

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 30 June 2024 (Unaudited) <b>RM'000</b>	As at 31 December 2023 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	2,589	2,973
Investment properties	8,390,052	8,390,000
Total non-current assets	<u>8,392,641</u>	<u>8,392,973</u>
Inventories	4,498	3,907
Trade and other receivables	70,165	55,186
Pledged deposits with licensed banks	93,722	90,922
Cash and cash equivalents	439,423	455,501
Total current assets	<u>607,808</u>	<u>605,516</u>
<b>TOTAL ASSETS</b>	<b>9,000,449</b>	<b>8,998,489</b>
<b>LIABILITIES</b>		
Borrowings	3,311,570	3,290,949
Payables and accruals	96,018	84,448
Total non-current liabilities	<u>3,407,588</u>	<u>3,375,397</u>
Borrowings	80,000	100,000
Payables and accruals	593,654	591,626
Total current liabilities	<u>673,654</u>	<u>691,626</u>
<b>TOTAL LIABILITIES</b>	<b>4,081,242</b>	<b>4,067,023</b>
<b>NET ASSET VALUE</b>	<u><b>4,919,207</b></u>	<u><b>4,931,466</b></u>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	3,667,852	3,662,387
Accumulated income	1,251,355	1,269,079
<b>TOTAL UNITHOLDERS' FUND</b>	<u><b>4,919,207</b></u>	<u><b>4,931,466</b></u>
Number of units in circulation ('000 units)	3,656,848	3,652,338
Net asset value per unit (RM)		
- Before income distribution	1.3452	1.3502
- After income distribution*	1.2999	1.3042

\*after distributable income of 4.53 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 30 JUNE 2024 (UNAUDITED)**

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

	Current Quarter		Year to Date	
	30 June		30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Rental income	185,297	145,423	384,617	289,369
Revenue from contract customers	7,389	9,608	19,010	18,423
Other income	8,611	4,934	16,190	8,585
<b>GROSS REVENUE</b>	<b>201,297</b>	<b>159,965</b>	<b>419,817</b>	<b>316,377</b>
Utilities	(25,792)	(18,767)	(50,170)	(33,214)
Maintenance	(27,759)	(19,062)	(57,537)	(35,272)
Property taxes	(5,858)	(4,599)	(11,716)	(8,665)
Other operating expenses	(21,854)	(16,524)	(44,341)	(36,113)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(81,263)</b>	<b>(58,952)</b>	<b>(163,764)</b>	<b>(113,264)</b>
<b>NET PROPERTY INCOME</b>	<b>120,034</b>	<b>101,013</b>	<b>256,053</b>	<b>203,113</b>
Interest income	3,434	2,495	7,358	5,192
Net fair value changes on investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>123,468</b>	<b>103,508</b>	<b>263,411</b>	<b>208,305</b>
Manager's management fee	(10,375)	(8,384)	(21,109)	(16,212)
Trustee's fee	(139)	(127)	(278)	(247)
Other trust expenses	(472)	(497)	(875)	(1,045)
Borrowings cost	(45,366)	(31,608)	(90,866)	(57,857)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(56,352)</b>	<b>(40,616)</b>	<b>(113,128)</b>	<b>(75,361)</b>
<b>INCOME BEFORE TAXATION</b>	<b>67,116</b>	<b>62,892</b>	<b>150,283</b>	<b>132,944</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>67,116</b>	<b>62,892</b>	<b>150,283</b>	<b>132,944</b>
Income after taxation comprises the followings:-				
Realised	67,116	62,892	150,283	132,944
Unrealised	-	-	-	-
	<b>67,116</b>	<b>62,892</b>	<b>150,283</b>	<b>132,944</b>
Earnings per unit – basic (sen) #	1.83	1.93	4.11	4.21
Earnings per unit – diluted (sen) #	1.83	1.93	4.11	4.21

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.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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	Current Quarter 30 June		Year to Date 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
<b>Total comprehensive income for the period <sup>1</sup></b>	<b>67,116</b>	<b>62,892</b>	<b>150,283</b>	<b>132,944</b>
Distribution adjustments <sup>2</sup>	7,758	4,077	15,483	6,454
<b>Distributable income</b>	<b>74,874</b>	<b>66,969</b>	<b>165,766</b>	<b>139,398</b>

