

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2022 (Unaudited) <b>RM'000</b>	As at 31 December 2021 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	672	740
Investment properties	5,883,332	5,880,000
Total non-current assets	<u>5,884,004</u>	<u>5,880,740</u>
Inventories	3,176	3,068
Trade and other receivables	47,007	42,656
Cash and bank balances	298,078	312,231
Total current assets	<u>348,261</u>	<u>357,955</u>
<b>TOTAL ASSETS</b>	<b>6,232,265</b>	<b>6,238,695</b>
<b>LIABILITIES</b>		
Borrowings	1,998,356	1,778,298
Payables and accruals	30,533	81,677
Total non-current liabilities	<u>2,028,889</u>	<u>1,859,975</u>
Borrowings	175,000	395,000
Payables and accruals	180,041	125,267
Total current liabilities	<u>355,041</u>	<u>520,267</u>
<b>TOTAL LIABILITIES</b>	<b>2,383,930</b>	<b>2,380,242</b>
<b>NET ASSET VALUE</b>	<u><b>3,848,335</b></u>	<u><b>3,858,453</b></u>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	2,948,587	2,945,255
Accumulated income	899,748	913,198
<b>TOTAL UNITHOLDERS' FUND</b>	<u><b>3,848,335</b></u>	<u><b>3,858,453</b></u>
Number of units in circulation ('000 units)	3,052,810	3,050,059
Net asset value per unit (RM)		
- Before income distribution	1.2606	1.2650
- After income distribution*	1.2385	1.2392

\*after proposed final income distribution of 2.21 sen per unit (2021: 2.58 sen per unit)

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022 (UNAUDITED)**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Current Quarter 31 March		Year to Date 31 March	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Rental income	122,048	116,661	122,048	116,661
Revenue from contract customers	13,183	7,359	13,183	7,359
Other income	3,547	2,194	3,547	2,194
<b>GROSS REVENUE</b>	<b>138,778</b>	<b>126,214</b>	<b>138,778</b>	<b>126,214</b>
Utilities	(15,529)	(12,104)	(15,529)	(12,104)
Maintenance	(16,198)	(14,589)	(16,198)	(14,589)
Property taxes	(4,038)	(4,080)	(4,038)	(4,080)
Other operating expenses <sup>1</sup>	(9,024)	(36,594)	(9,024)	(36,594)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(44,789)</b>	<b>(67,367)</b>	<b>(44,789)</b>	<b>(67,367)</b>
<b>NET PROPERTY INCOME</b>	<b>93,989</b>	<b>58,847</b>	<b>93,989</b>	<b>58,847</b>
Interest income	1,207	1,233	1,207	1,233
Net fair value changes on investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>95,196</b>	<b>60,080</b>	<b>95,196</b>	<b>60,080</b>
Manager's management fee	(7,430)	(6,369)	(7,430)	(6,369)
Trustee's fee	(119)	(120)	(119)	(120)
Other trust expenses	(368)	(255)	(368)	(255)
Borrowings cost	(22,037)	(22,078)	(22,037)	(22,078)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(29,954)</b>	<b>(28,822)</b>	<b>(29,954)</b>	<b>(28,822)</b>
<b>INCOME BEFORE TAXATION</b>	<b>65,242</b>	<b>31,258</b>	<b>65,242</b>	<b>31,258</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>65,242</b>	<b>31,258</b>	<b>65,242</b>	<b>31,258</b>
Income after taxation comprises the followings:-				
Realised	65,242	31,258	65,242	31,258
Unrealised	-	-	-	-
	<u>65,242</u>	<u>31,258</u>	<u>65,242</u>	<u>31,258</u>
Earnings per unit – basic (sen) #	2.14	1.03	2.14	1.03
Earnings per unit – diluted (sen) #	2.14	1.03	2.14	1.03

<sup>1</sup> The waiver of rental income or also known as rebates given to tenants are accounted for in accordance with MFRS 9 and the total of waivers or rebates is presented as an expense in the statement of profit or loss and other comprehensive income.

