost Time Injuries	0	0	0	2	0	1
Lost Time Incident Rate ("LTIR") ⁽¹⁾	0	0	0	0.68	0	0.20
Number of work-related illnesses/ill-health	0	0	0	0	0	0

Note:

(1) The lost time incident rate is calculated based on 200,000 man-hours worked.

Work-related injuries and illnesses/ill-health

Pavilion REIT's ultimate goal is to ensure that all employees return home safely at the end of the day, which is why the Manager strive to maintain zero fatalities annually by preventing and minimising workplace incidents. The Manager recorded no cases of fatalities and work-related illness of its employees in FY2024.

However, in FY2024, there were one incident of lost-time injuries involving a non-employee. The injury, which resulted in a head injury, was attributed to the affected person's oversight and failure to wear a safety helmet while working in mechanical spaces. In response, the Manager took immediate action by strengthening safety protocols, increasing compliance monitoring, and implementing more frequent training and briefings to prevent similar incidents in the future.

Looking forward, the Manager is committed to continuously improving workplace safety standards. This includes training employees on OHS procedures and equipping tenants with essential skills, such as fire extinguisher usage. These measures reflect the Manager's dedication to fostering a safe and compliant workplace environment, reducing the likelihood of work-related accidents and injuries.

Prevention of Violence and Harassment including Sexual Harassment at the Workplace

Throughout the reporting year, efforts were undertaken by the Manager to proactively raise awareness and promote understanding of violence and harassment prevention, including sexual harassment, in the workplace. This included the establishment of a comprehensive policy outlining procedures and measures to prevent, manage, and respond to such incidents, ultimately aiming to create a safe and inclusive environment for all employees.

Everyone - employees and management alike - plays a crucial role in fostering a work climate free from violence and harassment. All parties are required to read, understand, and comply with the policy. The Human Resources Department readily provides further clarification and assistance as needed.

To ensure continued vigilance and effectiveness, The Manager is mandated to conduct an annual risk assessment within their respective departments. While no specific risks have been identified to date, ongoing proactive measures remain essential to maintaining a positive and safe work environment.

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Climate Change

CLIMATE CHANGE	Unit of Measurement	FY2022	FY2023	FY2024
Scope 1 GHG Emission				
Stationary combustion Generators				
Pavilion Kuala Lumpur Mall	tCO2e/gallon		9	0
Elite Pavilion Mall			5	0
Pavilion Tower			22	0
Intermark Mall			0	7
DA MEN Mall			-	-
Pavilion Bukit Jalil			0	0
Total			36	7⁽¹⁾

Note:

(1) Scope 1 emission arising from fuel consumed for gensets in FY2024 has been assured externally by KPMG. Where direct fuel usage data is unavailable, the Manager uses fuel purchased as a proxy to ensure accurate emissions tracking.

Scope 2 GHG Emission				
Purchased Electricity				
Pavilion Kuala Lumpur Mall	tCO2e/MWh	45,595	44,755	14,861
Elite Pavilion Mall		8,485	9,250	9,359
Pavilion Tower		1,280	1,249	916
Intermark Mall		7,638	6,971	5,444
DA MEN Mall		8,338	9,247	9,346
Pavilion Bukit Jalil		-	23,285	39,131
Total		71,336	94,757	79,056⁽¹⁾

Note:

(1) The GHG emission data for Scope 2 in FY2024 has been assured externally by KPMG.

Scope 3 GHG Emission				
Category 6: Business Travel	tCO2e/miles			20
Category 7: Employees Commuting	tCO2e/miles			24
Category 13: Downstream leased assets in relation to tenant purchased electricity				
Pavilion Kuala Lumpur Mall	tCO2e/MWh		37,802	32,701
Elite Pavilion Mall				5,001
Pavilion Tower			465	476
Intermark Mall				
DA MEN Mall				
Pavilion Bukit Jalil				11,037
Total			38,267⁽¹⁾	49,216⁽²⁾

Notes:

(1) The emissions data presented here refer to emissions from electricity generation that is purchased and subsequently resold to end users. This data has been externally assured by KPMG for FY2023. The Manager has disclosed data only for properties where Pavilion REIT is the direct electricity supplier.

(2) For FY2024, KPMG has assured Scope 3, Category 13 emissions arising from electricity sold to tenants. This assurance does not include emissions from business travel or employee commuting. The Manager has disclosed data only for properties where Pavilion REIT is the direct electricity supplier.

Total Scope 3 emissions	tCO2e		38,267	49,260
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SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

CLIMATE CHANGE	Unit of Measurement	FY2022	FY2023	FY2024
GHG Intensity (Scope 1 & 2)				
Pavilion Kuala Lumpur Mall	tCO2e/sqm	0.21	0.20	0.07
Elite Pavilion Mall		0.20	0.23	0.23
Pavilion Tower		0.06	0.06	0.06
Intermark Mall		0.24	0.22	0.22
DA MEN Mall		0.12	0.14	0.14
Pavilion Bukit Jalil		-	0.07	0.12
Overall GHG Intensity for Scope 1 & 2		0.19	0.13	0.11

GHG Intensity (Scope 3)				
Pavilion Kuala Lumpur Mall	tCO2e/sqm		0.17	0.15
Elite Pavilion Mall				0.13
Pavilion Tower			0.02	0.02
Intermark Mall				
DA MEN Mall				
Pavilion Bukit Jalil				0.03
Overall GHG Intensity for Scope 3			0.05	0.07

Energy Management

ENERGY MANAGEMENT				
Electricity Consumption (Landlord)				
Pavilion Kuala Lumpur Mall	kWh	60,152,226	59,043,173	61,417,464
Elite Pavilion Mall		11,194,093	12,202,799	12,346,900
Pavilion Tower		1,688,618	1,647,964	1,705,518
Intermark Mall		10,076,841	9,197,162	10,697,511
DA MEN Mall		10,999,492	12,199,083	12,329,233
Pavilion Bukit Jalil		-	30,719,065	51,624,583
Total		94,111,270	125,009,245	150,121,209⁽¹⁾

Note:

(1) The electricity data in FY2024 has been assured externally by KPMG.

Electricity Consumption (Tenants & Consumers)				
Pavilion Kuala Lumpur Mall	kWh		49,870,470	43,141,264
Elite Pavilion Mall				6,597,944
Pavilion Tower			613,772	628,049
Intermark Mall				
DA MEN Mall				
Pavilion Bukit Jalil				14,561,051
Total			50,484,242	64,928,307⁽¹⁾

Note:

(1) The electricity data in FY2024 has been assured externally by KPMG.

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

ENERGY MANAGEMENT	Unit of Measurement	FY2022	FY2023	FY2024
Renewable Electricity Consumption (Green Electricity Tariff Subscription)				
Pavilion Kuala Lumpur Mall	kWh	19,272,717	25,068,000	41,812,533
Elite Pavilion Mall				
Pavilion Tower				497,067
Intermark Mall			820,000	3,516,000
DA MEN Mall				
Pavilion Bukit Jalil				
Total			19,272,717	25,888,000

Note:

(1) The electricity data in FY2024 has been assured externally by KPMG.

Building Energy Intensity				
Retail	kWh/m ² /year	256	250	307
Pavilion Kuala Lumpur Mall		275	498	478
Elite Pavilion Mall		259	308	477
Intermark Mall		321	293	341
DA MEN Mall		162	179	181
Pavilion Bukit Jalil			92	198
Office			75	100
Pavilion Tower		75	100	103
Overall Energy Intensity		245	246	301

Water Management

WATER MANAGEMENT	Unit of Measurement	FY2022	FY2023	FY2024
Water Withdrawn from Third Party Water Service Providers - Municipal Supplier				
Water Consumption (Landlord)				
Pavilion Kuala Lumpur Mall	m ³	462,686	508,442	464,681
Elite Pavilion Mall		89,909	104,180	118,340
Pavilion Tower		14,991	16,583	17,292
Intermark Mall		56,819	59,011	59,552
DA MEN Mall		74,967	75,659	70,623
Pavilion Bukit Jalil			291,941	455,565
Total			699,372	1,055,816

Water Consumption (Tenants)				
Pavilion Kuala Lumpur Mall	m ³	208,516	292,694	315,345
Elite Pavilion Mall		60,027	72,407	85,327
Pavilion Tower				
Intermark Mall		52,400	54,637	63,800
DA MEN Mall		37,885	37,507	35,651
Pavilion Bukit Jalil		-	142,505	289,897
Total			358,828	599,750

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

WATER MANAGEMENT	Unit of Measurement	FY2022	FY2023	FY2024
SECONDARY SOURCE				
Water Withdrawn from Fresh Water – Rain Water Harvesting				
Pavilion Kuala Lumpur Mall	m ³		139	64
Elite Pavilion Mall				
Pavilion Tower			87	98
Intermark Mall				
DA MEN Mall				330
Pavilion Bukit Jalil				15,482
Total				226
Recycled/Reused Water – Condensate Harvesting				
Pavilion Kuala Lumpur Mall	m ³		2,320	1,758
Elite Pavilion Mall			458	528
Pavilion Tower				
Intermark Mall			134	439
DA MEN Mall				325
Pavilion Bukit Jalil				103
Total				2,912
Water Withdrawn from Groundwater				
Pavilion Kuala Lumpur Mall	m ³		165	462
Elite Pavilion Mall				
Pavilion Tower				
Intermark Mall				
DA MEN Mall				
Pavilion Bukit Jalil				
Total				165
Water Use Intensity				
Retail	m ³ /m ² /year	2.9	2.4	2.9
Pavilion Kuala Lumpur Mall		3.1	3.7	3.6
Elite Pavilion Mall		3.5	4.5	5.1
Intermark Mall		3.5	3.6	3.9
DA MEN Mall		1.7	1.7	1.6
Pavilion Bukit Jalil		-	1.3	2.3
Office			0.7	0.7
Pavilion Tower		0.7	0.7	0.8
Overall Water Use Intensity		2.8	2.3	2.8

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

Waste Management

WASTE MANAGEMENT	Unit of Measurement	FY2022	FY2023	FY2024
Waste Management				
Total Waste Generated	tonnes	4,264.1	5,445.2	9,650.0
Total Waste Diverted from Disposal				
Hazardous Waste				
Other recovery operations	tonnes	0.2	0.3	1.0
Non-Hazardous Waste (Total Waste Recycled)				
Recycling: Plastic	tonnes	-	4.3	17.2
Recycling: Paper		164.6	239.5	412.8
Recycling: Metal		1	3.1	3.8
Total		165.6	246.9	433.9
Total Waste Diverted from Disposal	tonnes	165.8	247.2	627.6
Total Waste Directed to Disposal				
Landfilling	tonnes	4,098.40	5,198.00	9,022.4
% diversion from landfill	%	3.9	4.5	6.5

Social Pillar

	Unit of Measurement	FY2022	FY2023	FY2024
Board of Directors				
Total Board Members	Number	12	11	10
Gender of Board of Directors				
Male	Number	8	7	6
Female		4	4	4
Nationality of Board of Directors				
Malaysian	Number	8	8	8
Foreign		4	3	2
Age group of Board of Directors				
< 30	Number	0	0	0
30 to 39		2	2	0
40 to 50		3	2	2
>50		7	7	8
Ethnicity of Board of Directors				
Malay	Number	2	3	3
Chinese		5	4	4
Indian		1	1	1
Others		4	3	2

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

	Unit of Measurement	FY2022	FY2023	FY2024
Employees				
Total Employees	Number	22	24	25
Total Employees By Category, Age and Gender				
Senior Management - Male				
<30	Number	0	0	0
30 – 39		0	0	0
40 – 50		0	0	1
>50		2	2	2
Senior Manager and Manager - Male				
<30	Number	0	0	0
30 – 39		0	0	0
40 – 50		0	0	0
>50		0	0	0
Assistant Manager and Senior Executive - Male				
<30	Number	0	0	0
30 – 39		0	1	0
40 – 50		0	0	0
>50		0	0	0
Executive - Male				
<30	Number	0	0	0
30 – 39		0	0	0
40 – 50		0	0	0
>50		0	0	0
Non-Executive - Male				
<30	Number	0	0	0
30 – 39		1	1	1
40 – 50		1	1	1
>50		1	1	1
Senior Management - Female				
<30	Number	0	1	0
30 – 39		0	0	1
40 – 50		2	1	1
>50		3	4	4
Senior Manager and Manager - Female				
<30	Number	1	0	0
30 – 39		2	2	3
40 – 50		1	1	1
>50		1	1	1

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

	Unit of Measurement	FY2022	FY2023	FY2024
Assistant Manager and Senior Executive - Female				
<30	Number	0	1	2
30 – 39		0	0	0
40 – 50		3	3	3
>50		0	0	1
Executive - Female				
<30	Number	1	1	0
30 – 39		0	0	1
40 – 50		0	0	0
>50		1	1	0
Non-Executive – Female				
<30	Number	0	0	0
30 – 39		1	0	0
40 – 50		0	1	0
>50		1	1	1
Total Turnover				
Turnover - Gender				
Male	Number	0	0	1
Female		2	2	1
Turnover – Age				
<30	Number	0	0	0
30 - 39		2	1	2
40 - 50		0	1	0
>50		0	0	0
Turnover – Ethnicity				
Malay	Number	0	0	0
Chinese		2	2	2
Indian		0	0	0
Others		0	0	0
Turnover - Category				
Senior Management	Number	0	0	0
Senior Manager and Manager		1	1	0
Assistant Manager and Senior Executive		1	1	1
Executive		0	0	1
Non-Executive		0	0	0

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

	Unit of Measurement	FY2022	FY2023	FY2024
Total New Hire				
New Hire - Gender				
Male	Number	0	1	1
Female		4	3	1
New Hires - Age				
<30	Number	2	2	0
30 - 39		1	1	1
40 - 49		1	1	1
>50		0	0	0
New Hires - Ethnicity				
Malay	Number	0	0	0
Chinese		4	4	2
Indian		0	0	0
Others		0	0	0
New Hires - Category				
Senior Management	Number	2	1	1
Senior Manager and Manager		1	0	1
Assistant Manager and Senior Executive		1	3	0
Executive		0	0	0
Non-Executive		0	0	0
Total Temporary Staff				
By gender				
Male	Number	0	0	0
Female		0	0	0
Employee Training Hours				
Average training hours per employee	Hour	7.6	9.7	16.8
Number of Training Hours By Gender				
Male	Hour	8	83.5	63
Female		160	150	356
Number of Training Hours By Category				
Senior Management	Hour	54	115.5	170
Senior Manager and Manager		43	21	127
Assistant Manager and Senior Executive		55	90	111
Executive		17	7	9
Non-Executive		0	0	2

SUSTAINABILITY KEY PERFORMANCE DATA

EESG Performance Indicators

Cont'd

	Unit of Measurement	FY2022	FY2023	FY2024
Employees Receiving Performance and Career Development Reviews				
By Gender				
Male	%	18	21	16
Female		73	67	68
By Category				
Senior Management	Number	5	5	5
Senior Manager and Manager		5	4	5
Assistant Manager and Senior Executive		3	5	6
Executive		2	2	1
Non-Executive		5	5	4
Total Number of Discrimination Incidents				
Total number of incidents of discrimination during reporting period	Number	0	0	0
Status of incidents and action taken		0	0	0
Parental Leave				
Total number of employees	Number	22	24	25
Employees Entitled for Parental Leave				
Male	Number	5	6	6
Female		17	18	19
Employees that took Parental Leave				
Male	Number	0	0	0
Female		1	0	0
Number of Parental Leave applied				
Paternity Leave	Number	0	0	0
Maternity Leave		60	0	0
Employees return to work after Parental Leave				
Male	Number	0	0	0
Female		1	0	0
Employees that were still employed 12 months after their return to work				
Male	Number	0	0	0
Female		0	0	0
Return to Work Rate				
Male	%	N/A	N/A	N/A
Female		100%	N/A	N/A
Retention Rate				
Male	%	N/A	N/A	N/A
Female		0%	0%	N/A

SUSTAINABILITY PERFORMANCE REPORT

(Bursa Link)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	-	33.00	36.00
Senior Manager and Manager	Percentage	-	17.00	20.00
Assistant Manager and Senior Executive	Percentage	-	21.00	24.00
Executive	Percentage	-	8.00	4.00
Non-Executive	Percentage	-	21.00	16.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	0	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	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.00	99.00	99.86
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ -e	-	36.00	7.00 ⁽¹⁾
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ -e	71,336.00	94,757.00	79,056.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	tCO ₂ -e	-	38,267.00	49,260.00
Category 6: Business Travel	tCO ₂ -e	-	-	20.00
Category 7: Employee Commuting	tCO ₂ -e	-	-	24.00
Category 13: Downstream leased assets	tCO ₂ -e	-	-	49,216.00 ⁽²⁾
Bursa (Energy management)⁽³⁾				
Bursa C4(a) Total energy consumption	MWh	94,111.27	125,009.24	150,121.21
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	699.37	1,055.82	1,186.05
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	4,264.10	5,445.20	9,650.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	165.80	247.20	627.60
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	4,098.40	5,198.10	9,022.40
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	188,627.40	297,340.16
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	5,294.00	1,990.00

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY PERFORMANCE REPORT

(Bursa Link)
Cont'd

Indicator	Measurement Unit	2022	2023	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	13.00	0.00
Senior Management Between 30-39	Percentage	0.00	0.00	11.00
Senior Management Between 40-49	Percentage	29.00	13.00	22.00
Senior Management Above 50	Percentage	71.00	75.00	67.00
Senior Manager and Manager Under 30	Percentage	20.00	0.00	0.00
Senior Manager and Manager Between 30-39	Percentage	40.00	50.00	60.00
Senior Manager and Manager Between 40-49	Percentage	20.00	25.00	20.00
Senior Manager and Manager Above 50	Percentage	20.00	25.00	20.00
Assistant Manager and Senior Executive Under 30	Percentage	0.00	20.00	33.00
Assistant Manager and Senior Executive Between 30-39	Percentage	0.00	20.00	0.00
Assistant Manager and Senior Executive Between 40-49	Percentage	100.00	60.00	50.00
Assistant Manager and Senior Executive Above 50	Percentage	0.00	0.00	17.00
Executive Under 30	Percentage	50.00	50.00	0.00
Executive Between 30-39	Percentage	0.00	0.00	100.00
Executive Between 40-49	Percentage	0.00	0.00	0.00
Executive Above 50	Percentage	50.00	50.00	0.00
Non-Executive Under 30	Percentage	0.00	0.00	0.00
Non-Executive Between 30-39	Percentage	40.00	20.00	25.00
Non-Executive Between 40-49	Percentage	20.00	40.00	25.00
Non-Executive Above 50	Percentage	40.00	40.00	50.00
Gender Group by Employee Category				
Senior Management Male	Percentage	29.00	25.00	33.00
Senior Management Female	Percentage	71.00	75.00	67.00
Senior Manager and Manager Male	Percentage	0.00	0.00	0.00
Senior Manager and Manager Female	Percentage	100.00	100.00	100.00
Assistant Manager and Senior Executive Male	Percentage	0.00	20.00	0.00
Assistant Manager and Senior Executive Female	Percentage	100.00	80.00	100.00
Executive Male	Percentage	0.00	0.00	0.00
Executive Female	Percentage	100.00	100.00	100.00
Non-Executive Male	Percentage	60.00	60.00	75.00
Non-Executive Female	Percentage	40.00	40.00	25.00

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY PERFORMANCE REPORT

(Bursa Link)

Cont'd

Indicator	Measurement Unit	2022	2023	2024
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67.00	64.00	60.00
Female	Percentage	33.00	36.00	40.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-39	Percentage	17.00	18.00	0.00
Between 40-49	Percentage	25.00	18.00	20.00
Above 50	Percentage	58.00	64.00	80.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	54	116	170
Senior Manager and Manager	Hours	43	21	127
Assistant Manager and Senior Executive	Hours	55	90	111
Executive	Hours	17	7	9
Non-Executive	Hours	0	0	2
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0	0	0
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	0	0
Senior Manager and Manager	Number	1	1	0
Assistant Manager and Senior Executive	Number	1	1	1
Executive	Number	0	0	1
Non-Executive	Number	0	0	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.68	0.20
Bursa C5(c) Number of employees trained on health and safety standards	Number	130	111	438

Notes:

1. Scope 1 emission arising from fuel consumed for gensets in FY2024 has been assured externally by KPMG. Where direct fuel usage data is unavailable, the Manager uses fuel purchased as a proxy to ensure accurate emissions tracking.
2. For FY2024, KPMG has assured Scope 3, Category 13 emissions arising from electricity sold to tenants amounted to 49,216 tCO₂e. This assurance does not include emissions from business travel or employee commuting. The Manager has disclosed data only for properties where Pavilion REIT is the direct electricity supplier.
3. Energy Management data stated in this table only includes electricity consumption (landlord). Despite of that, the total electricity data amounted to 215,049,516 kWh for FY2024 has been assured externally by KPMG.

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY ASSURANCE STATEMENT

To enhance the credibility of Pavilion REIT's sustainability reporting, an independent assurance has been conducted in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* for selected indicators. The report has also been reviewed and approved by the Company's Audit Committee. The scope, subject matters covered, and conclusions are detailed below:

Type of Assurance	Subject Matter ("Selected Sustainability Indicators")	Scope	Conclusion
Independent Assurance	Scope 1 greenhouse gas (GHG) emissions (fuel consumption for genset) (tCO ₂ e/gallon)	all of Pavilion REIT's investment properties	Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2024 presented in Pavilion REIT's Integrated Annual Report 2024 are not prepared, in all material respects, in accordance with Pavilion REIT's definition and calculation methodologies as set out in Pavilion REIT's Integrated Annual Report 2024 and/or where relevant, the Bursa Malaysia Securities Berhad Listing Requirements.
	Scope 2 GHG emissions (purchased electricity) (tCO ₂ e/MWh)	all of Pavilion REIT's investment properties	
	Scope 3 GHG emissions (category 13 downstream leased assets in relation to tenant purchased electricity) (tCO ₂ e/MWh)	Pavilion Kuala Lumpur Mall, Pavilion Tower, Elite Pavilion Mall and Pavilion Bukit Jalil Mall only	
	Electricity consumption (kWh)	all of Pavilion REIT's investment properties	

Please refer to page 140 to 143 for the Independent Limited Assurance Statement provided by KPMG PLT.

SUSTAINABILITY ASSURANCE STATEMENT

Cont'd

INDEPENDENT LIMITED ASSURANCE REPORT



KPMG PLT

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MTrustee Berhad (the "Trustee")

(Registration No.: 198701004362 (163032-V))
Acting as Trustee for and on behalf of
Pavilion Real Estate Investment Trust
Level 10 Pavilion Kuala Lumpur
168 Jalan Bukit Bintang
55100 Kuala Lumpur

Independent Practitioners' Limited Assurance Report on Pavilion REIT's Selected Sustainability Indicators for the financial year ended 31 December 2024 presented in its Integrated Annual Report 2024

Conclusion

We have performed a limited assurance engagement on whether Pavilion REIT's selected sustainability indicators for the financial year ended 31 December 2024 listed below ("Selected Sustainability Indicators") have been prepared in accordance with Pavilion REIT's definition and calculation methodologies as set out in the Pavilion REIT's Integrated Annual Report 2024 and/or where relevant, the Bursa Malaysia Securities Berhad Listing Requirements ("Applicable Criteria"):

1. Scope 1 greenhouse gas (GHG) emissions (fuel consumption for genset) (tCO_{2e}/gallon);
2. Scope 2 GHG emissions (purchased electricity) (tCO_{2e}/MWh);
3. Scope 3 GHG emissions (category 13 downstream leased assets in relation to tenant purchased electricity) (tCO_{2e}/MWh); and
4. Electricity consumption (kWh).

The boundary of the limited assurance engagement on the Selected Sustainability Indicators of 1, 2 and 4 above represents all of Pavilion REIT's investment properties.

The boundary of the limited assurance engagement on the Selected Sustainability Indicator of 3 above represents Pavilion Kuala Lumpur Mall, Pavilion Tower, Elite Pavilion Mall and Pavilion Bukit Jalil Mall only.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2024 presented in Pavilion REIT's Integrated Annual Report 2024 are not prepared, in all material respects, in accordance with Pavilion REIT's definition and calculation methodologies as set out in Pavilion REIT's Integrated Annual Report 2024 and/or where relevant, the Bursa Malaysia Securities Berhad Listing Requirements ("Applicable Criteria").

SUSTAINABILITY ASSURANCE STATEMENT

Cont'd



*Pavilion Real Estate Investment Trust ("Pavilion REIT")
Independent Practitioners' Limited Assurance Report
on Pavilion REIT's Selected Sustainability Indicators
for the financial year ended 31 December 2024
presented in its Integrated Annual Report 2024
12 February 2025*

Basis for conclusion

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Our responsibilities under this standard are further described in the Our responsibilities section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and other ethical responsibilities

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Restriction on distribution and use of our report

Our report has been prepared for the Board of Directors of Pavilion REIT Management Sdn. Bhd. (the "Directors") solely in accordance with the terms of our Engagement Letter.

Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Pavilion REIT for any purpose or in any context. Any party other than Pavilion REIT who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, we will accept no responsibility or liability in respect of our report to any other party, other than Pavilion REIT, for our work, for the assurance report we will issue, and for the conclusion we reach.

Without affecting, adding to or extending our duties and responsibilities to Pavilion REIT or giving rise to any duty or responsibility being accepted or assumed by or imposed on us by any other party, we consent to the inclusion of this report in Pavilion REIT's Integrated Annual Report 2024, to assist the Board of Directors of Pavilion REIT in responding to their governance responsibilities by obtaining independent limited assurance report on the Selected Sustainability Indicators.

Our conclusion is not modified in respect of this matter.

Responsibilities for the Selected Sustainability Indicators

The Management of Pavilion REIT is responsible for:

- (a) Designing, implementing and maintaining internal control relevant to the preparation of the Selected Sustainability Indicators such that they are free from material misstatement, whether due to fraud or error;
- (b) Selecting or developing suitable criteria for preparing the Selected Sustainability Indicators and appropriately referring to or describing the criteria used, including who developed them, when not readily apparent from the engagement circumstances;
- (c) Preparing and properly calculating the Selected Sustainability Indicators in accordance with the Applicable Criteria;

SUSTAINABILITY ASSURANCE STATEMENT

Cont'd



*Pavilion Real Estate Investment Trust ("Pavilion REIT")
Independent Practitioners' Limited Assurance Report
on Pavilion REIT's Selected Sustainability Indicators
for the financial year ended 31 December 2024
presented in its Integrated Annual Report 2024
12 February 2025*

Responsibilities for the Selected Sustainability Indicators (cont'd)

- (d) Preventing and detecting fraud; and
- (e) Selecting the content of the Selected Sustainability Indicators, including identifying and engaging with intended users to understand their information needs.

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in Pavilion REIT's Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report 2024, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Our responsibilities

We are responsible for:

- (a) Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Indicators are free from material misstatement, whether due to fraud or error;
- (b) Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- (c) Reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Sustainability Indicators that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Selected Sustainability Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we have performed the following procedures, amongst others:

- (a) Enquired Management to gain an understanding of the processes established from which the Selected Sustainability Indicators are derived;
- (b) Interviewed relevant staff responsible for preparing and presenting the Selected Sustainability Indicators in Pavilion REIT's Integrated Annual Report 2024;
- (c) Compared the Selected Sustainability Indicators presented in Pavilion REIT's Integrated Annual Report 2024 to underlying sources on a sample basis; and
- (d) Read the Selected Sustainability Indicators presented in Pavilion REIT's Integrated Annual Report 2024 to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of Pavilion REIT.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

SUSTAINABILITY ASSURANCE STATEMENT

Cont'd



*Pavilion Real Estate Investment Trust ("Pavilion REIT")
Independent Practitioners' Limited Assurance Report
on Pavilion REIT's Selected Sustainability Indicators
for the financial year ended 31 December 2024
presented in its Integrated Annual Report 2024
12 February 2025*

Other matter

Our assurance conclusion was with respect to Pavilion REIT's Selected Sustainability Indicators for the financial year ended 31 December 2024 and we have not performed any procedures with respect to earlier periods or any other elements included in Pavilion REIT's Integrated Annual Report 2024 and therefore, we do not express any conclusion thereon.

