

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2025 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2025 (Unaudited) RM'000	As at 31 December 2024 (Audited) RM'000
ASSETS		
Plant and equipment	1,755	2,200
Investment properties	8,987,810	8,490,000
Total non-current assets	<u>8,989,565</u>	<u>8,492,200</u>
Inventories	5,754	5,731
Trade and other receivables	46,050	61,667
Pledged deposits with licensed banks	98,754	97,395
Cash and cash equivalents	514,010	473,861
Total current assets	<u>664,568</u>	<u>638,654</u>
TOTAL ASSETS	9,654,133	9,130,854
LIABILITIES		
Borrowings	3,106,762	3,312,659
Payables and accruals	81,068	85,308
Total non-current liabilities	<u>3,187,830</u>	<u>3,397,967</u>
Borrowings	400,000	80,000
Payables and accruals	694,823	634,423
Total current liabilities	<u>1,094,823</u>	<u>714,423</u>
TOTAL LIABILITIES	4,282,653	4,112,390
NET ASSET VALUE	<u>5,371,480</u>	<u>5,018,464</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	4,033,140	3,673,129
Accumulated income	1,338,340	1,345,335
TOTAL UNITHOLDERS' FUND	<u>5,371,480</u>	<u>5,018,464</u>
Number of units in circulation ('000 units)	3,921,533	3,660,689
Net asset value per unit (RM)		
- Before income distribution	1.3697	1.3709
- After income distribution*	1.3231	1.3228

*after advance income distribution of 4.65 sen per unit and proposed income distribution of 0.32 sen per unit (2024: after final income distribution of 4.81 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 2024 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2025 (UNAUDITED)**

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 30 June		Year to Date 30 June	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Rental income	194,590	185,297	402,217	384,617
Revenue from contract customers	9,979	7,389	22,516	19,010
Other income	8,772	8,611	16,784	16,190
GROSS REVENUE	213,341	201,297	441,517	419,817
Utilities	(24,378)	(25,792)	(49,141)	(50,170)
Maintenance	(29,177)	(27,759)	(58,085)	(57,537)
Property taxes	(6,044)	(5,858)	(12,022)	(11,716)
Other operating expenses	(23,917)	(21,854)	(49,690)	(44,341)
PROPERTY OPERATING EXPENSES	(83,516)	(81,263)	(168,938)	(163,764)
NET PROPERTY INCOME	129,825	120,034	272,579	256,053
Interest income	3,707	3,434	7,989	7,358
Net fair value changes on investment properties	-	-	-	-
NET INVESTMENT INCOME	133,532	123,468	280,568	263,411
Manager's management fee	(10,869)	(10,375)	(21,844)	(21,109)
Trustee's fee	(140)	(139)	(278)	(278)
Other trust expenses	(590)	(472)	(1,047)	(875)
Borrowings cost	(43,270)	(45,366)	(88,315)	(90,866)
TOTAL TRUST EXPENDITURE	(54,869)	(56,352)	(111,484)	(113,128)
INCOME BEFORE TAXATION	78,663	67,116	169,084	150,283
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	78,663	67,116	169,084	150,283
Income after taxation comprises the followings:-				
Realised	78,663	67,116	169,084	150,283
Unrealised	-	-	-	-
	<u>78,663</u>	<u>67,116</u>	<u>169,084</u>	<u>150,283</u>
Earnings per unit – basic (sen) #	2.13	1.83	4.60	4.11
Earnings per unit – diluted (sen) #	2.13	1.83	4.60	4.11

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 2024 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 30 June		Year to Date 30 June	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
	Total comprehensive income for the period ¹	78,663	67,116	169,084
Distribution adjustments ²	6,261	7,758	14,003	15,483
Distributable income	84,924	74,874	183,087	165,766

¹ Total comprehensive income is derived after charging:-

	Current Quarter 30 June		Year to Date 30 June	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
	Depreciation	173	195	359
Impairment loss on trade receivables	2,608	2,158	5,280	3,524