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

# Earnings per unit is derived based on income after taxation divided by the weighted average number of units in issue.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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	Current Quarter 31 March		Year to Date 31 March	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Total comprehensive income for the period <sup>2</sup></b>	<b>65,242</b>	<b>31,258</b>	<b>65,242</b>	<b>31,258</b>
Distribution adjustments <sup>3</sup>	2,319	2,283	2,319	2,283
<b>Distributable income</b>	<b>67,561</b>	<b>33,541</b>	<b>67,561</b>	<b>33,541</b>

<sup>2</sup> Total comprehensive income is derived after charging:-

	Current Quarter 31 March		Year to Date 31 March	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation	79	128	79	128
Foreign exchange loss	-	1	-	1
(Write back of)/Impairment loss of trade receivables	(3,267)	1,510	(3,267)	1,510

Other than the above, items listed under Appendix 9B Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

<sup>3</sup> Included in the distribution adjustments are the followings:-

	Current Quarter 31 March		Year to Date 31 March	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of borrowing transaction costs	383	563	383	563
Depreciation	79	128	79	128
Manager's management fee payable in units	1,857	1,592	1,857	1,592
	<b>2,319</b>	<b>2,283</b>	<b>2,319</b>	<b>2,283</b>

**PAVILION REAL ESTATE INVESTMENT TRUST  
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022 (UNAUDITED)**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Income / (Deficit)	Total Funds
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 1 January 2021</b>	2,938,844	920,473	3,859,317
Total comprehensive income for the period	-	31,258	31,258
<b>Unitholders' transactions</b>			
- Issue of new units <sup>4</sup>	-	-	-
- Manager's management fee paid in units	3,290	-	3,290
- Distribution to unitholders	-	(76,742)	(76,742)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,290	(76,742)	(73,452)
<b>As at 31 March 2021 (unaudited)</b>	<b><u>2,942,134</u></b>	<b><u>874,989</u></b>	<b><u>3,817,123</u></b>
<b>As at 1 January 2022</b>	2,945,255	913,198	3,858,453
Total comprehensive income for the period	-	65,242	65,242
<b>Unitholders' transactions</b>			
- Issue of new units <sup>4</sup>	-	-	-
- Manager's management fee paid in units	3,332	-	3,332
- Distribution to unitholders	-	(78,692)	(78,692)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,332	(78,692)	(75,360)
<b>As at 31 March 2022 (unaudited)</b>	<b><u>2,948,587</u></b>	<b><u>899,748</u></b>	<b><u>3,848,335</u></b>

The unaudited condensed statement of changes in net asset value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

<sup>4</sup> Issue of new units consists of the following:-

	31 March 2021	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.3618 per unit for entitlement for the 6 months period ended 31 December 2020	2,416	3,290
Total Manager's fees paid	<u>2,416</u>	<u>3,290</u>

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	31 March 2022	
	Units	Amount
	<b>000</b>	<b>RM'000</b>
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.2113 per unit for entitlement for the 6 months period ended 31 December 2021	2,751	3,332
Total Manager's fees paid	<u>2,751</u>	<u>3,332</u>

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 31 March 2022 RM'000	Preceding Year to Date 31 March 2021 RM'000
<b>Cash Flows From Operating Activities</b>		
Income before taxation	65,242	31,258
<i>Adjustments for :-</i>		
Borrowing cost	22,037	22,078
Interest income	(1,207)	(1,233)
Depreciation	79	128
Gain on disposal of plant and equipment	(1)	-
(Write back of)/Impairment loss on trade receivables	(3,267)	1,510
<b>Operating income before changes in working capital</b>	<b>82,883</b>	<b>53,741</b>
Inventories	(108)	(108)
Trade and other receivables	(1,084)	(12,482)
Trade and other payables	7,961	15,582
Tenants' deposits	(999)	(1,231)
<b>Net cash from operating activities</b>	<b>88,653</b>	<b>55,502</b>
<b>Cash Flow from Investing Activities</b>		
Interest received	1,207	1,233
Payment for enhancement of investment properties	(3,332)	(8,486)
Pledged deposit	(254)	(7,520)
Purchase of plant and equipment	(14)	(18)
Proceed from disposal of plant and equipment	4	-
<b>Net cash used in investing activities</b>	<b>(2,389)</b>	<b>(14,791)</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(78,692)	(76,742)
Interest paid	(21,654)	(21,515)
Payment of financing expenses	(325)	(747)
Proceeds from borrowings	170,000	420,000
Repayment of borrowings	(170,000)	(406,762)
<b>Net cash used in financing activities</b>	<b>(100,671)</b>	<b>(85,766)</b>
Net decrease in cash and cash equivalents	(14,407)	(45,055)
Cash and cash equivalents as at the beginning of the year	254,005	277,309
Cash and cash equivalents as at the end of the period	<u>239,598</u>	<u>232,254</u>
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	18,236	20,341
Deposits placed with licensed banks	279,842	283,366
	<u>298,078</u>	<u>303,707</u>
Pledged deposit	(58,480)	(71,453)
	<u>239,598</u>	<u>232,254</u>