<sup>1</sup> Total comprehensive income is derived after charging:-

	Current Quarter 30 June		Year to Date 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Depreciation	195	122	394	193
Impairment loss on trade receivables	2,158	2,673	3,524	5,934

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>2</sup> Included in the distribution adjustments are the followings:-

	Current Quarter 30 June		Year to Date 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Amortisation of borrowing transaction costs	628	448	1,241	797
Depreciation	195	122	394	193
Accounting adjustment on interest - Present Value	4,342	1,410	8,571	1,410
Manager's management fee payable in units	2,593	2,097	5,277	4,054
	7,758	4,077	15,483	6,454

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024 (UNAUDITED)**

**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 2023</b>	2,952,256	1,107,751	4,060,007
Total comprehensive income for the period	-	132,944	132,944
<b>Unitholders' transactions</b>			
- Issue of new units <sup>3</sup>			
- Manager's management fee paid in units	3,925	-	3,925
- Funding for the acquisition of investment property	720,000	-	720,000
- Expenses incurred for placement exercise	(17,847)	-	(17,847)
- Distribution to unitholders	-	(242,735)	(242,735)
Increase/(Decrease) in net assets resulting from unitholders' transactions	706,078	(242,735)	463,343
<b>As at 30 June 2023 (unaudited)</b>	<b>3,658,334</b>	<b>997,960</b>	<b>4,656,294</b>
<b>As at 1 January 2024</b>	3,662,387	1,269,079	4,931,466
Total comprehensive income for the period	-	150,283	150,283
<b>Unitholders' transactions</b>			
- Issue of new units <sup>3</sup>			
- Manager's management fee paid in units	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)
<b>As at 30 June 2024 (unaudited)</b>	<b>3,667,852</b>	<b>1,251,355</b>	<b>4,919,207</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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<sup>3</sup> Issue of new units consists of the following:-

	30 June 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
Issuance of new units at RM1.2200 per unit to fund the acquisition of new investment property on 1 June 2023	590,164	720,000
	<b><u>593,198</u></b>	<b><u>723,925</u></b>

	30 June 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	<b><u>4,510</u></b>	<b><u>5,428</u></b>

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024 (UNAUDITED)**

**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 30 June 2024 RM'000	Preceding Year to Date 30 June 2023 RM'000
<b>Cash Flows From Operating Activities</b>		
Income before taxation	150,283	132,944
<i>Adjustments for :-</i>		
Borrowing cost	90,866	57,857
Interest income	(7,358)	(5,192)
Depreciation	394	193
Gain on disposal of plant and equipment	-	(1)
Impairment loss on trade receivables	3,524	5,934
<b>Operating income before changes in working capital</b>	<b>237,709</b>	<b>191,735</b>
Inventories	(591)	(120)
Trade and other receivables	(18,503)	(11,963)
Trade and other payables	2,636	20,979
Tenants' deposits	7,819	34,465
<b>Net cash from operating activities</b>	<b>229,070</b>	<b>235,096</b>
<b>Cash Flow from Investing Activities</b>		
Acquisition of investment property	-	(1,676,699)
Interest received	7,358	5,192
Payment for enhancement of investment properties	(52)	(5,724)
Pledged deposit	(2,800)	(26,127)
Purchase of plant and equipment	(10)	(2,868)
Proceed from disposal of plant and equipment	-	1
<b>Net cash from/(used in) investing activities</b>	<b>4,496</b>	<b>(1,706,225)</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(168,007)	(242,735)
Interest paid	(81,054)	(55,650)
Payment of financing expenses	(620)	(5,064)
Write back of placement expenses	37	(17,847)
Proceeds from issue of units	-	720,000
Proceeds from borrowings	100,000	1,925,000
Repayment of borrowings	(100,000)	(895,000)
<b>Net cash (used in)/from financing activities</b>	<b>(249,644)</b>	<b>1,428,704</b>
Net decrease in cash and cash equivalents	(16,078)	(42,425)
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	439,423	290,490