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 30 June		Year to Date 30 June	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
	Amortisation of borrowing transaction costs	400	628	785
Depreciation	173	195	359	394
Accounting adjustment on interest - present value	3,000	4,342	7,428	8,571
Accounting adjustment - deferred income	(30)	-	(30)	-
Manager's management fee payable in units	2,718	2,593	5,461	5,277
	6,261	7,758	14,003	15,483

**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
As at 1 January 2024	3,662,387	1,269,079	4,931,466
Total comprehensive income for the period	-	150,283	150,283
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	5,428	-	5,428
- Over accrual of expenses incurred for placement exercise in prior year	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 30 June 2024 (unaudited)	3,667,852	1,251,355	4,919,207
As at 1 January 2025	3,673,129	1,345,335	5,018,464
Total comprehensive income for the period	-	169,084	169,084
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	5,492	-	5,492
- Funding for the acquisition of investment property	360,000	-	360,000
- Expenses incurred for placement exercise	(5,481)	-	(5,481)
- Distribution to unitholders	-	(176,079)	(176,079)
Increase/(Decrease) in net assets resulting from unitholders' transactions	360,011	(176,079)	183,932
As at 30 June 2025 (unaudited)	4,033,140	1,338,340	5,371,480

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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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³ Issue of new units consists of the following:-

	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	4,510	5,428

	30 June 2025	
	Units '000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.4838 per unit for entitlement for the 6 months period ended 31 December 2024	3,701	5,492
Issuance of new units at RM1.4000 per unit to fund the acquisition of new investment properties on 20 June 2025	257,143	360,000
Total	260,844	365,492

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

	Current Year to Date 30 June 2025 RM'000	Preceding Year to Date 30 June 2024 RM'000
Cash Flows From Operating Activities		
Income before taxation	169,084	150,283
<i>Adjustments for:-</i>		
Borrowing cost	88,315	90,866
Interest income	(7,989)	(7,358)
Depreciation	359	394
Plant and equipment written off	86	-
Impairment loss on trade receivables	5,280	3,524
Operating income before changes in working capital	255,135	237,709
Inventories	(23)	(591)
Trade and other receivables	10,337	(18,503)
Trade and other payables	41,764	2,673
Tenants' deposits	2,460	7,819
Net cash from operating activities	309,673	229,107
Cash Flow from Investing Activities		
Acquisition of investment property	(487,810)	-
Interest received	7,989	7,358
Payment for enhancement of investment properties	-	(52)
Pledged deposit	(1,359)	(2,800)
Purchase of plant and equipment	-	(10)
Net cash (used in)/from investing activities	(481,180)	4,496
Cash Flow from Financing Activities		
Distribution to unitholders	(176,079)	(168,007)
Interest paid	(80,102)	(81,054)
Payment of financing expenses	(382)	(620)
Payment of placement expenses	(5,481)	-
Proceeds from issuance of units	360,000	-
Proceeds from borrowings	193,700	100,000
Repayment of borrowings	(80,000)	(100,000)
Net cash from/(used in) financing activities	211,656	(249,681)
Net increase/(decrease) in cash and cash equivalents	40,149	(16,078)
Cash and cash equivalents as at the beginning of the year	473,861	455,501
Cash and cash equivalents as at the end of the period	514,010	439,423

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2025 (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 2025 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 2025. 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 2024 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 2024, 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 2024.

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 2024, 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 2025, 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 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 and the placement of new units to fund the acquisition of investment properties through bookbuilding exercise, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
3,701,142	RM1.4838	3 March 2025	Based on the 5-day volume weighted average price of the units up to but excluding 12 February 2025 (as management fee)
257,142,800	RM1.4000	20 June 2025	A discount of 3.93% to the 5-day volume weighted average price of the units up to and including 4 June 2025 of RM1.4572

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A9 Segmental Reporting

Segmental results for the period ended 30 June 2025 was as follows:-

Business Segment	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Gross Revenue	435,563	1,039	4,915	441,517
Net Property Income	269,995	972	1,612	272,579
Interest Income				7,989
Net Fair Value Changes on Investment Properties				-
Net Investment Income				280,568
Trust Expenses				(23,169)
Borrowings Cost				(88,315)
Income Before Taxation				169,084
Taxation				-
Income After Taxation				169,084
Segment assets	8,926,620	497,817	130,942	9,555,379
Other non-allocated assets				98,754
				9,654,133
Segment liabilities	4,097,200	153,807	31,506	4,282,513
Other non-allocated liabilities				140
				4,282,653

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.