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022 (UNAUDITED)**

**Part A – Disclosure Requirement Pursuant to Malaysian Financial Reporting Standard (MFRS) 134 and International Accounting Standard (IAS) 34**

**A1 Basis of Preparation**

The condensed interim financial statements as at and for the period ended 31 March 2022 comprise Pavilion REIT and its subsidiaries. The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Listing Requirements of Bursa Securities, provision of the First Amended and Restated Trust Deed dated 18 February 2019 (“the Trust Deed”), the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”) and the accounting standards, amendments and interpretations where applicable to Pavilion REIT that are effective for annual periods beginning on or after 1 January 2022. They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the Audited Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**A2 Audit Report of Preceding Financial Year**

There was no qualification to the Pavilion REIT’s audit report for the preceding financial year ended 31 December 2021, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**A3 Significant accounting policies**

The accounting policies applied in these condensed interim financial statements are the same as those applied in its consolidated annual financial statements as at and for the year ended 31 December 2021.

**A4 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the Manager in applying the accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2021, except as disclosed below.

The accounting policy of investment properties as adopted by Pavilion REIT requires investments properties to be stated at fair value. In estimating the fair value of the investment properties, the Manager will rely on professionally qualified valuers at annual reporting dates. However, for interim financial reporting, the fair values of the investment properties are not updated. Asset improvement initiatives undertaken by the management, the economic environment and other factors may change the fair values of the investment properties. When the fair values are updated as at 31 December 2022, the fair values could be materially different from the current carrying value.

**A5 Seasonality or Cyclicity of Operations**

The business operations of Pavilion REIT are not affected by material seasonal or cyclical factors.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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A6 Exceptional or Unusual Item

There were no exceptional or unusual items to be disclosed for the quarter under review.

A7 Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter.

A8 Debt and Equity Securities

There were no issuance, cancellation, repurchase, sale and payment of debt and equity securities for the current quarter and year to date except for payment of 25% Manager's management fee paid in Pavilion REIT units, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
2,750,725	RM1.2113	18 February 2022	Based on the 5-day volume weighted average price of the units up to but excluding 27 January 2022 (as management fee)

A9 Segmental Reporting

Segmental results for the period ended 31 March 2022 was as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	136,244	2,534	138,778
Net Property Income	92,632	1,357	93,989
Interest Income			1,207
Net Fair Value Changes on Investment Properties			-
Net Investment Income			95,196
Trust Expenses			(7,917)
Borrowings Cost			(22,037)
Income Before Taxation			65,242
Taxation			-
Income After Taxation			65,242
Segment assets	6,040,396	133,389	6,173,785
Other non-allocated assets			58,480
			6,232,265
Segment liabilities	2,345,857	31,047	2,376,904
Other non-allocated liabilities			7,026
			2,383,930

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A10 Valuation of Investment Properties

The investment properties are to be valued annually based on valuation by independent registered valuer. Any differences between the valuation and the book value of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. For investment properties acquired under equity-settled share-based payment transactions, the investment properties are initially measured at fair value, with corresponding increase in equity.

A11 Material Events Subsequent to Period End

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited interim financial statement.

A12 Changes in the Composition of Pavilion REIT

The movement to the composition of Pavilion REIT during the period is as follows:-

	Units
Balance as at 1 January 2022	3,050,059,081
Units issued as payment of Manager's management fees	<u>2,750,725</u>
Total units issued	<u>3,052,809,806</u>

A13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets to be disclosed during the quarter under review.

A14 Capital Commitments

	RM'000
Authorised and contract for:	
- Within one year	3,710

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**Part B – Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad**

