

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2024 (Unaudited) RM'000	As at 31 December 2023 (Audited) RM'000
ASSETS		
Plant and equipment	2,784	2,973
Investment properties	8,390,227	8,390,000
Total non-current assets	<u>8,393,011</u>	<u>8,392,973</u>
Inventories	4,141	3,907
Trade and other receivables	70,914	55,186
Pledged deposits with licensed banks	91,554	90,922
Cash and cash equivalents	360,202	455,501
Total current assets	<u>526,811</u>	<u>605,516</u>
TOTAL ASSETS	8,919,822	8,998,489
LIABILITIES		
Borrowings	3,311,162	3,290,949
Payables and accruals	88,246	84,448
Total non-current liabilities	<u>3,399,408</u>	<u>3,375,397</u>
Borrowings	80,000	100,000
Payables and accruals	588,323	591,626
Total current liabilities	<u>668,323</u>	<u>691,626</u>
TOTAL LIABILITIES	4,067,731	4,067,023
NET ASSET VALUE	<u>4,852,091</u>	<u>4,931,466</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	3,667,852	3,662,387
Accumulated income	1,184,239	1,269,079
TOTAL UNITHOLDERS' FUND	<u>4,852,091</u>	<u>4,931,466</u>
Number of units in circulation ('000 units)	3,656,848	3,652,338
Net asset value per unit (RM)		
- Before income distribution	1.3269	1.3502
- After income distribution*	1.3021	1.3042

* after distributable income of 2.48 sen per unit (2023: after final income distribution of 4.60 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 2023 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024 (UNAUDITED)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 31 March		Year to Date 31 March	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
	Rental income	199,320	143,946	199,320
Revenue from contract customers	11,621	8,815	11,621	8,815
Other income	7,579	3,651	7,579	3,651
GROSS REVENUE	218,520	156,412	218,520	156,412
Utilities	(24,378)	(14,447)	(24,378)	(14,447)
Maintenance	(29,778)	(16,210)	(29,778)	(16,210)
Property taxes	(5,858)	(4,066)	(5,858)	(4,066)
Other operating expenses	(22,487)	(19,589)	(22,487)	(19,589)
PROPERTY OPERATING EXPENSES	(82,501)	(54,312)	(82,501)	(54,312)
NET PROPERTY INCOME	136,019	102,100	136,019	102,100
Interest income	3,924	2,697	3,924	2,697
Net fair value changes on investment properties	-	-	-	-
NET INVESTMENT INCOME	139,943	104,797	139,943	104,797
Manager's management fee	(10,734)	(7,828)	(10,734)	(7,828)
Trustee's fee	(139)	(120)	(139)	(120)
Other trust expenses	(403)	(548)	(403)	(548)
Borrowings cost	(45,500)	(26,249)	(45,500)	(26,249)
TOTAL TRUST EXPENDITURE	(56,776)	(34,745)	(56,776)	(34,745)
INCOME BEFORE TAXATION	83,167	70,052	83,167	70,052
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	83,167	70,052	83,167	70,052
Income after taxation comprises the followings:-				
Realised	83,167	70,052	83,167	70,052
Unrealised	-	-	-	-
	83,167	70,052	83,167	70,052
Earnings per unit – basic (sen) #	2.28	2.29	2.28	2.29
Earnings per unit – diluted (sen) #	2.28	2.29	2.28	2.29

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 2023 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	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the period ¹	83,167	70,052	83,167	70,052
Distribution adjustments ²	7,725	2,377	7,725	2,377
Distributable income	90,892	72,429	90,892	72,429

¹ Total comprehensive income is derived after charging:-

	Current Quarter 31 March		Year to Date 31 March	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Depreciation	199	71	199	71
Impairment loss on trade receivables	1,366	3,261	1,366	3,261

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.

² Included in the distribution adjustments are the followings:-

	Current Quarter 31 March		Year to Date 31 March	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Amortisation of borrowing transaction costs	613	349	613	349
Depreciation	199	71	199	71
Accounting adjustment on interest - Present Value	4,229	-	4,229	-
Manager's management fee payable in units	2,684	1,957	2,684	1,957
	7,725	2,377	7,725	2,377

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024 (UNAUDITED)