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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 2025	3,660,689,013
Units issued as payment of Manager's management fees	3,701,142
Units issued to fund the acquisition of investment properties	257,142,800
Total units issued	<u>3,921,532,955</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	393

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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	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	123,035	122,612	256,329	258,520
Pavilion Bukit Jalil	58,224	50,772	117,835	101,753
Intermark Mall	7,521	7,001	15,097	13,935
DA MEN Mall	2,265	3,722	5,354	7,073
Elite Pavilion Mall	18,784	14,691	40,948	33,681
	<u>209,829</u>	<u>198,798</u>	<u>435,563</u>	<u>414,962</u>
Hotel:				
Banyan Tree Kuala Lumpur	301	-	301	-
Pavilion Hotel Kuala Lumpur	738	-	738	-
	<u>1,039</u>	<u>-</u>	<u>1,039</u>	<u>-</u>
Office:				
Pavilion Tower	2,473	2,499	4,915	4,855
	<u>2,473</u>	<u>2,499</u>	<u>4,915</u>	<u>4,855</u>
Total Gross Revenue	<u>213,341</u>	<u>201,297</u>	<u>441,517</u>	<u>419,817</u>
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	38,724	38,365	80,249	77,693
Pavilion Bukit Jalil	27,168	25,095	50,665	49,320
Intermark Mall	3,940	4,193	9,048	8,368
DA MEN Mall	2,590	5,577	8,151	10,903
Elite Pavilion Mall	8,969	6,498	17,455	13,914
	<u>81,391</u>	<u>79,728</u>	<u>165,568</u>	<u>160,198</u>
Hotel:				
Banyan Tree Kuala Lumpur	19	-	19	-
Pavilion Hotel Kuala Lumpur	48	-	48	-
	<u>67</u>	<u>-</u>	<u>67</u>	<u>-</u>
Office:				
Pavilion Tower	2,058	1,535	3,303	3,566
	<u>2,058</u>	<u>1,535</u>	<u>3,303</u>	<u>3,566</u>
Total Property Operating Expenses	<u>83,516</u>	<u>81,263</u>	<u>168,938</u>	<u>163,764</u>

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	Current Quarter		Year to Date	
	30 Jun		30 Jun	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	84,311	84,247	176,080	180,827
Pavilion Bukit Jalil	31,056	25,677	67,170	52,433
Intermark Mall	3,581	2,808	6,049	5,567
DA MEN Mall	(325)	(1,855)	(2,797)	(3,830)
Elite Pavilion Mall	9,815	8,193	23,493	19,767
	<u>128,438</u>	<u>119,070</u>	<u>269,995</u>	<u>254,764</u>
Hotel:				
Banyan Tree Kuala Lumpur	282	-	282	-
Pavilion Hotel Kuala Lumpur	690	-	690	-
	<u>972</u>	<u>-</u>	<u>972</u>	<u>-</u>
Office:				
Pavilion Tower	415	964	1,612	1,289
Total Net Property Income	129,825	120,034	272,579	256,053
Interest Income	<u>3,707</u>	<u>3,434</u>	<u>7,989</u>	<u>7,358</u>
Net Investment Income	133,532	123,468	280,568	263,411
Manager's Management Fee	10,869	10,375	21,844	21,109
Other Trust Expenses	730	611	1,325	1,153
Borrowings Cost	<u>43,270</u>	<u>45,366</u>	<u>88,315</u>	<u>90,866</u>
Total Trust Expenses	54,869	56,352	111,484	113,128
Income Before Taxation	78,663	67,116	169,084	150,283
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income After Taxation	78,663	67,116	169,084	150,283
Distribution Adjustments	<u>6,261</u>	<u>7,758</u>	<u>14,003</u>	<u>15,483</u>
Distributable Income	<u>84,924</u>	<u>74,874</u>	<u>183,087</u>	<u>165,766</u>

