

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2013 (Unaudited) RM'000	As at 31 December 2012 (Audited) RM'000
ASSETS		
Plant and equipment	2,715	3,030
Investment properties	4,016,166	4,012,000
Total non-current assets	<u>4,018,881</u>	<u>4,015,030</u>
Inventories	1,293	1,104
Trade and other receivables	13,319	8,355
Cash and cash equivalents	148,354	196,866
Total current assets	<u>162,966</u>	<u>206,325</u>
TOTAL ASSETS	4,181,847	4,221,355
LIABILITIES		
Borrowings	706,371	705,442
Payables and accruals	59,247	23,395
Total non-current liabilities	<u>765,618</u>	<u>728,837</u>
Payables and accruals	61,787	89,964
Distribution payable to unitholders	-	105,444
Total current liabilities	<u>61,787</u>	<u>195,408</u>
TOTAL LIABILITIES	827,405	924,245
NET ASSET VALUE	<u>3,354,442</u>	<u>3,297,110</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	2,881,933	2,873,992
Income / (Deficit)	472,509	423,118
TOTAL UNITHOLDERS' FUND	<u>3,354,442</u>	<u>3,297,110</u>
Number of units in circulation ('000 units)	3,009,684	3,004,115
Net asset value per unit (RM)		
- Before income distribution	1.1145	1.1326
- After income distribution	1.1145	1.0975

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 30 September		Year to Date 30 September	
	2013 (Unaudited) RM'000	2012 (Unaudited) RM'000	2013 (Unaudited) RM'000	2012 (Unaudited) RM'000
Rental Income	77,114	72,202	232,297	212,570
Other Income	16,090	14,307	46,762	42,103
GROSS REVENUE	93,204	86,509	279,059	254,673
Utilities	(11,064)	(9,984)	(32,966)	(30,012)
Maintenance	(7,531)	(6,536)	(22,283)	(17,906)
Quit rent and assessment	(2,179)	(2,192)	(6,550)	(6,563)
Other operating expenses	(7,481)	(6,934)	(21,793)	(18,525)
PROPERTY OPERATING EXPENSES	(28,255)	(25,466)	(83,592)	(73,006)
NET PROPERTY INCOME	64,949	61,043	195,467	181,667
Interest income	1,625	1,468	4,431	3,882
Change in fair value of investment properties	-	-	-	-
NET INVESTMENT INCOME	66,574	62,511	199,898	185,549
Manager's management fee	(5,038)	(4,582)	(15,247)	(13,826)
Trustee's fee	(101)	(101)	(299)	(310)
Other trust expenses	(527)	(628)	(1,687)	(1,972)
Borrowings cost	(7,959)	(8,462)	(23,489)	(25,134)
TOTAL TRUST EXPENDITURE	(13,625)	(13,773)	(40,722)	(41,242)
INCOME BEFORE TAXATION	52,949	48,738	159,176	144,307
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	52,949	48,738	159,176	144,307
Income after taxation comprises the followings:-				
Realised	52,949	48,738	159,176	144,307
Unrealised	-	-	-	-
	<u>52,949</u>	<u>48,738</u>	<u>159,176</u>	<u>144,307</u>
Earnings per unit - basic (sen) #	1.76	1.62	5.29	4.81
Earnings per unit – diluted (sen) #	1.76	1.62	5.29	4.81

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 2012 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 September		Year to Date 30 September	
	2013	2012	2013	2012
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Total comprehensive income for the period	52,949	48,738	159,176	144,307
Distribution adjustments ¹	1,753	2,771	5,255	8,340
Distributable income	54,702	51,509	164,431	152,647

¹ Included in the distribution adjustments are the followings:-

	Current Quarter 30 September		Year to Date 30 September	
	2013	2012	2013	2012
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Amortisation of borrowing transaction costs	313	312	929	931
Depreciation	180	168	514	496
Manager's management fee payable in units	1,260	2,291	3,812	6,913
	<u>1,753</u>	<u>2,771</u>	<u>5,255</u>	<u>8,340</u>