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

Petaling Jaya

Date: 12 February 2025

GRI CONTENT INDEX

Statement of use	Pavilion REIT has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details				Section 2: Overview
	2-2 Entities included in the organization's sustainability reporting				Section 1: Reporting Scope and Boundary
	2-3 Reporting period, frequency and contact point				Section 1: Reporting Scope and Boundary, Feedback and Contact Point
	2-4 Restatements of information				Section 1: Exclusions or Changes in Reporting
	2-5 External assurance				Section 5: Sustainability Assurance Statement Section 6: Audit Committee Report, Statement of Risk Management and Internal Controls Section 7: Financials
	2-6 Activities, value chain and other business relationships				Section 4: Our Value Creation Story
	2-7 Employees				Section 5 – T: Diversity and Equal Opportunity
	2-8 Workers who are not employees				Section 5 – T: Health and Safety
	2-9 Governance structure and composition				Section 6: Corporate Governance Overview Statement
	2-10 Nomination and selection of the highest governance body				Section 6: Nominating Committee Report
	2-11 Chair of the highest governance body				Section 6: Corporate Governance Overview Statement
	2-12 Role of the highest governance body in overseeing the management of impacts				Section 6: Corporate Governance Overview Statement
	2-13 Delegation of responsibility for managing impacts				Section 6: Corporate Governance Overview Statement

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GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting				Section 5: Sustainability Governance Section 6: Corporate Governance Overview Statement
	2-15 Conflicts of interest				Section 6: Board of Directors' Profile, Key Management' Profile
	2-16 Communication of critical concerns				Section 5: Human Rights Management
	2-17 Collective knowledge of the highest governance body				Section 6: Corporate Governance Overview Statement
	2-18 Evaluation of the performance of the highest governance body				Section 6: Nominating Committee Report
	2-22 Statement on sustainable development strategy				Section 5: Creating Sustainable Impact
	2-23 Policy commitments				Section 5 – I: Procurement and Supply Chain, M: Business Ethics and Compliance, T: Human Rights Management
	2-24 Embedding policy commitments				Section 5 – T: Human Rights Management
	2-25 Processes to remediate negative impacts				Section 5 – T: Human Rights Management
	2-26 Mechanisms for seeking advice and raising concerns				Section 5 – T: Human Rights Management
	2-27 Compliance with laws and regulations				Section 5 – M: Maintaining Good Governance
	2-28 Membership associations				Section 4 - Membership in Associations
	2-29 Approach to stakeholder engagement				Section 4: Our Stakeholders
	2-30 Collective bargaining agreements				Section 5 – T: Human Rights Management
	GRI 3: Material Topics 2021	3-1 Process to determine material topics			
3-2 List of material topics					Section 4: Our Material Matters
3-3 Management of material topics					Section 4: Our Material Matters

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GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed				Section 5: I— Economic Performance			
	201-2 Financial implications and other risks and opportunities due to climate change				Section 5: P— Climate Change			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage				Section 5: T— Diversity and Equal Opportunity			
	202-2 Proportion of senior management hired from the local community				Section 5 – T: Diversity and Equal Opportunity			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported				Section 5 – I: Asset Management and Acquisition			
	203-2 Significant indirect economic impacts				Section 5 – C: Caring for Local Community			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers*				Supply Chain (Environmental), Supply Chain (Social)	Supply Chain Management	12	Section 5 – I: Procurement and Supply Chain
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption*				Anti-Corruption	Anti-Corruption	16	Section 5 – M: Business Ethics and Compliance
	205-2 Communication and training about anti-corruption policies and procedures							Section 5 – M: Business Ethics and Compliance
	205-3 Confirmed incidents of corruption and actions taken*							Section 5 – M: Business Ethics and Compliance
GRI 302: Energy 2016	302-1 Energy consumption within the organization*	Climate Change	Energy Management	7, 13	Section 5 – P: Energy Management			
	302-2 Energy consumption outside of the organization				Section 5 – P: Energy Management			
	302-3 Energy intensity				Section 5 – P: Energy Management			
	302-4 Reduction of energy consumption				Section 5 – P: Energy Management			

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GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Security	Water	6	Section 5 – P: Water Management
	303-2 Management of water discharge-related impacts				Section 5 – P: Water Management
	303-3 Water withdrawal				Section 5 – P: Water Management
	303-4 Water discharge				Section 5 – P: Water Management
	303-5 Water consumption*				Section 5 – P: Water Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions*	Climate Change, Pollution & Resources	Emission Management	13	Section 5: P – Climate Change
	305-2 Energy indirect (Scope 2) GHG emissions*				Section 5: P – Climate Change
	305-3 Other indirect (Scope 3) GHG emissions*				Section 5: P – Climate Change
	305-4 GHG emissions intensity				Section 5: P – Climate Change
	305-5 Reduction of GHG emissions				Section 5: P – Climate Change
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollution & Resources	Waste Management	12	Section 5 – P: Waste Management
	306-2 Management of significant waste-related impacts				Section 5 – P: Waste Management
	306-3 Waste generated*				Section 5 – P: Waste Management
	306-4 Waste diverted from disposal*				Section 5 – P: Waste Management
	306-5 Waste directed to disposal*				Section 5 – P: Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain (Environmental)	Supply Chain (Environmental)/ Supplier Environmental Assessment	8, 11, 12, 13, 15, 16	Section 5 – I: Procurement and Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken				

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GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover*	Labour Standards, Human Rights & Community	Labour Practices and Standards	5, 8, 10	Section 5 – T: Talent Attraction and Retention
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				Section 5 – T: Talent Attraction and Retention
	401-3 Parental leave				Section 5 – T: Talent Attraction and Retention
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Health & Safety	Health and Safety	3, 8	Section 5 – T: Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety				Section 5 – T: Health and Safety
	403-5 Worker training on occupational health and safety*				Section 5 – T: Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				Section 5 – T: Health and Safety
	403-9 Work-related injuries*				Section 5 – T: Health and Safety
	403-10 Work-related ill health				Section 5 – T: Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee*	Labour Standards	Labour Practices and Standards	4, 5, 8	Section 5 – T: Training and Education
	404-2 Programs for upgrading employee skills and transition assistance programs				Section 5 – T: Training and Education
	404-3 Percentage of employees receiving regular performance and career development reviews				Section 5 – T: Training and Education

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GRI STANDARD	DISCLOSURE	F4GBM ESG Themes	Bursa's Common Sustainability Matter	UN SDG	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees*	Labour Standards, Corporate Governance	Diversity	5, 8, 10	Section 5 – T: Diversity and Inclusion
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken				Section 8 – Sustainability Key Performance Data
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Human Rights & Community	Community/ Society	3 & 11	Section 5 – C: Community Engagement
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	Supply Chain (Social)	Supply Chain (Social)/ Supplier Social Assessment	8, 10, 11, 12, 16	Section 5 – I: Procurement and Supply Chain
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Risk Management	Data Privacy and Security	8, 9, 12, 16	Section 5 – M: Data Privacy and Cybersecurity

Note:

1. *refers to Bursa Malaysia Common Indicators.



Section 6:
**CORPORATE
GOVERNANCE**

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BOARD OF DIRECTORS' PROFILE

BOARD OF DIRECTORS OF THE MANAGER

*Chairman and
Non-Independent Executive Director*

Tan Sri Lim Siew Choon

Non-Independent Executive Director

Puan Sri Tan Kewi Yong

Dato' Lee Tuck Fook

Non-Independent Non-Executive Director

Ahmad Mohammed F Q Al-Khanji

Navid Chamdia

Independent Non-Executive Director

Dato' Seri Mohamed Azahari bin Mohamed Kamil

Dato' Mearia @ Massahariah binti Hamzah

Baljeet Kaur Grewal A/P Jaswant Singh

Nor Rejina binti Abdul Rahim

Ang Ah Leck

TAN SRI LIM SIEW CHOON

Chairman and Non-Independent Executive Director

 Malaysian  Male  64 years old

Tan Sri Lim Siew Choon holds a Bachelor of Business Administration degree (majoring in Finance) from the University of Central Oklahoma in the United States.

He has more than 41 years of management experience in property development, construction, retail design, retail development as well as corporate management.

He was appointed to the Board of the Manager on 7 April 2011 and subsequently appointed the Chairman of the Manager on 11 August 2011. He is also a director of Pavilion REIT Bond Capital Berhad and Pavilion REIT Capital Berhad, an Executive Chairman of WCT Holdings Berhad and also the Non-Independent Non-Executive Chairman of Malton Berhad. His spouse, Puan Sri Tan Kewi Yong is an Executive Director and a major unitholder of Pavilion REIT.

He has no conflict of interest with Pavilion REIT save for the related party transactions as disclosed in the Financial Statements. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

PUAN SRI TAN KEWI YONG

Non-Independent Executive Director

 Malaysian  Female  68 years old

Puan Sri Tan Kewi Yong pursued her tertiary education in the United Kingdom majoring in Business and Marketing Studies.

She was instrumental in setting up various successful business ventures since her initial foray into trading and distribution businesses. Having acquired knowledge in diverse range of business and industry sectors she possesses experience ranging from retail, marketing, finance and strategic management. She continues to extend her scope of experience, having been involved actively in the property development and real estate investment sectors.

She was appointed to the Board of the Manager on 7 April 2011. She is currently an Executive Director of Malton Berhad. She is the spouse of Tan Sri Lim Siew Choon.

She has no conflict of interest with Pavilion REIT save for the related party transactions as disclosed in the Financial Statements. She has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

BOARD OF DIRECTORS' PROFILE

Cont'd

DATO' LEE TUCK FOOK

Non-Independent Executive Director



Malaysian



Male



70 years old

Dato' Lee Tuck Fook is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He also holds a Master degree in Business Administration from the International Management Centre, Buckingham.

He began his career with KPMG in 1974 under articleship, was subsequently admitted as a partner in 1985 until he left the practice in 1990. From 1990 to 1992, he was appointed the Vice President of Samling Group in Sarawak. He later joined the Renong Berhad Group as the Managing Director of Renong Overseas Corporation. Between 1994 and 2000, he was the Chairman of the Executive Committee of the board of Peremba-Kentz Ltd. He was the Managing Director of Cement Industries of Malaysia Bhd from 2001 to 2002.

From 2002 to 2006, he was Managing Director of Paracorp Berhad. In 2003 he was appointed the Executive Director of Malton Berhad and was re-designated as its Managing Director in December 2003. He resigned from the board of Malton Berhad in 2009. On 27 August 2020, he resigned as an Independent Non-Executive Director of SAM Engineering & Equipment (M) Berhad. He resigned as an Independent Non-Executive Chairman of Pesona Metro Holdings Berhad on 28 June 2024.

He was appointed to the Board of the Manager on 29 July 2011 and a director of Pavilion REIT Bond Capital Berhad and Pavilion REIT Capital Berhad. On 2 November 2016 he was appointed the Non-Independent Non-Executive Director of WCT Holdings Berhad and subsequently redesignated as Group Managing Director on 3 April 2017.

He has no conflict of interest with Pavilion REIT save for the related party transactions as disclosed in the Financial Statements. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

AHMAD MOHAMMED F Q AL-KHANJI

Non-Independent Non-Executive Director



Qatari



Male



40 years old

Ahmad Mohammed F Q Al-Khanji, graduated with a Bachelor of Law (LLB) with honors from Oxford Brookes University, Oxford, United Kingdom and he holds a Master in Business Administration (MBA) from London Business School, London, United Kingdom. He is admitted to practice in New York.

He is currently the General Counsel of Qatar Investment Authority (QIA).

He was the Head of M&A (Legal) – (QIA) from March 2014 to September 2018 where he led and monitored the execution of new acquisitions and ensured adequate protections for QIA, and relationship management with external parties. From 2006 to 2010, he was an assistant legal counsel of Qatargas Operating Company Limited and was seconded to the project finance team of Allen & Overy LLP in London from September 2008 to March 2009.

He was appointed to the Board of the Manager on 14 June 2016. He does not hold any directorship in any public or public listed company.

He has no conflict of interest with Pavilion REIT save for the related party transactions as disclosed in the Financial Statements. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

BOARD OF DIRECTORS' PROFILE

Cont'd

NAVID CHAMDIA

Non-Independent Non-Executive Director



British



Male



51 years old

Navid Chamdia, graduated from University College London with a first class honours degree in Economics. He is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants from England and Wales. He is also a Chartered Financial Analyst charter holder.

He is currently head of real estate investments at Qatar Investment Authority, focusing primarily on direct acquisitions, joint ventures and co-investments in Europe, the United States and emerging markets. Navid Chamdia is also responsible for real estate fund investments made by the Qatar Investment Authority.

Prior to joining Qatar Investment Authority in 2005, he spent 12 years at Ernst & Young's Project Finance division in London advising on the financing and delivery of global real estate and infrastructure projects.

He was appointed to the Board of the Manager on 10 August 2011. He was appointed as a member of the Audit Committee of the Manager on 28 June 2016. He does not hold any directorship in any public or public listed company.

He has no conflict of interest with Pavilion REIT save for the related party transactions as disclosed in the Financial Statements. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

DATO' SERI MOHAMED AZAHARI BIN MOHAMED KAMIL

Independent Non-Executive Director



Malaysian



Male



65 years old

Dato' Seri Mohamed Azahari bin Mohamed Kamil, graduated from Central Michigan University with Master of Business Administration (Finance). He also holds a Bachelor of Business Administration (Finance) from Western Michigan University and a Diploma in Banking from Universiti Teknologi Mara.

Dato' Seri Mohamed Azahari bin Mohamed Kamil is a qualified chartered banker of the Asian Institute of Chartered Bankers as well as a Chartered Professional in Islamic Finance. Throughout his career, he held senior management positions in private and public organisations, including Malaysian Industrial Development Finance Berhad, Permodalan Nasional Berhad Group, Amanah Raya Group and being the Chief Executive Officer of Asian Finance Bank Berhad.

He initiated the first Government REIT owned by Amanah Raya in 2005, a multi asset REIT which was listed in 2006. He was also formerly the Managing Director of QSR Brands (M) Holdings Bhd, the operator of KFC and Pizza Hut restaurants in Malaysia, Singapore, Brunei and Cambodia. He was a Non-Executive Director of KPJ Healthcare Berhad and a director of Larkin Sentral Property Berhad.

He was appointed to the Board of the Manager on 7 August 2023. He was also appointed the Chairman of the Manager's Nominating Committee and a member of the Audit Committee, Risk Management Committee and Sustainability Committee on the same date.

Dato' Seri Mohamed Azahari bin Mohamed Kamil is currently an Independent Non-Executive Director of SEG International Bhd and was the Group President. He is also a Non-Executive Independent Director for Aurelius Healthcare Sdn Bhd. He is also a director of Alnoor Foundation.

He has no conflict of interest with Pavilion REIT. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

BOARD OF DIRECTORS' PROFILE

Cont'd

DATO' MEARIA @ MASSAHARIAH BINTI HAMZAH

Independent Non-Executive Director



Malaysian



Female



60 years old

Dato' Mearia @ Massahariah binti Hamzah was educated in the USA where she graduated with a Bachelor of Science degree in Accounting and MBA in Accounting and Finance. She also completed the Strategic Leadership Program at SAID Business School, Oxford University, United Kingdom.

With over 30 years of diverse corporate experience, she has excelled in banking, audit and financial advisory, property, postal and financial services sectors. Her expertise spans across conventional and Islamic banking, digital transformation, corporate strategy, financial inclusion and risk management.

She has demonstrated a remarkable ability to adapt to changing industries and drive innovation throughout her career. She began her career in auditing and corporate banking, followed by key roles in several listed property development companies in Malaysia where she was involved in high-impact corporate exercises, including subsidiary listings and debt restructuring. She later served as COO of Postal Retail and Financial Services for a decade, pioneering shared banking services in Malaysia and transforming traditional postal over-the-counter payments into a multi-faceted financial services provider as well as modernizing postal outlets nationwide.

Thereafter, she focused on retail banking services. At Bank Simpanan Nasional she led the Central Bank of Malaysia's national financial inclusion initiative by significantly expanding financial access to unbanked and underserved communities through a network of 7,000 agent banks throughout Malaysia. She was one of the key drivers in the implementation of the Central Bank of Malaysia's new national Digital Payment Platform initiative at Bank Muamalat Malaysia Berhad. Her experience in conventional and Islamic banking allowed her to create unique shariah-compliant products and digital transactional platform for retail banking customers.

Her current role as CEO of Yayasan Hijrah Selangor, a subsidiary of Menteri Besar Selangor Incorporated is to drive its mandated role as one of the leading micro credit providers for micro-SMEs in the state of Selangor, fostering their business growth and entrepreneurship development to elevate their status to the middle-income category.

She was appointed to the Board of the Manager on 3 January 2023. She was also appointed as a member of the Manager's Audit Committee, Risk Management Committee and Sustainability Committee on the same date. Subsequently on 7 August 2023, she was redesignated as the Chairman of the Risk Management Committee of the Manager. On 27 August 2024, she was appointed as a member of the Nominating Committee of the Manager. She does not hold any directorship in any public or public listed company.

She has no conflict of interest with Pavilion REIT. She has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

BALJEET KAUR GREWAL A/P JASWANT SINGH

Independent Non-Executive Director



Malaysian



Female



48 years old

Baljeet Kaur Grewal A/P Jaswant Singh, graduated from University of Cambridge, United Kingdom with an Executive Master in Business Administration (EMBA) and BA International Economics (First Class Honours) from the University of Hertfordshire, United Kingdom.

She has over 25 years of investment banking experience specifically in direct investment portfolio management, Sovereign Wealth Funds and credit research. She was previously Management Associate of Deutsche Morgan Grenfell, Kuala Lumpur. In June 2000, she was an Associate Director, Corporate Planning & Strategy (Asia) of ABN AMRO Bank Asia. In July 2002, she was the Head, Capital Market Research (Fixed Income) of Maybank Investment Bank, Malaysia (Aseambankers) before being appointed as the Managing Director & Vice Chairman of KFH Research Limited, Kuwait Finance House in September 2006.

In 2015, she served as an Advisory and Finance Specialist (West Asian Economic Mission) for Asian Development Bank (ADB) in Turkey and thereafter was appointed as the Managing Director, Strategy & Portfolio Investments at Samruk-Kazyna Sovereign Wealth Fund of Kazakhstan. She also served as a Non-Independent Director of KazMunayGas National Oil Company, Kazakhstan.

She was appointed to the Board of the Manager on 14 September 2022. She was also appointed as a member of the Manager's Audit Committee, Risk Management Committee and Sustainability Committee on 12 October 2022. She was redesignated as the Chairman of the Audit Committee of the Manager on 7 August 2023. She does not hold any directorship in any public or public listed company.

She has no conflict of interest with Pavilion REIT. She has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

BOARD OF DIRECTORS' PROFILE

Cont'd

NOR REJINA BINTI ABDUL RAHIM

Independent Non-Executive Director



Malaysian



Female



52 years old

Nor Rejina binti Abdul Rahim graduated with an honours law degree from the University of Kent at Canterbury, United Kingdom and was called to the Bar of England and Wales. She is a holder of the Islamic Finance Qualification (IFQ) from the Chartered Institute for Securities & Investment, United Kingdom and is a Certified Compliance Professional-Compliance Advocate from the Securities Industry Development Corporation, a related arm of the Securities Commission Malaysia.

She has over 25 years' Capital Markets experience in Malaysia. She was previously the Managing Director and Country Head of Nomura Asset Management Malaysia Sdn Bhd from 2006 to 2021 and subsequently was Advisor until April 2023.

She was appointed to the Board of the Manager on 7 August 2023. She was also appointed as the Chairman of the Manager's Sustainability Committee on 7 August 2023 and also a member of the Audit Committee and Risk Management Committee on the same date.

She currently sits on the boards of KAF Investment Bank Berhad and KAF Investment Funds Berhad. She is an Advisor to the Institutional Investors Council of Malaysia and a Council member of The MIFC (Malaysia International Islamic Financial Centre) Leadership Council which promotes Malaysia as an Islamic Finance hub. She is also the Chairperson of the Sustainability Investment Platform, a Committee Member of MYCIF Platform and Founder of Wahine Capital Sdn Bhd. On 20 June 2024, she was appointed an Independent Non-Executive Director of Eco World Development Group Berhad.

She has no conflict of interest with Pavilion REIT. She has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

ANG AH LECK

Independent Non-Executive Director



Malaysian



Male



68 years old

Ang Ah Leck is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Tax Institute of Malaysia. He is a qualified chartered accountant by profession, with over 4 decades of expertise in audit, finance and corporate advisory, regulatory compliance, corporate governance and risk management.

He began his career as an auditor with Peat Marwick Mitchell & Co. (currently known as KPMG PLT, Malaysia) in 1978. Between 1987 and 1989, he was seconded to the KPMG office in Houston, Texas, United States, where he gained experience in the audit of some of the largest oil and gas companies.

In 1997, he was appointed audit partner of KPMG PLT, Malaysia where he served as the partner-in-charge of the Johor Bahru office until his retirement in 2011. Mr Ang gained extensive experience in managing and audit various assurance assignments in oil and gas, plantation, manufacturing, trading, construction and property development industries. He was also involved in the engagement of numerous due diligence exercises, Initial Public Offerings (IPO) as Reporting Accountants, corporate bonds and rights.

In August 2014, he opted out of retirement by joining BDO as an Executive Director in the Advisory division focused on the engagements of Internal Audit, Corporate Governance, Enterprise Risk Management, Regulatory Compliance, Forensic and Whistleblowing assignments. He retired from BDO in November 2024.

He was appointed to the Board of the Manager on 2 December 2024. He was also appointed a member of the Audit Committee, Risk Management Committee and Sustainability Committee on the same date.

He sits on the board of Lotte Chemical Titan Holding Berhad as an Independent Non-Executive Director since 31 March 2017.

He has no conflict of interest with Pavilion REIT. He has not been convicted of any offences and is not aware of any public sanction or penalty imposed by relevant regulatory bodies during the past 5 years, other than traffic offences, if any.

KEY MANAGEMENT PROFILE

**Dato' Philip
Ho Yew Hong**
*Chief Executive
Officer (CEO)*

A Malaysian male, age 58, he holds a Master of Business Administration from University of Strathclyde, United Kingdom and a Bachelor of Business in Accounting from Chisholm Institute of Technology, Australia. He is currently a member of the Malaysian Institute of Accountants.

He has over 36 years of experience in corporate planning, mergers & acquisitions, finance, audit, operations management, property development and construction.

Prior to joining Pavilion REIT Management Sdn Bhd, he was the Chief Financial Officer of Urusharta Cemerlang Sdn Bhd, where he was involved in the establishment of Pavilion REIT. During this period, he was also involved in the finance, operations and property investment functions for Urusharta Cemerlang Sdn Bhd's group of companies. Prior to this, he was Chief Operations Officer and Finance Director of Kuala Lumpur Pavilion Sdn Bhd (KLP) during the development and construction stage of the Pavilion Kuala Lumpur Project in 2002.

He was appointed as Chief Executive Officer on 1 December 2011 and has no directorship in other public companies and listed issuers, nor does he have any conviction for offences within the past 5 years, public sanction or penalty imposed by relevant regulatory bodies during the financial year, other than traffic offences, if any.

He has no conflict of interest with Pavilion REIT, save for the interest in Pavilion REIT as disclosed in the analysis of unitholdings. He also does not have any family relationship with any director of Pavilion REIT Management Sdn Bhd and/or major unitholder of Pavilion REIT.

**Patrick
Liau Kong Voon**
Deputy CEO

A Malaysian male, age 48, he holds a Bachelor of Arts (Accounting and Finance) from the University of Lancaster and is a CFA charterholder.

Prior to joining the Manager on 14 February 2024, he was the General Manager of CapitaLand Development's Hanoi (CapitaLand Hanoi), where he was responsible for investment, asset management and the management of CapitaLand Hanoi's office.

He began his career with UEM Group before joining a boutique firm that provided advisory services. Subsequently, he joined Tanco Holdings Berhad as its Group Financial Controller and then a joint venture company (JVCo) of Sapura Energy Berhad, where he served as Director of Finance & IT and was part of the JVCo's founding management team. In 2009, he joined a real estate private equity fund that was later acquired by BlackRock. As a Director, Real Asset, he was responsible for BlackRock real estate's business in Southeast Asia (excluding Singapore) which included the development and asset management of a mixed-use commercial property. He then joined CapitaLand Development Malaysia as its Managing Director in 2018, overseeing investment and development activities. In January 2020, he was relocated to Vietnam as the General Manager as mentioned above.

He does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), he also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

KEY MANAGEMENT PROFILE

Cont'd

**Dato' Joyce
Yap Soh Ching**
*Asset Manager
(Retail)*

A Malaysian female, age 67, she was appointed to the position of Asset Manager (Retail) of the Manager on 1 December 2011. She holds a Bachelor of Arts (Hons) in Business Studies from North East London Polytechnic, London, a Certificate in Centre Management from PPKM and is a registered property manager in Malaysia.

During her 43 years working experience, she has held key positions and handled a variety of responsibilities in the areas of development, sales and marketing, leasing of various types of property development and asset management.

In her role as Chief Executive Officer – Retail of KLP, her key responsibility is to formulate, articulate and prioritise departmental goals in line with KLP's strategic objectives which includes mall operations, leasing, marketing and human resources. Her role also involves developing and maintaining effective networking relationships with local, regional and international retailers. Besides being a past president and current advisor of Malaysia Shopping Malls Association, she was also the past Chairman of Malaysia Tourism Committee and Associated Chinese Chambers of Commerce and Industry of Malaysia as well as a member of International Council of Shopping Centre Asia Pacific Advisory Board.

Prior to joining KLP, she worked with Gestetner Manufacturing Co., London, General Corporation Bhd, Lion Properties Sdn Bhd, MBf Properties Sdn Bhd, Berjaya Ditan Sdn Bhd and Sunway Pyramid Sdn Bhd.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

**Lovell Ho
Wai Hoong**
*Asset Manager
(Leasing)*

A Malaysian male, age 56, he was appointed to the position of Asset Manager (Leasing) of the Manager on 1 December 2011. He holds a Bachelor of Business in Marketing from the Royal Melbourne Institute of Technology, Melbourne, Australia. He is also a Certified Marketing Manager by PPKM and a member of PPKM.

He has over 31 years' experiences in shopping mall management particularly in the areas of retail development, leasing and marketing. In the retail industry, he possesses a wide network of both local and international retailers from renowned local brands to international luxury brands and has successfully secured and enhanced the required tenant mix over the years.

He joined KLP in 2002 as Senior Leasing Manager, was promoted to General Manager in 2005 with promotion to Director of Leasing in 2010 and appointment of Senior Director, Retail & Leasing in 2017.

Prior to joining KLP, he was the Marketing Manager of Sunway Pyramid Sdn Bhd and was responsible for setting the strategic marketing plans and implementing marketing and communication plans for the mall. He began his career with the Shopping Centre Management Division of The Lion Group. During his tenure with The Lion Group, he was involved in the overall leasing and marketing functions for the Lion Group Parade of Shopping Centres throughout the country.

He does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), he also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

KEY MANAGEMENT PROFILE

Cont'd

Kung Suan Ai
*Asset Manager
(Marketing)*

A Malaysian female, age 53, she was appointed to the position of Asset Manager (Marketing) of the Manager on 1 December 2011. She holds a Bachelor of Arts (Hons) in Communications from Universiti Kebangsaan Malaysia.

She joined KLP in 2008 as the General Manager of Marketing before being appointed as the Director of Marketing in 2010. Her previous work experience included the integrated Mid Valley City from 2001 to 2008 and Sunway Pyramid from 1996 to 2001.

In leading the Marketing Department of Pavilion REIT retail malls, she implements strategic marketing and communication plans to increase the brand equity, in addition to driving footfall and experiences for the malls.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

**Francis Ong
Heng Khai**
*Asset Manager
(Facilities
Management)*

A Singaporean male, age 56, he was appointed to the position of Asset Manager (Facilities Management) of the Manager on 1 December 2011. He holds a Bachelor of Business (Property) from the University of South Australia, Australia and a Diploma in Building Management from Ngee Ann Polytechnic, Singapore.

He has over 31 years of experience in property management covering residential, commercial and industrial properties.

Prior to joining KLP, he was with CapitaMall Asia Ltd for close to seven years and managed one of their shopping malls, Plaza Singapura which is situated in Singapore's shopping belt along Orchard Road. He was seconded to a new development, ION Orchard in 2008 as Head of Facilities. While with ION Orchard, he was involved in the operations planning and recruitment of the facilities team for the new mall, pre-opening preparations and post-opening operations. He was responsible for the daily operations of the mall, preparation of the operations and maintenance budget, implementation of standard operating procedures and was also involved in asset enhancement initiatives of the respective malls that he had managed.

He does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), he also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

KEY MANAGEMENT PROFILE

Cont'd

Lim Shoo Wenn
*Director – CEO
Office*

A Malaysian female, age 30, is the Director – CEO Office. She holds a Bachelor of Arts (Hons) Business Management from University of Winchester.

After internships at Prospere Tokyo, a public relations agency specialising in fashion, culture and entertainment industry, Crabtree & Evelyn Sdn Bhd and Malton Berhad, she joined Kuala Lumpur Pavilion Sdn Bhd as Senior Manager - Business Development and thereafter promoted to General Manager – Business Development concentrating on bringing new brands, tenants, ideas, partnerships etc. With over 7 years of experience in the retail and hospitality industry, on 1 May 2023, she joined the Manager as Director – CEO Office supporting the CEO in strategic and managing day to day operational matters of Pavilion REIT.

She is the daughter of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong, who are executive directors of the Manager. She is a director of Urusharta Cemerlang Capital Berhad. She does not hold any directorship in any listed issuers. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

Ong Hui Ling
*Head of Corporate
Planning*

A Malaysian female, age 55, she was appointed to the position of Head of Corporate Planning of the Manager on 1 January 2012. She holds a Master of Business Administration from Victoria University, Melbourne, Australia.

Involved in corporate matters, treasury and investor relation functions, she has over 34 years of experience, mainly in finance of service, manufacturing, construction, development and retail industries. She was attached to Urusharta Cemerlang Sdn Bhd, the developer of Pavilion Kuala Lumpur, as its Head of Finance overseeing finance, credit control and treasury function prior to being part of the team that was involved in listing Pavilion REIT.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and/or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

Lim Mian Nyee
*General Manager
(Finance)*

A Malaysian female, age 49, she was appointed to the position of General Manager (Finance) on 1 January 2022. She is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.

Prior to joining Pavilion REIT Management Sdn Bhd on 1 December 2011 as its Finance Manager and thereafter being promoted as Senior Manager (Finance) and Assistant General Manager (Finance), she was the Finance Manager at The Nomad Hotel Management Sdn Bhd, a subsidiary of The Nomad Group Berhad. She oversaw the finance department for the service residences within the The Nomad Group Berhad with main responsibilities in financial reporting, budgeting and planning.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

KEY MANAGEMENT PROFILE

Cont'd

**Valerie Foo
Mei Hua**
*Senior Manager
(Legal and
Compliance)*

A Malaysian female, age 39, she holds a Bachelor of Laws from University of Northumbria at Newcastle, United Kingdom. She also obtained the Certificate in Legal Practice (CLP) from the Legal Profession Qualifying Board Malaysia and the Certification in Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) from the Asian Institute of Chartered Bankers.

She has over 10 years of work experience in various industries, ranging from legal, banking and telecommunication. She started her career in Citibank Berhad before going into the legal and compliance area where she had a brief stint in a law firm and thereafter worked in the Legal Department in Fuji Xerox Asia Pacific Pte Ltd responsible for the litigation matters.

Subsequently, she worked for Pac Lease Berhad (a wholly-owned subsidiary of OCBC Capital (Malaysia) Sdn Bhd) as the Head of Policy, Compliance and Operation Risk before joining Maxis Broadband Sdn Bhd as a Compliance Specialist. She then joined Pavilion REIT Management Sdn Bhd on 3 January 2024.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and/or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

Ng Zee Wan
*Senior Manager
(Investment)*

A Malaysian female, age 39, she holds a Bachelor of Commerce in Finance and Financial Planning from Deakin University, Australia.

Prior to joining the Manager on 14 March 2022, she was a Manager in the Corporate Strategy & Planning department of UEM Edgenta Berhad garnering experience in portfolio management as well as planning and leading strategic engagement with stakeholders.