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Quarterly Results:

Pavilion REIT recognised total gross revenue of RM213.3 million in Q2 2025, an increase of RM12.0 million or 6% as compared to Q2 2024 of RM201.3 million. The increase was mainly contributed by Pavilion Bukit Jalil, driven by higher occupancy rate and income generated from its exhibition centre and advertising spaces with improvement in advertising revenue generated from the upgraded LED screen at Elite Pavilion Mall.

Total property operating expenses were higher by RM2.3 million or 3% as compared to Q2 2024 mainly due to the increase in marketing expenses driven by campaigns as well as setup cost for advertising related income.

These have resulted in higher net property income by RM9.8 million or 8% in Q2 2025 as compared to Q2 2024.

Higher manager's management fee by RM0.5 million was in line with the increased in total asset value and net property income.

These have resulted in income before taxation being higher by RM11.5 million or 17% as compared to Q2 2024.

Distributable income for the quarter under review was RM84.9 million, consisting of income after tax of RM78.7 million, non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowing transaction cost of RM0.4 million, Manager's management fee payable in units amounting to RM2.7 million and present value adjustment on deferred acquisition payments of RM3.0 million.

Year-to-Date Results

Total revenue for year-to-date 30 June 2025 was RM441.5 million. It was higher by RM21.7 million or 5% as compared to preceding year-to-date 30 June 2024's performance. The increase was mainly contributed by Pavilion Bukit Jalil, driven by higher occupancy rate and income generated from its exhibition centre and advertising spaces with improved advertising revenue generated from the upgraded LED screen at Elite Pavilion Mall.

Total property operating expenses incurred was higher by RM5.2 million or 3% as compared to year-to-date 30 June 2024. This was mainly due to setup cost for advertising income and higher doubtful debts provision.

These have resulted in higher net property income by RM16.5 million or 6% for year-to-date 30 June 2025 as compared to preceding year-to-date 30 June 2024.

Higher manager's management fee by RM0.7 million was in line with the increased in total asset value and net property income. Borrowing cost decreased by RM2.6 million mainly due to lower interest rate on latest borrowings.

These resulted in income before taxation being higher by RM18.8 million or 13% as compared to preceding year-to-date 30 June 2024.

Distributable income for year-to-date 30 June 2025 was RM183.1 million, consisting of income after tax of RM169.1 million and non-cash adjustments for depreciation of RM0.3 million, amortisation of borrowings transaction cost of RM0.8 million and Manager's management fee payable in units amounting to RM5.5 million and present value adjustment on deferred acquisition payments of RM7.4 million.

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B2 Material Changes in Quarterly Results

	Quarter Ended 30 Jun 2025 (unaudited) RM'000	Quarter Ended 31 Mar 2025 (unaudited) RM'000	Change %
Gross revenue	213,341	228,176	(6.5)
Property operating expenses	<u>(83,516)</u>	<u>(85,422)</u>	<u>2.2</u>
Net property income	129,825	142,754	(9.1)
Interest income	<u>3,707</u>	<u>4,282</u>	<u>(13.4)</u>
Net investment income	133,532	147,036	(9.2)
Total trust expenses	(11,599)	(11,570)	(0.3)
Borrowing cost	<u>(43,270)</u>	<u>(45,045)</u>	<u>3.9</u>
Income before taxation	<u><u>78,663</u></u>	<u><u>90,421</u></u>	<u><u>(13.0)</u></u>

The income before taxation for the current quarter under review was lower by RM11.8 million as compared to the last immediate quarter mainly due to lower revenue rent, mitigated by lower marketing and promotional expenses and borrowing cost.