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' Capital	Income / (Deficit)	Total Funds
	RM'000	RM'000	RM'000
As at 1 January 2023	2,952,256	1,107,751	4,060,007
Total comprehensive income for the period	-	70,052	70,052
Unitholders' transactions			
- Issue of new units ³	3,925	-	3,925
- Manager's management fee paid in units	-	(131,090)	(131,090)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,925	(131,090)	(127,165)
As at 31 March 2023 (unaudited)	2,956,181	1,046,713	4,002,894
As at 1 January 2024	3,662,387	1,269,079	4,931,466
Total comprehensive income for the period	-	83,167	83,167
Unitholders' transactions			
- Issue of new units ³	5,428	-	5,428
- Expenses incurred for placement exercise	37	-	37
- Distribution to unitholders	-	(168,007)	(168,007)
Increase/(Decrease) in net assets resulting from unitholders' transactions	5,465	(168,007)	(162,542)
As at 31 March 2024 (unaudited)	3,667,852	1,184,239	4,852,091

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

³ Issue of new units consists of the following:-

	31 March 2023	
	Units '000	Amount RM'000
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	3,034	3,925

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	31 March 2024	
	Units '000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.2035 per unit for entitlement for the 6 months period ended 31 December 2023	4,510	5,428
Total Manager's fees paid	<u>4,510</u>	<u>5,428</u>

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024 (UNAUDITED)

CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 31 March 2024 RM'000	Preceding Year to Date 31 March 2023 RM'000
Cash Flows From Operating Activities		
Income before taxation	83,167	70,052
<i>Adjustments for :-</i>		
Borrowing cost	45,500	26,249
Interest income	(3,924)	(2,697)
Depreciation	199	71
Impairment loss on trade receivables	1,366	3,261
Operating income before changes in working capital	126,308	96,936
Inventories	(234)	(182)
Trade and other receivables	(17,094)	(1,168)
Trade and other payables	(2,081)	2,205
Tenants' deposits	3,775	2,451
Net cash from operating activities	110,674	100,242
Cash Flow from Investing Activities		
Interest received	3,924	2,697
Payment for enhancement of investment properties	(227)	(2,282)
Pledged deposit	(632)	(386)
Purchase of plant and equipment	(10)	(6)
Net cash from investing activities	3,055	23
Cash Flow from Financing Activities		
Distribution to unitholders	(168,007)	(131,090)
Interest paid	(40,658)	(25,900)
Payment of financing expenses	(400)	(100)
Write back of placement expenses	37	-
Proceeds from borrowings	100,000	115,000
Repayment of borrowings	(100,000)	(100,000)
Net cash used in financing activities	(209,028)	(142,090)
Net decrease in cash and cash equivalents	(95,299)	(41,825)
Cash and cash equivalents as at the beginning of the year	455,501	332,915
Cash and cash equivalents as at the end of the period	360,202	291,090

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024 (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 2024 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 2024. 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 2023 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 2023, 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 2023.

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 2023, 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 2024, 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
4,510,211	RM1.2035	15 February 2024	Based on the 5-day volume weighted average price of the units up to but excluding 24 January 2024 (as management fee)

A9 Segmental Reporting

Segmental results for the period ended 31 March 2024 was as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	216,164	2,356	218,520
Net Property Income	135,694	325	136,019
Interest Income			3,924
Net Fair Value Changes on Investment Properties			-
Net Investment Income			139,943
Trust Expenses			(11,276)
Borrowings Cost			(45,500)
Income Before Taxation			83,167
Taxation			-
Income After Taxation			83,167
Segment assets	8,696,818	131,450	8,828,268
Other non-allocated assets			91,554
			8,919,822
Segment liabilities	4,035,842	32,455	4,068,297
Other non-allocated liabilities			(566)
			4,067,731

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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 2024	3,652,338,101
Units issued as payment of Manager's management fees	<u>4,510,211</u>
Total units issued	<u>3,656,848,312</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	16,320