B1 Review of Performance

	Current Quarter		Year to Date	
	31 Mar		31 Mar	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>Gross Revenue</b>				
Retail:				
Pavilion Kuala Lumpur Mall	111,672	103,692	111,672	103,692
Intermark Mall	5,975	5,851	5,975	5,851
DA MEN Mall	3,479	3,144	3,479	3,144
Elite Pavilion Mall	15,118	10,747	15,118	10,747
	<u>136,244</u>	<u>123,434</u>	<u>136,244</u>	<u>123,434</u>
Office:				
Pavilion Tower	2,534	2,780	2,534	2,780
	<u>138,778</u>	<u>126,214</u>	<u>138,778</u>	<u>126,214</u>
<b>Total Gross Revenue</b>				
	<u>138,778</u>	<u>126,214</u>	<u>138,778</u>	<u>126,214</u>
<b>Property Operating Expenses</b>				
Retail:				
Pavilion Kuala Lumpur Mall	31,299	49,692	31,299	49,692
Intermark Mall	3,035	3,800	3,035	3,800
DA MEN Mall	3,799	5,391	3,799	5,391
Elite Pavilion Mall	5,479	7,165	5,479	7,165
	<u>43,612</u>	<u>66,048</u>	<u>43,612</u>	<u>66,048</u>
Office:				
Pavilion Tower	1,177	1,319	1,177	1,319
	<u>44,789</u>	<u>67,367</u>	<u>44,789</u>	<u>67,367</u>
<b>Total Property Operating Expenses</b>				
	<u>44,789</u>	<u>67,367</u>	<u>44,789</u>	<u>67,367</u>
<b>Net Property Income</b>				
Retail:				
Pavilion Kuala Lumpur Mall	80,373	54,000	80,373	54,000
Intermark Mall	2,940	2,051	2,940	2,051
DA MEN Mall	(320)	(2,247)	(320)	(2,247)
Elite Pavilion Mall	9,639	3,582	9,639	3,582
	<u>92,632</u>	<u>57,386</u>	<u>92,632</u>	<u>57,386</u>
Office:				
Pavilion Tower	1,357	1,461	1,357	1,461
	<u>93,989</u>	<u>58,847</u>	<u>93,989</u>	<u>58,847</u>
<b>Total Net Property Income</b>				
	<u>93,989</u>	<u>58,847</u>	<u>93,989</u>	<u>58,847</u>

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	Current Quarter		Year to Date	
	31 Mar		31 Mar	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
<b>Total Net Property Income</b>	93,989	58,847	93,989	58,847
Interest Income	1,207	1,233	1,207	1,233
<b>Net Investment Income</b>	<u>95,196</u>	<u>60,080</u>	<u>95,196</u>	<u>60,080</u>
Manager's Management Fee	7,430	6,369	7,430	6,369
Other Trust Expenses	487	375	487	375
Borrowings Cost	<u>22,037</u>	<u>22,078</u>	<u>22,037</u>	<u>22,078</u>
Total Trust Expenses	29,954	28,822	29,954	28,822
<b>Income Before Taxation</b>	65,242	31,258	65,242	31,258
Taxation	-	-	-	-
<b>Income After Taxation</b>	<u>65,242</u>	<u>31,258</u>	<u>65,242</u>	<u>31,258</u>
Distribution Adjustments	<u>2,319</u>	<u>2,283</u>	<u>2,319</u>	<u>2,283</u>
<b>Distributable Income</b>	<u><u>67,561</u></u>	<u><u>33,541</u></u>	<u><u>67,561</u></u>	<u><u>33,541</u></u>

Quarterly/Year to Date Results:

Pavilion REIT recognised total gross revenue of RM138.8 million in Q1 2022, an increase of RM12.6 million or 10% as compared to Q1 2021 of RM126.2 million. The increase was mainly contributed by higher revenue rent and income from advertising after more economic sectors and businesses were allowed to re-open under Phase 4 of the National Recovery Plan.

Total property operating expenses were lower by RM22.6 million or 34% compared to Q1 2021. This was mainly due to rent rebates given to tenants and higher provision for doubtful debts in Q1 2021, offset by higher utility cost in Q1 2022 due to the 10% electricity bill support by the government ended in December 2021 as well as the imposition of electricity tariff surcharge of 3.7 sen per kilowatt hour (kWh) to non-domestic sector from 1 February 2022. The increase in maintenance and marketing expenses was mainly due to the resumption of marketing activities and events after more relaxation was granted with the reopening of the economy.

These have resulted in higher net property income by RM35.1 million or 60% in Q1 2022 as compared to Q1 2021.

Manager's management fee incurred for Q1 2022 was higher by RM1.1 million compared to the same quarter last year mainly due to the increase in net property income.

Income before taxation for the current quarter under review was higher by RM34.0 million or 109% compared to Q1 2021 mainly due to higher net property income.

Distributable income for the quarter under review was RM67.6 million or 2.21 sen per unit, consisting of income after tax of RM65.2 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.4 million and Manager's management fee payable in units amounting to RM1.9 million.