She started her career as an executive in RHB Investment Bank Berhad. Subsequently, she joined Eastern & Oriental Berhad as a Manager, where she was involved in acquisition and funding transactions as well as joint venture partnerships and a proposed initial public offering.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

Lim Cher Cher
*Manager
(Corporate Affairs)*

A Malaysian female, age 31, she holds a Bachelor of Business (Hons) Finance and Economics from University of the West of England, Bristol.

Prior to joining the Manager on 11 April 2022, focusing on sustainability and risk management, she was an Assistant Manager in the Securities Commission Malaysia, where she reviewed and evaluated equity-related proposals and applications, including but not limited to initial public offering. She also assisted in formulation of new policies and guidelines.

She does not hold any directorship in any public companies and listed issuers nor have any family relationship with any director and / or major unitholder of Pavilion REIT. There is no conflict of interest with Pavilion REIT. Other than traffic offence (if any), she also does not have any convictions for offences within the past 5 years or any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pavilion REIT Management Sdn Bhd (“Manager”), which is the Manager of Pavilion Real Estate Investment Trust (“Pavilion REIT” or “Fund”), was set-up to manage and administer Pavilion REIT. Licensed by the Securities Commission Malaysia under the Capital Market Services Act 2007, the Manager, in carrying out its responsibilities, advocates good corporate governance to retain high values of clarity, responsibility, and honesty and be subjected to provisions of the Deed, Listed REIT Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance and any other relevant laws.

The Manager shall, in managing Pavilion REIT, undertake primary management activities in relation to Pavilion REIT, including but not limited to the overall strategy, risk management strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed with proper, diligent and efficient manner with acceptable and efficacious business practices in the real estate investment industry.

PRINCIPAL A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board of Directors (“Board”) members, with their wide, varied range of expertise, skills and experiences have adopted the primary responsibilities as listed on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2021, all of which is to steward Pavilion REIT’s business and facilitate the discharge of the Manager’s responsibilities with a view to enhance unitholders value and interest and maintaining high standards of transparency, accountability and integrity. The Board Charter was formally approved and adopted by the Board on 1 November 2012.

The Board meets at least once every quarter and focuses on principal matters such as strategic issues and planning, including performance reviews and promoting business sustainability, setting the risk appetite, acquisitions and disposals, financial performance and advocating ethical standards through a code of conduct.

Notices, agenda, and meeting papers are circulated to the Board members in a timely manner to ensure that they have sufficient time to review the matters under consideration. All members of the Board have access to the advices and services of the company secretary and the compliance officer and are entitled to obtain independent professional advice in discharging their duties.

Members of the Board consists of ten members, of which three (3) are non-independent executive directors, two (2) non-independent non-executive directors and five (5) independent non-executive directors.

Although the Chairman is an executive director with about 50% of its Board being independent non-executive directors, the Board believes that the Chairman, who has significant interest in Pavilion REIT will act in the best interest of the Fund’s unitholders.

The Chairman carries out a leadership role in the conduct of the Board and is primarily responsible for ensuring the adequacy and integrity of the governance process besides guiding and mediating the Board’s action and maintaining regular dialogues with the CEO.

The CEO, whose position is held separately by a different person, is responsible to ensure the effective implementation of strategic plans and policies established by the Board to manage the daily conduct of Pavilion REIT’s business to ensure smooth operations, clear supervision, and effective management. The approved policies and standard operating procedures for level of authority for transactions, maintenance and operations of Pavilion REIT’s properties as well as acquisitions and divestments of investments procedures will continuously be reviewed, enhanced and updated in line with changes in the operating environment.

The Board has updated its independence and gender diversity in compliance with the recommendation under the latest Malaysian Code on Corporate Governance to have at least 30% women board members. To date, the Board comprise of 40% women board members.

Audit Committee and Nominating Committees, comprising mainly of independent directors, have also been setup to assist the Board in discharging its duties and responsibilities via terms and reference approved by the Board members. The Committee members would meet to discuss on matters within their scope and thereafter the Committee Chairman would recommend them to the Board for decision. All Committee and Board meetings are minuted. More details are available under the section of Audit Committee Report and Nominating Committee Report respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Any board member that has any interest, whether directly or indirectly, in a contract or proposed contract would have to declare his or her interest and not participate in deliberations and shall abstain from casting his or her votes in any matter arising therefrom. Should there be an actual, potential, or perceived conflict of interest or a related corporate and a director, or an associate of a director as a spouse or other family members, the director involved shall make full disclosure and act honestly in the best interest of Pavilion REIT. The Audit Committee is responsible to review any related party transactions or conflict of interest situations and the Manager will ensure compliance with the Deed and any other regulatory guidelines.

The Board members shall devote sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment. The Board members shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment. The remuneration or fees due to its Board members are paid by the Manager and not Pavilion REIT.

The Board has met five (5) times during the financial year ended 31 December 2024 with details of attendance as stated below:

Name of Directors	Designation	Number of Meetings Attended
Tan Sri Lim Siew Choon	Chairman and Non-Independent Executive Director	5/5
Puan Sri Tan Kewi Yong	Non-Independent Executive Director	5/5
Dato' Lee Tuck Fook	Non-Independent Executive Director	5/5
Ahmad Mohammed F Q Al-Khanji	Non-Independent Non-Executive Director	5/5
Mohd Abdulrazzaq A A Al-Hashmi ¹	Non-Independent Non-Executive Director	5/5
Navid Chamdia	Non-Independent Non-Executive Director	4/5
Dato' Choo Chuo Siong ²	Independent Non-Executive Director	2/2
Dato' Seri Mohamed Azahari bin Mohamed Kamil	Independent Non-Executive Director	5/5
Dato' Mearia @ Massahariah binti Hamzah	Independent Non-Executive Director	5/5
Baljeet Kaur Grewal A/P Jaswant Singh	Independent Non-Executive Director	5/5
Nor Rejina binti Abdul Rahim	Independent Non-Executive Director	4/5
Ang Ah Leck ³	Independent Non-Executive Director	1/1

¹ resigned as a director on 31 December 2024

² retired as a director on 18 June 2024

³ appointed as a director on 2 December 2024

During the financial year under review, the Board members had attended various programmes to enhance their knowledge and expertise as well as to keep abreast with the relevant changes in law, regulations and business environment.

Training programmes given / attended by the Board members during the financial year were:

- (i) Anti-Bribery and Corruption Awareness Training
- (ii) BIBM Securities Virtual Corporate Day (Economics) 2024
- (iii) BIBM Securities Corporate Day (ESG)
- (iv) Bursa Academy: Conflict of Interest ("COI") and Governance of COI
- (v) Mandatory Accreditation Programme Part II
- (vi) The Malaysian REIT Forum 2024 (M-REITs Reconfigured: Growth Markets, Prospects & Alternative Asset Classes)

The Nominating Committee have reviewed and accessed each Board member and concluded that their performance is satisfactory with performance level and qualifications being met and in compliance with requirements. Independent directors are autonomous and can deliver objective judgement for the Board's deliberation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Sustainability Committee (“SC”) and Risk Management Committee (“RMC”) have also been established in May 2022 to affirm the Board’s commitments towards sustainability and strengthen risk management processes to ensure Pavilion REIT is in a position to mitigate any potential risk.

Sustainability Committee

Name of Directors	Designation	Number of Meetings Attended
Nor Rejina binti Abdul Rahim (Chairman)	Independent Non-Executive Director	2/3
Dato’ Choo Chuo Siong ¹	Independent Non-Executive Director	2/2
Baljeet Kaur Grewal A/P Jaswant Singh	Independent Non-Executive Director	3/3
Mohd Abdulrazzaq A A Al-Hashmi ²	Non-Independent Non-Executive Director	3/3
Dato’ Seri Mohamed Azahari bin Mohamed Kamil	Independent Non-Executive Director	3/3
Dato’ Mearia @ Massahariah binti Hamzah	Independent Non-Executive Director	3/3
Ang Ah Leck ³	Independent Non-Executive Director	0/0

1 ceased as a member on retirement as a director on 18 June 2024

2 ceased as a member on his resignation as a director on 31 December 2024

3 appointed as a director on 2 December 2024

Risk Management Committee

Name of Directors	Designation	Number of Meetings Attended
Dato’ Mearia @ Massahariah binti Hamzah (Chairman)	Independent Non-Executive Director	3/3
Dato’ Choo Chuo Siong ¹	Independent Non-Executive Director	2/2
Dato’ Seri Mohamed Azahari bin Mohamed Kamil	Independent Non-Executive Director	3/3
Baljeet Kaur Grewal A/P Jaswant Singh	Independent Non-Executive Director	3/3
Mohd Abdulrazzaq A A Al-Hashmi ²	Non-Independent Non-Executive Director	3/3
Nor Rejina binti Abdul Rahim	Independent Non-Executive Director	2/3
Ang Ah Leck ³	Independent Non-Executive Director	0/0

1 ceased as a member on retirement as a director on 18 June 2024

2 ceased as a member on his resignation as a director on 31 December 2024

3 appointed as a director on 2 December 2024

PRINCIPAL B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee members, comprising mainly of independent directors, are responsible to review financial reporting, gauge internal and external audit processes as well as to review related party transactions and conflict of interest situations.

Risk Management Committee members, also mainly comprises independent directors are responsible for risk management framework and ensure effectiveness of risk reporting structure. Additional information is available under the section of Audit Committee Report and Statement of Risk Management and Internal Control.

The Nominating Committee have determined that the Audit Committee members and Risk Management Committee members have discharged their duties effectively and in accordance with their terms and reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPAL C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board acknowledges that providing prompt and accurate disclosure of information to unitholders is critical. Therefore, disclosures are made via integrated annual report and announcements on Bursa Malaysia, corporate website, roadshows, and conferences. Consistent engagement ensures that Pavilion REIT's information are transmitted on a timely basis. Annual general meeting is also another platform for unitholders to engage with the Manager to seek clarification, updates, and feedback.

The CEO or the Deputy CEO, as the official spokesperson for the Fund, meets with analyst and fund managers to provide them with updates or upon request, besides attending investors' roadshows and seminars. Besides timely announcements and disclosures to Bursa Malaysia, its website, www.pavilion-reit.com is also regularly being updated.

The Manager will continue to enhance its communication channels to ensure its unitholders, fund managers and stakeholders obtain information that are timely and relevant.

NOMINATING COMMITTEE REPORT

The Nominating Committee has been established on 24 April 2013 and comprises exclusively of Non-Executive Directors with a majority of independent directors.

Name of Directors	Designation	Number of Meetings Attended
Dato' Seri Mohamed Azahari bin Mohamed Kamil (Chairman)	Independent Non-Executive Director	2/2
Dato' Mearia @ Massahariah binti Hamzah ¹	Independent Non-Executive Director	2/2
Mohd Abdulrazzaq A A Al-Hashmi ²	Non-Independent Non-Executive Director	2/2

¹ appointed as a member on 27 August 2024

² ceased as member on his resignation as a director on 31 December 2024

The Nominating Committee is responsible to assess, make recommendations and consider candidates for appointment to the Board. The scope of responsibilities of the Nominating Committee also covers the assessment of the performance and effectiveness of the Board and Board Committees, as well as the performance of each Board member and each of the Audit Committee member.

The Nominating Committee is guided by the Directors' Fit and Proper Policy for the appointment, re-election and periodic/annual assessments of the Board, Board Committees and individual director. The Nominating Committee assessed each director against the criteria in the Directors' Fit and Proper Policy which includes character, integrity, experience, competence, time and commitment. Consideration is also given to the required size and board composition to ensure that the Board and Board Committees are functioning effectively and efficiently to enable the Board to make effective business decisions and recommendations. For the independent directors, they are assessed based on their independence and abilities to discharge their responsibilities and functions with objective judgement.

For the financial year ended 31 December 2024, the Nominating Committee had assessed and reviewed the following:

- (a) the performance of the Board and Board Committees, contribution of each Board member, independence of the Independent Non-Executive Directors and the term of office, performance of Audit Committee and each of its members;
- (b) to recommend those Board members retiring be nominated for re-election; and
- (c) to recommend candidates for appointment as Independent Non-Executive Director and Non-Independent Non-Executive Director.

The Nominating Committee is satisfied with the performance of the Board, Board Committees and contribution of each of the Directors. The Independent Non-Executive Directors have maintained their independence and are competent to continue serving as independent directors. The Audit Committee and its members have discharged their duties effectively and in accordance with their terms of reference.

The performance, fitness and propriety of those Directors subjected to re-election were assessed and the Nominating Committee had recommended to the Board for tabling the resolution on the re-election of Directors for shareholders' approval.

For appointment of Independent Non-Executive Director, apart from the fitness and propriety of the candidate, the Nominating Committee also reviewed the relationship of the candidate with the existing Directors, senior management and major unitholders to assess the independency and the ability to discharge the duties of an independent director. The Nominating Committee recommended to the Board for consideration on the appointment.

The Nominating Committee also assessed candidate for the appointment as Non-Independent Non-Executive Director based on the Directors' Fit and Proper Policy which includes character, integrity, experience, competence and expertise. The Nominating Committee recommended to the Board for consideration on the appointment.

AUDIT COMMITTEE REPORT

The Audit Committee, formed on 24 October 2012 comprising of 5 members have been entrusted to oversee financial reporting, evaluate the internal and external audit process as well as to review conflict of interest situations and related party transactions.

Name of Directors	Designation	Number of Meetings Attended
Baljeet Kaur Grewal A/P Jaswant Singh (Chairman)	Independent Non-Executive Director	5/5
Dato' Choo Chuo Siong ¹	Independent Non-Executive Director	2/2
Navid Chamdia	Non-Independent Non-Executive Director	4/5
Dato' Mearia @ Massahariah binti Hamzah	Independent Non-Executive Director	5/5
Dato' Seri Mohamed Azahari bin Mohamed Kamil	Independent Non-Executive Director	5/5
Nor Rejina binti Abdul Rahim	Independent Non-Executive Director	4/5
Ang Ah Leck ²	Independent Non-Executive Director	1/1

1 ceased as member due to retirement as director on 18 June 2024

2 appointed on 2 December 2024

Summary of work undertaken by Audit Committee during the year under review were as listed below :-

- (a) reviewed and deliberated with the Manager's management the quarterly financial results to recommend to the Board for approval and release to Bursa Malaysia. Consideration was given by Audit Committee to understand financial results of each properties with close attention given to update under "Prospects"
- (b) reviewed list of related party transactions every quarter to determine whether there has been any material change as compared to the previous quarter and whether the transactions have been established under normal commercial terms that are no less favourable than those arranged with independent parties
- (c) reviewed the internal audit plans prepared by BDO Governance Advisory Sdn Bhd and ultimately decided on procurement to payment process of operating expenses and property enhancement services with marketing public relations oversight on events
- (d) thereafter, BDO briefed the Audit Committee on their findings of review, proposed recommendations and corresponding Manager's responses including a session without the presence of the Manager's management
- (e) reviewed audit plan with external auditor, KPMG PLT by understanding its audit methodology, significant risk areas and accounting policies / disclosures and timing.
- (f) reviewed audited financial statement and recommend to the Board and trustee for adoption.
- (g) on 12 February 2025, the Audit Committee was briefed privately by KPMG PLT (without presence of the Manager's management) on status of its audit
- (h) reviewed and commented on the audit committee report and statement of risk management and internal control for inclusion into the integrated annual report
- (i) evaluated the work scope, approach and fees to outsourced internal auditor and recommended for their engagement
- (j) evaluated the approach and fees of external auditor and recommended for their engagement for the following year
- (k) reviewed the related party transaction pertaining to the proposed acquisition of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur (save for Mr Navid Chamdia who is deemed to have an interest in this proposal and who has and will continue to abstain from deliberating and voting on this proposal).

Audit and Non-Audit Fees

Audit and non-audit fees payable to the external auditor of Pavilion REIT for the current financial year amounted to RM265,000 and RM177,000 respectively.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Manager realises the significance of establishing a sufficient and effective risk management and internal control system, and has attended to this under the Pavilion REIT Operation Manual approved by the Board. Such process has been in place for the past years under review, including up to the date of approval of this statement for inclusion in the integrated annual report.

There is a policy in place pertaining to the level of authority required for transactions and standard operating procedures pertaining to operations and maintenance of Pavilion REIT's properties as well as acquisition and divestment of property.

The Audit Committee and Board meet at least once every quarter to review the financial performance of Pavilion REIT against the approved budget. The Board also reviews the business risk of Pavilion REIT, where identified by the CEO, internal auditor and external auditor and acts accordingly, where deemed appropriate. Board's approval is required for any proposed acquisition or disposal of investment property, which would be evaluated from the aspect of economic, environmental, financial and risks relevant to the property industry or sector. The Risk Management Committee also meets quarterly to review the risk map and risk register of Pavilion REIT based on policy and procedure adopted.

Anti-bribery and corruption assessments were conducted prior to engaging new tenants or renewing expired tenants. Measures to mitigate money laundering / combating the financing of terrorism have also been formalized with training provided. As we continue to leverage on information technology for business operation as well as continuous concern on breach of data security and privacy protection, training was provided to increase employees' awareness levels on cyber security threats such as malware and ransomware attacks, password security, using public wi-fi networks, securing mobile devices and cyber security best practices. Phishing emails were also regularly sent to staff to gauge their alertness.

BDO Governance Advisory Sdn Bhd ("BDO GA") had been appointed as internal auditor whereby they had performed internal control review on the procurement to payment process of operating expenses and property enhancement services with marketing public relations oversight on events. The review scope covered was as below:-

Procurement to payment process of operating expenses and property enhancement services	Marketing - public relations oversight on events
<ul style="list-style-type: none"> procurement and payment process assessment and monitoring of suppliers' performance insurance coverage 	<ul style="list-style-type: none"> compliance with marketing policy and procedures effectiveness of oversight controls over public relations and events / activities effectiveness of risk event activities tracking, monitoring and closure of complaints, public statements and social media activities

The objectives of the review were as follows:-

- i) to assess the adequacy and test the integrity of the system of internal controls
- ii) to assess compliance with policies and procedures and recommended best practices
- iii) to identify any potential areas for improvement in the effectiveness and efficiency of the processes (if any)

The Audit Committee has reviewed the findings presented by BDO GA during the year. Recommendations made have been rectified and will be adhered to and the Audit Committee and Board will continue to monitor the recommendations on an on-going basis.

The Board has received assurance from the CEO that the risk management and internal control system is operating sufficiently and effectively, in all material aspects.

The Board is of the view that the risk management and internal control system in place for the year under review is adequate and effective. Nevertheless, it will continue to be reviewed and improved in line with changes in the operating environment.

Due to inherent restrictions as well as the ever-changing risk landscape, the controls which are employed are intended to mitigate and are not expected to eliminate all risks of failure to achieve business objectives. Established controls can only provide reasonable and not total assurance against material misstatement of management and financial information or against financial losses and fraud.

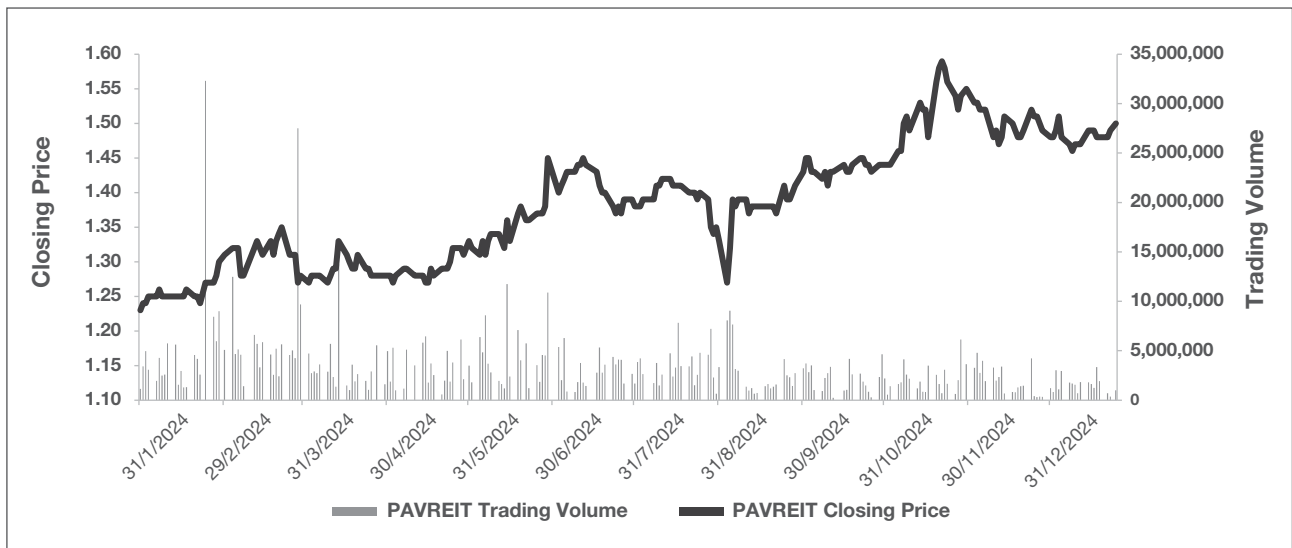
INVESTOR RELATIONS REPORT

Investors Relation and Fund Management

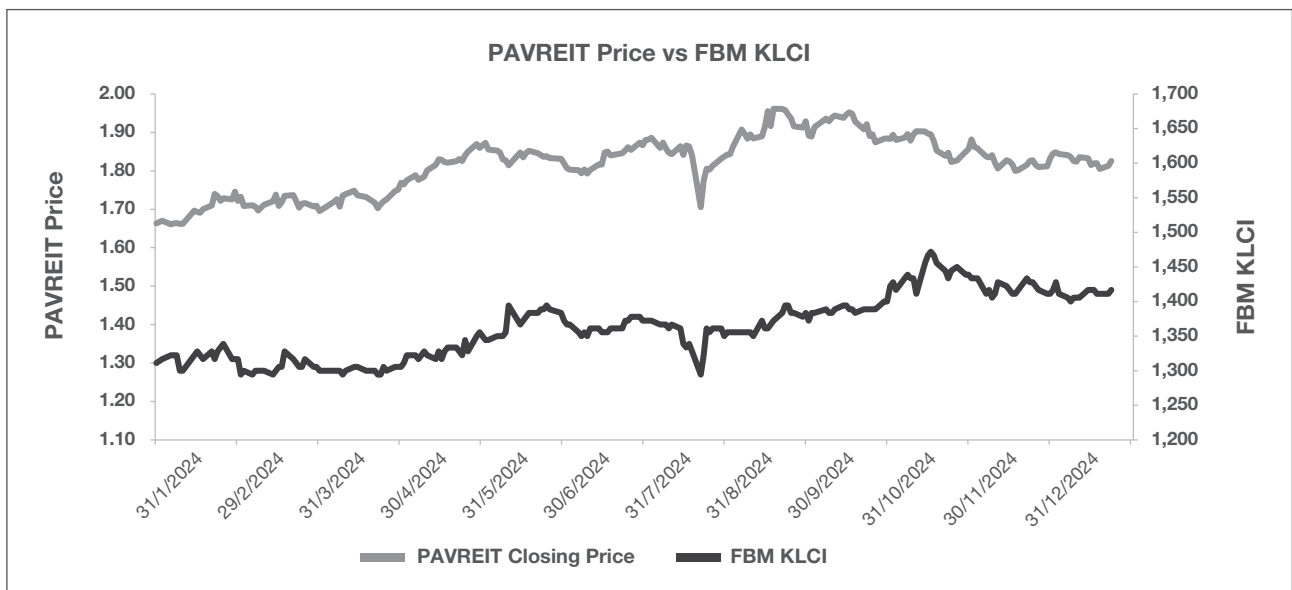
Pavilion REIT’s 12th annual general meeting was held physically on 23 April 2024 whereby its unitholders were updated on the performance of Pavilion REIT for the financial year ended 31 December 2023.

Regular engagements are also held with analysts and fund managers to keep them abreast with happenings in the retail environment with updates on Pavilion REIT.

Pavilion REIT’s Monthly Trading Performance



Pavilion REIT’s Unit Price Performance against FBM KLCI



INVESTOR RELATIONS REPORT

Cont'd

Trading Summary	FY2020	FY2021	FY2022	FY2023	FY2024
Net Asset Value per Unit (RM)					
- As at 31 December	1.27	1.27	1.33	1.35	1.37
- Lowest during the year	1.27	1.25	1.26	1.28	1.32
- Highest during the year	1.28	1.27	1.33	1.35	1.37
Closing unit price (RM) as at 31 December	1.50	1.25	1.21	1.21	1.55
Highest traded price during the year (RM)	1.82	1.53	1.41	1.45	1.59
Lowest traded price during the year (RM)	1.35	1.19	1.18	1.17	1.21
Capital appreciation/(depreciation) (%) ¹	(13.79)	(16.67)	(3.20)	0.00	28.10
Annual total return (%) ²	(11.04)	(13.14)	3.72	7.45	34.13
Average total return over 3 years (%)	2.38	(4.40)	(6.82)	(0.66)	15.10
Average total return over 5 years (%)	4.79	(3.23)	(0.45)	(0.41)	4.22
Units in circulation ('000)	3,045,307	3,050,059	3,055,722	3,652,338	3,660,689
Market capitalisation (RM'000)	4,567,961	3,812,574	3,697,423	4,419,329	5,674,068

- Capital appreciation/(depreciation) is calculated based on the difference between opening and closing price for the relevant financial year.
- Annual total return refers to total of capital appreciation and distribution yield.



Section 7:
FINANCIALS

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MANAGER'S REPORT

The Manager is pleased to present its report together with the audited financial statement of Pavilion REIT for the financial year ended 31 December 2024.

Pavilion REIT is a Malaysia-domiciled real estate investment trust constituted pursuant to the Deed and was formally admitted to the Main Market of Bursa Malaysia Securities Berhad on 7 December 2011.

There is no change in the strategy or direction of Pavilion REIT's intention of investing, directly and indirectly in a diversified portfolio of income producing real estate used solely or predominantly for retail purposes with the primary objective to provide the unitholders with regular and stable distributions to achieve long-term growth in NAV per unit and maintaining an appropriate capital structure, whilst balancing other stakeholders needs.

Directors

Directors of the Manager who served during the financial year until the date of this report are:

Tan Sri Lim Siew Choon
 Puan Sri Tan Kewi Yong
 Dato' Lee Tuck Fook
 Ahmad Mohammed F Q Al-Khanji
 Navid Chamdia
 Dato' Seri Mohamed Azahari bin Mohamed Kamil
 Dato' Mearia @ Massahariah binti Hamzah
 Baljeet Kaur Grewal A/P Jaswant Singh
 Nor Rejina binti Abdul Rahim
 Ang Ah Leck (appointed on 2 December 2024)
 Dato' Choo Chuo Siong (retired on 18 June 2024)
 Mohd Abdulrazzaq A A Al-Hashmi (resigned on 31 December 2024)

Directors' Interests in Shares and Units

The interests of the Directors in office at the end of the financial year in the shares of the Manager and its related corporations, and in the Units of Pavilion REIT, during the financial year, are as follows:

Direct unitholdings in Pavilion REIT:	Number of units			At 31.12.2024
	At 1.1.2024	Bought	Sold	
Tan Sri Lim Siew Choon	845,425,0000	-	-	845,425,0000
Puan Sri Tan Kewi Yong	281,875,0000	-	-	281,875,0000
Dato' Lee Tuck Fook	100,0000	-	-	100,0000
Navid Chamdia	100,0000	-	-	100,0000

MANAGER'S REPORT

Cont'd

	Number of ordinary shares			At 31.12.2024
	At 1.1.2024	Bought	Sold	
Direct interest in the ultimate holding corporation, Pavilion Pacific Ltd:				
Tan Sri Lim Siew Choon	75	-	-	75
Puan Sri Tan Kewi Yong	25	-	-	25
Indirect interest in a related company, Urusharta Cemerlang Sdn Bhd:				
Tan Sri Lim Siew Choon	117,300,000	-	-	117,300,000
Puan Sri Tan Kewi Yong	117,300,000	-	-	117,300,000
Indirect interest in the Manager:				
Tan Sri Lim Siew Choon	2,550,000	-	-	2,550,000
Puan Sri Tan Kewi Yong	2,550,000	-	-	2,550,000

By virtue of their interests in the shares of Pavilion Pacific Ltd, the ultimate holding corporation, Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong are deemed to have interests in the shares of the subsidiaries of Pavilion Pacific Ltd to the extent that the ultimate holding corporation has an interest.

Save as disclosed above, the other Directors of the Manager in office at the end of the financial year did not have any interests in the ordinary shares of the Manager and its related corporations, and in the Units in Pavilion REIT, during the financial year.

Directors' Benefit

For the year ended 31 December 2024, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by Pavilion REIT or a related corporation with the Director or with a firm which the Director is a member, or with a company in which the Director has substantial financial interest except as disclosed in the Financial Statements.

There were no arrangements during and at the end of the twelve months period which had the object of enabling Directors of the Manager to acquire benefits by means of acquisition of Units or debentures of Pavilion REIT or any other body corporate except as disclosed in the Financial Statements.

Soft Commission

There was no soft commission received by the Manager during the reporting financial year.

Manager's Fee

Pursuant to the Deed, the Manager is entitled to receive the following :-

- i) a base fee ("Base Fee") of up to 1.0% per annum of the total asset value of Pavilion REIT (excluding cash and bank balances which are held in non-interest bearing accounts).
- ii) a performance fee ("Performance Fee") of up to 5.0% per annum of net property income of Pavilion REIT.

MANAGER'S REPORT

Cont'd

- iii) an incentive fee ("Incentive Fee") receivable as follows effective from the second full financial year in which Pavilion REIT has been established and in operation (subject to the relevant approval by Pavilion REIT's unitholders being obtained)

Fee Receivable (% per annum of the total asset value of Pavilion REIT)	Criteria – Provided that annual growth in the distributable income in a Financial Year (calculated before accounting for Incentive Fee in that Financial Year):
Up to 0.10%	Exceeds 7.5% and up to 10.0%
Up to 0.15%	Exceeds 10.0% and up to 12.5%
Up to 0.20%	Exceeds 12.5%

- iv) an acquisition fee ("Acquisition Fee") of 1.0% of transaction value in relation to an acquisition of any real estate and real estate related assets directly or indirectly acquired.
- v) a divestment fee ("Divestment Fee") of 0.5% of transaction value in relation to disposal of any real estate and real estate related assets directly or indirectly sold or divested.

