

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2023 (Unaudited) <b>RM'000</b>	As at 31 December 2022 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	488	553
Investment properties	6,047,282	6,045,000
Total non-current assets	<u>6,047,770</u>	<u>6,045,553</u>
Inventories	3,055	2,873
Trade and other receivables	40,317	42,410
Pledged deposits with licensed banks	59,811	59,425
Cash and cash equivalents	291,090	332,915
Total current assets	<u>394,273</u>	<u>437,623</u>
<b>TOTAL ASSETS</b>	<b>6,442,043</b>	<b>6,483,176</b>
<b>LIABILITIES</b>		
Borrowings	1,409,288	1,394,039
Payables and accruals	55,846	44,313
Total non-current liabilities	<u>1,465,134</u>	<u>1,438,352</u>
Borrowings	800,000	800,000
Payables and accruals	174,015	184,817
Total current liabilities	<u>974,015</u>	<u>984,817</u>
<b>TOTAL LIABILITIES</b>	<b>2,439,149</b>	<b>2,423,169</b>
<b>NET ASSET VALUE</b>	<b><u>4,002,894</u></b>	<b><u>4,060,007</u></b>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	2,956,181	2,952,256
Accumulated income	1,046,713	1,107,751
<b>TOTAL UNITHOLDERS' FUND</b>	<b><u>4,002,894</u></b>	<b><u>4,060,007</u></b>
Number of units in circulation ('000 units)	3,058,756	3,055,722
Net asset value per unit (RM)		
- Before income distribution	1.3087	1.3287
- After income distribution*	1.2850	1.2858

\*after distributable income of 2.37 sen per unit (2022: after final income distribution of 4.29 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023 (UNAUDITED)**

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

	Current Quarter		Year to Date	
	31 March		31 March	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
Rental income	143,946	122,048	143,946	122,048
Revenue from contract customers <sup>1</sup>	8,815	9,095	8,815	9,095
Other income <sup>1</sup>	3,651	3,429	3,651	3,429
<b>GROSS REVENUE</b>	<b>156,412</b>	<b>134,572</b>	<b>156,412</b>	<b>134,572</b>
Utilities <sup>1</sup>	(14,447)	(11,323)	(14,447)	(11,323)
Maintenance	(16,210)	(16,198)	(16,210)	(16,198)
Property taxes	(4,066)	(4,038)	(4,066)	(4,038)
Other operating expenses	(19,589)	(9,024)	(19,589)	(9,024)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(54,312)</b>	<b>(40,583)</b>	<b>(54,312)</b>	<b>(40,583)</b>
<b>NET PROPERTY INCOME</b>	<b>102,100</b>	<b>93,989</b>	<b>102,100</b>	<b>93,989</b>
Interest income	2,697	1,207	2,697	1,207
Net fair value changes on investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>104,797</b>	<b>95,196</b>	<b>104,797</b>	<b>95,196</b>
Manager's management fee	(7,828)	(7,430)	(7,828)	(7,430)
Trustee's fee	(120)	(119)	(120)	(119)
Other trust expenses	(548)	(368)	(548)	(368)
Borrowings cost	(26,249)	(22,037)	(26,249)	(22,037)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(34,745)</b>	<b>(29,954)</b>	<b>(34,745)</b>	<b>(29,954)</b>
<b>INCOME BEFORE TAXATION</b>	<b>70,052</b>	<b>65,242</b>	<b>70,052</b>	<b>65,242</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>70,052</b>	<b>65,242</b>	<b>70,052</b>	<b>65,242</b>
Income after taxation comprises the followings:-				
Realised	70,052	65,242	70,052	65,242
Unrealised	-	-	-	-
	<u>70,052</u>	<u>65,242</u>	<u>70,052</u>	<u>65,242</u>
Earnings per unit – basic (sen) #	2.29	2.14	2.29	2.14
Earnings per unit – diluted (sen) #	2.29	2.14	2.29	2.14

<sup>1</sup> Pavilion REIT sells utilities as an agent to its tenants. Utilities income and cost are presented on a net basis. Comparatives have been restated to reflect the disclosure.

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 2022 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.