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 30 JUNE 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 30 June 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 year ended 30 June 2024 was as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	414,962	4,855	419,817
Net Property Income	254,764	1,289	256,053
Interest Income			7,358
Net Fair Value Changes on Investment Properties			-
Net Investment Income			263,411
Trust Expenses			(22,262)
Borrowings Cost			(90,866)
Income Before Taxation			150,283
Taxation			-
Income After Taxation			150,283
Segment assets	8,775,527	131,200	8,906,727
Other non-allocated assets			93,722
			9,000,449
Segment liabilities	4,048,386	32,483	4,080,869
Other non-allocated liabilities			373
			4,081,242



**PAVILION REAL ESTATE INVESTMENT TRUST**  
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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	7,691

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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	
	30 Jun		30 Jun	
	2024 (Unaudited) <b>RM'000</b>	2023 (Unaudited) <b>RM'000</b>	2024 (Unaudited) <b>RM'000</b>	2023 (Unaudited) <b>RM'000</b>
<b>Gross Revenue</b>				
Retail:				
Pavilion Kuala Lumpur Mall	122,612	116,312	258,520	243,828
Pavilion Bukit Jalil	50,772	14,257	101,753	14,257
Intermark Mall	7,001	6,186	13,935	12,501
DA MEN Mall	3,722	3,495	7,073	6,896
Elite Pavilion Mall	14,691	17,563	33,681	34,436
	<u>198,798</u>	<u>157,813</u>	<u>414,962</u>	<u>311,918</u>
Office:				
Pavilion Tower	2,499	2,152	4,855	4,459
	<u>201,297</u>	<u>159,965</u>	<u>419,817</u>	<u>316,377</u>
<b>Total Gross Revenue</b>				
	<u>201,297</u>	<u>159,965</u>	<u>419,817</u>	<u>316,377</u>
<b>Property Operating Expenses</b>				
Retail:				
Pavilion Kuala Lumpur Mall	38,365	34,013	77,693	70,116
Pavilion Bukit Jalil	25,095	6,970	49,320	6,970
Intermark Mall	4,193	3,738	8,368	7,236
DA MEN Mall	5,577	5,732	10,903	11,642
Elite Pavilion Mall	6,498	7,266	13,914	14,268
	<u>79,728</u>	<u>57,719</u>	<u>160,198</u>	<u>110,232</u>
Office:				
Pavilion Tower	1,535	1,233	3,566	3,032
	<u>81,263</u>	<u>58,952</u>	<u>163,764</u>	<u>113,264</u>
<b>Total Property Operating Expenses</b>				
	<u>81,263</u>	<u>58,952</u>	<u>163,764</u>	<u>113,264</u>
<b>Net Property Income</b>				
Retail:				
Pavilion Kuala Lumpur Mall	84,247	82,299	180,827	173,712
Pavilion Bukit Jalil	25,677	7,287	52,433	7,287
Intermark Mall	2,808	2,448	5,567	5,265
DA MEN Mall	(1,855)	(2,237)	(3,830)	(4,746)
Elite Pavilion Mall	8,193	10,297	19,767	20,168
	<u>119,070</u>	<u>100,094</u>	<u>254,764</u>	<u>201,686</u>
Office:				
Pavilion Tower	964	919	1,289	1,427
	<u>120,034</u>	<u>101,013</u>	<u>256,053</u>	<u>203,113</u>
<b>Total Net Property Income</b>				
	<u>120,034</u>	<u>101,013</u>	<u>256,053</u>	<u>203,113</u>

**PAVILION REAL ESTATE INVESTMENT TRUST**  
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	Current Quarter		Year to Date	
	30 Jun		30 Jun	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
<b>Total Net Property Income</b>	120,034	101,013	256,053	203,113
Interest Income	3,434	2,495	7,358	5,192
<b>Net Investment Income</b>	<u>123,468</u>	<u>103,508</u>	<u>263,411</u>	<u>208,305</u>
Manager's Management Fee	10,375	8,384	21,109	16,212
Other Trust Expenses	611	624	1,153	1,292
Borrowings Cost	<u>45,366</u>	<u>31,608</u>	<u>90,866</u>	<u>57,857</u>
Total Trust Expenses	56,352	40,616	113,128	75,361
<b>Income Before Taxation</b>	67,116	62,892	150,283	132,944
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income After Taxation</b>	67,116	62,892	150,283	132,944
Distribution Adjustments	<u>7,758</u>	<u>4,077</u>	<u>15,483</u>	<u>6,454</u>
<b>Distributable Income</b>	<u><u>74,874</u></u>	<u><u>66,969</u></u>	<u><u>165,766</u></u>	<u><u>139,398</u></u>