The Base Fee, Performance Fee, Acquisition Fee and Divestment Fee shall be receivable in the form of cash, new Units of Pavilion REIT or a combination thereof at the sole discretion of the Manager. The Incentive Fee is receivable in Units only.

Fund management fees in cash are receivable within seven (7) days of the following events:

- i) in respect of the Base Fee and Performance Fee, monthly based on monthly management accounts of Pavilion REIT and be reconciled to quarterly and annual audited financial statements;
- ii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition/divestment.

Fund management fees in units are receivable upon approval from the authority for the listing of and quotation of Pavilion REIT Units. Where approval cannot be obtained, the fees shall be receivable in cash.

Other Information

Before the statement of profit or loss and other comprehensive income and statement of financial position of Pavilion REIT was made out, the Manager took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Manager is not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in Pavilion REIT inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of Pavilion REIT misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of Pavilion REIT misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of Pavilion REIT misleading.

MANAGER'S REPORT

Cont'd

At the date of this report, there does not exist:

- i) any charge on the assets of Pavilion REIT that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of Pavilion REIT that has arisen since the end of the financial year.

No contingent liability or other liability of Pavilion REIT has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Manager, will or may substantially affect the ability of Pavilion REIT to meet its obligations as and when they fall due.

In the opinion of the Manager, the financial performance of Pavilion REIT for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Material Litigation

There is no material litigation pending that is not disclosed in this report.

Auditor

The auditors of Pavilion REIT, Messrs KPMG PLT, have indicated their willingness to accept re-appointment.

For and on behalf of Pavilion REIT Management Sdn Bhd

TAN SRI LIM SIEW CHOON
Chairman

DATO' LEE TUCK FOOK
Non-Independent Executive Director

Kuala Lumpur
12 February 2025



FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Plant and equipment	3	2,200	2,973
Investment properties	4	8,490,000	8,390,000
Total non-current assets		8,492,200	8,392,973
Inventories		5,731	3,907
Trade and other receivables	5	61,667	55,186
Pledged deposits with licensed banks	6	97,395	90,922
Cash and cash equivalents	7	473,861	455,501
Total current assets		638,654	605,516
Total assets		9,130,854	8,998,489
Liabilities			
Borrowings	8	3,312,659	3,290,949
Payables and accruals	9	85,308	84,448
Total non-current liabilities		3,397,967	3,375,397
Borrowings	8	80,000	100,000
Payables and accruals	9	634,423	591,626
Total current liabilities		714,423	691,626
Total liabilities		4,112,390	4,067,023
Net asset value		5,018,464	4,931,466
Financed by:			
Unitholders' fund			
Unitholders' capital	10	3,673,129	3,662,387
Accumulated income		1,345,335	1,269,079
Total unitholders' fund		5,018,464	4,931,466
Net asset value ("NAV")			
Before income distribution		5,018,464	4,931,466
After income distribution*		4,842,385	4,763,458
Number of units in circulation ('000 units)	10	3,660,689	3,652,338
NAV per unit (RM)			
Before income distribution		1.3709	1.3502
After income distribution*		1.3228	1.3042

* after proposed final income distribution of 4.81 sen per unit (2023: 4.60 sen per unit)

The notes on pages 181 to 209 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Rental income		766,945	651,424
Revenue from contract customers	11	43,925	46,610
Other income		34,996	25,777
Gross revenue		845,866	723,811
Utilities		(100,632)	(81,611)
Maintenance		(110,234)	(83,102)
Property taxes		(23,473)	(20,223)
Other operating expenses		(88,762)	(79,764)
Net property income		522,765	459,111
Net fair value changes on investment properties		99,938	146,534
Interest income		14,796	11,405
Net investment income		637,499	617,050
Manager's management fees	12	(43,076)	(37,925)
Trustee's fees	1(c)	(560)	(529)
Valuation fee		(895)	(980)
Other trust expenses	1(c)	(910)	(1,238)
Borrowing costs	13	(182,140)	(144,583)
Income before taxation		409,918	431,795
Tax expense	14	-	-
Income after taxation/Total comprehensive income attributable to unitholders		409,918	431,795
Income after taxation is made up as follows:			
Realised		309,980	285,261
Unrealised		99,938	146,534
		409,918	431,795
Basic/Diluted earnings per unit (sen)	15	11.21	12.68

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

Cont'd

	Note	2024 RM'000	2023 RM'000
Total comprehensive income		409,918	431,795
Distribution adjustments	A	(68,233)	(124,392)
Distributable income		341,685	307,403
Distribution per unit (sen) - interim		4.53	4.41
Distribution per unit (sen) - final		4.81	4.60
Note A			
Distribution adjustments comprise:			
Accounting adjustment on interest – present value		17,623	10,055
Amortisation of transaction costs		2,529	1,973
Depreciation	3	784	633
Manager's management fees payable in units	12	10,769	9,481
Net fair value changes on investment properties		(99,938)	(146,534)
		(68,233)	(124,392)

The notes on pages 181 to 209 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE

for the year ended 31 December 2024

	Note	Unitholders' capital RM'000	Accumulated income RM'000	Total funds RM'000
At 1 January 2023		2,952,256	1,107,751	4,060,007
Income after taxation/Total comprehensive income for the year attributable to unitholders		-	431,795	431,795
Unitholders' transactions				
<i>Contributions by and distributions to unitholders</i>				
Issue of new units		727,978	-	727,978
Expenses incurred for placement exercise		(17,847)	-	(17,847)
Distribution to unitholders	16	-	(270,467)	(270,467)
Increase/(Decrease) in net assets resulting from unitholders' transactions		710,131	(270,467)	439,664
Net assets at 31 December 2023/1 January 2024		3,662,387	1,269,079	4,931,466
Income after taxation/Total comprehensive income for the year attributable to unitholders		-	409,918	409,918
Unitholders' transactions				
<i>Contributions by and distributions to unitholders</i>				
Issue of new units		10,705	-	10,705
Over accrual of expenses incurred for placement exercise in prior year		37	-	37
Distribution to unitholders	16	-	(333,662)	(333,662)
Increase/(Decrease) in net assets resulting from unitholders' transactions		10,742	(333,662)	(322,920)
Net assets at 31 December 2024		3,673,129	1,345,335	5,018,464

Note 10

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Income before taxation		409,918	431,795
<i>Adjustments for:</i>			
Borrowing costs	13	182,140	144,583
Depreciation	3	784	633
Gain on disposal of plant and equipment		-	(1)
Impairment loss on trade receivables		5,134	7,801
Interest income		(14,796)	(11,405)
Net fair value changes on investment properties	4	(99,938)	(146,534)
Operating income before changes in working capital		483,242	426,872
Changes in inventories		(1,824)	(1,034)
Changes in receivables		(11,615)	(20,577)
Changes in payables		21,688	27,501
Changes in tenants' deposits		15,088	42,472
Net cash from operating activities		506,579	475,234
Cash flows from investing activities			
Acquisition of investment property	4	-	(1,817,805)
Interest received		14,796	11,405
Payment for enhancement of investment properties		(62)	(5,767)
Pledged deposits		(6,473)	(31,497)
Purchase of plant and equipment		(11)	(3,053)
Proceeds from disposal of plant and equipment		-	1
Net cash from/(used in) investing activities		8,250	(1,846,716)
Cash flows from financing activities			
Distribution to unitholders		(333,662)	(270,467)
Interest paid		(161,988)	(132,555)
Payment of financing expenses		(819)	(5,063)
Payment of placement expenses		-	(17,847)
Proceeds from borrowings		100,000	2,095,000
Repayment of borrowings		(100,000)	(895,000)
Proceeds from issuance of units		-	720,000
Net cash (used in)/from financing activities		(496,469)	1,494,068
Net increase in cash and cash equivalents		18,360	122,586
Cash and cash equivalents at 1 January		455,501	332,915
Cash and cash equivalents at 31 December		473,861	455,501

The notes on pages 181 to 209 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Pavilion Real Estate Investment Trust (“Pavilion REIT”) is a Malaysia-domiciled real estate investment trust constituted pursuant to the First Amended and Restated Trust Deed dated 18 February 2019 (“the Deed”) between Pavilion REIT Management Sdn. Bhd. (“the Manager”) and MTrustee Berhad (“the Trustee”). The Deed is regulated by the Securities Commission Act 1993, the Securities Commission’s Guidelines on Listed Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. Pavilion REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 27 of the Deed. The addresses of the Manager’s registered office and principal place of business are as follows:

Registered office

6-2, Level 6, East Wing
Menara Goldstone
(Holiday Inn Express)
No. 84, Jalan Raja Chulan
50200 Kuala Lumpur

Principal place of business

Lot 10.00.00, Level 10
Pavilion Kuala Lumpur
168, Jalan Bukit Bintang
55100 Kuala Lumpur

The financial statements of Pavilion REIT as at and for the financial year ended 31 December 2024 comprise Pavilion REIT and its wholly-owned special purpose companies, Pavilion REIT Venture Capital Sdn. Bhd. and Pavilion REIT Bond Capital Berhad, companies incorporated in Malaysia, of which their principal activities are to raise financing for and on behalf of Pavilion REIT.

Pavilion REIT is to invest, directly and indirectly in a diversified portfolio of income producing real estate used solely or predominantly for retail purposes with the primary objective to provide the unitholders with regular and stable distributions and achieve long-term growth in net assets value (“NAV”) (being the total unitholders’ fund) per unit, while maintaining an appropriate capital structure.

Pavilion REIT was formally admitted to the Main Market of Bursa Malaysia Securities Berhad on 7 December 2011.

These financial statements were approved by the Board of Directors of the Manager on 12 February 2025.

Pavilion REIT entered into several service agreements in relation to the management of Pavilion REIT and its property operations. The fee structure of these services is as follows:

(a) Property management fees

The Property Manager, Henry Butcher Malaysia Sdn. Bhd., is entitled to property management fee of RM392,000 (2023: RM387,000) per annum (excluding sales and services tax). In addition, the Property Manager is also entitled to full reimbursement of costs and expenses incurred in the operation, maintenance, management and marketing of the properties held by Pavilion REIT (including but not limited to the cost relating to the employment and remuneration of on-site staff provided) (“Permitted Expenses”) as well as fees and reimbursements for Permitted Expenses payable to its service providers.

(b) Manager’s management fees

Pursuant to the Deed, the Manager is entitled to receive the following fees from Pavilion REIT:

- (i) a base fee (“Base Fee”) of up to 1.0% per annum of the Total Asset Value of Pavilion REIT (excluding cash and bank balances which are held in non-interest bearing accounts).
- (ii) a performance fee (“Performance Fee”) of up to 5.0% per annum of Net Property Income.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

1. GENERAL (cont'd)

(b) Manager's management fees (cont'd)

- (iii) an incentive fee ("Incentive Fee") payable as follows effective from the second full financial year in which Pavilion REIT has been established and in operation (subject to the relevant approval by unitholders being obtained).

Fee Payable (% per annum of the Total Asset Value of Pavilion REIT)	Criteria – Provided that annual growth in the Distributable Income in a Financial Year (calculated before accounting for Incentive Fee in that Financial Year):
Up to 0.10%	Exceeds 7.5% and up to 10.0%
Up to 0.15%	Exceeds 10.0% and up to 12.5%
Up to 0.20%	Exceeds 12.5%

- (iv) an acquisition fee ("Acquisition Fee") of 1.0% of transaction value in relation to an acquisition of any real estate and real estate related assets directly or indirectly acquired.
- (v) a divestment fee ("Divestment Fee") of 0.5% of transaction value in relation to disposal of any real estate and real estate related assets directly or indirectly sold or divested.

The Manager shall be paid the Base Fee, Performance Fee, Acquisition Fee and Divestment Fee in the form of cash, new units or a combination thereof at the election of the Manager in its sole discretion. The Incentive Fee is payable in units only.

The payment of the Manager's management fee in the form of new units will be in accordance with the following formula:

$$\text{New Units to be issued as payment of the Manager's management fee} = \frac{\text{Manager's management fee payable in Units}}{\text{Market Price}}$$

For this purpose, "Market Price" means the volume weighted average market price of the Units for the last 5 Market Days preceding the following events:

- (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly financial reports;
- (ii) in respect of the Incentive Fee, the announcement of the annual financial statements; or
- (iii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition/divestment,

(each a "Trigger Event").

With reference to any book closing date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said book closing date, the Market Price will be further adjusted for the entitlement relating to such book closing date.

The Manager will make an immediate announcement to Bursa Securities disclosing the number of new units to be issued and the issue price of the new units when new units are issued as payment for management fee. Payment of the management fees in units shall also be subjected to Pavilion REIT complying with the public spread requirements stated in the Main Market Listing Requirements and there being no adverse implications under the Malaysian Code on Take-Over and Mergers 2016.

(c) Trustee's fees

In accordance to the Deed, an annual trusteeship fee of up to 0.05% per annum of NAV, but limited to RM560,000 for the current financial year (2023: limited to RM529,000), is to be paid to the Trustee.

For the financial year, Pavilion REIT has incurred reimbursed expenses to the Trustee of RM3,935 (2023: RM3,917) which is part of other trust expenses.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of Pavilion REIT have been prepared in accordance with the provisions of the Deed, 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").

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 Pavilion REIT:

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*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

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*

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

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025;
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026; and
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027, except for MFRS 19 which is not applicable to Pavilion REIT.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of Pavilion REIT.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item, which is measured based on the measurement basis stated below:

Item	Measurement basis
Investment properties	Fair value

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of Pavilion REIT. All financial information is presented in RM and 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 period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 4 – investment properties and Note 14 – tax expense.

3. PLANT AND EQUIPMENT

	Furniture and fittings RM'000	IT equipment and software RM'000	Motor vehicles RM'000	Renovation RM'000	Tools and office equipment RM'000	Total RM'000
Cost						
At 1 January 2023	1,464	1,638	105	415	2,645	6,267
Addition	-	208	81	-	2,764	3,053
Disposal	-	-	-	-	(1)	(1)
Write off	(16)	-	-	-	(6)	(22)
At 31 December 2023/ 1 January 2024	1,448	1,846	186	415	5,402	9,297
Addition	-	-	11	-	-	11
Write off	-	-	-	-	(121)	(121)
At 31 December 2024	1,448	1,846	197	415	5,281	9,187

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. PLANT AND EQUIPMENT (cont'd)

	Furniture and fittings RM'000	IT equipment and software RM'000	Motor vehicles RM'000	Renovation RM'000	Tools and office equipment RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2023	1,385	1,339	104	256	2,630	5,714
Depreciation for the year	21	234	6	41	331	633
Disposal	-	-	-	-	(1)	(1)
Write off	(16)	-	-	-	(6)	(22)
At 31 December 2023/ 1 January 2024	1,390	1,573	110	297	2,954	6,324
Depreciation for the year	21	138	20	42	563	784
Write off	-	-	-	-	(121)	(121)
At 31 December 2024	1,411	1,711	130	339	3,396	6,987
Carrying amounts						
At 1 January 2023	79	299	1	159	15	553
At 31 December 2023/ 1 January 2024	58	273	76	118	2,448	2,973
At 31 December 2024	37	135	67	76	1,885	2,200

4. INVESTMENT PROPERTIES

	2024 RM'000	2023 RM'000
At 1 January	8,390,000	6,045,000
Addition to investment properties	-	2,192,699
Enhancements/Capital expenditure	62	5,767
Change in fair values recognised in profit or loss	99,938	146,534
At 31 December	8,490,000	8,390,000

The previous year's addition was in relation to the acquisition of Pavilion Bukit Jalil which was completed on 1 June 2023. There was no acquisition of investment properties during the financial year ended 31 December 2024.

During the year, the variable lease income earned that does not depend on an index or a rate amounted to RM83,355,000 (2023: RM77,023,000).

Investment properties are charged as securities for bank borrowings as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

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4. INVESTMENT PROPERTIES (cont'd)

Details of the investment properties are as follows:

	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2024	Fair value as at 31.12.2024	Cost as at 31.12.2024	Percentage of fair value to NAV as at 31.12.2024
					%	RM'000	RM'000	%
Pavilion Kuala Lumpur Mall	7.12.2011	31.12.2024	Kuala Lumpur	Leasehold*	97	5,250,000	3,567,074	105
Pavilion Tower	7.12.2011	31.12.2024	Kuala Lumpur	Leasehold*	73	130,000	128,000	3
DA MEN Mall	25.3.2016	31.12.2024	Subang Jaya	Interest in perpetuity	73	160,000	511,264	3
Intermark Mall	25.3.2016	31.12.2024	Kuala Lumpur	Interest in perpetuity	93	190,000	164,191	4
Elite Pavilion Mall	27.4.2018	31.12.2024	Kuala Lumpur	Interest in perpetuity [#]	98	550,000	589,514	11
Pavilion Bukit Jalil	1.6.2023	31.12.2024	Kuala Lumpur	Interest in perpetuity	90	2,210,000	2,192,699	44
Investment properties						8,490,000	7,152,742	

	Date of acquisition	Date of valuation	Location	Tenure	Occupancy rates as at 31.12.2023	Fair value as at 31.12.2023	Cost as at 31.12.2023	Percentage of fair value to NAV as at 31.12.2023
					%	RM'000	RM'000	%
Pavilion Kuala Lumpur Mall	7.12.2011	31.12.2023	Kuala Lumpur	Leasehold*	95	5,150,000	3,567,012	104
Pavilion Tower	7.12.2011	31.12.2023	Kuala Lumpur	Leasehold*	72	130,000	128,000	3
DA MEN Mall	25.3.2016	31.12.2023	Subang Jaya	Interest in perpetuity	73	160,000	511,264	3
Intermark Mall	25.3.2016	31.12.2023	Kuala Lumpur	Interest in perpetuity	90	190,000	164,191	4
Elite Pavilion Mall	27.4.2018	31.12.2023	Kuala Lumpur	Interest in perpetuity [#]	96	550,000	589,514	11
Pavilion Bukit Jalil	1.6.2023	31.12.2023	Kuala Lumpur	Interest in perpetuity	88	2,210,000	2,192,699	45
Investment properties						8,390,000	7,152,680	

* The lease has a period of 99 years expiring in 2109.

The extension-connection of the mall has a period of 99 years expiring in 2109.

NAV Net asset value

NOTES TO THE FINANCIAL STATEMENTS

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4. INVESTMENT PROPERTIES (cont'd)

4.1 Fair value information

All investment properties are categorised as 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 significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Pavilion Kuala Lumpur Mall, Pavilion Tower, Elite Pavilion Mall and Intermark Mall</u>		
<p>The income approach by investment method considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates to income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.</p>	<ul style="list-style-type: none"> • Risk-adjusted term capitalisation rates ranging from 6.00% to 6.75% (2023: 6.00% to 6.75%). • Risk-adjusted reversion capitalisation rate of 6.25% to 6.50% (2023: 6.25% to 6.50%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • risk-adjusted term capitalisation rates were lower (higher). • risk-adjusted reversion capitalisation rates were lower (higher).
<u>DA MEN Mall (DM) and Pavilion Bukit Jalil (PBJ)</u>		
<p>The income approach by discounted cash flow method uses the estimation of future annual cash flows over 15-year (DM) and 10-year (PBJ) investment horizon from the valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of property.</p>	<ul style="list-style-type: none"> • Capitalisation rates of 6.50% (2023: 6.50%). • Discount rate of 8.50% (2023: 8.50%). • Average growth rate of rental per square feet of DM and PBJ are 5% over 15 years (2023: 10% to 15% over 10 years) and 2.86% over 10 years (2023: 2.88% over 10 years) respectively. • Progressive increase of occupancy rate of DM and PBJ are from 70% to 85% over 15 years (2023: 70% to 85% over 10 years) and from 92% to 100% over 10 years (2023: 92% to 100% over 10 years) respectively. 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • capitalisation rates were lower (higher). • discount rate were lower (higher). • average growth rate of rental per square feet were higher (lower).

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. INVESTMENT PROPERTIES (cont'd)

4.1 Fair value information (cont'd)

Level 3 fair value

Individual strata titles in respect of Pavilion Kuala Lumpur Mall and Pavilion Tower have not been issued. The valuation is on the basis/assumption that individual strata titles in respect of the subject properties are forthcoming and when issued, will be free from all encumbrances and restrictive conditions over the respective strata floor areas, and Pavilion Kuala Lumpur Mall and Pavilion Tower will convey 99-year leasehold interest expiring in year 2109.

The transfers of the land titles in respect of Pavilion Kuala Lumpur Mall and Pavilion Tower in favour of the Trustee are pending submission by respective land owners to the Land Office.

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 judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Highest and best use

Pavilion REIT's investment properties comprise five retail malls and an office building. The properties on their own is the highest and best use, as three of the retail malls are on prime land in the city centre. The other two retail malls are within mixed development areas which comprise residential and shop office. The office building annexed to a retail mall in the city centre has been refurbished in recent years, thus it is not cost effective to convert it to a retail mall at the moment. The office building also complements the retail mall by bringing human traffic to the retail mall, especially during lunch hours.

4.2 Maturity analysis of operating lease payments

Pavilion REIT leases out its investment properties under operating leases. The operating lease payments to be received are as follows:

	2024	2023
	RM'000	RM'000
Up to one year	576,146	551,756
More than one year up to two years	281,822	319,085
More than two years up to three years	125,905	63,699
More than three years	402	-
	984,275	934,540

4.3 Material accounting policy information

Investment properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. INVESTMENT PROPERTIES (cont'd)

4.3 Material accounting policy information (cont'd)

External, independent valuation firms, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value Pavilion REIT's investment properties portfolio every year.

5. TRADE AND OTHER RECEIVABLES

	2024	2023
	RM'000	RM'000
Current		
Trade		
Trade receivables	67,682	73,918
Less: Impairment losses	(33,651)	(29,057)
	34,031	44,861
Non-trade		
Other receivables	8,375	4,354
Deposits	2,636	2,578
Prepayments	16,625	3,393
	27,636	10,325
	61,667	55,186

6. PLEDGED DEPOSITS WITH LICENSED BANKS

The pledged deposits with licensed banks are maintained in Debt Service Reserve Accounts with licensed banks to cover a minimum of six months' interest for banking facilities granted to Pavilion REIT (Note 8).

7. CASH AND CASH EQUIVALENTS

	2024	2023
	RM'000	RM'000
Cash and bank balances	371,340	355,940
Deposits placed with licensed banks	102,521	99,561
	473,861	455,501

NOTES TO THE FINANCIAL STATEMENTS

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8. BORROWINGS

	Note	2024 RM'000	2023 RM'000
Non-current			
Secured syndicated term loan	8.1	693,267	673,267
Unrated medium term notes	8.2	2,625,000	2,625,000
Less: Unamortised transaction costs		(5,608)	(7,318)
		3,312,659	3,290,949
Current			
Unrated medium term notes	8.2	80,000	100,000
		3,392,659	3,390,949
Average interest rate of borrowings		4.8%	4.7%

8.1 Secured syndicated credit facilities of RM815.9 million

Pavilion REIT entered into a facility agreement and its supplementary facility agreement dated 3 November 2011 and 23 November 2011 respectively ("Facility Agreements") through its wholly owned subsidiary, Pavilion REIT Venture Capital Sdn. Bhd. ("Borrower") for syndicated credit facilities ("Facilities") of up to RM815.9 million with licensed banks ("Lenders") comprising revolving term loan facilities and bank guarantee as follows:

- (i) RTL1 - a revolving term loan ("RTL") facility of up to RM705.9 million to part finance the acquisition of investment properties and future acquisitions by Pavilion REIT;
- (ii) RTL2 - a revolving term loan facility of up to RM100.0 million to finance general working capital of Pavilion REIT (including acquisition of assets); and
- (iii) BG/RTL3 - a bank guarantee ("BG") of up to RM10.0 million for the issuance of performance bonds, bank guarantees, indemnities or undertakings and a revolving term loan facility for the conversion of any amounts paid out under the performance bonds, bank guarantees, indemnities or undertakings issued under bank guarantee.

The financing facilities are secured by debenture incorporating fixed and floating charge over all present and future assets of Pavilion REIT Venture Capital Sdn. Bhd. and a guarantee and indemnity from the REIT Trustee as trustee acting for and behalf of Pavilion REIT.

The tenure of the syndicated credit facilities have been extended to another five years from 7 December 2021 up to a maturity date of 7 December 2026. The Lenders have the option to convert to a fixed interest rate at their sole discretion and subject to the consent of all Lenders from 7 December 2022 onwards.

The revolving term loans are secured over Pavilion Kuala Lumpur Mall and Pavilion Tower as disclosed in Note 4 and an amount of RM28,492,000 (2023: RM23,869,000) maintained in Debt Service Reserve Accounts with licensed banks as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

8. BORROWINGS (cont'd)

8.2 Medium term notes of RM8.0 billion

On 24 June 2015, the Securities Commission Malaysia had approved and authorised the establishment of a proposed medium term notes ("MTNs") programme of RM8.0 billion in nominal value ("MTN Programme") to be undertaken by Pavilion REIT Bond Capital Berhad ("Issuer"), a company wholly owned by Pavilion REIT. The MTN Programme shall have a tenure of twenty years from the date of the first issuance of MTNs under the MTN Programme. An issuance of MTNs under the MTN Programme may either be rated or unrated, as the Issuer may decide.

The medium term notes are secured over Pavilion Kuala Lumpur Mall, Pavilion Tower and Pavilion Bukit Jalil as disclosed in Note 4 and an amount of RM68,903,000 (2023: RM67,053,000) maintained in Debt Service Reserve Accounts with licensed banks as disclosed in Note 6.

8.3 Gearing/Borrowings ratio

The gearing/borrowings ratio as disclosed here is in accordance with the Securities Commission's Guidelines on Listed Real Estate Investment Trusts which defines it as the ratio of the total borrowings or financing facilities, including borrowings or financing through issuance of debt securities or sukuk, and deferred arrangements to the total asset value.

The gearing/borrowings ratio is calculated based on total borrowings of RM3,392,659,000 (2023: RM3,390,949,000) and deferred payment of RM392,572,000 (2023: RM374,949,000), over total assets of RM9,130,854,000 (2023: RM8,998,489,000).

	2024	2023
Gearing/Borrowings ratio	41.5%	41.9%

8.4 Reconciliations of movement of liabilities to cash flows arising from financing activities

	At 1 January RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December RM'000
2024				
Secured syndicated term loan	673,267	20,000	-	693,267
Unrated medium term notes	2,725,000	(20,000)	-	2,705,000
Less: Unamortised transaction costs	(7,318)	(819)	2,529	(5,608)
	3,390,949	(819)	2,529	3,392,659
2023				
Secured syndicated term loan	723,267	(50,000)	-	673,267
Unrated medium term notes	1,475,000	1,250,000	-	2,725,000
Less: Unamortised transaction costs	(4,228)	(5,063)	1,973	(7,318)
	2,194,039	1,194,937	1,973	3,390,949

NOTES TO THE FINANCIAL STATEMENTS

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9. PAYABLES AND ACCRUALS

	Note	2024 RM'000	2023 RM'000
Non-current			
Trade			
Tenants' deposits	9.1	85,308	84,448
		85,308	84,448
Current			
Trade			
Trade payables		17,349	16,063
Tenants' deposits	9.1	88,836	74,608
		106,185	90,671
Non-trade			
Payable relating to acquisition of property	9.2	398,625	384,949
Other payables and accrued expenses	9.3	129,613	116,006
		528,238	500,955
		634,423	591,626
		719,731	676,074

9.1 Tenants' deposits are in respect of refundable deposits received from tenants for tenancy or marketing agreements. Tenancy agreements tenure are for period between one to three years. The amount is unsecured and interest free.

9.2 This is payable to Regal Path Sdn. Bhd., a related party (see Note 22), being an amount of RM6,053,000 defects rectification payment and an amount of RM400,000,000 being the balance of the purchase price for the acquisition of Pavilion Bukit Jalil which is payable only upon Pavilion Bukit Jalil meeting a targeted Net Property Income ("NPI") of RM146,000,000 on or before June 2025, discounted at a rate of 4.7% on initial recognition.

The sum of RM400,000,000 is payable either in cash or in units. Should the payment be in units, the price of the units payable shall be based on the bookbuilding price in the event placement exercises are undertaken by Pavilion REIT, or otherwise based on the 5-day volume weighted average market price of the units based on the day when Pavilion REIT decides to issue units as settlement of the balance purchase price.

9.3 Included in other payables and accrued expenses are the following amounts due to:

	2024 RM'000	2023 RM'000
The Manager	8,547	8,385
Trustee	47	48
Urusharta Cemerlang (KL) Sdn. Bhd.	2,380	2,380
	10,974	10,813

Amounts due to the Manager and Trustee are unsecured, interest-free and payable monthly in arrears.

Amount due to Urusharta Cemerlang (KL) Sdn. Bhd., a related party (see Note 22), is the balance of purchase price for the acquisition of Elite Pavilion Mall and it is interest free. It is payable upon the electrical sub-station is constructed in accordance with all applicable planning permissions and approvals and specifications from and required by the appropriate authorities.