**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 2012	2,868,742	(764)	2,867,978
Total comprehensive income for the period	-	144,307	144,307
Unitholders' transactions			
- Issue of new units ²	5,241	-	5,241
- Manager's management fee paid in units	9	-	9
- Listing expenses	-	(152,647)	(152,647)
- Distribution to unitholders	5,250	(152,647)	(147,397)
Increase/(Decrease) in net assets resulting from unitholders' transactions	5,250	(152,647)	(147,397)
As at 30 September 2012 (unaudited)	2,873,992	(9,104)	2,864,888
As at 1 January 2013	2,873,992	423,118	3,297,110
Total comprehensive income for the period	-	159,176	159,176
Unitholders' transactions			
- Issue of new units ²	7,941	-	7,941
- Manager's management fee paid in units	-	(109,785)	(109,785)
- Distribution payable to unitholders	7,941	(109,785)	(101,844)
Increase/(Decrease) in net assets resulting from unitholders' transactions	7,941	(109,785)	(101,844)
As at 30 September 2013 (unaudited)	2,881,933	472,509	3,354,442

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

² Issue of new units consists of the followings:-

	30 September 2012	
	Units 000	Amount RM'000
Issuance of new units pursuant to 50% Manager's management fee paid in units :-		
- at RM1.0919 per unit for entitlement for the period ended 31 December 2011	567	619
- at RM1.3028 per unit for entitlement for the period ended 30 June 2012	3,548	4,622
Total Manager's fee paid	<u>4,115</u>	<u>5,241</u>

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	30 September 2013	
	Units	Amount
	000	RM'000
Issuance of new units pursuant to 50% Manager's management fee paid in units :-		
- at RM1.4534 per unit for entitlement for the 6 months period ended 31 December 2012	3,708	5,389
Issuance of new units pursuant to 25% Manager's management fee paid in units:-		
- at RM1.3710 per unit for entitlement for the 6 months period ended 30 June 2013	1,862	2,552
Total Manager's fee paid	5,570	7,941

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30 September 2013 RM'000	Preceding Year to Date 30 September 2012 RM'000
Cash Flows From Operating Activities		
Income before taxation	159,176	144,307
<i>Adjustments for :-</i>		
Borrowing cost	23,489	25,134
Interest income	(4,431)	(3,882)
Depreciation	514	496
Loss on disposal of plant and equipment	3	(9)
Plant and equipment written off	2	2
Impairment loss on trade receivables	690	521
Fair value gain of investment properties	-	-
Operating income before changes in working capital	179,443	166,569
Inventories	(189)	(151)
Trade and other receivables	(5,654)	(6,498)
Trade and other payables	8,130	10,947
Tenants deposits	7,486	6,387
Net cash from operating activities	189,216	177,254
Cash Flow From Investing Activities		
Interest received	4,431	3,882
Payment for enhancement of investment properties	(4,166)	(14,364)
Pledged deposit	(398)	(390)
Proceed from disposal of plant and equipment	3	77
Purchase of plant and equipment	(207)	(243)
Net cash used in investing activities	(337)	(11,038)
Cash Flow from Financing Activities		
Distribution to unitholders	(215,229)	(114,018)
Interest paid	(22,560)	(24,203)
Payment of financing expenses	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash used in financing activities	(237,789)	(138,221)
Net (decrease)/increase in cash and cash equivalents	(48,910)	27,995
Cash and cash equivalents as at the beginning of the year	179,315	95,566
Cash and cash equivalents as at the end of the period	130,405	123,561
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	3,331	2,138
Deposits placed with licensed banks	145,023	138,842
	148,354	140,980
Pledged deposit	(17,949)	(17,419)
	130,405	123,561

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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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 nine months ended 30 September 2013 comprise Pavilion REIT and its subsidiary. 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 trust deed dated 13 October 2011 (“the Trust Deed”) and the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”). 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 2012 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 2012, 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 2012.