Quarterly Results

Pavilion REIT recognised total gross revenue of RM201.3 million in Q2 2024, an increase of RM41.3 million or 26% as compared to Q2 2023 of RM160.0 million. The increase was mainly contributed by income from new property, Pavilion Bukit Jalil that was acquired on 1 June 2023 and Pavilion Kuala Lumpur Mall, offset by loss of advertising income from Elite Pavilion Mall due to upgrading of the LED screen.

Total property operating expenses were higher by RM22.3 million or 38% as compared to Q2 2023 mainly due to operating expenses incurred for the new property and replacement of obsolete or aging parts/upkeeps in properties. Higher utilities cost was mainly due to subscription of green electricity tariff from Tenaga Nasional Berhad.

These have resulted in higher net property income by RM19.0 million or 19% in Q2 2024 as compared to Q2 2023.

Higher manager's management fee by RM2.0 million was in line with the increased in total asset value and net property income. Borrowing cost increased by RM13.8 million due to the drawdown of additional borrowings for acquisition of investment property. RM4.3 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 RM4.2 million or 7% as compared to Q2 2023.

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Distributable income for the quarter under review was RM74.9 million or 2.05 sen per unit, consisting of income after tax of RM67.1 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 RM2.6 million and present value adjustment on deferred acquisition payments of RM4.3 million.

**Year to Date Results**

Total revenue for year-to-date 30 June 2024 was RM419.8 million. It was higher by RM103.4 million or 33% as compared to preceding year-to-date 30 June 2023's performance. The increase was mainly contributed by income from the new property, Pavilion Bukit Jalil that was acquired on the 1 June 2023 and higher rental income from existing properties.

Total property operating expenses incurred was higher by RM50.5 million or 45% as compared to year-to-date 30 June 2023. This was 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 and subscription of green electricity tariff from Tenaga Nasional Berhad.

These have resulted in higher net property income of RM52.9 million or 26% for year-to-date 30 June 2024 as compared to preceding year-to-date 30 June 2023.

Higher manager's management fee by RM4.9 million was in line with the increased in total asset value and net property income. Borrowing cost increased by RM33.0 million due to drawdown of additional borrowings for acquisition of investment property. RM8.6 million was also recognised in borrowing cost as present value adjustment to deferred acquisition payments.

These resulted in income before taxation being higher by RM17.3 million or 13% as compared to preceding year-to-date 30 June 2023.

Distributable income for year-to-date 30 June 2024 was RM165.8 million or 4.53 sen per unit, consisting of income after tax of RM150.3 million and non-cash adjustments for depreciation of RM0.4 million, amortisation of borrowings transaction cost of RM1.2 million and Manager's management fee payable in units amounting to RM5.3 million and present value adjustment on deferred acquisition payments of RM8.6 million.

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**B2 Material Changes in Quarterly Results**

	Quarter Ended 30 Jun 2024 (unaudited) <b>RM'000</b>	Quarter Ended 31 Mar 2024 (unaudited) <b>RM'000</b>	Change %
Gross revenue	201,297	218,520	(7.9)
Property operating expenses	(81,263)	(82,501)	1.5
Net property income	<u>120,034</u>	<u>136,019</u>	(11.8)
Interest income	<u>3,434</u>	<u>3,924</u>	(12.5)
Net investment income	<u>123,468</u>	<u>139,943</u>	(11.8)
Total trust expenses	(10,986)	(11,276)	2.6
Borrowing cost	<u>(45,366)</u>	<u>(45,500)</u>	0.3
Income before taxation	<u><u>67,116</u></u>	<u><u>83,167</u></u>	<u><u>(19.3)</u></u>

The income before taxation for the current quarter under review was lower by RM16.1 million as compared to the last immediate quarter mainly due to lower revenue rent and loss of advertising income from Elite Pavilion Mall. The upgraded LED screen will re-commission in Q3 2024.