B3 Prospects

As Malaysian retailers expect sales to grow at a slower pace amid rising cost of living and economic challenges, Retail Group Malaysia had revised 2025 retail growth downwards to 3.1% from 4.3%. MARC Ratings forecasts the Malaysian economy to grow by 4.4% in 2025, down from 5.1% in 2024, as external trade uncertainties dampen export momentum. Nonetheless, resilient domestic demand is expected to anchor growth, driven by labour market improvements, accommodative policy settings, and tourism recovery.

Businesses in the retail industry adopts a cautious stand, given that cost pressures remain elevated with service tax imposed on rental and leasing of commercial spaces, higher minimum wages and subsidy rationalization measures, which will reduce operating margin. Despite these factors, the Manager will continue its proactive management of Pavilion REIT's investment properties to give its unitholders steady distributions.

The hospitality market continues to gain traction, supported by improving occupancy rates and room rates. The rebound is largely attributed to growing international arrivals, bolstered by visa-free entry for Chinese and Indian travellers and ongoing tourism campaigns with the upcoming Visit Malaysia Year 2026. The return of large-scale business events and international concerts have also driven demand.

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 2025, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.81 sen per unit or RM176.1 million earned for second half of 2024 was distributed on 28 February 2025. An advance interim distribution of 4.65 sen per unit or RM170.4 million for period from 1 Jan 2025 to 19 June 2025 was distributed on 11 July 2025.

The proposed balance interim income distribution from 20 June 2025 to 30 June 2025 is 0.32 sen per unit or RM12.5 million will be payable on 27 August 2025.

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Statement of Income Distribution

	Current Quarter 30 June		Year to Date 30 June	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Rental income	194,590	185,297	402,217	384,617
Revenue from contract customers	9,979	7,389	22,516	19,010
Interest income	3,707	3,434	7,989	7,358
Other income	8,772	8,611	16,784	16,190
	<u>217,048</u>	<u>204,731</u>	<u>449,506</u>	<u>427,175</u>
Less: Expenses	<u>(138,385)</u>	<u>(137,615)</u>	<u>(280,422)</u>	<u>(276,892)</u>
Total comprehensive income for the period/year	78,663	67,116	169,084	150,283
Distribution adjustment	<u>6,261</u>	<u>7,758</u>	<u>14,003</u>	<u>15,483</u>
Realised income for the period/year	84,924	74,874	183,087	165,766
Previous period/year's undistributed realised income	544	838	587	636
Total realised income available for distribution	85,468	75,712	183,674	166,402
Less: Proposed/declared income distribution	<u>(84,737)</u>	<u>(74,965)</u>	<u>(182,943)</u>	<u>(165,655)</u>
Balance undistributed realised income	<u>731</u>	<u>747</u>	<u>731</u>	<u>747</u>
Distribution per unit (sen)	2.29	2.05	4.97	4.53

B7 Portfolio Composition

As at 30 June 2025, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Mall, Pavilion Tower, DA MEN Mall, Intermark Mall, Elite Pavilion Mall, Pavilion Bukit Jalil, Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur.

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 2025, no provision for taxation has been made for the current year.

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B9 Status of Corporate Proposal

- a. The acquisition of Pavilion Bukit Jalil was completed on 1 June 2023. As the targeted Net Property Income (NPI) was not achieved by the NPI Determination Period, Knight Frank Malaysia Sdn Bhd, as the appointed valuer has confirmed the property valuation as at 30 May 2025 at RM2.21 billion, ie the same valuation for acquisition as well as at 31 December 2024. Hence, the balance purchase consideration of RM400 million is to be payable to Regal Path Sdn Bhd by 29 August 2025.
- b. On 5 December 2024, the Board of Directors of Pavilion REIT Management Sdn Bhd (“Board”), the management company of Pavilion REIT (“Manager”), CIMB Investment Bank Berhad (“CIMB”) and Maybank Investment Bank Berhad (“Maybank IB”) announced that MTrustee Berhad (“Trustee”), acting as the trustee for and on behalf of Pavilion REIT, had on 5 December 2024 entered into conditional sale and purchase agreements (“SPAs”) for the acquisition of Banyan Tree Kuala Lumpur (“BTKL”) from Lumayan Indah Sdn Bhd (“LISB”) and Pavilion Hotel Kuala Lumpur (“PHKL”) from Harmoni Perkasa Sdn Bhd (“HPSB”) for a total purchase consideration of RM480 million (“Proposed Acquisitions”). LISB and HPSB are related parties of Pavilion REIT due to common directorship in the Manager.