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	Current Quarter 31 March		Year to Date 31 March	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
	<b>Total comprehensive income for the period <sup>2</sup></b>	<b>70,052</b>	<b>65,242</b>	<b>70,052</b>
Distribution adjustments <sup>3</sup>	2,377	2,319	2,377	2,319
<b>Distributable income</b>	<b>72,429</b>	<b>67,561</b>	<b>72,429</b>	<b>67,561</b>

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

	Current Quarter 31 March		Year to Date 31 March	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
	Depreciation	71	79	71
Foreign exchange loss	-	-	-	-
Impairment loss on/(Write back of) trade receivables	3,261	(3,267)	3,261	(3,267)

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	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
	Amortisation of borrowing transaction costs	349	383	349
Depreciation	71	79	71	79
Manager's management fee payable in units	1,957	1,857	1,957	1,857
	2,377	2,319	2,377	2,319

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Income / (Deficit)	Total Funds
	RM'000	RM'000	RM'000
<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>2,948,587</b>	<b>899,748</b>	<b>3,848,335</b>
<b>As at 1 January 2023</b>	2,952,256	1,107,751	4,060,007
Total comprehensive income for the period	-	70,052	70,052
<b>Unitholders' transactions</b>			
- Issue of new units <sup>4</sup>			
- Manager's management fee paid in units	3,925	-	3,925
- Distribution to unitholders	-	(131,090)	(131,090)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,925	(131,090)	(127,165)
<b>As at 31 March 2023 (unaudited)</b>	<b>2,956,181</b>	<b>1,046,713</b>	<b>4,002,894</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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

	31 March 2022	
	Units 000	Amount RM'000
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>

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	31 March 2023	
	Units <b>000</b>	Amount <b>RM'000</b>
Issuance of new units pursuant to 25% Manager's management fees paid in units:-		
- at RM1.2934 per unit for entitlement for the 6 months period ended 31 December 2022	3,034	3,925
Total Manager's fees paid	<u>3,034</u>	<u>3,925</u>

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**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 31 March 2023 RM'000	Preceding Year to Date 31 March 2022 RM'000
<b>Cash Flows From Operating Activities</b>		
Income before taxation	70,052	65,242
<i>Adjustments for:-</i>		
Borrowing cost	26,249	22,037
Interest income	(2,697)	(1,207)
Depreciation	71	79
Gain on disposal of plant and equipment	-	(1)
Impairment loss on/(Write back of) trade receivables	3,261	(3,267)
<b>Operating income before changes in working capital</b>	<b>96,936</b>	<b>82,883</b>
Inventories	(182)	(108)
Trade and other receivables	(1,168)	(1,084)
Trade and other payables	2,205	7,961
Tenants' deposits	2,451	(999)
<b>Net cash from operating activities</b>	<b>100,242</b>	<b>88,653</b>
<b>Cash Flow from Investing Activities</b>		
Interest received	2,697	1,207
Payment for enhancement of investment properties	(2,282)	(3,332)
Pledged deposit	(386)	(254)
Purchase of plant and equipment	(6)	(14)
Proceed from disposal of plant and equipment	-	4
<b>Net cash from/(used) in investing activities</b>	<b>23</b>	<b>(2,389)</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(131,090)	(78,692)
Interest paid	(25,900)	(21,654)
Payment of financing expenses	(100)	(325)
Proceeds from borrowings	115,000	170,000
Repayment of borrowings	(100,000)	(170,000)
<b>Net cash used in financing activities</b>	<b>(142,090)</b>	<b>(100,671)</b>
Net decrease in cash and cash equivalents	(41,825)	(14,407)
Cash and cash equivalents as at the beginning of the year	332,915	254,005
Cash and cash equivalents as at the end of the period	<u>291,090</u>	<u>239,598</u>

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023 (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 2023 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 2023. 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 2022 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 2022, 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 2022.

**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 2022, 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 2023, 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.