NOTES TO THE FINANCIAL STATEMENTS

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10. TOTAL UNITHOLDERS' FUNDS

10.1 Unitholders' capital

	2024	2023
	Number of units '000	Number of units '000
Issued and fully paid with no par value		
At 1 January	3,652,338	3,055,722
Manager's management fees paid in units	8,351	6,452
Units issued to fund the acquisition of investment property	-	590,164
At 31 December	3,660,689	3,652,338
	2024	2023
	RM'000	RM'000
Issued and fully paid with no par value		
At 1 January	3,662,387	2,952,256
Manager's management fees paid in units	10,705	7,978
Units issued to fund the acquisition of investment property	-	720,000
Expenses incurred for placement exercise	-	(17,847)
Over accrual of expenses incurred for placement exercise in prior year	37	-
At 31 December	3,673,129	3,662,387

10.2 Unitholdings of substantial unitholders, the Manager and the Manager's Directors

The Manager was issued units in Pavilion REIT as part of the settlement of Manager's management fees, details of which are as follows:

	Number of units '000	Amount RM'000
2024		
Issued at:		
i) RM1.2035 per unit for entitlement for the 6 months ended 31 December 2023	4,510	5,428
ii) RM1.3740 per unit for entitlement for the 6 months ended 30 June 2024	3,841	5,277
Total Manager's fees paid in units and RM	8,351	10,705

NOTES TO THE FINANCIAL STATEMENTS

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10. TOTAL UNITHOLDERS' FUNDS (cont'd)

10.2 Unitholdings of substantial unitholders, the Manager and the Manager's Directors (cont'd)

	Number of units '000	Amount RM'000
2023		
Issued at:		
i) RM1.2934 per unit for entitlement for the 6 months ended 31 December 2022	3,034	3,925
ii) RM1.1859 per unit for entitlement for the 6 months ended 30 June 2023	3,418	4,053
Total Manager's fees paid in units and RM	6,452	7,978
iii) Issuance of new units at RM1.2200 per unit to fund the acquisition of new investment property on 1 June 2023	590,164	720,000
	596,616	727,978

Pavilion REIT's substantial unitholders, the Manager and the Manager's Directors' direct unitholdings in Pavilion REIT are as follows:

	2024		2023	
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000
<i>Pavilion REIT's substantial unitholders' direct unitholdings in Pavilion REIT:</i>				
Qatar Holding LLC	1,008,900	1,563,795	1,008,900	1,220,769
Tan Sri Lim Siew Choon	845,425	1,310,409	845,425	1,022,964
Puan Sri Tan Kewi Yong	281,875	436,906	281,875	341,069
Employees Provident Fund Board	453,214	702,482	396,072	479,247
Kumpulan Wang Persaraan (Diperbadankan)	210,613	326,450	41,117	49,752
<i>The Manager's direct unitholdings in Pavilion REIT</i>	3,030	4,697	22,680	27,443

	2024		2023	
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000
<i>The Manager's Directors' direct unitholdings in Pavilion REIT:</i>				
Tan Sri Lim Siew Choon	845,425	1,310,409	845,425	1,022,964
Puan Sri Tan Kewi Yong	281,875	436,906	281,875	341,069
Dato' Lee Tuck Fook	100	155	100	121
Navid Chamdia	100	155	100	121

Notes:

The market value of the units was computed based on the closing market price as at 31 December 2024 of RM1.55 (2023: RM1.21).

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11. REVENUE FROM CONTRACT CUSTOMERS

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Advertisement	Revenue is recognised over time when services are delivered.	Credit period ranging from 30 to 90 days from invoice date.
Electricity		Credit period of 30 days from invoice date.

Included in revenue from contract customer is advertisement revenue of approximately RM28,907,000 (2023: RM36,652,000).

Pavilion REIT applies the following practical expedients:

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

12. MANAGER'S MANAGEMENT FEES

	2024 RM'000	2023 RM'000
Base fee	27,393	24,151
Performance fee	15,683	13,774
	43,076	37,925
Acquisition fee	-	22,000

During the financial year, the Manager received a base fee of 0.3% (2023: 0.3%) per annum of the Total Asset Value of Pavilion REIT, a performance fee of 3.0% (2023: 3.0%) per annum of Net Property Income.

In the previous year, acquisition fee of 1% of transaction value in relation to the acquisition of Pavilion Bukit Jalil was capitalised as part of the acquisition cost of investment properties.

Manager's management fees payable in units amounts to RM10,769,000 (2023: RM9,481,000) which represents 25% (2023: 25%) of the total manager's management fees payable.

13. BORROWING COSTS

	2024 RM'000	2023 RM'000
Interest expense	179,611	142,610
Amortisation of transaction costs	2,529	1,973
	182,140	144,583

NOTES TO THE FINANCIAL STATEMENTS

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14. TAX EXPENSE

14.1 Reconciliation of tax expense

	2024 RM'000	2023 RM'000
Income before taxation	409,918	431,795
Income tax using Malaysian tax rate of 24% (2023: 24%)	98,380	103,631
Non-deductible expenses	7,687	6,642
Non-taxable income	(27,536)	(37,906)
Effect of income exempted from tax	(78,531)	(72,367)
	-	-

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of Pavilion REIT will be exempted from tax provided that at least 90% of its total income (as defined in the Act) is distributed to the investors in the basis period of Pavilion REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of Pavilion REIT financial year which forms the basis period for a year of assessment, Pavilion REIT will be subject to income tax at the prevailing tax rate on its total income. Income which has been taxed at the Pavilion REIT level will have tax credits attached when subsequently distributed to unitholders.

As Pavilion REIT proposed to distribute at least 90% of its total income (as defined in the Act) to its unitholders for the financial year ended 31 December 2024, no provision for taxation has been made for the current year.

14.2 Material accounting policy information

Where investment properties are carried at their fair values, 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 unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

14.3 Significant judgement

In the assessment of provision of deferred tax assets and liabilities on the fair value gain or loss arising from investment properties, the Manager considers the business model and the objective of Pavilion REIT. No deferred tax assets or liabilities are recognised because Pavilion REIT is expected to consume substantially all economic benefits through generation of rental income and these income will be subjected to income tax at prevailing rate. However, since Pavilion REIT intends to continue to distribute more than 90% of its total income (as defined in the Act), the expected tax rate levied will be zero.

NOTES TO THE FINANCIAL STATEMENTS

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15. EARNINGS PER UNIT - BASIC AND DILUTED

The calculation of earnings per unit is based on income after taxation attributable to unitholders for the year of RM409,918,000 (2023: RM431,795,000) divided by the weighted average number of units in circulation during the year of 3,657,857,342 (2023: 3,405,656,184).

16. DISTRIBUTION TO UNITHOLDERS

Distribution to unitholders is from the following sources:

	2024 RM'000	2023 RM'000
Rental income	766,945	651,424
Revenue from contract customers	43,925	46,610
Other income	34,996	25,777
Net fair value changes on investment properties	99,938	146,534
Interest income	14,796	11,405
	960,600	881,750
Less: Total expenses	(550,682)	(449,955)
	409,918	431,795
Distribution adjustments	(68,233)	(124,392)
Distributable income	341,685	307,403
Final distribution paid (2023/2022)	168,007	131,090
Interim distribution paid (2024/2023)	165,655	139,377
Distribution to unitholders	333,662	270,467
	2024	2023
Interim distribution per unit (sen)	4.53	4.41
Final distribution per unit (sen)	4.81*	4.60
Net distribution per unit** (sen)	9.34	9.01

* The final distributable income for the 6 months ended 31 December 2024 is proposed to be 4.81 sen per unit or RM176.1 million to be payable on 28 February 2025.

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

	2024	2023
Resident corporate	N/A [^]	N/A [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

[^] to tax at prevailing rate

NOTES TO THE FINANCIAL STATEMENTS

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17. MANAGEMENT EXPENSE RATIO

	2024	2023
Management expense ratio ("MER") (%)	0.91	1.27

The calculation of the MER is based on the total fees of Pavilion REIT incurred during the year, including manager's management fees, trustee's fees, valuation fee and other trust expenses, to the net asset value as at year end.

The decrease compared to the prior year is due to the acquisition fee (Note 1(b)(iv)) of RM22 million paid to the Manager relating to the acquisition of Pavilion Bukit Jalil in prior year.

Comparison of the MER of Pavilion REIT with other real estate investment trusts which uses different basis of calculation may not be an accurate comparison.

18. OPERATING SEGMENTS

Pavilion REIT has two reportable segments, Retail and Office. Although the respective malls are separate operating segment, these operating segments are aggregated to form a single reportable segment as Retail due to the similar nature and economic characteristics of malls. For each of the segment, the Manager of Pavilion REIT's Chief Executive Officer reviews internal management reports regularly.

Performance is measured based on segment net property income as management believes that such information is the most relevant in evaluating the results of the segments.

The total of segment asset/liability is measured based on all assets/liabilities of a segment, as included in internal management reports that are reviewed by the Manager of Pavilion REIT's Chief Executive Officer.

	Retail RM'000	Office RM'000	Total RM'000
For the year ended 31 December 2024			
Segment profit	520,743	2,022	522,765
<i>Included in the measure of segment profit are:</i>			
Gross revenue	836,358	9,508	845,866
Property expenses	315,615	7,486	323,101
Net measurement of impairment loss	4,913	221	5,134
At 31 December 2024			
Segment assets and liabilities			
Segment assets	8,902,250	131,209	9,033,459
Segment liabilities	4,071,947	31,948	4,103,895
For the year ended 31 December 2024			
<i>Included in the measure of segment assets and liabilities are:</i>			
Additions to non-current assets	73	-	73
Net fair value changes to non-current assets	99,938	-	99,938

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

18. OPERATING SEGMENTS (cont'd)

	Retail RM'000	Office RM'000	Total RM'000
For the year ended 31 December 2023			
Segment profit	456,152	2,959	459,111
<i>Included in the measure of segment profit are:</i>			
Gross revenue	714,576	9,235	723,811
Property expenses	258,424	6,276	264,700
Net measurement of impairment loss	7,549	252	7,801
At 31 December 2023			
Segment assets and liabilities			
Segment assets	8,776,458	131,109	8,907,567
Segment liabilities	4,025,837	32,221	4,058,058
For the year ended 31 December 2023			
<i>Included in the measure of segment assets and liabilities are:</i>			
Additions to non-current assets	2,201,519	-	2,201,519
Net fair value changes to non-current assets	146,534	-	146,534
Reconciliation of reportable segment profit			
	2024	2023	
	RM'000	RM'000	
Total profit for reportable segments	522,765	459,111	
Net fair value changes on investment properties	99,938	146,534	
Interest income	14,796	11,405	
Trust expenses	(45,441)	(40,672)	
Borrowing costs	(182,140)	(144,583)	
Income before taxation	409,918	431,795	
Taxation	-	-	
Income after taxation	409,918	431,795	

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

18. OPERATING SEGMENTS (cont'd)

Reconciliation of reportable segment assets and liabilities

	Segment assets RM'000	Segment liabilities RM'000
2024		
Total reportable segments	9,033,459	(4,103,895)
Other non-allocated assets/(liabilities)	97,395	(8,495)
Total assets/(liabilities)	9,130,854	(4,112,390)
2023		
Total reportable segments	8,907,567	(4,058,058)
Other non-allocated assets/(liabilities)	90,922	(8,965)
Total assets/(liabilities)	8,998,489	(4,067,023)

Geographical information

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

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

	Carrying amounts RM'000	Amortised cost RM'000
2024		
Financial assets		
Receivables and deposits	45,042	45,042
Pledged deposits with licensed banks	97,395	97,395
Cash and cash equivalents	473,861	473,861
	616,298	616,298
Financial liabilities		
Payables and accruals	(719,731)	(719,731)
Borrowings	(3,392,659)	(3,392,659)
	(4,112,390)	(4,112,390)
2023		
Financial assets		
Receivables and deposits	51,793	51,793
Pledged deposits with licensed banks	90,922	90,922
Cash and cash equivalents	455,501	455,501
	598,216	598,216
Financial liabilities		
Payables and accruals	(676,074)	(676,074)
Borrowings	(3,390,949)	(3,390,949)
	(4,067,023)	(4,067,023)

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. FINANCIAL INSTRUMENTS (cont'd)

19.2 Net gains and losses arising from financial instruments

	2024 RM'000	2023 RM'000
Net gains/(losses) on:		
Financial assets at amortised cost	9,662	3,604
Financial liabilities at amortised cost	(182,140)	(144,583)
	(172,478)	(140,979)

19.3 Financial risks management

Pavilion REIT has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

19.4 Credit risk

Credit risk is the risk of a financial loss to Pavilion REIT if the tenants or counterparty to a financial instrument fails to meet its contractual obligations. Pavilion REIT's exposure to credit risk arises principally from trade and other receivables and cash and cash equivalents. Pavilion REIT performs ongoing credit evaluation of its tenants and generally does not require collateral other than tenants' deposits.

At the end of the financial year, the maximum exposure to credit risk arising from financial assets are represented by the carrying amount of financial assets in the statement of financial position.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

There are no significant changes as compared to the previous year.

Exposure to credit risk and credit quality

As at the end of the financial year, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amount in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Pavilion REIT manages credit risk using credit verification process to ensure credit worthiness and good credit standing before tenancy agreements are entered into with tenants or credit granted to counter parties together with constant monitoring of any outstanding balances to ensure minimum credit risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. FINANCIAL INSTRUMENTS (cont'd)

19.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2024.

	Gross - carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Not past due	9,108	-	9,108
Past due	58,574	(33,651)	24,923
	67,682	(33,651)	34,031
2023			
Not past due	12,074	-	12,074
Past due	61,844	(29,057)	32,787
	73,918	(29,057)	44,861

The movements in the allowance for impairment losses of receivables during the financial year were:

	2024 RM'000	2023 RM'000
Balance at 1 January	29,057	21,247
Amount (written off)/recovered	(540)	9
Net remeasurement of loss allowance	5,134	7,801
Balance as at 31 December	33,651	29,057

The allowance account in respect of trade receivables is used to record impairment losses. Unless Pavilion REIT is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, Pavilion REIT are of the view that the loss allowance is not material, hence, no allowance is necessary.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. FINANCIAL INSTRUMENTS (cont'd)

19.5 Liquidity risk

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

The Manager maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Pavilion REIT's operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission's Guidelines on Listed Real Estate Investment Trusts concerning limits on total borrowings financing.

Maturity analysis

The table below summarises the maturity profile of Pavilion REIT's financial liabilities as at the end of the financial year 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
2024						
Financial liabilities						
Borrowings	3,392,659	4.20 - 5.09	3,811,697	238,701	1,233,775	2,339,221
Payables and accruals	398,625	4.70	406,054	406,054	-	-
Payables and accruals	321,106	-	321,106	235,798	45,202	40,106
	4,112,390		4,538,857	880,553	1,278,977	2,379,327
2023						
Financial liabilities						
Borrowings	3,390,949	4.20 - 5.07	3,967,966	258,169	157,145	3,552,652
Payables and accruals	384,949	4.70	410,000	410,000	-	-
Payables and accruals	291,125	-	291,125	206,677	54,445	30,003
	4,067,023		4,669,091	874,846	211,590	3,582,655

19.6 Market risk

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

19.6.1 Interest rate risk

Pavilion REIT's exposure to changes in interest rates relates principally to interest-earning financial assets and interest-bearing financial liabilities.

Risk management objectives, policies and processes for managing the risk

Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The interest rate risks are uncertainties resulting from the effects of fluctuations in the prevailing level of the market interest rates on its financial position and cash flows. Interest rate risk exposure to Pavilion REIT is in respect of short-term deposits and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. FINANCIAL INSTRUMENTS (cont'd)

19.6 Market risk (cont'd)

19.6.1 Interest rate risk (cont'd)

Exposure to interest rate risk

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

	2024 RM'000	2023 RM'000
Fixed rate instruments		
Financial assets - Deposits placed with licensed banks	199,916	190,483
Financial liabilities - Borrowings	(425,000)	(425,000)
Financial liabilities - Deferred payment	(392,572)	(374,949)
	<u>(617,656)</u>	<u>(609,466)</u>
Floating rate instruments		
Financial liabilities - Borrowings	(2,967,659)	(2,965,949)

Interest rate risk sensitivity analysis

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

Pavilion REIT does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss or equity.

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

A change of 100 basis points ("bp") in interest rates at the end of the financial year would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	100bp increase 2024 RM'000	100bp decrease 2024 RM'000	100bp increase 2023 RM'000	100bp decrease 2023 RM'000
Floating rate instruments	(29,677)	29,677	(29,659)	29,659

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. FINANCIAL INSTRUMENTS (cont'd)

19.7 Fair value information

The carrying amounts of cash and bank balances, receivables and deposits, payables and accruals approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not 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		
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Financial liabilities					
Tenants' deposits	-	-	(168,420)	(168,420)	(174,144)
Borrowings	-	-	(3,345,714)	(3,345,714)	(3,392,659)
Other payables					
- deferred payment	-	-	(400,000)	(400,000)	(392,572)
	-	-	(3,914,134)	(3,914,134)	(3,959,375)
2023					
Financial liabilities					
Tenants' deposits	-	-	(153,898)	(153,898)	(159,056)
Borrowings	-	-	(3,331,715)	(3,331,715)	(3,390,949)
Other payables					
- deferred payment	-	-	(400,000)	(400,000)	(374,949)
	-	-	(3,885,613)	(3,885,613)	(3,924,954)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Tenants' deposits, borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of Pavilion REIT at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

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20. CAPITAL MANAGEMENT

Pavilion REIT's objectives when managing capital is to provide unitholders with regular and stable distributions and achieve long-term growth in NAV per unit, while maintaining an appropriate capital structure.

Pavilion REIT's capital is represented by its unitholders' fund in the statement of financial position. The capital requirements imposed on Pavilion REIT is to ensure it maintains a healthy gearing/borrowings ratio of maximum 50% and meets the minimum interest coverage ratio which is an effective indicator of its financial strengths in addition to complying with the financial covenants prescribed by financial institutions as stated in the Facility Agreements. The Directors of the Manager will monitor and are determined to maintain an optimal gearing/borrowings ratio that will provide an ideal debt equity ratio that also complies with regulatory requirements.

As at 31 December 2024, Pavilion REIT recorded a gearing/borrowings ratio of 41.5% (2023: 41.9%) and interest coverage ratio in excess of the minimum requirement (2023: in excess of the minimum requirement). The calculation of the gearing/borrowings ratio and interest coverage ratio is based on the definition stated in the Facility Agreements. Pavilion REIT has not breached the financial covenants.

Distribution Policy

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of Pavilion REIT's distributable income. It is the intention of the Manager to distribute at least 90.0% of Pavilion REIT's distributable income on a half-yearly basis (or such other interval as determined by the Manager at its absolute discretion).

21. CAPITAL COMMITMENTS

Capital expenditure in respect of the following has not been provided for in the financial statements:

	2024 RM'000	2023 RM'000
Capital expenditure commitments		
Investment properties		
<i>Authorised and contracted for:</i>		
- Within one year	480,393	386

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Pavilion REIT either directly or indirectly. The key management personnel include all the Directors of Pavilion REIT Management Sdn. Bhd. and MTrustee Berhad, and certain members of senior management of Pavilion REIT Management Sdn. Bhd. and MTrustee Berhad.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

Significant related party transactions, other than those disclosed elsewhere in the financial statements, are as follows:

Companies related to the Manager	Nature of transactions	Transaction value		Balance outstanding	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Pavilion REIT Management Sdn. Bhd.	Rental income and its related charges	504	435	4	4
Malton Berhad Group *	Rental income and its related charges	2,639	2,587	5	174
Regal Path Sdn. Bhd. **	Acquisition of investment property and additional assets	-	(2,202,863)	(398,625)	(384,949)
	Purchase of vouchers	(700)	-	-	-
Lumayan Indah Sdn. Bhd. ∞	Procurement of hotel related services	(34)	-	-	-
Impian Ekspresi Sdn. Bhd. ◊	Rental income and its related charges	830	800	3	136
Kuala Lumpur Pavilion Sdn. Bhd. ^	Expenses of MRT station naming rights fee and its related charges	(1,250)	(1,250)	-	-
Urusharta Cemerlang (KL) Sdn. Bhd. Δ	Reimbursement of electricity supply to Pavilion Suites	1,650	2,509	(9)	414
	Reimbursement of shared common cost	-	(13)	(13)	(13)
	Shared common property maintenance charge and sinking fund	-	(175)	-	-
Harmoni Perkasa Sdn. Bhd. α	Reimbursement of electricity supply to Pavilion Hotel	4,723	4,770	373	391
	Procurement of hotel related services	(358)	(782)	-	-
Pavilion Management (DTC) Sdn. Bhd. ρ	Rental income and its related charges	295	264	1	1
Makna Mujur Sdn. Bhd. ω	Rental expense and its related charges	(52)	(42)	-	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

The above transactions have been entered into in the normal course of business and have been established based on negotiated terms and conditions.

The above parties are deemed related as follows:

* Malton Berhad Group are deemed parties related to the Manager by virtue of the directorship and interest of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong, his spouse, in Malton Berhad.

** Regal Path Sdn. Bhd. is deemed a party related to the Manager by virtue of the directorship and interest of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong, his spouse, in Malton Berhad.

∞ Ahmad Mohammed F Q Al-Khanji, Mohd Abdulrazzaq A A Al-Hashmi and Navid Chamdia are directors of the Manager and Lumayan Indah Sdn. Bhd. ("LISB").

Tan Sri Lim Siew Choon is deemed interested in LISB through his interest in the ultimate holding company and Puan Sri Tan Kewi Yong is his spouse.

◇ Impian Ekspresi Sdn. Bhd. is deemed party related to the Manager by virtue of Tan Sri Lim Siew Choon's directorship and deemed interest in Impian Ekspresi Sdn. Bhd. and his spouse, Puan Sri Tan Kewi Yong.

^ Tan Sri Lim Siew Choon, Puan Sri Tan Kewi Yong and Dato' Lee Tuck Fook are directors of Kuala Lumpur Pavilion Sdn. Bhd.. Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong hold the entire issued and paid up share capital of Kuala Lumpur Pavilion Sdn. Bhd..

△ Tan Sri Lim Siew Choon, Ahmad Mohammed F Q Al-Khanji, Mohd Abdulrazzaq A A Al-Hashmi and Navid Chamdia are directors of the Manager and Urusharta Cemerlang (KL) Sdn. Bhd. ("UCKL").

Tan Sri Lim Siew Choon is deemed interested in UCKL through his interest in the ultimate holding company and Puan Sri Tan Kewi Yong is his spouse.

Ahmad Mohammed F Q Al-Khanji and Mohd Abdulrazzaq A A Al-Hashmi are also directors of a substantial shareholder of the holding company of UCKL.

α Puan Sri Tan Kewi Yong, Dato' Lee Tuck Fook, Ahmad Mohammed F Q Al-Khanji and Navid Chamdia are directors of the Manager and Harmoni Perkasa Sdn. Bhd. ("HPSB"). Tan Sri Lim Siew Choon is the spouse of Puan Sri Tan Kewi Yong. Lim Shoo Wenn, the daughter of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong is also a director of HPSB.

Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong are deemed interested in HPSB through their interest in the ultimate holding company.

Ahmad Mohammed F Q Al-Khanji is also a director of a substantial shareholder of the holding company of HPSB.

□ Pavilion Management (DTC) Sdn. Bhd. ("PMDTC") is deemed party related to the Manager by virtue of Tan Sri Lim Siew Choon's directorship and deemed interest in PMDTC. Puan Sri Tan Kewi Yong is the spouse of Tan Sri Lim Siew Choon. Lim Shoo Wenn, the daughter of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong is also a director of PMDTC.

Ω Tan Sri Lim Siew Choon, Dato' Lee Tuck Fook, Ahmad Mohammed F Q Al-Khanji, Mohd Abdulrazzaq A A Al-Hashmi and Navid Chamdia are directors of the Manager and Makna Mujur Sdn. Bhd..

Makna Mujur Sdn. Bhd. is deemed a party related to the Manager by virtue of Tan Sri Lim Siew Choon's directorship and deemed interest in Makna Mujur Sdn. Bhd. and Puan Sri Tan Kewi Yong being his spouse is one of the directors of the Manager.

NOTES TO THE FINANCIAL STATEMENTS

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23. SIGNIFICANT EVENT

The acquisition of Pavilion Bukit Jalil was completed on 1 June 2023. An amount of RM6 million defects rectification payment and balance consideration of RM400 million is payable upon meeting the requirements for defects rectification and a targeted annualised Net Property Income of RM146 million for Pavilion Bukit Jalil on or before June 2025.

On 5 December 2024, the Board of Directors of Pavilion REIT Management Sdn Bhd ("Board"), the management company of Pavilion REIT ("Manager"), CIMB Investment Bank Berhad ("CIMB") and Maybank Investment Bank Berhad ("Maybank IB") announced that MTrustee Berhad ("Trustee"), acting as the trustee for and on behalf of Pavilion REIT, had on 5 December 2024 entered into conditional sale and purchase agreements for the acquisition of Banyan Tree Kuala Lumpur ("BTKL") from Lumayan Indah Sdn Bhd ("LISB") and Pavilion Hotel Kuala Lumpur ("PHKL") from Harmoni Perkasa Sdn Bhd ("HPSB") for a total purchase consideration of RM480 million ("Proposed Acquisitions"). LISB and HPSB are related parties of Pavilion REIT due to common directorship in the Manager, as disclosed in Note 22 to the financial statements.

In conjunction with the Proposed Acquisitions, the Board proposed to undertake proposed placements of new units in Pavilion REIT ("Units") to raise gross proceeds of a minimum of RM264 million and a maximum of RM552 million at an issue price to be determined by way of bookbuilding ("Proposed Placement"). The Board also proposed issuance of new Units at an issue price to be determined later to part settle RM246.5 million of the purchase consideration ("Consideration Units"), to LISB and HPSB pursuant to the terms and conditions of the Proposed Acquisitions ("Proposed Issuance of Consideration Units").

The Board also proposed leases of BTKL and PHKL to HPSB ("Proposed Leases").

The acquisitions have yet to be completed as of the date of this report.

24. SUBSEQUENT EVENT

On 7 January 2025, Pavilion REIT through its wholly owned subsidiary, Pavilion REIT Venture Capital Sdn. Bhd. has drawn down an amount of RM40 million from the secured syndicated revolving term loan (RTL2 as disclosed in Note 8) for working capital purposes. The additional borrowing has an impact of increasing the gearing/borrowings ratio to 41.9% (gearing/borrowings ratio as disclosed in Note 8 and Note 20 is 41.5%).

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 176 to 209 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board and IFRS Accounting Standards as issued by the International Accounting Standards Board, so as to give a true and fair view of the financial position of Pavilion Real Estate Investment Trust as at 31 December 2024 and of its financial performance and cash flows for the year ended on that date.

For and on behalf of the Manager,
Pavilion REIT Management Sdn. Bhd.,
Signed in accordance with a resolution of the Directors of the Manager:

Tan Sri Lim Siew Choon
Director

Dato' Lee Tuck Fook
Director

Kuala Lumpur,

Date: 12 February 2025

STATUTORY DECLARATION

I, Dato' Lee Tuck Fook, the Director of Pavilion REIT Management Sdn. Bhd. primarily responsible for the financial management of Pavilion Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 176 to 209 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Dato' Lee Tuck Fook, I/C No: 540601-04-5333, MIA CA 3434, at Kuala Lumpur on 13 February 2025.

Dato' Lee Tuck Fook

Before me:

Commissioner for Oaths

TRUSTEE'S REPORT

to the Unitholders of Pavilion Real Estate Investment Trust (Established in Malaysia)

We have acted as Trustee of Pavilion Real Estate Investment Trust ("Pavilion REIT") for the financial year ended 31 December 2024. In our opinion and to the best of our knowledge, Pavilion REIT Management Sdn. Bhd. ("the Manager") has managed Pavilion REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the First Amended and Restated Trust Deed dated 18 February 2019, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws and other applicable laws during the financial year then ended.

We have ensured the procedures and processes employed by the Manager to value and price the units of Pavilion REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.

We also confirm that the income distributions declared during the financial year ended 31 December 2024 are in line with and are reflective of the objectives of Pavilion REIT. Final income distribution of 4.81 sen per unit has been declared for the financial year ended 31 December 2024 and is payable on 28 February 2025.

For and on behalf of the Trustee,
MTrustee Berhad

Nurizan Binti Jalil
Chief Executive Officer

Selangor,

Date: 12 February 2025

INDEPENDENT AUDITORS' REPORT

to the Unitholders of Pavilion Real Estate Investment Trust (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pavilion Real Estate Investment Trust ("Pavilion REIT"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 176 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pavilion REIT as at 31 December 2024, and of its financial performance and its cash flows for the year then ended 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").

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 Pavilion 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of Pavilion REIT for the current year. This matters were addressed in the context of our audit of the financial statements of Pavilion 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

Pavilion REIT owns a portfolio of investment properties comprising 5 shopping malls and an office block located in Malaysia. Investment properties represent the single largest category of assets on the statement of financial position.

These investment properties are stated at their fair values, which are estimated by Pavilion REIT Management Sdn. Bhd. ("the Manager") with the assistance of external valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied.

This is a key audit matter because some of the key assumptions are unobservable and hence, required significant judgement from us.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of Pavilion Real Estate Investment Trust
(Incorporated in Malaysia)
Cont'd

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- assessed the Manager's processes for the selection of the external valuers and the determination of the scope of work of the valuers.
- read the valuation reports issued by the external valuers.
- considered the qualifications and competencies of the external valuers.
- compared the valuation methodologies used by the external valuers against those applied by other external valuers for similar types of property.
- test checked the data provided to external valuers to lease agreements.
- challenged the capitalisation rates used in the valuation by comparing them against historical rates and other internal and external sources.
- considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of Pavilion REIT is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of Pavilion REIT and our auditors' report thereon.