**B3 Prospects**

As per the Department of Statistics Malaysia, domestic tourism expenditure for the 1<sup>st</sup> quarter of 2024 soared 25.3% year-on-year to RM24.1 billion. Shopping remained the second most significant purpose of domestic tourism, after visiting relatives and friends with shopping as the highest spending at 36.3% followed by food and beverages at 16.3% and spending on automotive fuel at 13.2%. For the same quarter, foreign tourist arrivals surged 32.5% to 5.8 million, mainly from Singapore, Indonesia, China, Thailand and Brunei with more collaborations and strategies being initiated. These news augur well for the retail industry.

However, Retail Group Malaysia has revised its estimate for retail sales growth to 3.6% from the 4.0% forecasted in March mainly due to moderate retail sales for the second quarter and continued concerns over rising cost of living that affects consumers across all income brackets. Therefore, cost management will remain Pavilion REIT's focus besides continuously refining its tenant mix and elevating marketing efforts.

**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 its 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 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. The proposed interim income distribution for the six months ended 30 June 2024 is 4.53 sen per unit or RM165.6 million will be payable on 21 August 2024.

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Statement of Income Distribution

	Current Quarter 30 June		Year to Date 30 June	
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000
Rental income	185,297	145,423	384,617	289,369
Revenue from contract customers	7,389	9,608	19,010	18,423
Interest income	3,434	2,495	7,358	5,192
Other income	8,611	4,934	16,190	8,585
	<u>204,731</u>	<u>162,460</u>	<u>427,175</u>	<u>321,569</u>
Less: Expenses	<u>(137,615)</u>	<u>(99,568)</u>	<u>(276,892)</u>	<u>(188,625)</u>
Total comprehensive income for the period/year	67,116	62,892	150,283	132,944
Distribution adjustment	<u>7,758</u>	<u>4,077</u>	<u>15,483</u>	<u>6,454</u>
Distributable income for the period/year	74,874	66,969	165,766	139,398
Previous period/year's undistributed realised income	838	554	636	617
Total realised income available for distribution	<u>75,712</u>	<u>67,523</u>	<u>166,402</u>	<u>140,015</u>
Less: Proposed/declared income distribution	<u>(74,965)</u>	<u>(66,884)</u>	<u>(165,655)</u>	<u>(139,376)</u>
Balance undistributed realised income	<u>747</u>	<u>639</u>	<u>747</u>	<u>639</u>
Distribution per unit (sen)	2.05	2.04	4.53	4.41

**B7 Portfolio Composition**

As at 30 June 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 RM44 million as defects rectification settlement 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 30 June 2024	Total
	RM'000
Secured Revolving Term Loans	693,267
Unrated Medium Term Notes	2,705,000
Unamortised Borrowings Transaction Costs	(6,697)
<b>Borrowings</b>	<b>3,391,570</b>
Deferred Payment for Acquisition	383,520
<b>Total Debt</b>	<b>3,775,090</b>
Gearing	37.7%
Gearing on Total Debt	41.9%
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 30 June 2024	Immediate preceding quarter ended 31 March 2024
Number of units in issue (units)	3,656,848,312	3,656,848,312
Net Asset Value (“NAV”) (RM’000)	4,919,207	4,852,091
NAV per unit (RM)	1.3452	1.3269
Total comprehensive income (RM’000)	67,116	83,167
Weighted average number of units in issue – year to date (units)	3,655,733,150	3,654,617,988
Earnings per Unit after Manager’s management fee (sen)	1.83	2.28
Proposes / Declared Distribution per Unit (“DPU”) (sen) - Proposed	2.05	2.48
Market Price (RM)	1.39	1.28
Distribution Yield (%) <sup>4</sup>	6.55	7.79

<sup>4</sup>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 30 June 2024	Year to Date 30 June 2024	Basis
Base Fee	6,774	13,427	0.3% per annum on total asset value 3.0% per annum on net property income
Performance Fee	3,601	7,682	
Total	10,375	21,109	

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

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**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.

**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 30 June 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  
17 July 2024