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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	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	135,908	127,516	135,908	127,516
Pavilion Bukit Jalil	50,981	-	50,981	-
Intermark Mall	6,934	6,315	6,934	6,315
DA MEN Mall	3,351	3,401	3,351	3,401
Elite Pavilion Mall	18,990	16,873	18,990	16,873
	<u>216,164</u>	<u>154,105</u>	<u>216,164</u>	<u>154,105</u>
Office:				
Pavilion Tower	2,356	2,307	2,356	2,307
	<u>218,520</u>	<u>156,412</u>	<u>218,520</u>	<u>156,412</u>
Total Gross Revenue				
	<u>218,520</u>	<u>156,412</u>	<u>218,520</u>	<u>156,412</u>
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	39,328	36,103	39,328	36,103
Pavilion Bukit Jalil	24,225	-	24,225	-
Intermark Mall	4,175	3,498	4,175	3,498
DA MEN Mall	5,326	5,910	5,326	5,910
Elite Pavilion Mall	7,416	7,002	7,416	7,002
	<u>80,470</u>	<u>52,513</u>	<u>80,470</u>	<u>52,513</u>
Office:				
Pavilion Tower	2,031	1,799	2,031	1,799
	<u>82,501</u>	<u>54,312</u>	<u>82,501</u>	<u>54,312</u>
Total Property Operating Expenses				
	<u>82,501</u>	<u>54,312</u>	<u>82,501</u>	<u>54,312</u>
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	96,580	91,413	96,580	91,413
Pavilion Bukit Jalil	26,756	-	26,756	-
Intermark Mall	2,759	2,817	2,759	2,817
DA MEN Mall	(1,975)	(2,509)	(1,975)	(2,509)
Elite Pavilion Mall	11,574	9,871	11,574	9,871
	<u>135,694</u>	<u>101,592</u>	<u>135,694</u>	<u>101,592</u>
Office:				
Pavilion Tower	325	508	325	508
	<u>136,019</u>	<u>102,100</u>	<u>136,019</u>	<u>102,100</u>
Total Net Property Income				
	<u>136,019</u>	<u>102,100</u>	<u>136,019</u>	<u>102,100</u>

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	Current Quarter		Year to Date	
	31 Mar		31 Mar	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Total Net Property Income	136,019	102,100	136,019	102,100
Interest Income	3,924	2,697	3,924	2,697
Net Investment Income	139,943	104,797	139,943	104,797
Manager's Management Fee	10,734	7,828	10,734	7,828
Other Trust Expenses	542	668	542	668
Borrowings Cost	45,500	26,249	45,500	26,249
Total Trust Expenses	56,776	34,745	56,776	34,745
Income Before Taxation	83,167	70,052	83,167	70,052
Taxation	-	-	-	-
Income After Taxation	83,167	70,052	83,167	70,052
Distribution Adjustments	7,725	2,377	7,725	2,377
Distributable Income	90,892	72,429	90,892	72,429

Quarterly/Year to date Results:

Pavilion REIT recognised total gross revenue of RM218.5 million in Q1 2024, an increase of RM62.1 million or 40% as compared to Q1 2023 of RM156.4 million. The increase was mainly contributed by income from new property, Pavilion Bukit Jalil that was acquired on 1 June 2023, higher occupancy rates and higher revenue rent from existing retail malls.

Total property operating expenses were higher by RM28.2 million or 52% as compared to Q1 2023 mainly due to operating expenses incurred for the new property, replacement of obsolete or aging parts/upkeeps in properties, upgrading of landlord provisions for retail lots as well as lift lobby and toilets refurbishment at Pavilion Tower. Higher utilities cost was also incurred due to additional consumption as a result of the hot weather.

These have resulted in higher net property income by RM33.9 million or 33% in Q1 2024 as compared to Q1 2023.

Higher manager's management fee by RM2.9 million was in line with the increased in total asset value and net property income. Borrowing cost increased by RM19.3 million due to the drawdown of additional borrowings for acquisition of investment property and Bank Negara Malaysia raising the overnight policy rate by 25 basis point in May 2023. RM4.2 million was also recognised in borrowing cost as present value adjustment to deferred acquisition payments.

These have resulted in income before taxation being higher by RM13.1 million or 19% as compared to Q1 2023.

Distributable income for the quarter under review was RM90.9 million or 2.48 sen per unit, consisting of income after tax of RM83.2 million and non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowing transaction cost of RM0.6 million, Manager's management fee payable in units amounting to RM2.7 million and present value adjustment on deferred acquisition payments of RM4.2 million.

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B2 Material Changes in Quarterly Results

	Quarter Ended 31 Mar 2024 (Unaudited) RM'000	Quarter Ended 31 Dec 2023 (Unaudited) RM'000	Change %
Gross revenue	218,520	208,222	4.9
Property operating expenses	(82,501)	(73,578)	(12.1)
Net property income	136,019	134,644	1.0
Interest income	3,924	3,196	22.8
Change in fair value of investment properties	-	146,534	(>100.0)
Net investment income	139,943	284,374	(50.8)
Total trust expenses	(11,276)	(12,276)	8.1
Borrowing cost	(45,500)	(43,832)	(3.8)
Income before taxation	83,167	228,266	(63.6)

The income before taxation for the current quarter under review was lower by RM145.1 million as compared to the last immediate quarter. Fair value gain of RM146.5 million arising from the valuation of investment properties was recognised in Q4 2023. Excluding the fair value gain, income before taxation increased by RM1.4 million mainly due to higher revenue rent, offset by lower advertising income and income generated from Pavilion Bukit Jalil exhibition centre. Higher property operating expenses was mainly due to replacement of obsolete or aging parts/upkeeps in properties, upgrading of landlord provisions for retail lots as well as lift lobby and toilets refurbishment at Pavilion Tower.