Our opinion on the financial statements of Pavilion REIT does not cover the annual report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Manager for the Financial Statements of Pavilion REIT

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

In preparing the financial statements of Pavilion REIT, the Manager is responsible for assessing the ability of Pavilion 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 Manager either intends to liquidate Pavilion REIT or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of Pavilion Real Estate Investment Trust

(Incorporated in Malaysia)

Cont'd

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of Pavilion 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 Pavilion 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 Pavilion REIT.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's 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 Pavilion 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 Pavilion 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 Pavilion REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of Pavilion REIT, including the disclosures, and whether the financial statements of Pavilion REIT represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within Pavilion REIT as a basis for forming an opinion on the financial statements of Pavilion REIT. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 Manager, we determine those matters that were of most significance in the audit of the financial statements of Pavilion REIT for the current year and is therefore the key audit matter. We describe this matter 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.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of Pavilion Real Estate Investment Trust
(Incorporated in Malaysia)
Cont'd

OTHER MATTER

This report is made solely to the unitholders of Pavilion REIT, as a body, in accordance with the trust deed of Pavilion 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

Date: 12 February 2025

Thong Foo Vung
Approval Number: 02867/08/2026 J
Chartered Accountant



Section 8:
**ADDITIONAL
INFORMATION**

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ANALYSIS OF UNITHOLDINGS

DISTRIBUTION OF UNITHOLDINGS AS AT 27 FEBRUARY 2025

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Unitholding
Less than 100	148	0.71	2,079	0.00
100 - 1,000	5,371	25.92	3,223,531	0.09
1,001 - 10,000	10,804	52.15	50,343,080	1.38
10,001 - 100,000	3,813	18.40	117,658,750	3.21
100,001 to less than 5% of issued units	579	2.80	1,188,481,101	32.47
5% and above of issued units	4	0.02	2,300,980,472	62.85
Total	20,719	100.00	3,660,689,013	100.00

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS AS AT 27 FEBRUARY 2025

No.	Name of Unitholders	No. of Units	%
1.	HSBC NOMINEES (ASING) SDN BHD <i>UBS CH AG FOR QATAR HOLDING LLC</i>	1,008,900,000	27.56
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT-CIMB INVESTMENT BANK BERHAD FOR LIM SIEW CHOON (UCDSB-SSCA)</i>	690,325,000	18.86
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	319,980,472	8.74
4.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT-CIMB INVESTMENT BANK BERHAD FOR TAN KEWI YONG (UCDSB-SSCA)</i>	281,775,000	7.70
5.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	171,544,500	4.69
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LIM SIEW CHOON</i>	155,000,000	4.23
7.	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	95,000,000	2.60
8.	PERMODALAN NASIONAL BERHAD	34,571,800	0.94
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (NOMURA)</i>	28,451,600	0.78
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA BHD.</i>	26,041,500	0.71
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)</i>	24,489,600	0.67
12.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (NP-OTHER-REITS)</i>	23,279,500	0.64
13.	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 - WAWASAN</i>	22,000,000	0.60
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	20,530,575	0.56
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)</i>	20,499,200	0.56
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	19,068,900	0.52
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)</i>	17,288,100	0.47
18.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)</i>	17,190,100	0.47

ANALYSIS OF UNITHOLDINGS

Cont'd

THIRTY LARGEST UNITHOLDERS AS PER RECORD OF DEPOSITORS AS AT 27 FEBRUARY 2025 (cont'd)

No.	Name of Unitholders	No. of Units	%
19.	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	17,185,293	0.47
20.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)</i>	15,853,300	0.43
21.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)</i>	14,793,500	0.40
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)</i>	13,955,500	0.38
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)</i>	13,582,300	0.37
24.	LEMBAGA TABUNG ANGKATAN TENTERA	12,522,875	0.34
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)</i>	12,214,800	0.33
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>AHAM ASSET MANAGEMENT BERHAD FOR HONG LEONG ASSURANCE BERHAD (PAR-220082)</i>	10,424,700	0.28
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)</i>	10,123,800	0.28
28.	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR ZURICH GENERAL INSURANCE MALAYSIA BERHAD (GI-REITS)</i>	9,043,600	0.25
29.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD <i>AS BENEFICIAL OWNER (PF)</i>	8,061,000	0.22
30.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD <i>AS BENEFICIAL OWNER (TMEF)</i>	7,820,000	0.21

MAJOR UNITHOLDERS AS AT 27 FEBRUARY 2025

No.	Name of Unitholders	Direct Interest		Deemed Interest	
		No. of Units	%	No. of Units	%
1.	Qatar Holding LLC	1,008,900,000	27.56	-	-
2.	Tan Sri Lim Siew Choon	845,425,000	23.09	-	-
3.	Puan Sri Tan Kewi Yong	281,875,000	7.70	-	-
4.	Employees Provident Fund Board	428,599,947	11.71	-	-

UNITHOLDINGS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER AS AT 27 FEBRUARY 2025

No.	Name of Unitholders	Direct Interest		Deemed Interest	
		No. of Units	%	No. of Units	%
1.	Tan Sri Lim Siew Choon	845,425,000	23.09	-	-
2.	Puan Sri Tan Kewi Yong	281,875,000	7.70	-	-
3.	Dato' Lee Tuck Fook	100,000	*	-	-
4.	Navid Chamdia	100,000	*	-	-
5.	Dato' Philip Ho Yew Hong	125,000	*	-	-

*: Negligible

MARKET OVERVIEW

GENERAL ECONOMIC OVERVIEW 2024 & OUTLOOK FOR 2025

Economic growth

Malaysia’s economy continued to experience steady growth in 2024. GDP growth improved y-o-y to 5.9% in Q2 2024 & 5.3% in Q3 2024 compared to 4.2% in Q1 2024 and 3.3% in Q3 2023. Arising from the better-than-expected growth, the government, in its Budget 2025 proposals, has upgraded the country’s projected GDP growth to between 4.8% to 5.3% in 2024 and moderate to between 4.5% to 5.5% in 2025. Nevertheless, the uncertainty of the policy direction which will be adopted under the Trump II administration and its impact on international trade flows has cast a shadow on exports from Malaysia to the US and thence on the country’s economic growth.

On the global front, the International Monetary Fund (IMF) is expecting global GDP growth to “remain stable yet underwhelming” at 3.2%” in both 2024 and 2025. Although the economic forecast for the United States was upgraded, there were downgrades for other large European countries as well certain emerging markets and developing economies due to disruptions to production and shipping of commodities arising from the continued war in Ukraine and expanded conflict in the Middle East.

Investments

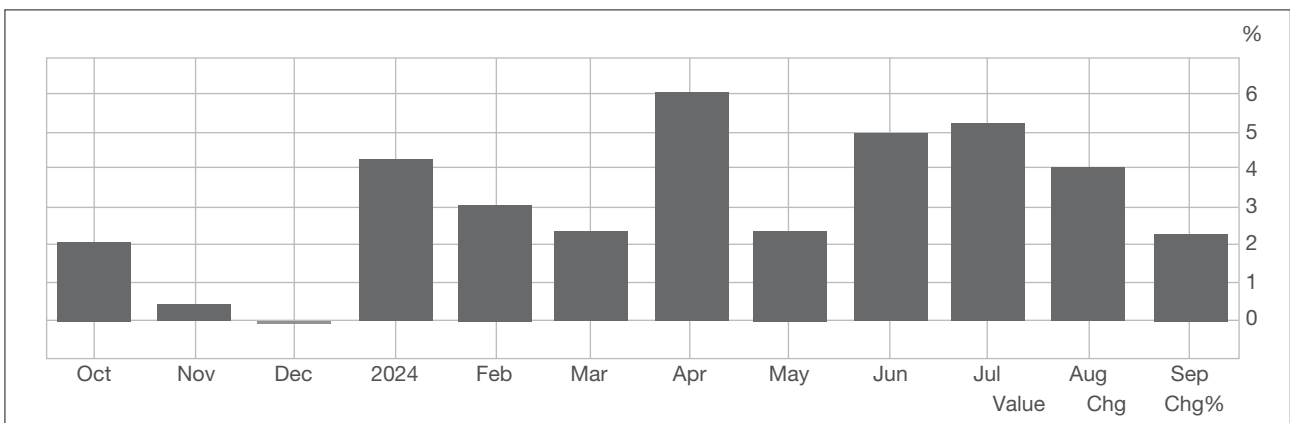
The country managed to secure total approved investments amounting to RM160 billion in the first six months of 2024, representing a y-o-y increase of 18%. FDIs contributed 53.4% of the total approved investments. According to the Malaysian Investment Development Authority (Mida), the country secured RM85.4 billion in foreign investments with Austria emerging as the top investor at RM30.1 billion, followed by Singapore (RM16.5 billion), China (RM9.8 billion), the Netherlands (RM4 billion) and Taiwan (RM2.4 billion).

Trade

Malaysia’s overall trade performance for the eleven-month period January to November 2024 registered a rise of 8.7% to RM2.621 trillion, marking the eleventh successive month of year-on-year growth, with exports chalking up an increase of 4.7% whilst imports rose by 13.3%. The country continued to record a trade surplus, for the 55th consecutive month since May 2020 which is the highest value recorded in fourteen months since October 2023.

The Industrial production Index (IPI) for Malaysia grew 2.1% y-o-y in October 2024 compared to 2.3% the month before and 4.1% in August, which is below expectations but marking the tenth consecutive month of expansion. The growth was affected by a decline in mining output but factory and electricity production were maintained. The IPI is expected to continue to be expansionary going into 2025 but at a slower pace, supported by an economy fuelled by steady domestic spending and sustained exports growth but against a backdrop of geopolitical tensions, uncertain trade policies under a Trump II administration and slower economic growth in China.

Malaysia Industrial Production Index Jan – Sep 2024

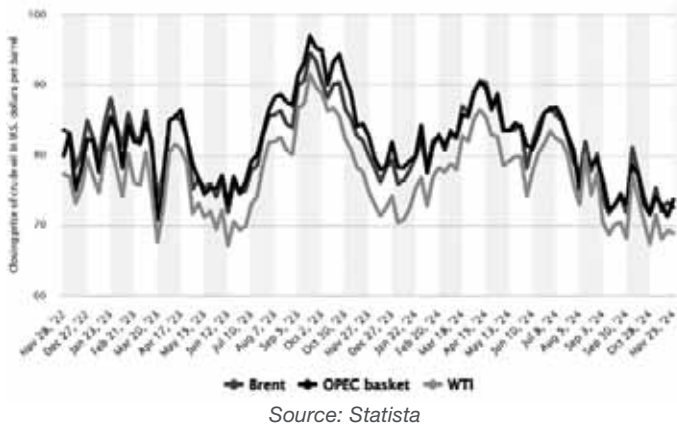


Source: Trading Economics/DOSM

MARKET OVERVIEW

Cont'd

Crude Oil Price Movement 2022 – 2024



Crude oil prices have recovered after registering a drop towards the end of 2022 although still nowhere near the peak reached in mid-2022 with Brent hitting US\$ 73.98 and WTI settling at US70.99 as at 30 December 2024. With the escalation of the conflict in the Middle East & continued fighting in Ukraine, crude oil prices are expected to rise further but at the same time could be weighed down by lower demand from China. Malaysia, being a net exporter of crude oil will benefit economically from any improvement in crude oil prices

After earning the dubious honour of being the worst performing currency in Asia in 2023, the Malaysian Ringgit rebounded and managed to become the best performing currency in the world in August 2024. Since July 2024, the Malaysian Ringgit has surged to a 19-month high against the US\$, outperforming most regional currencies. Starting at US\$1:MYR4.5976, the ringgit reached a high of US\$1:MYR4.3147 on 30 August but then weakened and ended the year just 3% higher at US\$1:MYR4.4595. The Ringgit is expected to weaken further in the lead up to and after the Trump II administration takes over the helm of the administration in January 2025.

Performance of MYR (Jan – Dec 2024)



Stock Market

The FBM KLCI kicked off 2024 at 1,453 points on 2 January but started to move up over the months to record a high of 1,678 points on 2 September before easing back and ending the year at 1,642 points. However, it is noted that foreign investors have become nett sellers on the market towards the closing weeks of the year.

Performance of FBM-KLCI (Jan – Dec 2024)



MARKET OVERVIEW

Cont'd

Political Situation

The Malaysian political situation appeared to have stabilised with the Madani government having lasted longer than the previous three administrations post GE15, and is expected to complete its full term before going into GE 16. The political stability augurs well for the country’s growth and economic prosperity.

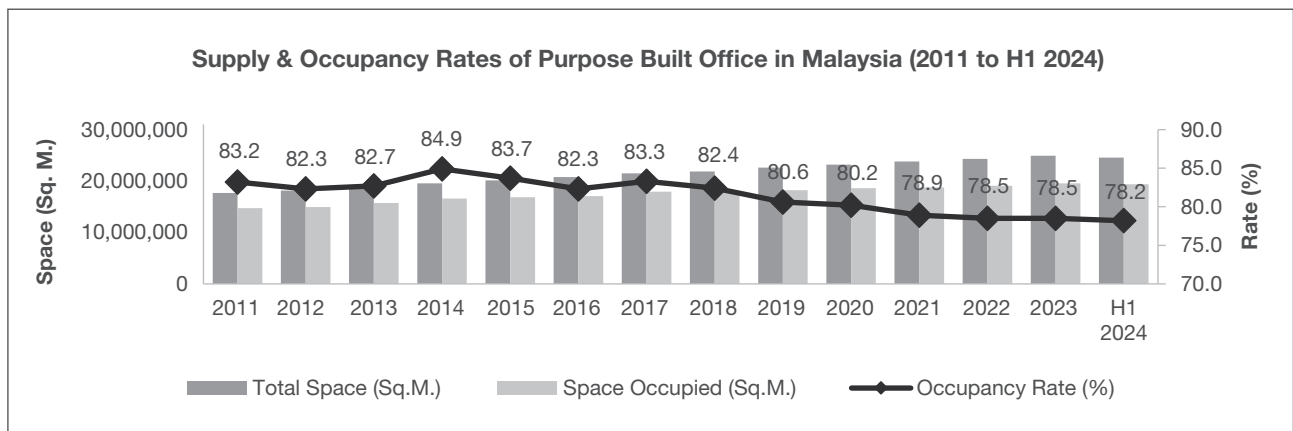
OPR

Bank Negara Malaysia has not raised the OPR and has maintained the interest rate at 3% since the last increase in May 2023. This is positive for businesses and supportive of economic growth.

Office Sector

Supply

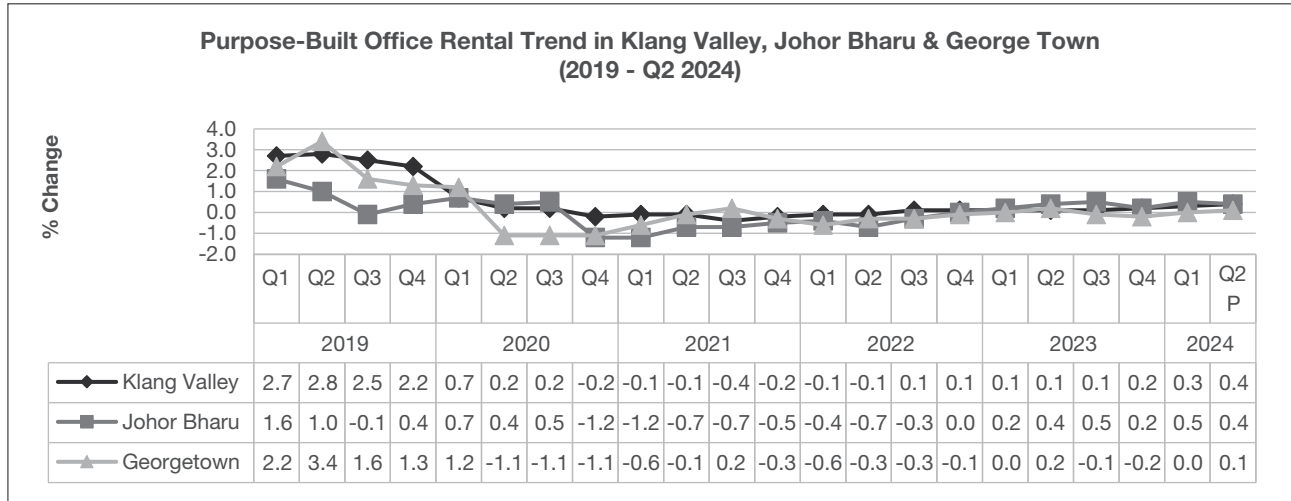
The total supply of privately-owned, purpose-built offices (PBOs) in the country stood at 18.82 million sq m as at Q3 2024, up slightly compared to 18.39 million sq m as at Q3 2023 whilst the occupancy rate was recorded at 71.6%, down from 72.7%. As the supply and demand dynamics of each state are different, the performances of the office sector of each state vary depending on the supply and demand situation of each state. The outlook for the office sector will be mixed, with states like Terengganu which do not have many new PBOs being built expected to continue to enjoy stable occupancy and rental rates whilst Kuala Lumpur and Selangor which will see a substantial increase in supply of new offices over the next few years will face increasing pressure on occupancy and rental rates.



Source: PMR, JPPH

MARKET OVERVIEW

Cont'd



Source: PMR, JPPH

Office Market for Klang Valley

Existing & Incoming Supply

The supply of PBOs in Kuala Lumpur increased to 9.657 million sq m as at Q3 2024 of which approximately 7.554 million sq m or about 78% of the total space available is located within the city centre. Selangor meanwhile have a current supply of 4.352 million sq m.

Total Supply & Occupancy Rates of PBOs in KL & Selangor (as at Q3 2024)

Location	No. of Buildings	Total Space (Sq. M)	Total Space Occupied (Sq. M.)	% Occupancy
KL - City Centre	308	7,554,997	5,439,597	72.0
KL - Outside City Centre	111	2,102,113	1,328,535	63.2
Total	419	9,657,110	6,768,132	70.1
Selangor	257	4,352,000	3,116,032	71.6

Source: Napic

The supply of PBOs in Kuala Lumpur will grow significantly as the official statistics show that there is a substantial incoming supply of 0.558 million sq m, concentrated within the city centre. Selangor will have a much lower incoming supply.

MARKET OVERVIEW

Cont'd

Future Supply of PBOs in KL & Selangor (as at Q3 2024)

Location/Status	No. of Buildings	Total Space (Sq. M)
KL - Completion		
City Centre	1	19,788
Outside City Centre	1	7,070
Total	2	26,858
KL - Incoming Supply		
City Centre	8	547,485
Outside City Centre	2	10,416
Total	10	557,901
Selangor - Completion	2	27,337
Selangor - Incoming Supply	1	32,906
Total	3	60,243

Source: Napic

Five new PBOs were completed in Kuala Lumpur in the first nine months of 2024 and this added approximately 270,000 sq metres of office space to the existing supply whilst in Selangor, one new building provided another 15,728 sq metres to the market. The completed PBOs in Kuala Lumpur include the mega 118 storey Merdeka 118 which will be the second tallest office building in the world.

The development will be the first in Malaysia to achieve triple platinum status in global sustainability certifications and when fully completed, will also feature a retail podium as well as a hotel. PNB and Maybank will be the main tenants occupying Merdeka 118.

New Office Buildings Completed in 2024

Building	NLA (Sq.M.)
Kuala Lumpur	
Oxley Tower	32,144
Merdeka 118	153,290
Menara Sentral RAC	15,059
Aspire Tower	54,534
PNB 1194 (former MAS building)	14,864
Total	269,891
Selangor	
Office Tower A @ Atwater	15,728

Source: Napic/HB Research

MARKET OVERVIEW

Cont'd

The following table shows the new PBOs which are expected to be completed over the next few years in Kuala Lumpur and Selangor. These buildings will add another 193,000 sq m of office space onto the Kuala Lumpur market by 2027 whilst Selangor will see close to 300,000 sq m added by 2026.

Office Buildings Under Construction in Kuala Lumpur and Selangor (as at Q3 2024)

Building	Location	NLA (Sq. M.)	Estimated Completion
Kuala Lumpur			
TNB Gold	Bangsar	44,184	2024
Menara Felcra	Jalan Semarak	19,788	2025
Pavilion Corporate Tower 10	Damansara Heights	19,988	2025
The Exchange TRX Campus Office	Jalan Tun Razak	18,581	2025
Bangsar 61 Tower 1	Bangsar	50,610	2026
Duo Tower (Tower B)	Bangsar South	40,153	2027
Total		193,304	
Selangor			
Sunway South Quay Corporate Tower 1 & 2	Bandar Sunway	91,614	2025
Sunsuria Forum Corporate Office	Setia Alam	29,594	2025
Tower 5 @ PJ Sentral	PJ	41,800	2025
Kossan Tower	Setia Alam	12,077	2025
One City Phase 3	USJ	12,913	2026
The Capitol, Bandar Utama	Bandar Utama	111,484	2026
Total		299,484	

Source: Napic/HB Research

In addition, we noted that there are a number of proposed office development projects which have been announced which, if the developers proceed with their construction, will add significantly to the future supply of office space in Kuala Lumpur. Some of these involve the redevelopment of existing buildings. Nevertheless, some of these projects may not be launched in the immediate future if market conditions are not so favourable and the financial strength and space requirements of their developers / promoters do not allow them to take big risks.

Office Occupancy & Rentals Rates

The occupancy rate of PBOs in Kuala Lumpur eased to 70.1% as at Q3 2024 from 72.2% the year before. The occupancy rate of PBOs in the city centre was 72% which is better than the 63.2% recorded by PBOs located outside the city centre. Meanwhile, the occupancy rate of PBOs in Selangor as at Q3 2024 improved from 70.2% the year before to 71.6%.

The office market was supported by the steady economic growth achieved by the country especially the services sector since recovering from the covid-19 pandemic. The improved sentiments led to an increase in demand for new office space as companies expand and new ones are set up.

Nevertheless, there has been a significant increase in the supply of office space in the Klang Valley over the past two years whilst we expect to see a number of new office buildings reach completion over the next two years. This could make the office market more challenging and impact occupancy rates as well as put some pressure on rental rates unless demand for office space can be increased substantially.

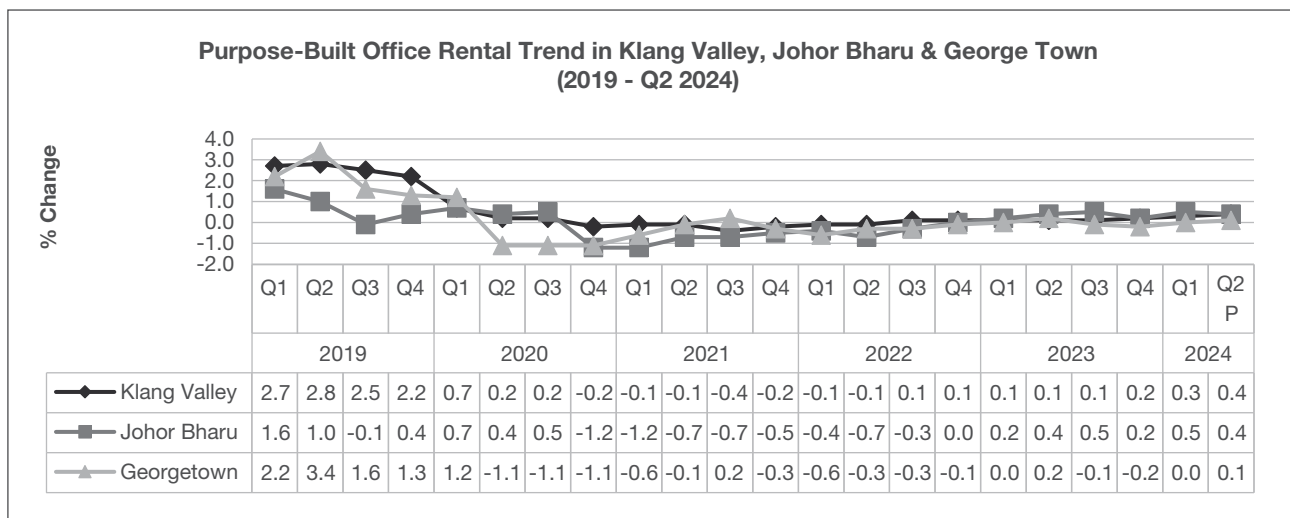
MARKET OVERVIEW

Cont'd

In terms of design and specifications, some of these new buildings are designed to be ESG compliant or at least green certified with superior finishes, higher quality and modern M&E infrastructure and facilities. This will lure companies currently occupying space in older buildings to relocate to these newer buildings upon expiry of their existing tenancies especially if there is not a big differential in rental rates.

Based on Naptic's report for the first half of 2024, the rental index for PBOs for Klang Valley rose marginally when compared to the same period in 2023. The rental index was higher than the pre-covid days of 2019 and even 2016.

Purpose Built Office Rental Trend Q1 2019 – Q2 2024



Source: Naptic

The following tables summarise the current rental rates charged by Grade A and B PBOs in various commercial hubs within Kuala Lumpur. The rental rates for both Kuala Lumpur and Selangor appear to be generally stable.

Overall Range of Office Rentals (Q2 2024)

Location	Rental Range Per Month (RM/Sq.M.)	
	2023	2024
KLCC/GT		
Grade A+	83.96 - 136.50	92.36 - 117.11
Grade A	66.74 - 96.88	64.58 - 91.49
Grade B	41.98 - 84.07	46.29 - 83.21
CBD		
Grade A	53.82 - 59.20	53.82 - 59.20
Grade B	35.52 - 53.82	35.52 - 48.82
WCC	38.75 - 115.93	38.75 - 115.93
Suburbs	26.91 - 80.73	26.91 - 80.73

Source: NAPIC/HBM Research

MARKET OVERVIEW

Cont'd

Rentals of Selected Purpose Built Office Buildings in Kuala Lumpur

Building	Location	Rental (RM/Sq.M.)
KLCC/GT		
Petronas Twin Tower (Tower II)	KLCC	117.11
Menara Darussalam	KLCC	75.35 - 102.26
Menara Maxis	KLCC	91.60 - 138.96
Menara CitiBank	KLCC	74.27 - 100.64
G Tower	Jalan Tun Razak	48.44 - 96.88
Intermark (Integra Tower)	Jalan Tun Razak	92.36 - 113.02
Menara Pavillion Tower	Bukit Bintang	68.35 - 85.57
Menara AIA Sentral	Bukit Bintang	50.05 - 82.34
Menara Perak	Jaln Perak	55.54 - 77.07
Menara Hap Seng 2	Jalan P.Ramlee	66.74 - 96.88
Menara Prestige	Jalan Pinang	67.28 - 91.49
CBD		
Menara Multi-Purpose	Jaln Munshi Abdullah	39.29 - 55.97
Menara Olympia	Jaln Raja Chulan	43.06 - 59.20
Wisma Lee Rubber	Jalan Melaka	53.82 - 59.20
Menara JKG	Jalan Raja Laut	37.67 - 53.82
Menara Bumiputra Commerce	Jalan Raja Laut	43.06 - 59.20
Menara OCBC	Jalan Tun Perak	53.82 - 57.26
Maju Tower	Jalan Tuanku Abdul Rahman	37.67 - 69.21
Sunway Tower 2	Jalan Ampang	35.52 - 62.43
WCC area, KL		
Menara Exchange	Jalan Tun Razak	48.44 - 139.93
1 Sentral	KL Sentral	45.21 - 70.50
Menara NU2	KL Sentral	62.75 - 80.19
Centrepoint South	Mid Valley City	53.82 - 80.73
Garden, North Tower	Mid Valley City	64.58 - 86.11
Garden, South Tower	Mid Valley City	69.97 - 91.49
Menara 1 Sentrum	Jalan Tun Sambanthan	69.97 - 83.96
Menara Shell	Jalan Tun Sambanthan	46.39 - 115.17

Source: Nopic/Henry Butcher Research

Major Office Sales Transactions

There were not many transactions of office buildings in Kuala Lumpur in 2024. The most significant transaction was the sale of Averis Tower in Bangsar South which was sold for RM88.7 million.

The other sales involved smaller buildings. The following table summarizes the office buildings that were known to be transacted in 2024.

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Major Office Transactions in 2024

Building	Location	Date	Built up (Sq. M.)	PSM (RM)	Price (RM)	Buyer
Averis Avenue	Jalan Kerinchi, Bangsar South	May	10,276	8,632	88,700,000	NA
Plaza Perangasang	Seksyen 14, Shah Alam	Feb	25,304	1,818	46,000,000	PKNS
10 Office Suites @ Subplace Boulevard	Seksyen U1, Shah Alam	NA	NA	NA	6,990,000	Vestland Bhd
Boutique Office @ Southbank Commercial	Old Klang Road	NA	3,163	6,999	22,137,050	NA
Boutique office, Bangsar South	Bangsar South	Dec	54,876	911.15	50,000,000	Apex Equity Holdings

Source: Henry Butcher Research

Outlook for the Office Sector

The Malaysian economy is projected to achieve a steady growth of between 4.8% to 5.3% in 2024 and between 4.5% to 5.5% in 2025. As the services sector is the main contributor to the Malaysian GDP, this augurs well for the business environment generally and could provide a boost to demand for office space. The entry of new MNCs and expansion of business activities by existing MNCs could also generate more demand for office space.

Nevertheless, we note that there is a significant amount of office space which has come onto the market over the past few years and the supply will continue to increase in the coming years with the completion of a number of new buildings especially in KL and PJ. There is a concern that the market could become more challenging due to a potential oversupply situation which could then put pressure on occupancy rates and lead to a softening of rental rates as landlords compete to fill up their buildings.

The newer buildings which are designed to be ESG compliant and equipped with better quality and more current specifications as well as facilities will be in a better position to attract tenants compared to older buildings which have not been upgraded. Once the owners of these older buildings find it difficult to fill up the vacant space in their buildings, they may be forced to lower rentals or spend money to upgrade or even repurpose the building to other uses like hotels, serviced apartments or senior living accommodation.

Newer integrated commercial hubs such as TRX, KL Eco City and Pavillion Damansara Heights have attracted businesses to relocate there as connectivity is better with MRT stations within or close by and more amenities like food & beverage outlets and hotel accommodation are available.

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THE RETAIL SECTOR

Klang Valley - Supply & Demand of Retail Space in 2024

As at December 2024, the Klang Valley (Kuala Lumpur, Selangor and Putrajaya) have two hundred and ninety (290) shopping centres with total retail space of more than eighty-eight (88) million square feet as detailed out in the table below:

Retail Supply and Demand in Klang Valley, 2024

No.	Location	No. of Malls #	Total Nett Floor Area (sf)	Average Rental Rate (RM psf pm)*	Average Occupancy Rate (%)
1	Kuala Lumpur	123	41,047,826	11.83	78.0
2	Selangor	164	46,117,456	11.00	73.8
3	Putrajaya	3	1,018,000	13.11	76.1
	TOTAL	290	88,183,282	11.42	75.8

Notes:

- include hypermarket malls and arcades

* - exclude rental rates of anchor tenants such as supermarket, department store, cineplex, bowling alley, etc.

Source: Henry Butcher Retail

The average occupancy rate of the shopping centres in the Klang Valley grew moderately from 73.8% in 2023 to 75.8% in 2024 because of improved consumers' spending and entry of many new retailers. The average occupancy rate of shopping centres in Kuala Lumpur advanced to 78.0% in 2024 as compared to the previous year's 73.9%. Despite the opening of several large shopping malls over last the last two years, retailers opened more outlets in popular shopping centres. At the same time, the average occupancy rate of shopping centres in Selangor improved slightly from 73.6% in 2023 to 73.8% in 2024. The Selangor market remained highly competitive due to oversupply of retail space. The average occupancy rate of shopping centres in Putrajaya meanwhile rose slightly to 76.1% in 2024.