Pavilion REIT has expended approximately RM3.3 million of its capital commitment during the year, mainly for development of glass kiosks outside Fashion Avenue and upgrading of cooling tower at Pavilion Kuala Lumpur Mall.

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**B2 Material Changes in Quarterly Results**

	Quarter Ended 31 Mar 2022 (unaudited) <b>RM'000</b>	Quarter Ended 31 Dec 2021 (unaudited) <b>RM'000</b>	Change %
Gross revenue	138,778	124,276	11.7
Property operating expenses	<u>(44,789)</u>	<u>(41,588)</u>	<u>-7.7</u>
Net property income	93,989	82,688	13.7
Interest income	1,207	1,079	11.9
Net fair value changes on investment properties	-	(627)	100.0
Net investment income	<u>95,196</u>	<u>83,140</u>	<u>14.5</u>
Total trust expenses	(7,917)	(7,483)	-5.8
Borrowing cost	<u>(22,037)</u>	<u>(22,091)</u>	<u>0.2</u>
Income before taxation	<u><u>65,242</u></u>	<u><u>53,566</u></u>	<u><u>21.8</u></u>

The income before taxation for the current quarter under review was higher by RM11.7 million compared to the last immediate quarter. RM0.6 million fair value loss arising from the valuation of investment properties was recognised in Q4 2021. The increase in net property income was mainly due to higher revenue rent and income from advertising, offset by higher maintenance and utility cost due to the 10% electricity bill support by the government ended in December 2021 as well as the imposition of electricity tariff surcharge of 3.7 sen per kilowatt hour (kWh) to non-domestic sector from 1 February 2022.

**B3 Prospects**

According to Retail Group Malaysia, for the fourth quarter of 2021, Malaysia's retail industry recorded a year-on-year growth rate of 26.5%. These are mainly due to Christmas and Chinese New Year, which saw consumers resume their festive shopping at physical stores in both shopping centres and commercial centres throughout the country.

As Malaysia reopens its international borders and transit to endemic phase from 1 April 2022, the Manager is optimistic that the retail industry is on the recovery path. However, fear of new variants emerging may affect discretionary spending. The Manager is devoted to stay relevant and continue to increase its properties occupancy through proactive lease management and leveraging on digital as well as social media to entice visitors to its malls.

**B4 Investment Objectives**

The Manager's key objective is to provide unitholders with regular and stable distributions and achieve long term growth in net asset value per unit, while maintaining an appropriate capital structure.

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**B5 Strategies and Policies**

The Manager's strategies and policies as reported in the latest annual report remain unchanged, ie to increase the income and consequently, the value of its investment properties and continue Pavilion REIT's growth through the following strategies:-

- a) proactively managing its investment properties and implementing asset enhancement strategies;
- b) actively pursuing acquisition opportunities in accordance with the authorised investments of Pavilion REIT stated in the Trust Deed; and
- c) pursuing an efficient capital management strategy.

**B6 Income Distribution**

Pursuant to Section 61A of the Income Tax Act 1967, the withholding tax rate applicable on the recipients of income distribution is as follows :-

*Resident Unitholder*

- |  |   |
|--|---|
| a) Resident company:                       | Tax flow through, thus no withholding tax |
| b) Unitholder other than resident company: | Withholding tax at 10%                    |

*Non-Resident Unitholder*

- |  |                        |
|--|------------------------|
| a) Non-resident company:   | Withholding tax at 24% |
| b) Non-resident institutional investor:                          | Withholding tax at 10% |
| c) Non-resident, other than company and institutional investors: | Withholding tax at 10% |

As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT distributable income on a half yearly basis. For the financial year ending 31 December 2022, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 2.58 sen per unit or RM78.7 million earned for 2<sup>nd</sup> half of 2021 was distributed on 28 February 2022.