B3 Prospects

As per Retail Group Malaysia, the survey indicated that the biggest challenge for Malaysia's retail industry in 2024 is the rising cost of living. Due to the increase in property operating cost, Pavilion REIT will strive to manage its expenses to optimise efficiency.

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.

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 2024, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.60 sen per unit or RM168.0 million earned for second half of 2023 was distributed on 29 February 2024. Distribution for the quarter ended 31 March 2024 would be payable together with the distribution for the quarter ending 30 June 2024.

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Statement of Income Distribution

	Current Quarter		Year to Date	
	31 March		31 March	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Rental income	199,320	143,946	199,320	143,946
Revenue from contract customers	11,621	8,815	11,621	8,815
Interest income	3,924	2,697	3,924	2,697
Other income	7,579	3,651	7,579	3,651
	<u>222,444</u>	<u>159,109</u>	<u>222,444</u>	<u>159,109</u>
Less: Expenses	<u>(139,277)</u>	<u>(89,057)</u>	<u>(139,277)</u>	<u>(89,057)</u>
Total comprehensive income for the period/year	83,167	70,052	83,167	70,052
Distribution adjustment	<u>7,725</u>	<u>2,377</u>	<u>7,725</u>	<u>2,377</u>
Realised income for the period/year	90,892	72,429	90,892	72,429
Previous period/year's undistributed realised income	636	617	636	617
Total realised income available for distribution	91,528	73,046	91,528	73,046
Less: Proposed/declared income distribution	<u>(90,690)</u>	<u>(72,492)</u>	<u>(90,690)</u>	<u>(72,492)</u>
Balance undistributed realised income	<u>838</u>	<u>554</u>	<u>838</u>	<u>554</u>
Distribution per unit (sen)	2.48	2.37	2.48	2.37

B7 Portfolio Composition

As at 31 March 2024, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Mall, Pavilion Tower, DA MEN Mall, Intermark Mall, Elite Pavilion Mall and Pavilion Bukit Jalil.

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 2024, 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 (“SPA”) 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.

All the conditions precedent as set out in the SPA have been fulfilled. Accordingly, the SPA has become unconditional as at 15 May 2023.

Tranche 1 placement has been completed following the listing of and quotation for 590,163,900 placement units on the Main Market of Bursa Securities on 1 June 2023. Based on the placement issue price of RM1.22 per placement unit, the gross proceeds raised from the Tranche 1 placement were approximately RM720 million.

As requirements has been met, payment for strata title of RM100 million has been made together with RM40 million as defects rectification payment in December 2023 to Regal Path Sdn Bhd.

B10 Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units for the current quarter or year to date.

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B11 Borrowings and Debt Securities

As at 31 March 2024	Total
	RM'000
Secured Revolving Term Loans	693,267
Unrated Medium Term Notes	2,705,000
Unamortised Borrowings Transaction Costs	(7,105)
Borrowings	3,391,162
Deferred Payment for Acquisition	379,178
Total Debt	3,770,340
Gearing on Borrowings	38.0%
Gearing on Total Debt	42.3%
Average interest cost	4.8%
Composition of borrowings:	
Fixed Rate	12.5%
Floating Rate	87.5%

B12 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.

B13 Material Litigation

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

B14 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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B15 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2024	Immediate preceding quarter ended 31 December 2023
Number of units in issue (units)	3,656,848,312	3,652,338,101
Net Asset Value (“NAV”) (RM’000)	4,852,091	4,931,466
NAV per unit (RM)	1.3269	1.3502
Total comprehensive income (RM’000)	83,167	228,266
Weighted average number of units in issue – year to date (units)	3,654,617,988	3,405,656,184
Earnings per Unit after Manager’s management fee (sen)	2.28	6.55
Proposes / Declared Distribution per Unit (“DPU”) (sen) - Propose	2.48	2.45
Market Price (RM)	1.28	1.21
Distribution Yield (%) ⁴	7.79	7.45

⁴ Distribution yield of year to date DPU divided by the Market Price (as at the end of the period) has been annualised.

B16 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 2024	Year to Date 31 March 2024	Basis
Base Fee	6,653	6,653	0.3% per annum on total asset value 3.0% per annum on net property income
Performance Fee	4,081	4,081	
Total	10,734	10,734	

25% of the base fee and performance fee would be payable in units.

B17 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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B18 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 2024 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
25 April 2024