Despite better average occupancy rates, the average rental rate for Klang Valley shopping centres dropped marginally from RM11.47 psf per month in 2023 to RM11.42 psf per month in 2024. This average did not include rental rates of anchor tenants such as supermarkets, department stores, cineplexes, bowling alleys, etc. Although shopping traffic in major shopping centres have returned to pre-covid levels, many retail landlords still needed to offer attractive rental packages to new retailers due to intense retail competition.

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New Shopping Centre Opening in 2024

A total of four (4) new shopping centres and one (1) superstore were opened in 2024 with a total nett floor area of close to one (1) million sq ft. They included:

New Shopping Centres in the Klang Valley for the Year 2024

No.	Name	Location	Nett Floor Area (sq ft)
1	You City III Retail	Cheras	140,000
2	Bloomsvale Shopping Gallery	Old Klang Road	300,000
3	Elmina Lakeside Mall	City of Elmina	200,000
4	168 Park Selayang	Selayang	235,000
5	Lotus's IJM Rimbayu	Telok Panglima Garang	64,000
	TOTAL		939,000

Source: Henry Butcher Retail

- You City III Retail, located in Taman Suntex Cheras, was part of You City master development. Opened in March 2024, this 3-storey shopping centre was anchored by TMC supermarket. Mini-anchors included Mr DIY, Believe Fitness and Manatee Swim Academy. This shopping centre has a direct link bridge to a MRT station.
- Bloomsvale Shopping Gallery was part of a mixed-use development in the Old Klang Road area. The entire development consisted of two blocks of residential towers, 25-storey office suites, Courtyard by Marriot 4-star hotel and a retail podium. This shopping centre was opened in June 2024. Anchor and mini-anchor tenants include 24-hour MeMiZooZoo supermarket, Mr DIY, Sports Planet and Jungle Gym.
- Elmina Lakeside Mall, located in Shah Alam, opened in August 2024. Major tenants include Jaya Grocer, Harvey Norman, Mr DIY, Pets Wonderland, Toys R Us, Anytime Fitness, Happy Fish (swim academy) and LittleFoot (indoor children playground).
- 168 Park Selayang, formerly known as Selayang Star City, opened in December 2024. Village Grocer is its grocery anchor tenant. Other major tenants included Harvey Norman, Mr DIY, Anytime Fitness and The One Sports Centre (with 22 badminton courts).
- The latest Lotus's hypermarket which opened in December, is located within IJM's Rimbayu township in the southern part of Klang Valley. It is the 70th Lotus's store in Malaysia.

Performance of Klang Valley Shopping Centres in 2024

Changing Trade Mix

More space within small and large shopping centres have been allocated for recreational and learning facilities. New players which opened during the year included:

- Space Panda in Hero Market Bandar Puteri Puchong
- Game On Sports Hub in Pavilion Bukit Jalil and Melawati Mall
- BUMP Bouldering in Pavilion Bukit Jalil
- Batu Climbing in 3 Damansara
- Boulder Story in Atria Shopping Gallery
- The Dance Stage in Bloomsvale Shopping Gallery
- Popoland in IOI Mall Puchong
- PadelKu in Space U8
- 91 Pickleball Club in Giant USJ

MARKET OVERVIEW

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Car showrooms also became notable tenants in prime retail areas of shopping centres in the Klang Valley. Examples included:

- a) Tesla and Lotus in Pavilion Damansara Heights
- b) Proton in Quill City Mall
- c) BYD in Hartamas Shopping Centre
- d) BYD and GWM in PJ33
- e) BYD in IOI Mall Puchong
- f) BYD in TREC KL

In addition, Caricarz Automall occupied the large car park area of The Strand Mall.

Two grocery anchors within a medium-size shopping centre became the new trade mix in the Klang Valley for the year 2024. NSK Trade City and Jaya Grocer were two grocery anchors in BMC Mall. Pearl Shopping Gallery and Pearl Point were located adjacent to each other and owned by the same developer. Two upmarket grocery stores, Jaya Grocer and Ben's Independent Grocer were found there. In addition to AEON supermarket, IOI Mall Puchong added Village Grocer as its latest grocery anchor.

Artisan markets held on weekends in shopping centres within the Klang Valley remained highly popular. They offered a wide variety of retail goods not usually found in retail shops within shopping centres. They drew large crowds to the shopping centres.

Major New Openings

There were several major openings in 2024:

- a) TGV Cinemas opened in Ampang Point during the month of January.
- b) In February, the second Mr DIY Plus opened in IPC Shopping Centre.
- c) In March, WORQ started a large co-working space within Sunway Putra Mall.
- d) Just Pets Megastore opened in IOI Mall Damansara during the month of October.
- e) Culina Market, a grocery store, opened in Shoppes at Four Seasons Place in October.
- f) 91 Pickleball Club, an 18-court pickleball centre, opened on Level 2 of Giant USJ during the month of November.

Major Replacements and Closures

There were many large-format store replacements and closures during the year:

- a) In January, Ben's Independent Grocer started operations in Pearl Shopping Gallery on a retail space previously occupied by Jaya Grocer. The latter moved to the first floor of the newly refurbished Pearl Point.
- b) During the same month, Jaya Grocer replaced Giant in Plaza Shah Alam.
- c) mmCineplexes replaced GSC in Berjaya Times Square during the month of January.
- d) On March 3, NSK Grocer replaced Giant in Amcorp Mall.
- e) Since March this year, the former Parkson in Nu Sentral have been tenanted by Don Don Donki, Uniqlo, Decathlon and Nitori.
- f) GSC has closed down in 3 Damansara since March 18.
- g) On the same day, AEON opened in Setia City Mall at the retail space formerly occupied by Lulu Hypermarket and Department Store.
- h) On April 1, GSC closed down in Klang Parade.
- i) During the month of June, Village Grocer opened in IOI Mall Puchong at a corner zone previously occupied by numerous restaurants.
- j) MBO closed down in Atria Shopping Gallery on June 30.
- k) Malakat Mall in Cyberjaya closed down on July 31 after it struggled for years. It was opened in Year 2020.
- l) Don Don Donki closed down in IOI City Mall on August 31.
- m) In September, Decathlon relocated its mega store from Giant USJ to Nu Empire.
- n) Jaya Grocer replaced Mercearia in The Sanctuary Mall during the month of September.
- o) Decathlon closed down in The Scott Garden during the month of October.
- p) GSC closed down in Citta Mall on November 1.

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Sale and Refurbishment

Numerous sales and refurbishments of retail malls and stores took place during the year:

- a) Started in February, Metrojaya Mid Valley Megamall closed down for major renovations and re-opened in August with a smaller retail space. In addition, the South Court of Mid Valley Megamall has been refurbished with new tenants such as MUJI, VOIR, Nichii, Juicework, Raea, etc.
- b) After three years of refurbishment, Semua House re-opened in May 2024. It now offers five levels of lifestyle shopping and dining.
- c) In December, KIP REIT completed the acquisition of DPulze Shopping Centre in Cyberjaya for RM320 million.
- d) In July, the owner of SACC Mall announced plan to demolish the shopping centre for a mixed-use development called Shah Alam Sentral.
- e) In September, the land occupied by Lucky Plaza in Old Klang Road was put up for sale.
- f) YNH Property sold 163 Retail Park to Sunway REIT for RM215 million. In October, it was renamed as Sunway 163 Mall.
- g) In October, the owner of The Main Place at USJ 19 Subang Jaya announced plans to refurbish the shopping centre.
- h) In November, the majority owner of South City Plaza made plans to reposition the old mall into a sport-focused shopping centre.
- i) On November 1, Sunway Pyramid opened its new wing (named Oasis) to the general public with 300,000 sq ft of retail space. The tenant mix included Jaya Grocer flagship store, the largest MUJI store in Malaysia, South-East Asia's first Caudelie Spa, first stand-alone H&M Home, Akemi flagship store and more than 50 F&B outlets.
- j) Tropicana Gardens Mall was sold to IOI Properties for RM680 million. In December, it was renamed as IOI Mall Damansara.
- k) In May 2023, KWSP sold its 9-acre land occupied by Giant Mall Kelana Jaya to UEM Sunrise Berhad. Before the end of the year, the hypermarket building has been demolished.
- l) Since July 2023, Alamanda Shopping Centre has been undergoing major refurbishment and is targetted for completion soon. It would add 190,000 sq ft of retail space with a new cineplex, bigger bowling centre and a new outdoor adventure park.

Klang Valley Retail Market in 2024

Malaysia's retail industry is expected to grow by 3.9% in 2024.

Quarterly Retail Sales Performances

- a) For Q1 2024, Malaysia's retail industry recorded a better-than-expected growth rate of 7.8% in retail sales, as compared to the same period in 2023.
- b) The encouraging growth during the first quarter was contributed mainly by the Chinese New Year festival as well as the month long school holidays from February to March.
- c) Ramadan in 2024 began from March 12. This has partly contributed to higher retail sales during the first quarter.
- d) The distribution of Sumbangan Tunai Rahmah (STR) Phase 1 to 8.2 million Malaysians early of the year also led to higher consumption.
- e) The attractive Malaysian currency as well as the visa-free entry for visitors from China brought large numbers of foreign tourists to the country during the period of Chinese New Year.
- f) Retail prices, especially food prices, continued to rise during Q1 2024. The higher cost of living had negative impact on the purchasing power of Malaysian consumers.
- g) The Israel-Palestine conflict that started in October 2023 has led to a boycott of many western brands with alleged links to Israel or which purportedly pledged support to it. At the same time, Malaysians switched their support to other international and Asian brands.
- h) For Q2 2024, Malaysia's retail industry recorded a weaker-than-expected growth rate of 0.6% in retail sales, as compared to the same period in 2023.
- i) Hari Raya in 2024 was celebrated from April 10. Part of the pre-festive sales has been captured in the first quarter's data. The festive sales were also not encouraging and was below market expectations.

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- j) The weak Malaysian currency as well as the visa-free entry for visitors from China and India brought large number of foreign tourists to the country during the second quarter of 2024.
- k) Retail prices continued to rise during the second quarter. Malaysian consumers needed to manage their monthly expenses carefully in order to maintain their lifestyles.
- l) The never-ending Israel-Palestine conflict continued to affect businesses of certain international retail brands during the second 3-month period of the year.

Malaysian Retail Sale and Other Economic Performances, 2024

Economic Indicator (%)	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.	Whole Year
Retail sale	7.8	0.6	3.8	(e) 4.4	(e) 3.9
GDP	4.2	5.9	5.3	NA	NA
Private consumption	4.7	6.0	4.8	NA	NA
Inflation rate	1.7	1.9	1.9	NA	NA

Notes:

NA -not available (e) -estimate

Source: Retail Group Malaysia/ Bank Negara Malaysia

- m) For Q3 2024, Malaysia's retail industry achieved a positive growth rate of 3.8% in retail sales as compared to the same period in 2023.
- n) During the same period a year ago, the retail industry expanded moderately by 2.7%. The low growth rate last year was due to the high base effect in 2022. During the third quarter of 2022, the growth rate of Malaysia's retail industry expanded by 96.0% after 2 years of lockdowns.
- o) The rising cost of living continued to be the biggest challenge of the Malaysian retail industry during the third quarter of this year. It affected Malaysian consumers from all income groups. Higher household expenditures were due to rising retail prices of many goods and services.
- p) Despite the absence of major festivals and national holidays, Malaysian consumers continued to shop for both basic and non-essential retail goods and services.
- q) For Q4 2024, the growth rate of Malaysia's retail industry was estimated at 4.4%.
- r) The shopping traffic for the last three months of the year should be similar to 2023's levels. Malaysian consumers will continue to shop for goods and services. However, the holiday sales would not be same as the pre-covid period due to the shortened year end school holidays. For 2024, the year-end term 3 school holidays will only be for nine days. The long school holidays will be from January 18 to February 16, 2025
- s) The Malaysia Year End Sale 2024 (MYES 2024) has returned with more than 100 deals and promotions. It began from 15 November 2024 and would end on 1 January 2025. More than sixty shopping centres and tourism partners across Malaysia were participating in this major sales event. MYES 2024 would encourage more retail spending among Malaysian consumers as well as foreign tourists during this period.
- t) Relatively cheap currency and additional government initiatives would bring in more foreign tourists during the last two months of the year. Higher tourist arrivals would also benefit retail businesses located in major cities, as well as tourist-oriented towns and islands.
- u) The Malaysian government increased the remuneration of civil servants from December 1 this year in 2 phases. For civil servants under the management and professional category, they would receive an 8.0% increment on 1 December 2024 and 7% increment on 1 January 2026. For civil servants in the upper management category, they would receive a 4% raise from 1 December 2024 and a 3% raise from 1 January 2026. These increments should stimulate retail sales during the year-end holidays.
- v) The Chinese New Year festival would be celebrated early next year from 29 January 2025. Malaysian Chinese should begin their festive shopping in late December of 2024.
- w) Prices of food for both dining at home and dining out have risen again since October. In addition, many consumer services have increased prices in recent months, including car park charges as well as transportation and logistics, health care and media subscription services, etc.
- x) For the entire year, Retail Group Malaysia (RGM) estimated the growth rate at 3.9%.

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Retailing Trends in Klang Valley

In Year 2024, Klang Valley consumers have been actively shopping for retail goods and services at both physical shops and online stores.

- a) Shopping centres remained as a favourite leisure place for Malaysian shoppers. Major shopping malls in the Klang Valley are packed with shoppers on weekends and public holidays.
- b) The weak Ringgit in 2024 has led to another round of price increases due to higher import costs of raw materials, semi-finished food products and finished food products.
- c) Purchasing power has dropped due to the rising cost of living and Malaysian consumers are always seeking out discounts and offers by retailers offered at both physical shops and online stores. They were trying to maintain the quality of their lives.
- d) Many retailers opened flagship stores in the Klang Valley during the year. Examples included
 - o United Colors of Benetton at Mid Valley Megamall
 - o Club21 Concept Store in Shoppes at Four Seasons Place
 - o Sports Direct Store in Mid Valley Megamall and Sunway Pyramid
 - o Miniso in 1 Utama
 - o SK-II in Mid Valley Megamall
 - o PUMA in Sunway Pyramid
 - o AKEMI in Sunway Pyramid
 - o Toys R Us in Mid Valley Megamall
- e) Many online retailers started physical outlets to increase their customer base. Online jewellery retailer Zcova opened its first outlet in IOI City Mall whilst online fashion retailer Kualesa set up its first physical store in Suria KLCC.
- f) Many online retailers joined weekend flea markets held in both shopping centres and public places to find new customers.
- g) Many retail brands from China entered the Malaysian market during the year. Types of businesses include fashion & fashion accessories, lifestyle products, furniture and furnishing, children's products, cars, etc.
- h) Blind box trend reached its highest point in Malaysia during 2024. The craze of Labubu collectibles boosted retail sales at China-based retail brand Pop Mart located in the Klang Valley. Gashapon machines found in shopping centres were popular among the youngsters. There was even a blind box mega store opened in Quill City Mall. Some retailers used blind box as part of its promotional activities to generate sales.

Food & Beverage Trends in Klang Valley

- a) Higher food prices and higher operation costs were still the main concerns for most F&B operators in 2024. The weak local currency led to higher costs for raw materials and food ingredients. To avoid losses, many F&B operators had to increase food prices.
- b) The never-ending Israel-Palestine conflict continued to affect sales of several international F&B franchises. Many Malaysian consumers were still avoiding these restaurants and cafes. This led to heavy losses for several F&B brands operating in Malaysia. Some outlets shortened its operation hours, while others closed down temporarily. Some under-performing outlets were shut down permanently in all parts of the country.
- c) For these western F&B franchises, they had to use attractive discounts and offers to get their customers back.
- d) Social media has proven to drive retail sales for many F&B outlets. Social influencers and celebrities from Malaysia and overseas played important roles to promote F&B outlets. Uncle Roger opened its first restaurant Fuiyoh! at Pavilion Kuala Lumpur and attracted large crowds during its initial opening.
- e) Cookies, yogurts, pastries and coffee were popular food trends in 2024.
- f) Many cookie specialty stores opened in both shopping centres and shop offices. Examples of these specialty stores were Ben's Cookies, All About Chew, Chonky Cookies, Cookie Doh by Cookie People, Cookiecrumbs, EM's, Chunky, My Cookie Dough, etc.
- g) More yogurt specialty stores could be found in both shopping centres and shop offices. New brands included Yogiyo, Yomaro, More Yogurt, HeLo Moo, Mamie's Yogurt, Yogurt Planet, Myogurt, Hap&Pi, Biiyonze Yogurt, ILike & Yogurt In A Can, etc.
- h) Many western-style bakery cafes became must-visit places for Klang Valley residents and foreign visitors on weekends and public holidays.
- i) Many coffee cafes with instagrammable food presentations and interior designs opened in all parts of the Klang Valley.

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Opening of Foreign Retailers in Klang Valley

Malaysia remained a highly popular country in South-East Asia for foreign retailers. For 2024, at least fifty-one new brands from eleven countries opened their first stores (shopping centres only) in Malaysia. The Klang Valley accounted for more than 90% of these new entries in Malaysia. In addition, Kuala Lumpur made up 82% of the total Klang Valley supply. 45% of the new brands came from China whilst 47% of the new store brands were in the food & beverage business and 29% were in the business of fashion and fashion accessories.

Opening of First Stores (Shopping Centres only) in Malaysia by Foreign Retailers, 2024

S/N	Country of Origin	Brand Name	Trade
1	Canada	Tim Hortons	Food & Beverage outlet
2	Japan	Sakanoue Cafe	Food & Beverage outlet
3		Descente	Fashion
4		Comcoca	Fashion
5		Enishi Ramen	Food & Beverage outlet
6	South Korea	Meet Sun	Food & Beverage outlet
7		3CE	Health & Beauty
8		Ediya Coffee	Food & Beverage outlet
9	Thailand	Lung Ngen Coffee	Food & Beverage outlet
10	Switzerland	Zenith	Fashion Accessories
11	United States	Red Wing Shoes	Fashion Accessories
12		Shake Shack	Food & Beverage outlet
13		Apple	Electrical & Electronics
14		Undefeated	Fashion
15		Vivaia	Fashion Accessories
16		National Geographic	Fashion
17		Levoit	Electrical & Electronics
18	France	Salomon	Fashion Accessories
19		Faure Le Page	Fashion Accessories
20	Indonesia	Ai-Cha	Food & Beverage outlet
21		Sudo Brew	Food & Beverage outlet
22		Momoyo	Food & Beverage outlet
23	China	Cotti Coffee	Food & Beverage outlet
24		Auntea Jenny	Food & Beverage outlet
25		Nong Geng Ji	Food & Beverage outlet
26		More Yogurt	Food & Beverage outlet
27		Narwal	Electrical & Electronics
28		Uncle Luo	Food & Beverage outlet
29		Issen Hin Ramen	Food & Beverage outlet
30		BYD	Car Showroom
31		The Eight	Food & Beverage outlet
32		YeeHoo	Children's Products

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S/N	Country of Origin	Brand Name	Trade	
33	China (cont'd)	Lam Heung Ling	Food & Beverage outlet	
34		Tang Tea	Food & Beverage outlet	
35		Beneunder	Fashion	
36		Bestore	General Merchandise store	
37		Cha Bai Dao	Food & Beverage outlet	
38		Xtep	Fashion	
39		ChaPanda	Food & Beverage outlet	
40		Share Popo	Food & Beverage outlet	
41		Urban Revivo	Fashion	
42		GWM	Car Showroom	
43		The Colorist	Health & Beauty	
44		Naixue	Food & Beverage outlet	
45		Xiaomi	Electrical & Electronics	
46		Singapore	Chirashi King Kong	Food & Beverage outlet
47			Sunnystep	Fashion Accessories
48	People Up		Indoor Theme Park	
49	Italy	Golden Goose	Fashion	
50		Elisabetta Franchi	Fashion	
51		Flexform	Furniture & Furnishing	

Source: Henry Butcher Retail

Tourist Arrivals in 2024

For the first nine months of 2024, Malaysia received 18.4 million foreign tourists. The target for foreign tourist arrivals for 2024 was 27.3 million which is 36% more than in 2023. This target would also exceed the annual tourist arrivals during pre-covid era. The total foreign tourist arrival in 2019 was 26.1 million. The targeted international tourism receipt meanwhile was RM102.7 billion.

Effective from 1 December 2023, Malaysian government has granted visa-free entry to citizens of China and India for stays of up to thirty days. This was part of the Malaysia Visa Liberalisation Plan announced during Malaysia Budget 2024. This visa exemption would last until 31 December 2024. The government has just announced that the visa exemption for both China and India has now been extended till end December 2026.

As at May this year, Malaysia recorded a 194% increase in Chinese tourists as compared to the same period in 2023. For the first half of this year, our country achieved 89.3% increment in tourist arrivals from India as compared to the same period in 2023.

For the first 6 months of 2024, the top 5 largest tourist arrivals by country were Singapore (36%), Indonesia (15%), China (12%), Thailand (7%) and Brunei (5%).

The weak Ringgit since the third quarter of 2023 has encouraged more international tourists to spend more during their trips in Malaysia. The cheap Malaysian currency has been especially attractive for visitors from Singapore.

The Malaysia Mega Sale 2024 started on June 15 and ended on July 31. With discounts of up to 85%, this sale campaign was supported by shopping mall operators, hotel associations, travel agencies, airlines, KTMB and local tourist industry players.

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Tourism Malaysia, in collaboration with Mastercard, launched the Malaysia Year-End Sales Campaign 2024 (MYES 2024) on November 27. The campaign started from 15 November 2024 and would end on 1 January 2025.

The Malaysian government has planned to introduce a High Value Goods Tax (HVGT) at a rate of 5.0% to 10.0% on certain high-value retail goods. This new tax was supposed to commence from 1 May 2024. However, this tax has been deferred.

Rental Rates of Selected Shopping Centres in Klang Valley in 2024

The rental rates of selected shopping centres in Klang Valley are as detailed below:

Rental Rates of Selected Shopping Centres in Klang Valley, 2024

Name	Rental Rate (RM psf per month)					
	Lower Ground	Ground floor	First floor	Second floor	Third floor	Fourth floor
Suria KLCC	50.00 – 207.00	44.00 – 96.00	42.00 – 115.00	38.00 – 103.00	42.00 – 96.00	38.00 – 56.00
Low Yat Plaza	18.00 – 28.00	19.00 – 48.00	23.00 – 42.00	10.00 – 32.00	14.00 – 39.00	13.00 – 24.00
Cheras Leisure Mall	20.00 – 32.00	14.00 – 23.00	11.00 – 28.00	8.00 – 22.00	NA	NA
Mid Valley Megamall	25.00 – 36.00	45.00 – 80.00	33.00 – 38.00	23.00 – 25.00	15.00 – 22.00	NA
3 Damansara	11.00 – 25.00	10.00 – 15.00	7.00 – 12.00	8.00 – 10.00	NA	NA
The Mines	NA	7.00 – 18.00	8.00 – 18.00	5.00 – 15.00	9.00 – 19.00	NA
SACC Mall	2.00 – 7.00	7.00 – 14.00	4.00 – 11.00	2.50 – 7.00	3.00 – 4.50	NA

Note:

NA -not applicable

Source: Property Market Report, NAPIC/Henry Butcher Retail

The achieved rental rates did not include rental rates of anchor tenants such as supermarket, department store, cineplex, bowling alley, etc.

Klang Valley Retail Supply in 2025

At least six new shopping centres and two mall extensions are expected to be completed in 2025 with a total nett floor area of almost 4.8 million sq ft. Six of them are located in Kuala Lumpur and two of them are situated in Selangor. Six of the new shopping centres are supposed to open in 2024 but have been delayed.

MARKET OVERVIEW

Cont'd

The list of new shopping centres in the Klang Valley include:

New Shopping Centres in Klang Valley for the Year 2025

No.	Name	Location	Nett Floor Area (sf)
1	Senada Shopping Centre	Bukit Kiara	231,000
2	MET Galleria	Mont Kiara	90,000
3	118 Mall	Kuala Lumpur CBD	1,400,000
4	Pavilion Damansara Heights Mall P2	Damansara Heights	529,000
5	8 Conlay	KLCC	130,000
6	Sunsuria Forum 2	Setia Alam	175,000
7	Empire City Mall	Damansara	1,700,000
8	KL Midtown Mall	Mont Kiara	500,000
9	Shopping centre in Kwasa Damansara	Kwasa Damansara	39,000
	TOTAL		4,755,000

Source: Henry Butcher Retail

- a) The 3-storey Senada shopping centre is part of the Senada Residence development that includes two residential towers and an office block. Both the residential towers and the office tower have been completed and occupied since 2023.
- b) MET Galleria is a 2-storey shopping centre located off Jalan Duta. It is the first retail component within the mega mixed development of KL Metropolis. The shopping centre is located below a residential tower with 616 units.
- c) 118 Mall is a 7-storey shopping mall located at the base of the second tallest building in the world, PNB 118. This shopping mall will be surrounded by a 4-acre linear park.
- d) The second phase of Pavilion Damansara Heights Mall originally planned to open its doors at end 2024 but will now only be ready for opening in 2025.
- e) 8 Conlay's Lifestyle Retail Quarters is a 9-storey boutique mall to be occupied by retail shops and F&B outlets. It is part of a mixed-use development with two residential towers to be managed by Kempinski Hotel as well as a tower block consisting of hotel and service suites. This project has been delayed several times.
- f) Sunsuria Forum 2 is a 2-storey retail arcade below an office tower and two blocks of service apartments. It is linked to Sunsuria Forum 1 with Village Grocer and numerous F&B outlets.
- f) Empire City Mall was partly opened in 2017 with the completion of Malaysia National Ice-Skating Stadium. In addition, a grocery store and several F&B outlets were opened during the initial years. It closed down completely during the covid-19 pandemic. With several new investors that took over from Mammoth Empire Holding Sdn Bhd in 2021, this mega mall was scheduled for opening in 2024. However it has been delayed until June 2025.
- g) KL Midtown Mall is part of a RM5 billion mixed-use development jointly developed by Hap Seng and NAZA TTDI. AEON has been secured as the anchor tenant of the shopping mall. It is targetted for opening at the end of 2025.
- h) A neighbourhood shopping centre located next to KWSP headquarter in Kwasa Damansara is currently under-construction and ready for opening in end 2025.

Outlook of the Klang Valley Shopping Centre Market in 2025

The prospect of the Klang Valley shopping centre market in 2025 is highly dependent on the economic performance of Malaysia as well as the cost of living of Malaysian consumers.

MARKET OVERVIEW

Cont'd

The Klang Valley Shopping Centre Market

Major shopping malls in Klang Valley will continue to draw shoppers and diners on weekends and public holidays.

The management of shopping centres in Klang Valley will have to be constantly renewing its trade mix in order to retain shoppers.

Shopping centres in Klang Valley will remain as attractive spots for many new overseas retailers, especially food & beverage brands.

The highly saturated retail market will put more pressure on shopping centre owners in the Klang Valley to offer attractive rental packages to retain existing tenants and to attract new retailers.

The relatively weak local currency will encourage more Malaysians to spend their weekends and public holidays within the country instead of travelling overseas.

Foreign tourist arrivals will continue to grow in 2025. The weak Ringgit, government initiatives and new airlines will attract international tourists from all parts of the world. This will contribute to higher sales for retail businesses in shopping centres that are dependent on foreign tourists.

The Klang Valley Consumer Market

Retail Group Malaysia (RGM) has forecasted a 4.0% growth rate for Malaysia's retail industry in 2025. For the same period, the Malaysian government expects the national economy to grow between 4.5% and 5.5%.

Similar to 2024, the biggest challenge for Malaysia's retail industry in the new year is the rising cost of living.

E-invoicing in Malaysia has begun since 1 August 2024 for all large corporations. For small retail businesses with an annual turnover of at least RM150,000, they are required to generate e-invoices for all business transactions starting from 1 July 2025. This will pose a great challenge for many independent retailers, traditional shop operators, small business owners and online retail sellers.

Based on Budget 2025 announced on October 18, several new policies and measures will be implemented in the new year. These are expected to have an impact on Malaysia's retail industry.

The monthly minimum wage will increase from RM1,500 to RM1,700 effective from 1 February 2025. Enforcement for companies with less than five workers will be delayed by six months. In addition, there will be mandatory EPF contributions for all non-Malaysian workers. These will have major impact on retailers and food operators that rely heavily on foreign workers. The higher operation costs of these retail operators will lead to higher retail prices.

The current subsidy on RON95 fuel will be removed from the middle of 2025. A new subsidy will be distributed to about 85% of the Malaysian households. Malaysians eligible for RON95 subsidy will be determined by the Basic Expenses for Decent Living (PAKW), Cost of Living Index, size of household, employment status, number of cars, number of working adults as well as the number of school-going children.

Excise duty imposed on sugar sweetened beverages will increase from 50 sen per litre to 90 sen per litre from 1 January 2025. This would lead to higher retail prices on the majority of beverages sold in the country. However, the overall negative impact should be small.

The coverage of the sales and services tax will be expanded from 1 May 2025, including premium foods and imported food products. This will lead to higher retail prices on selected food products. However, the overall negative impact will be insignificant.

MARKET OVERVIEW

Cont'd

New foreign retailers expected in Klang Valley for Year 2025 include:

- Luckin Coffee from China
- Dairy Queen from United States
- Brands For Less from Dubai
- KaraKu from Japan
- Miao from China
- Xian Qi Ban Bu Dian from China

Malaysia Tourism in 2025

Tourism Malaysia targets to receive 31.4 million foreign tourists in 2025. Under Budget 2025, nearly RM550 million has been given to enhance tourism promotions and activities. An additional RM110 million has been allocated to upgrade tourism areas, establish ecotourism partnerships and support UNESCO nominations.

In 2025, Tourism Malaysia shall be organising three national sales campaigns:

- Malaysia Super Sale from March 1 to March 31,
- Malaysia Mega Sale from June 15 to July 31, and
- Year-End Sale from November 15 to December 31.

The Malaysian government has extended the 30-day, visa-free entry to citizens of China as well as India until end of 2026. This has been part of the Malaysia Visa Liberalisation Plan announced at the end of 2023.

The High Value Goods Tax (HVGT), delayed since 1 May 2024, may be re-introduced in 2025. However, tax refunds on High Value Goods Tax (HVGT) will be allowed for international tourists. The introduction of HVGT may have an impact on the price competitiveness of luxury items sold in Malaysia as compared to other Asian countries. Many international tourists buy luxury items in Malaysia because the prices are cheaper or as highly competitive as compared to their home countries.