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 2012, 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 valuer at annual reporting date. 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 2013, 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 50% Manager's management fee for the 6 months period ended 31 December 2012 and 25% Manager's management fee for the 6 months period ended 30 June 2013 in Pavilion REIT units, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
3,707,929	RM1.4534	7 February 2013	Based on the 5-day volume weighted average price of the units up to but excluding 18 January 2013
1,861,605	RM1.3710	22 August 2013	Based on the 5-day volume weighted average price of the units up to but excluding 1 August 2013

A9 Segmental Reporting

Segmental results for the period ended 30 September 2013 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	270,006	9,053	279,059
Net Property Income	189,437	6,030	195,467
Interest Income			4,431
Net Investment Income			199,898
Trust Expenses			(17,233)
Borrowings Cost			(23,489)
Income Before Taxation			159,176
Taxation			-
Income After Taxation			159,176
Segment assets	4,031,125	132,773	4,163,898
Other non-allocated assets			17,949
			4,181,847
Segment liabilities	797,339	29,985	827,324
Other non-allocated liabilities			81
			827,405

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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 year is as follows:-

	Units
Balance as at 1 January 2013	3,004,114,665
Units issued as payment of Manager's management fee	5,569,534
Total units issued	<u>3,009,684,199</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 but not contracted for	13,113
Contracted but not provided for	3,396

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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 30 Sept			Year to Date 30 Sept		
	2013 (Unaudited) RM'000	2012 (Unaudited) RM'000	Change %	2013 (Unaudited) RM'000	2012 (Unaudited) RM'000	Change %
Gross Revenue						
Retail	90,207	83,459	8.1%	270,006	247,111	9.3%
Office	2,997	3,050	-1.7%	9,053	7,562	19.7%
Total Gross Revenue	<u>93,204</u>	<u>86,509</u>	<u>7.7%</u>	<u>279,059</u>	<u>254,673</u>	<u>9.6%</u>
Property Operating Expenses						
Retail	27,207	24,493	-11.1%	80,569	70,255	-14.7%
Office	1,048	973	-7.7%	3,023	2,751	-9.9%
Total Property Operating Expenses	<u>28,255</u>	<u>25,466</u>	<u>-11.0%</u>	<u>83,592</u>	<u>73,006</u>	<u>-14.5%</u>
Net Property Income						
Retail	63,000	58,966	6.8%	189,437	176,856	7.1%
Office	1,949	2,077	-6.2%	6,030	4,811	25.3%
Total Net Property Income	<u>64,949</u>	<u>61,043</u>	<u>6.4%</u>	<u>195,467</u>	<u>181,667</u>	<u>7.6%</u>
Interest Income	1,625	1,468	10.7%	4,431	3,882	14.1%
Net Investment Income	<u>66,574</u>	<u>62,511</u>	<u>6.5%</u>	<u>199,898</u>	<u>185,549</u>	<u>7.7%</u>
Manager's Management Fee	5,038	4,582	-10.0%	15,247	13,826	-10.3%
Other Trust Expenses	628	729	13.9%	1,986	2,282	13.0%
Borrowings Cost	7,959	8,462	5.9%	23,489	25,134	6.5%
Total Trust Expenses	<u>13,625</u>	<u>13,773</u>	<u>1.1%</u>	<u>40,722</u>	<u>41,242</u>	<u>1.3%</u>
Income Before Taxation	<u>52,949</u>	<u>48,738</u>	<u>8.6%</u>	<u>159,176</u>	<u>144,307</u>	<u>10.3%</u>
Taxation	-	-	-	-	-	-
Income After Taxation	<u>52,949</u>	<u>48,738</u>	<u>8.6%</u>	<u>159,176</u>	<u>144,307</u>	<u>10.3%</u>
Distribution Adjustments	1,753	2,771	-36.7%	5,255	8,340	-37.0%
Distributable Income	<u>54,702</u>	<u>51,509</u>	<u>6.2%</u>	<u>164,431</u>	<u>152,647</u>	<u>7.7%</u>

Review of Performance

Quarterly Results

Pavilion REIT recognised total gross revenue of RM93.2 million in Q3 2013, higher by RM6.7 million or 8% compared to Q3 2012 of RM86.5 million. The increase was mainly contributed by Retail, ie rental from Fashion Avenue which commenced business in September 2012 and higher advertising income. Total property operating expenses was higher by RM2.8 million or 11% compared to Q3 2012 mainly due to incurrence of scheduled progressive major replacement and preventive maintenance works. These have resulted in higher total net property income by RM3.9 million or 6% in Q3 2013 compared to Q3 2012.