In conjunction with the Proposed Acquisitions, the Board proposed to undertake proposed placement of new units in Pavilion REIT (“Units”) to raise gross proceeds of a minimum of RM264 million and a maximum of RM552 million at an issue price to be determined by way of bookbuilding (“Proposed Placement”). The Board also proposed issuance of new Units at an issue price to be determined later to part settle RM246.5 million of the purchase consideration (“Consideration Units”), to LISB and HPSB pursuant to the terms and conditions of the Proposed Acquisitions (“Proposed Issuance of Consideration Units”).

The Board also proposed leases of BTKL and PHKL to HPSB (“Proposed Leases”).

The Proposed Acquisitions, the Proposed Placement, the Proposed Issuance of Consideration Units, the Proposed Placement to EPF and the Proposed Leases were approved by the unitholders of Pavilion REIT at the Unitholders' Meeting held on 7 May 2025. All the conditions precedent as set out in the SPAs have been fulfilled. Accordingly, the SPAs have become unconditional as of 7 May 2025.

The Proposed Placement has been completed on 20 June 2025 following the listing of and quotation for 257,142,800 Placement Units on the Main Market of Bursa Securities at the Placement Issue Price of RM1.40 per Unit. Following thereto with the full settlement of the Net Purchase Consideration, the Proposed Acquisitions have been completed on 20 June 2025 with commencement of the Proposed Leases on the same day.

B10 Utilisation of Proceeds Raised from Issuance of New Units

Other than part payment of purchase consideration from the placement exercise, utilisation of expenses are as below:-

RM (million)	Estimated	Incurred to Date
Placement fee	10.8	5.4
Manager’s fee	4.8	4.8
Professional fees	3.0	3.2
Miscellaneous expenses	1.2	0.1

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B11 Borrowings and Debt Securities

As at 30 June 2025	Total
	RM'000
Secured Revolving Term Loans	773,067
Unrated Medium Term Notes	2,738,900
Unamortised Borrowings Transaction Costs	(5,205)
Borrowings	3,506,762
Deferred Payment for Acquisition	400,000
Total Debt	3,906,762
Gearing	36.3%
Gearing on Total Debt	40.5%
Average interest cost	4.7%
Composition of borrowings:	
Fixed Rate	12.1%
Floating Rate	87.9%

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 2025	Immediate preceding quarter ended 31 March 2025
Number of units in issue (units)	3,921,532,955	3,664,390,155
Net Asset Value (“NAV”) (RM’000)	5,371,480	4,938,298
NAV per unit (RM)	1.3697	1.3476
Total comprehensive income (RM’000)	78,663	90,421
Weighted average number of units in issue – year to date (units)	3,678,770,272	3,661,881,603
Earnings per Unit after Manager’s management fee (sen)	2.13	2.47
Proposes / Declared Distribution per Unit (“DPU”) (sen) - Proposed	2.29	2.68
Market Price (RM)	1.59	1.46
Distribution Yield (%) ⁴	6.30	7.44

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 30 June 2025	Year to Date 30 June 2025	Basis
Base Fee	6,975	13,667	0.3% per annum on total asset value 3.0% per annum on net property income
Performance Fee	3,894	8,177	
Acquisition Fee	10,869	21,844	1.0% on the purchase price of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur ⁵
	4,800	4,800	
Total	15,669	26,644	

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

⁵ Acquisition fee was capitalised as part of investment property cost of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur.

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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 2025 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)

Teh Peng Peng
Joint Secretary (MAICSA 7021299)
(SSM Practising Certificate : 202008000736)

Lim Mei Yoong
Joint Secretary (LS0002201)
(SSM Practising Certificate : 201908003397)

Kuala Lumpur
22 July 2025