THE MALAYSIAN REITS (M-REITS) MARKET OVERVIEW 2024

The Malaysian REIT (MREIT) sector continued to grow in 2024, expanding its market capitalization from RM41.69 billion as at 31 December 2023 to RM49.14 billion as at 2 January 2025. This is a huge jump from the market capitalisation of only RM9 billion in 2010 and works out to an average increase of about RM2.8 billion a year over the fourteen-year period.

The MREIT sector was boosted by the stable economic growth recorded by the country since recovering from the Covid 19 pandemic which led to improvements in business and consumer sentiments. The introduction of the thirty-day visa free period for visitors from India and China have also provided a boost to the retail and leisure sectors. This in turn benefitted the retail and office sectors as occupancy rates of shopping malls and office buildings registered improvements. Based on a report by Retail Group Malaysia (RGM), Malaysia's retail industry is estimated to have expanded by 3.9% in 2024 and is projected to grow by 4% in 2025.

We have carried out a review and analysis of the financial performance of six major REITs which own shopping malls, hotels and office buildings and our findings reveal that in FY 2024, all of the REITs posted a higher gross revenue compared to the year before. All six of them also reported an improvement in in Net Property Income for FY 2024 compared to FY 2023.

MARKET OVERVIEW

Cont'd

Financial Performance of Selected REITS (2023 – 2024)

REIT	Gross Revenue	Gross Revenue	% change in Gross Revenue	Net Property	Net Property	% change in nett Property Income
	2023 (RM'000)	2024 (RM'000)	2023 vs 2024	Income 2023 (RM'000)	Income 2024 (RM'000)	2023 vs 2024
IGB REIT	445,840	467,797	4.92%	332,643	347,830	4.56%
Sun REIT	525,200	546,296	4.02%	404,200	404,150	3.29%
Pavilion REIT	515,589	627,076	21.62%	324,467	387,909	19.55%
YTL REIT	486,830	554,908	13.98%	251,271	289,527	15.22%
KIP REIT	83,750	102,159	21.98%	62,152	77,817	25.20%
Hektar REIT	83,962	94,762	12.85%	46,091	50,041	8.57%

NB: Not many of the REITS have reported their financial performance for 2024 at the point of preparing this report. The financial figures for some of these REITS were not yet audited whilst some are for the nine month period in 2023/2024. Source: HB/Bursa Malaysia/individual company annual reports.

As at 2 January 2025, KLCCP maintained its top position as the largest REIT in Malaysia by capitalization at RM14.713 billion (RM12.818 billion at end 2023) followed by IGB REIT at RM7.736 billion (2023: RM6.231 billion), Sunway REIT at RM6.335 billion (2023: RM5.24 billion) and Pavilion REIT at RM5.674 billion (2023: RM4.456 billion). There are five other REITs, (same as in 2023) which have market capitalizations of above RM1 billion viz., Axis Real Estate REIT (RM3.478 billion), YTL Hospitality (2.011 billion), Capitaland Malaysia Mall Trust (RM1.929 billion), IGB Commercial REIT (RM1.355 billion) and Al Alaqaq, at RM1.141 billion.

Overall, the market capitalisation of Malaysian REITs rose from RM41.8 billion in 2023 to RM48.77 billion as the office, retail, hospital services and industrial sectors recorded an improved performance during the year. However, the number of REITs which declared dividends of above 6% declined to nine compared to twelve the year before. The performance of the M REITs for 2024 are summarized in the table overleaf.

The overall outlook for REITs for 2025 appears to be positive if occupancy and rental rates for office space and retail space can be sustained although earnings could be relatively flat. Improved tourism arrivals and increasing medical tourism could however provide steady returns to medical REITs. According to the Malaysia External Trade Development Corporation (Matrade), Malaysia's private healthcare and health tourism sector is expected to generate approximately RM2.26 billion in revenue in 2024 and has forecast that Malaysia's healthcare sector will be gearing up for significant growth, driven by increasing life expectancy, technological advancements, rising income levels and greater need for treatment of chronic diseases, particularly in private medical facilities instead of public hospitals.

MARKET OVERVIEW

Cont'd

Malaysian REITs – Performance as at 31 December 2024

No	Company	Property Portfolio	Market Capital (RM m)	Last share price (RM)	P/E Ratio	Dividend Yield (%)	ROE (%)
1	Alaqaar	Health Care	1,141.85	1.33	18.93	5.66	5.50
2	Al-Salam	Islamic diversified	217.5	0.37	11.87	2.32	2.85
3	Amereit	Real Estate	742.17	1.41	14.28	5.29	9.10
4	AmFirst	Office/Retail	209.35	0.30	8.41	7.15	3.08
5	Amanah Raya	Diversified	223.5	0.39	43.58	2.33	0.70
6	Atrium	Industrial	326.62	1.23	11.63	6.66	7.89
7	Axis	Offices/Industrial/ Retail	3,478.15	1.73	13.16	5.80	8.23
8	Capitaland	Retail	1,943.97	0.67	9.00	6.81	7.03
9	Hektar	Retail	393.65	0.55	7.17	7.57	6.65
10	IGBCR	Commercial	1,355.58	0.56	20.18	6.64	2.89
11	IGBREIT	Real Estate	7,736.92	2.14	22.04	5.09	8.69
12	KIP	Retail	541.30	0.87	11.51	7.75	7.04
13	KLCCP	Office/Retail	14,713.46	8.15	15.17	5.13	7.31
14	Pavillion	Office/Retail	5,674.06	1.59	12.38	5.89	9.59
15	Sentral	Office/Retail	950.42	0.79	11.62	8.43	6.06
16	Sunway	Diversified	6,335.89	1.85	16.33	5.05	7.20
17	Tower	Office	152.17	0.31	14.95	3.23	1.39
18	UOA	Office	623.30	0.93	15.10	7.27	4.24
19	YTL Hospitality	Hotels	2,011.17	1.18	11.12	7.01	6.25

Source: Bursa Malaysia

Major Acquisitions/Disposals by REITS in 2024

- Pavilion REIT has proposed to acquire two hospitality assets viz., the Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, both of which are located in the Bukit Bintang area, for a combined consideration of RM480 million
- WCT holdings has announced the disposal of three retail properties for RM2.44 billion to a newly established REIT named Paradigm REIT which will be listed on Bursa Malaysia.
- YNH Property sold off 163 Retail Park to Sunway REIT for RM215 million. In October, it has been renamed as Sunway 163 Mall.
- KLCCP has acquired the remaining 40% of Suria KLCC mall not owned by it for RM1,950 million.
- CapitaLand Malaysia Trust (CMT) acquired three ready built factories in Nusajaya Tech Park in Johor for RM27 million.

MARKET OVERVIEW

Cont'd

- f) YTL Hospitality acquired the Syuen Hotel in Ipoh for RM55 million.
- g) In December, KIP REIT completed the acquisition of DPulze Shopping Centre in Cyberjaya for RM320 million.
- h) KIP REIT has acquired for RM14.8 million, a 1.15-acre property in Gerik, Perak which features a single-storey hypermarket, basement car park and office space with a net lettable area (NLA) of 60,895 sq ft and currently leased to hypermarket chain TF Value-Mart Sdn Bhd.
- i) KIP REIT has entered into four separate conditional sale and purchase agreements (SPAs) to acquire four strategic industrial properties across Malaysia for a total purchase price of RM98.3 million. It entered into an agreement with Sin Chee Heng Sdn Bhd for the proposed acquisition of a leasehold interest in a single-storey detached factory in Cheras for RM22.60 million in cash and also entered into a conditional SPA with Teju Logistics Sdn Bhd for the proposed acquisition of the leasehold interest in a double-storey office and six-storey processing plant and ancillary building in Sarawak for a cash consideration of RM28.70 million. It also proposed to acquire the remaining lease interest in two single-storey warehouses together with two single-storey office buildings from Channel Legion Sdn Bhd in Klang for RM23.70 million. KIP REIT also entered into an agreement with PK Fertilizers Sdn Bhd for the proposed acquisition of the remaining lease interest in a single-storey detached warehouse with a double-storey office in Johor for RM23.30 million.
- j) Axis REIT has acquired the industrial complex and open storage yard in Klang from Amsteel Mills for RM351.8 million.
- k) Axis-REIT acquired three industrial assets in Bukit Raja and also announced the acquisition of two automobile service centres from Cycle & Carriage Bintang Bhd.
- l) Hektar Real Estate Investment Trust (Hektar Reit) completed the acquisition of Kolej Yayasan Saad Melaka (KYSM) in June 2024. Hektar Reit announced last September that it was taking over KYSM campus comprising a single, one-and-half, two and three-storey buildings which make up the administration, academic, residential and student facilities from KYS College Sdn Bhd for RM150 million.
- m) AMREIT announced plans to acquire three industrial properties in Iskandar Malaysia for RM69.3 million comprising two industrial properties in i-Park @ Indrapura in Kulai and an industrial property at Senai Airport City with a combined agreed lettable area of more than 256,000 sq ft.

ADDITIONAL COMPLIANCE INFORMATION

This information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia and SC's Guidelines on Listed REITs:

1. Utilisation of Proceeds

There was no issuance of new units for the year under review

2. Sanctions and/or Penalties

There is no public sanction and/or penalty imposed on Pavilion REIT, the Manager or Directors of the Manager by the relevant regulatory bodies during the financial year ended 31 December 2024.

3. Audit and Non-Audit Fees

Audit and non-audit fees payable to the external auditor of Pavilion REIT for the current financial year amounted to RM265,000 and RM177,000 respectively.

4. Recurrent Related Party Transactions

Please refer to disclosure in Audited Financial Statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-Independent Executive Director

Tan Sri Lim Siew Choon

Non-Independent Executive Director

Puan Sri Tan Kewi Yong

Dato' Lee Tuck Fook

Non-Independent Non-Executive Director

Ahmad Mohammed F Q Al-Khanji

Navid Chamdia

Independent Non-Executive Director

Dato' Seri Mohamed Azahari bin Mohamed Kamil

Dato' Mearia @ Massahariah binti Hamzah

Baljeet Kaur Grewal A/P Jaswant Singh

Nor Rejina binti Abdul Rahim

Ang Ah Leck



MANAGER & ITS PRINCIPAL PLACE OF BUSINESS

Pavilion REIT Management Sdn Bhd
 [Company Number: 201101011359 (939490-H)]
 Lot 10.00.00, Level 10, Pavilion Kuala Lumpur
 168, Jalan Bukit Bintang
 55100 Kuala Lumpur, Malaysia
 Telephone No. : +603 2118 8888
 Facsimile No. : +603 2118 8889
 E-mail : info@pavilion-reit.com
 Website : www.pavilion-reit.com

MANAGER'S REGISTERED OFFICE

6-2, Level 6, East Wing
 Menara Goldstone (Holiday Inn Express)
 No. 84, Jalan Raja Chulan
 50200 Kuala Lumpur, Malaysia
 Telephone No. : +603 2166 9818
 Facsimile No. : +603 2166 6818

AUDIT COMMITTEE

Baljeet Kaur Grewal A/P Jaswant Singh (Chairman)
 Dato' Seri Mohamed Azahari bin Mohamed Kamil
 Dato' Mearia @ Massahariah binti Hamzah
 Nor Rejina binti Abdul Rahim
 Ang Ah Leck
 Navid Chamdia

NOMINATING COMMITTEE

Dato' Seri Mohamed Azahari bin Mohamed Kamil (Chairman)
 Dato' Mearia @ Massahariah binti Hamzah

RISK MANAGEMENT COMMITTEE

Dato' Mearia @ Massahariah binti Hamzah (Chairman)
 Dato' Seri Mohamed Azahari bin Mohamed Kamil
 Baljeet Kaur Grewal A/P Jaswant Singh
 Nor Rejina binti Abdul Rahim
 Ang Ah Leck

SUSTAINABILITY COMMITTEE

Nor Rejina binti Abdul Rahim (Chairman)
 Dato' Seri Mohamed Azahari bin Mohamed Kamil
 Dato' Mearia @ Massahariah binti Hamzah
 Baljeet Kaur Grewal A/P Jaswant Singh
 Ang Ah Leck

CORPORATE INFORMATION

Cont'd

COMPANY SECRETARY OF THE MANAGER

Lim Mei Yoong (Licensed Secretary No: LS0002201)
6-2, Level 6, East Wing
Menara Goldstone (Holiday Inn Express)
No. 84, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

TRUSTEE

MTrustee Berhad
[Company Number: 198701004362 (163032-V)]
B-2-9 (2nd Floor)
Pusat Perdagangan Kuchai
No. 2, Jalan 1/127
Off Jalan Kuchai Lama
58200 Kuala Lumpur, Malaysia
Telephone No. : +603 7983 1088
Facsimile No. : +603 7984 9612

PROPERTY MANAGER

Henry Butcher Malaysia Sdn Bhd
[Company Number: 198701001968 (160636-P)]
No. 25, Jalan Yap Ah Shak
Off Jalan Dang Wangi
50300 Kuala Lumpur, Malaysia

AUDITOR

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
[Company Number: 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
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59200 Kuala Lumpur, Malaysia
Telephone No. : +603 2783 9299
Facsimile No. : +603 2783 9222



GLOSSARY

ABC	: Anti-Bribery and Corruption
AML/CFT/CPF	: Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing
BNM	: Bank Negara Malaysia
Board	: Board of Directors of the Manager
Bursa Malaysia	: Bursa Malaysia Securities Berhad
Company	: Pavilion REIT Management Sdn Bhd
CEO	: Chief Executive Officer
CPI	: Consumer Price Index
CSR	: Corporate Social Responsibility
Deed	: The First Amended and Restated Deed dated 18 February 2019 entered into between the Trustee and the Manager constituting Pavilion REIT
DPU	: Distribution per Unit
EESG	: Economic, Environmental, Social and Governance
EPF	: Employees' Provident Fund
ERM	: Enterprise Risk Management
EPU	: Earnings per Unit
EV	: Electric Vehicle
Fund	: Pavilion Real Estate Investment Trust
FBM KLCI	: FTSE Bursa Malaysia Kuala Lumpur Composite Index
FY	: Financial year from 1 January to 31 December
GDP	: Gross Domestic Product
GET	: Green Electricity Tariff
GFA	: Gross Floor Area
GHG	: Greenhouse Gas
KLP	: Kuala Lumpur Pavilion Sdn Bhd
Manager	: Pavilion REIT Management Sdn Bhd
MER	: Management Expense Ratio - ratio of trust expenses incurred in operating Pavilion REIT to its NAV
M-REIT	: Malaysian Real Estate Investment Trust
MTNs	: Medium-Term Notes
NDCs	: Nationally Determined Contribution
NGO	: Non-Governmental Organisation
NRES	: National Resources and Environmental Sustainability

GLOSSARY

Cont'd

OPR	:	Overnight Policy Rate
Paris Agreement	:	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.
Pavilion REIT	:	Pavilion Real Estate Investment Trust
Pavilion Malls	:	Pavilion Kuala Lumpur Mall and Elite Pavilion Mall
Prospectus	:	Pavilion REIT's prospectus dated 14 November 2011
PPKM	:	Persatuan Pengurusan Kompleks Malaysia / Malaysia Shopping Malls Association
QIA	:	Qatar Investment Authority
REIT	:	Real Estate Investment Trust
Report	:	Integrated Annual Report
SC	:	Securities Commission Malaysia
SOP	:	Standard Operating Procedures
TAV	:	Total Asset Value
Trustee	:	MTrustee Berhad
TNB	:	Tenaga Nasional Berhad
Unit	:	An undivided interest in Pavilion REIT as provided for in the Deed
WALE	:	Weighted Average Lease Expiry

NOTICE OF ANNUAL GENERAL MEETING

PAVILION

REAL ESTATE INVESTMENT TRUST

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

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting (“13th AGM”) of Pavilion Real Estate Investment Trust (“Pavilion REIT”) will be held at Pavilion Ballroom, Level 7, Pavilion Hotel Kuala Lumpur Managed by Banyan Tree, 170, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. to transact the following businesses:-

ORDINARY BUSINESS

- To lay the Audited Financial Statements of Pavilion REIT for the financial year ended 31 December 2024 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. *(Please refer Explanatory Note I)*

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following Resolution:

- PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED UNITS (“PROPOSED AUTHORITY”)** *Ordinary Resolution (Please refer Explanatory Note II)*

“THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities, where such approval is required, authority be and is hereby given to Directors of Pavilion REIT Management Sdn Bhd (“the Manager”) to allot and issue new units in Pavilion REIT (“New Units”) from time to time to such persons and for such purposes as the Directors of the Manager may in its absolute discretion deem fit and in the best interest of Pavilion REIT, provided that the aggregate number of New Units issued pursuant to this resolution, when aggregated with the number of units in Pavilion REIT issued during the preceding 12 months, must not exceed 20% of the total number of units issued in Pavilion REIT at the time of issue;

AND THAT the Proposed Authority shall be effective and continue to be in force from the date of receipt of all relevant authorities’ approval or the date the Unitholders pass this resolution, whichever may be the later, until:

- the conclusion of the next annual general meeting (“AGM”) of the Unitholders, at which time it shall lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- the expiration of the period within which the next AGM of the Unitholders is required by law to be held; or
- the Proposed Authority is revoked or varied by the Unitholders in a Unitholders’ meeting;

whichever occurs first (“Validity Period”);

AND THAT the New Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank pari passu in all respects with the existing Units except that the New Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared before the date of allotment and issuance of such New Units;

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

AND THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Pavilion REIT, to give effect to the aforesaid Proposed Authority with full powers to assent to any condition, variation, modification and/or amendment in any manner as the Manager and the Trustee may deem fit and in the best interest of Pavilion REIT and/or as may be imposed by the relevant authorities, and to deal with all matters relating thereto;

AND FURTHER THAT authority be and is hereby given to the Directors of the Manager and the Trustee, acting for and on behalf of Pavilion REIT, to take all such steps and do all acts, deeds and things in any manner (including the execution of such documents as may be required) as they may deem necessary or expedient to implement, finalise, complete and give full effect to the Proposed Authority.”

By Order of the Board of
Pavilion REIT Management Sdn Bhd [201101011359 (939490-H)]
(as the Manager of Pavilion Real Estate Investment Trust)

Lim Mei Yoong (LS0002201)
(SSM PC No. 201908003397)
Company Secretary

Kuala Lumpur
13 March 2025

Notes :

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a unitholder is a corporation, its duly authorised representative shall be entitled to attend at the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to attend.
3. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in units standing to the credit of the said securities account. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.
4. The proxy form shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
5. The original proxy form or certificate of appointment of corporate representative or power of attorney must be deposited at the Registered Office of the Manager of Pavilion REIT i.e. Pavilion REIT Management Sdn Bhd either by hand or by post at 6-2, Level 6, East Wing, Menara Goldstone (Holiday Inn Express), No. 84, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia not later than **Monday, 5 May 2025 at 10.00 a.m.** being 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Only unitholders registered in the Record of Depositors as at 28 April 2025 shall be entitled to attend and vote at the meeting or appoint proxies to attend and vote on his/her behalf.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Proposed Ordinary Resolution set out in the Notice of 13th AGM will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

Explanatory Note on Ordinary Business:

- (I) The Audited Financial Statements are laid before the unitholders for discussion only pursuant to the provision of the Guidelines on Listed Real Estate Investment Trusts ("Listed REITs Guidelines"). The Audited Financial Statements do not require formal approval of the unitholders. Hence, this matter will not be put forward for voting.

Explanatory Note on Special Business:

(II) Proposed Authority to Allot and Issue New Units of up to 20% of the Total Number of Issued Units

The Proposed Ordinary Resolution, if passed, would enable the Directors of the Manager to allot and issue New Units from time to time provided that the aggregate number of the New Units to be issued during the Validity Period, when aggregated with the number of units issued during the preceding 12 months must not exceed 20% of the total number of units issued in Pavilion REIT, which for the time being comprises 3,664,390,155 Units.

The Proposed Authority will allow the Manager the flexibility to allot and issue New Units to raise funds to finance future investments, acquisitions and/or capital expenditure to enhance the value of Pavilion REIT and/or to refinance existing debt as well as for working capital purposes, subject to the relevant laws and regulations. With the Proposed Authority, delays and further costs involved in convening separate general meetings to approve such issue of New Units to raise funds can be avoided.

The Manager may, subject to relevant laws and regulations, use the net proceeds from the issuance of New Units under the Proposed Authority as its absolute discretion for other purposes as permitted for under the Listed REITs Guidelines.

Any allotment and issuance of New Units pursuant to the Proposed Authority will be subject to the relevant approvals of Securities Commission Malaysia and Bursa Malaysia Securities Berhad.

ADMINISTRATIVE GUIDE

PAVILION

REAL ESTATE INVESTMENT TRUST

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

ADMINISTRATIVE DETAILS FOR UNITHOLDERS ATTENDING THE 13TH ANNUAL GENERAL MEETING ("THE MEETING")

Date : Wednesday, 7 May 2025
Time : 10.00 a.m.
Venue : Pavilion Ballroom, Level 7, Pavilion Hotel Kuala Lumpur Managed by Banyan Tree
170, Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

REGISTRATION

1. Registration will start at **8.00 a.m.** The unitholders are requested to be punctual.
2. Please produce your **ORIGINAL Identity Card ("IC")** or **Passport (for foreigners)** during registration for verification. **No photocopy of IC or Passport will be accepted.**

After registration and signing on the Attendance List, please vacate the registration area and proceed to the meeting hall.

3. You will be given a wristband. If you are attending the Meeting as a unitholder as well as proxy, you will be registered once and will only be given one wristband. No person will be allowed to enter the meeting hall without wearing the wristband.

There will be no replacement in the event that you lose or misplace the wristband.

4. Please note that you will not be allowed to register on behalf of another person, even with the original IC or Passport of that other person.
5. Food voucher will be distributed upon registration on the basis of one voucher for one unitholder/proxy.

HELP DESK

6. The registration counters will only handle verification of the identity of the unitholder/proxy and his/her unitholdings. If you have other queries or need clarification relating to registration, please proceed to the Help Desk.
7. The Help Desk will also handle revocation of proxy appointments.

PARKING

8. Parking is complimentary.

DOOR GIFT

9. There will be no door gift given to unitholders who attend the Meeting.

ADMINISTRATIVE GUIDE

Cont'd

REFRESHMENT

10. Food can be redeemed after Meeting at a designated counter. It will be given on “per head” basis.

Each unitholder and/or proxy attending the Meeting in person will be entitled for only one (1) food pack. Where a unitholder and/or proxy is also appointed as proxy for different unitholders to attend the AGM, he/she will only be entitled to one (1) food pack regardless of the number of unitholders he/she is representing.

ENTITLEMENT TO ATTEND

11. For the purpose of determining the unitholders who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors (“ROD”) as at 28 April 2025.

Only unitholders whose names appear on the ROD as at 28 April 2025, shall be entitled to attend and vote at the AGM or appoint proxy(ies) to attend and vote on their behalf.

12. A unitholder who is entitled to attend at the Meeting is entitled to appoint not more than 2 proxies to attend on his behalf. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
13. The Proxy Form shall be deposited at the registered office of Pavilion REIT Management Sdn Bhd at 6-2, Level 6, East Wing, Menara Goldstone (Holiday Inn Express), No. 84, Jalan Raja Chulan, 50200 Kuala Lumpur not later than 5 May 2025 at 10.00 a.m., being 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
14. If you wish to attend the Meeting yourself, please do not submit any Proxy Form for the Meeting. You will not be allowed to attend the Meeting together with the proxy appointed by you i.e. you will attend as unitholder for all the CDS accounts registered under your name. You are not allowed to attend as unitholder for certain CDS accounts registered under your name and appoint proxies for balance CDS accounts.
15. If you have submitted your Proxy Form prior to the Meeting and subsequently decided to attend the Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy before registration.

ENQUIRIES

16. If you have any enquiry(ies) relating to the Meeting, please contact the Registrar as follows during office hours (9.00 a.m. to 5.00 p.m.) from Monday to Friday:

Tricor Investor & Issuing House Services Sdn Bhd
[Registration No.: 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : +603 27839299

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No. of Units Held	CDS Account No.

PROXY FORM

I/We _____ (name of unitholder as per NRIC, in capital letters)

NRIC No./Passport No./Company No. _____ Tel./Mobile No. _____

of _____

(full address) being a unitholder of PAVILION REAL ESTATE INVESTMENT TRUST ("Pavilion REIT") and entitled to vote hereby appoint:-

1st PROXY 'A'

Full name :		Proportion of unitholdings represented	
		No. of Units	Percentage (%)
Address :	NRIC No./Passport No.		

and/or failing *him/her

2nd PROXY 'B'

Full name :		Proportion of unitholdings represented	
		No. of Units	Percentage (%)
Address :	NRIC No./Passport No.		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting ("13th AGM") of Pavilion REIT to be held at Pavilion Ballroom, Level 7, Pavilion Hotel Kuala Lumpur Managed by Banyan Tree, 170, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Wednesday, 7 May 2025 at 10.00 a.m. and any adjournment thereof.

* *Strike out whichever not applicable*

Please indicate with an "X" in the space below how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote or abstain from voting on the resolution at his/her/their discretion.

Ordinary Resolution – Special Business	For	Against
Ordinary Resolution - Proposed Authority to Allot and Issue New Units		

Dated this _____ day _____ 2025

Signature of Unitholder/Common Seal

Fold This Flap For Sealing

Notes :

1. A unitholder who is entitled to attend at the meeting is entitled to appoint not more than 2 proxies to attend instead of him. A proxy need not be a unitholder. Where a unitholder appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding (expressed as a percentage of the whole) to be represented by each proxy.
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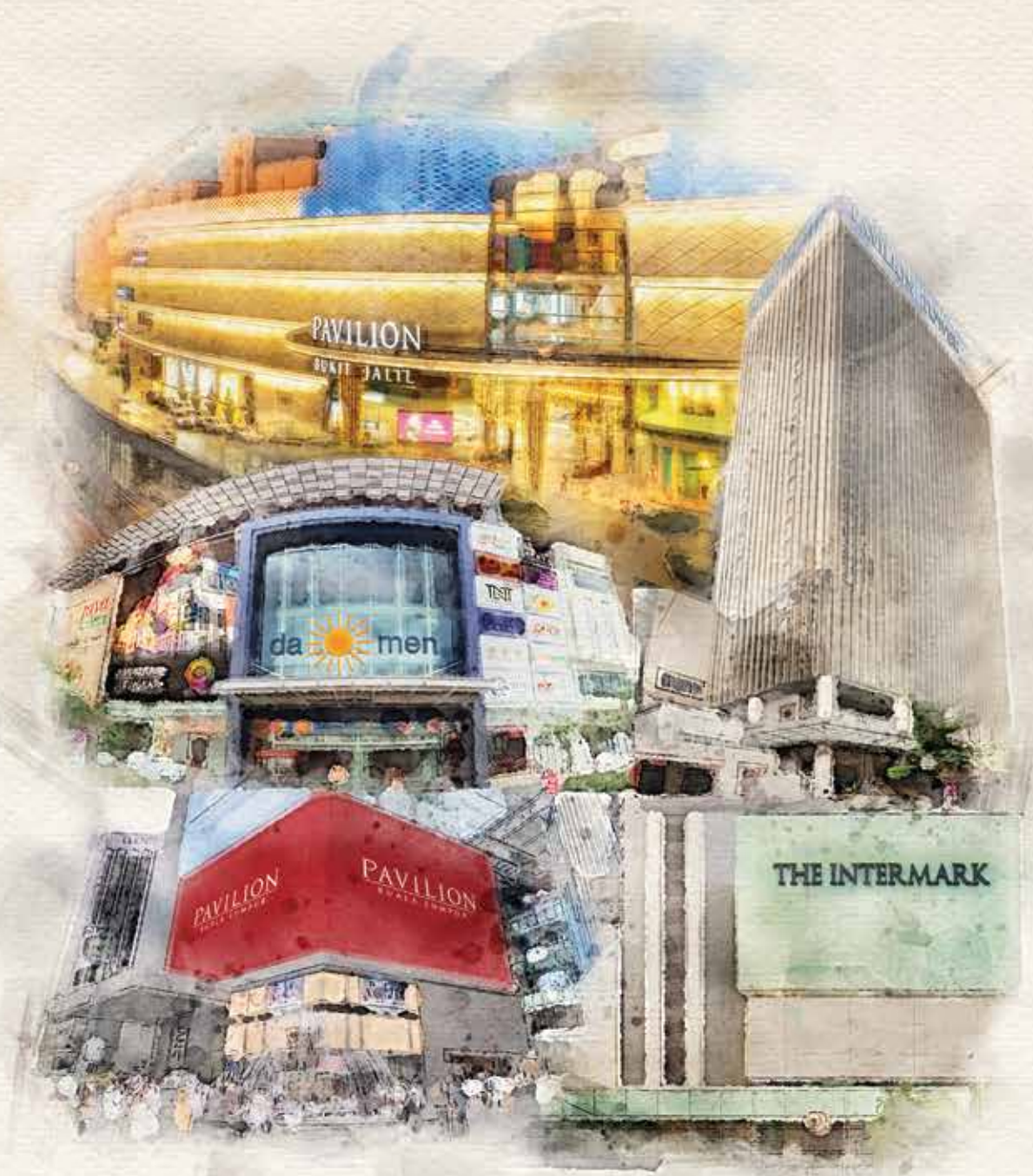
AFFIX
STAMP

The Manager of Pavilion Real Estate Investment Trust

PAVILION REIT MANAGEMENT SDN BHD

[201101011359 (939490-H)]
6-2, Level 6, East Wing
Menara Goldstone (Holiday Inn Express)
No. 84, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

1st Fold Here



www.pavilion-reit.com



Natural
Resource



Waste
Management



Solar
Panel



Society



Rainwater
Harvesting



Corporate
Governance



Sustainability

Pavilion REIT Management Sdn. Bhd.

[201101011359 (939490-H)]

Level 10, Pavilion Kuala Lumpur, 168 Jalan Bukit Bintang, 55100 Kuala Lumpur
T : +603 2118 8888 F : +603 2118 8889 E : info@pavilion-reit.com