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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
3,034,792	RM1.2934	20 February 2023	Based on the 5-day volume weighted average price of the units up to but excluding 31 January 2023 (as management fee)

A9 Segmental Reporting

Segmental results for the period ended 31 March 2023 was as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	154,105	2,307	156,412
Net Property Income	101,592	508	102,100
Interest Income			2,697
Net Fair Value Changes on Investment Properties			-
Net Investment Income			104,797
Trust Expenses			(8,496)
Borrowings Cost			(26,249)
Income Before Taxation			70,052
Taxation			-
Income After Taxation			70,052
Segment assets	6,249,878	132,354	6,382,232
Other non-allocated assets			59,811
			6,442,043
Segment liabilities	2,400,355	31,837	2,432,192
Other non-allocated liabilities			6,957
			2,439,149



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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 2023	3,055,721,661
Units issued as payment of Manager's management fees	<u>3,034,792</u>
Total units issued	<u>3,058,756,453</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	399

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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	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
<b>Gross Revenue</b>				
Retail:				
Pavilion Kuala Lumpur Mall	127,516	107,606	127,516	107,606
Intermark Mall	6,315	5,943	6,315	5,943
DA MEN Mall	3,401	3,457	3,401	3,457
Elite Pavilion Mall	16,873	15,086	16,873	15,086
	<u>154,105</u>	<u>132,092</u>	<u>154,105</u>	<u>132,092</u>
Office:				
Pavilion Tower	2,307	2,480	2,307	2,480
<b>Total Gross Revenue</b>	<u>156,412</u>	<u>134,572</u>	<u>156,412</u>	<u>134,572</u>
<b>Property Operating Expenses</b>				
Retail:				
Pavilion Kuala Lumpur Mall	36,103	27,233	36,103	27,233
Intermark Mall	3,498	3,003	3,498	3,003
DA MEN Mall	5,910	3,777	5,910	3,777
Elite Pavilion Mall	7,002	5,447	7,002	5,447
	<u>52,513</u>	<u>39,460</u>	<u>52,513</u>	<u>39,460</u>
Office:				
Pavilion Tower	1,799	1,123	1,799	1,123
<b>Total Property Operating Expenses</b>	<u>54,312</u>	<u>40,583</u>	<u>54,312</u>	<u>40,583</u>
<b>Net Property Income</b>				
Retail:				
Pavilion Kuala Lumpur Mall	91,413	80,373	91,413	80,373
Intermark Mall	2,817	2,940	2,817	2,940
DA MEN Mall	(2,509)	(320)	(2,509)	(320)
Elite Pavilion Mall	9,871	9,639	9,871	9,639
	<u>101,592</u>	<u>92,632</u>	<u>101,592</u>	<u>92,632</u>
Office:				
Pavilion Tower	508	1,357	508	1,357
<b>Total Net Property Income</b>	<u>102,100</u>	<u>93,989</u>	<u>102,100</u>	<u>93,989</u>

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	Current Quarter		Year to Date	
	31 Mar		31 Mar	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
<b>Total Net Property Income</b>	102,100	93,989	102,100	93,989
Interest Income	2,697	1,207	2,697	1,207
<b>Net Investment Income</b>	<u>104,797</u>	<u>95,196</u>	<u>104,797</u>	<u>95,196</u>
Manager's Management Fee	7,828	7,430	7,828	7,430
Other Trust Expenses	668	487	668	487
Borrowings Cost	26,249	22,037	26,249	22,037
Total Trust Expenses	<u>34,745</u>	<u>29,954</u>	<u>34,745</u>	<u>29,954</u>
<b>Income Before Taxation</b>	70,052	65,242	70,052	65,242
Taxation	-	-	-	-
<b>Income After Taxation</b>	<u>70,052</u>	<u>65,242</u>	<u>70,052</u>	<u>65,242</u>
Distribution Adjustments	2,377	2,319	2,377	2,319
<b>Distributable Income</b>	<u><u>72,429</u></u>	<u><u>67,561</u></u>	<u><u>72,429</u></u>	<u><u>67,561</u></u>

Quarterly/Year to Date Results:

Pavilion REIT recognised total gross revenue of RM156.4 million in Q1 2023, an increase of RM21.8 million or 16% as compared to Q1 2022 of RM134.6 million. The increase was mainly contributed by higher occupancy rate and higher revenue rent for retail malls. Income from advertising and marketing events were also increased as compared to Q1 2022.