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Statement of Income Distribution

	Current Quarter		Year to Date	
	31 March		31 March	
	2022 (Unaudited) <b>RM'000</b>	2021 (Unaudited) <b>RM'000</b>	2022 (Unaudited) <b>RM'000</b>	2021 (Unaudited) <b>RM'000</b>
Rental income	122,048	116,661	122,048	116,661
Revenue from contract customers	13,184	7,359	13,184	7,359
Interest income	1,207	1,233	1,207	1,233
Other income	3,546	2,194	3,546	2,194
	<u>139,985</u>	<u>127,447</u>	<u>139,985</u>	<u>127,447</u>
Less: Expenses	<u>(74,743)</u>	<u>(96,189)</u>	<u>(74,743)</u>	<u>(96,189)</u>
Total comprehensive income for the period/year	65,242	31,258	65,242	31,258
Distribution adjustment	<u>2,319</u>	<u>2,283</u>	<u>2,319</u>	<u>2,283</u>
Realised income for the period/year	<u>67,561</u>	<u>33,541</u>	<u>67,561</u>	<u>33,541</u>
Previous period/year's undistributed realised income	<u>451</u>	<u>253</u>	<u>451</u>	<u>253</u>
Total realised income available for distribution	<u>68,012</u>	<u>33,794</u>	<u>68,012</u>	<u>33,794</u>
Less: Proposed/declared income distribution	<u>(67,467)</u>	<u>(33,508)</u>	<u>(67,467)</u>	<u>(33,508)</u>
Balance undistributed realised income	<u><u>545</u></u>	<u><u>286</u></u>	<u><u>545</u></u>	<u><u>286</u></u>
Distribution per unit (sen)	2.21	1.10	2.21	1.10

**B7 Portfolio Composition**

As at 31 March 2022, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Retail Mall, Pavilion Tower, DA MEN Mall, Intermark Mall and Elite Pavilion Mall.

**B8 Taxation**

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 proposes to declare 100% of its distributable income to its unitholders for the financial year ending 31 December 2022, no provision for taxation has been made for the current quarter.

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**B9 Status of Corporate Proposal**

Corporate proposal announced but not completed as at the latest practicable date from the issuance of this report is as follows:-

On 24 December 2021, the Board of Directors of the Manager announced that Pavilion REIT has accepted an invitation from Regal Path Sdn Bhd (a subsidiary of Malton Berhad) to commence discussions for the potential acquisition of Pavilion Bukit Jalil Mall.

**B10 Borrowings and Debt Securities**

As at 31 March 2022	Total
	RM'000
Secured Revolving Term Loans	703,267
Unrated Medium Term Notes	1,475,000
Unamortised Borrowings Transaction Costs	(4,911)
	<b>2,173,356</b>
Gearing	34.9%
Average interest cost	4.0%
Composition of borrowings:	
Fixed Rate	35.6%
Floating Rate	64.4%

**B11 Off Balance Sheet Financial Instruments**

Pavilion REIT does not have any financial instruments with off balance sheet risk as at the latest practicable date from the issuance of this report.

**B12 Material Litigation**

There is no pending material litigation as at the latest practicable date from the date of issuance of this report.

**B13 Soft Commission Received**

There was no soft commission received by the Manager and/or its delegates during the period under review.

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B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2022	Immediate preceding quarter ended 31 December 2021
Number of units in issue (units)	3,052,809,806	3,050,059,081
Net Asset Value (“NAV”) (RM’000)	3,848,335	3,858,453
NAV per unit (RM)	1.2606	1.2650
Total comprehensive income (RM’000)	65,242	53,566
Weighted average number of units in issue – year to date (units)	3,051,342,753	3,048,237,859
Earnings per Unit after Manager’s management fee (sen)	2.14	1.76
Proposes / Declared Distribution per Unit (“DPU”) (sen)	2.21	1.85
Market Price (RM)	1.32	1.25
Distribution Yield (%) <sup>5</sup>	6.79	3.53

<sup>5</sup> Distribution yield of year to date DPU divided by the Market Price (as at the end of the period) has been annualised.

B15 Manager’s Management Fee

The Manager’s fee for the current quarter and year to date is as follows:-

Type RM’000	Current Quarter 31 March 2022	Year to Date 31 March 2022	Basis
Base Fee	4,610	4,610	0.3% per annum on total asset value
Performance Fee	2,820	2,820	3.0% per annum on net property income
Total	7,430	7,430	

25% of the total Manager’s manager fee would be payable in units.

B16 Trustee’s Fees

In accordance to the Trust Deed, an annual trusteeship fee of up to 0.05% per annum of NAV is to be paid to the Trustee.

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B17 Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 31 March 2022 and of its financial performance and cash flows for the year ended on that date and duly authorised for release by the Board of the Manager.

**BY ORDER OF THE BOARD**

Pavilion REIT Management Sdn Bhd (939490-H)  
(as the Manager of Pavilion Real Estate Investment Trust)

Lim Mei Yoong  
Company Secretary (Licensed Secretary Number: LS0002201)

Kuala Lumpur  
28 April 2022