Total property operating expenses were higher by RM13.7 million or 34% as compared to Q1 2022 mainly due to increase of electricity tariff surcharge by the government from 3.7 sen to 20 sen per kilowatt hour (kWh) from 1 January 2023, recovery of doubtful debts in Q1 2022, cost incurred for marketing campaigns for Chinese New Year and celebration of Pavilion Kuala Lumpur Mall 15<sup>th</sup> anniversary.

These have resulted in higher net property income by RM8.1 million or 9% in Q1 2023 as compared to Q1 2022.

Manager's management fee incurred for Q1 2023 was higher by RM0.4 million compared to the same quarter last year mainly due to the increase in net property income. Borrowing cost increased due to Bank Negara Malaysia raising the overnight policy rate by 25 basis point each in May, July, September and November 2022.

These have resulted in income before taxation being higher by RM4.8 million or 7% as compared to Q1 2022.

Distributable income for the quarter under review was RM72.4 million or 2.37 sen per unit, consisting of income after tax of RM70.1 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.3 million and Manager's management fee payable in units amounting to RM1.9 million.

Pavilion REIT has expended approximately RM2.3 million of its capital commitment during the period, mainly for development of glass kiosks outside Fashion Avenue and reconfiguring tenancy lot at Elite Pavilion Mall.

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**B2 Material Changes in Quarterly Results**

	Quarter Ended 31 Mar 2023 (unaudited) <b>RM'000</b>	Quarter Ended 31 Dec 2022 (unaudited) <b>RM'000</b>	Change %
Gross revenue	156,412	141,128	10.8
Property operating expenses	<u>(54,312)</u>	<u>(44,242)</u>	<u>(22.8)</u>
Net property income	102,100	96,886	5.4
Interest income	2,697	2,138	26.1
Net fair value changes on investment properties	-	151,381	>100.0
Net investment income	<u>104,797</u>	<u>250,405</u>	<u>(58.1)</u>
Total trust expenses	(8,496)	(8,767)	3.1
Borrowing cost	<u>(26,249)</u>	<u>(25,223)</u>	<u>(4.1)</u>
Income before taxation	<u><u>70,052</u></u>	<u><u>216,415</u></u>	<u><u>(67.6)</u></u>

The income before taxation for the current quarter under review was lower by RM146.4 million as compared to the last immediate quarter. Fair value gain of RM151.4 arising from the valuation of investment properties was recognised in Q4 2022. Excluding the fair value gain, income before taxation increased by RM5.0 million, mainly contributed by higher revenue rent in the current quarter under review, offset by higher maintenance, marketing expenses, provision for doubtful debts as well as higher utility cost due to increased electricity tariff surcharge from 3.7 sen to 20 sen per kilowatt hour (kWh) from 1 January 2023.

**B3 Prospects**

According to Retail Group Malaysia (RGM), the country's retail industry has recovered to 2019 level, which recorded a positive growth rate of 33% for 2022. RGM projects retail sales to grow by 3.5% in 2023 from a significantly higher base in 2022. As per Malaysian Institute of Economic Research, consumer sentiment continues to cautiously improve with improvements in jobs and income expectation.

Consumer spending in retail sales is expected to stay resilient despite concerns of rising cost of living. Pavilion REIT malls will continue to enhance its retail mix, create differential experiences to ignite love and passion for shopping, dining and leisure in the heart of its shoppers. Operating cost will continue to be monitored to optimise efficiency with spending as required to ensure needs, comfort and safety of its stakeholders are balanced and not compromised.

**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.

**PAVILION REAL ESTATE INVESTMENT TRUST  
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**B5 Strategies and Policies**

The Manager's strategies and policies as reported in the latest integrated 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.

whilst balancing other stakeholder needs with commitment to sustainability and community engagement.

**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 2023, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.29 sen per unit or RM131.1 million earned for 2<sup>nd</sup> half of 2022 was distributed on 28 February 2023. Distribution for the quarter ended 31 March 2023 would be payable together with the distribution for the quarter ending 30 June 2023.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023 (UNAUDITED)**

Statement of Income Distribution

	Current Quarter		Year to Date	
	31 March		31 March	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
Rental income	143,946	122,048	143,946	122,048
Revenue from contract customers <sup>1</sup>	8,815	9,095	8,815	9,095
Interest income	2,697	1,207	2,697	1,207
Other income <sup>1</sup>	3,651	3,429	3,651	3,429
	<u>159,109</u>	<u>135,779</u>	<u>159,109</u>	<u>135,779</u>
Less: Expenses <sup>1</sup>	<u>(89,057)</u>	<u>(70,537)</u>	<u>(89,057)</u>	<u>(70,537)</u>
Total comprehensive income for the period/year	70,052	65,242	70,052	65,242
Distribution adjustment	<u>2,377</u>	<u>2,319</u>	<u>2,377</u>	<u>2,319</u>
Realised income for the period/year	<u>72,429</u>	<u>67,561</u>	<u>72,429</u>	<u>67,561</u>
Previous period/year's undistributed realised income	<u>617</u>	<u>451</u>	<u>617</u>	<u>451</u>
Total realised income available for distribution	73,046	68,012	73,046	68,012
Less: Proposed/declared income distribution	<u>(72,492)</u>	<u>(67,467)</u>	<u>(72,492)</u>	<u>(67,467)</u>
Balance undistributed realised income	<u><u>554</u></u>	<u><u>545</u></u>	<u><u>554</u></u>	<u><u>545</u></u>
Distribution per unit (sen)	2.37	2.21	2.37	2.21

<sup>1</sup> Pavilion REIT sells utilities as an agent to its tenants. Utilities income and cost are presented on a net basis. Comparatives have been restated to reflect the disclosure.

**B7 Portfolio Composition**

As at 31 March 2023, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur 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 2023, 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 22 November 2022, 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, acting as the trustee for and on behalf of Pavilion REIT, had on 22 November 2022 entered into a conditional sale and purchase agreement with Regal Path Sdn Bhd for the acquisition of Pavilion Bukit Jalil (“PBJ Mall”) together with the related assets and rights for an aggregate purchase consideration of RM2,200 million (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Board also proposes to undertake proposed placements of new units in Pavilion REIT (“Units”) to raise gross proceeds of up to RM1,270 million at an issue price to be determined later by way of bookbuilding (“Proposed Placements”) to partly fund the Proposed Acquisition and also defray the expenses relating to the Proposals.

The Proposed Acquisition and Proposed Placements were approved by the unitholders of Pavilion REIT at the Unitholders' Meeting held on 22 March 2023.

**B10 Borrowings and Debt Securities**

As at 31 March 2023	Total
	RM'000
Secured Revolving Term Loans	738,267
Unrated Medium Term Notes	1,475,000
Unamortised Borrowings Transaction Costs	(3,979)
	2,209,288
Gearing	34.3%
Average interest cost	4.7%
Composition of borrowings:	
Fixed Rate	35.0%
Floating Rate	65.0%

**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.

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FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023 (UNAUDITED)**

**B13 Soft Commission Received**

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

**B14 Summary of DPU, EPU, NAV and Market Price**

	Current quarter ended 31 March 2023	Immediate preceding quarter ended 31 December 2022
Number of units in issue (units)	3,058,756,453	3,055,721,661
Net Asset Value (“NAV”) (RM’000)	4,002,894	4,060,007
NAV per unit (RM)	1.3087	1.3287
Total comprehensive income (RM’000)	70,052	216,415
Weighted average number of units in issue – year to date (units)	3,057,070,457	3,053,556,965
Earnings per Unit after Manager’s management fee (sen)	2.29	7.09
Proposes / Declared Distribution per Unit (“DPU”) (sen)	2.37	2.21
Market Price (RM)	1.34	1.21
Distribution Yield (%) <sup>5</sup>	7.17	6.92

<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 2023	Year to Date 31 March 2023	Basis
Base Fee	4,765	4,765	0.3% per annum on total asset value
Performance Fee	3,063	3,063	3.0% per annum on net property income
Total	7,828	7,828	

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.



**PAVILION REAL ESTATE INVESTMENT TRUST**  
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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 2023 and of its financial performance and cash flows for the period 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  
20 April 2023