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Higher Manager's management fee for the current quarter by RM0.5 million was in line with the higher achievement of net property income and increased in total asset value. Borrowing cost incurred during the quarter of RM8.0 million was lower by RM0.5 million compared to Q3 2012 due to the interest saving from conversion of its long term debts from floating rate to fixed rate effective from end of 2012.

Income before taxation for the quarter under review was RM52.9 million, RM4.2 million or 9% higher than Q3 2012 mainly due to higher net property income and lower finance cost.

Distributable income for the quarter under review was RM54.7 million or 1.82 sen per unit, consisting of income before taxation of RM52.9 million and non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowings transaction cost of RM0.3 million and 25% of Manager's management fee payable in units amounting to RM1.3 million.

Year-to-date Results

Total net property income for year-to-date 30 September 2013 was RM195.5 million. It was higher by RM13.8 million or 8% compared to preceding year-to date 30 September 2012's performance. The achievement was mainly contributed by Retail rental from Fashion Avenue and Pavilion Office Tower being fully tenanted from Q3 2012. Higher other income was mainly from advertising. These were offset by higher property operating expenses for the scheduled progressive major replacement and preventive maintenance works that started in Q4 2012 as well as advertising space set up cost which was in line with the increased in advertising income.

Higher Manager's management fee was in line with the higher achievement of net property income and increased in total asset value. Borrowing cost was lower due to conversion of long term debts from floating rate to fixed rate effective from end of 2012.

These have resulted in higher income before taxation for year-to-date 30 September 2013 by RM14.9 million or 10% compared to preceding year-to-date 30 September 2012.

Distributable income for the nine months ended 30 September 2013 was RM164.4 million or 5.47 sen per unit, consisting of income before taxation of RM159.2 million and non-cash adjustments for depreciation of RM0.5 million, amortisation of borrowings transaction cost of RM0.9 million and 25% of manager's management fee payable in units amounting to RM3.8 million.

Pavilion REIT has expended approximately RM4.4 million of its capital commitment during the year. These were mainly incurred for toilet upgrading works and enhancement to its common corridor.

B2 Material Changes in Quarterly Results

The income before taxation for current quarter under review was higher compared to last immediate quarter by RM1.0 million. This was mainly due to higher advertising income and income from percentage rent in relation to higher sales generated by tenants. Other operating expenses were relatively higher compared to the last immediate quarter due to corresponding cost to higher advertising income and marketing cost for Hari Raya festival and Mega Sales event.

B3 Prospects

Most of the tenancies have been renewed within target.

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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.

B5 Strategies and Policies

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

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

B6 Income Distribution

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

Resident Unitholder

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

Non-Resident Unitholder

- | | |
|---|------------------------|
| a) Non-resident company : | Withholding tax at 25% |
| 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 2013, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 3.65 sen per unit or RM109.8 million earned for 1st half of 2013 was paid on 9 September 2013. Distribution for the quarter ended 30 September 2013 would be payable together with the distribution for the quarter ending 31 December 2013.

B7 Portfolio Composition

There was no change to the number of properties held by Pavilion REIT since the last reporting quarter, ie its properties are Pavilion Kuala Lumpur Retail Mall and Pavilion Tower.

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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 2013, no provision for taxation has been made for the current quarter.

B9 Status of Corporate Proposal

There were no corporate proposals announced but not completed as at the latest practicable date from the issuance of this report.

B10 Borrowings and Debt Securities

	As at 30 September 2013 RM'000
Long term borrowings	
Secured Revolving Term Loan	709,701
Less: Unamortised Borrowings Transaction Cost	(3,330)
	706,371

B11 Off Balance Sheet Financial Instruments

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

B12 Material Litigation

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

B13 Soft Commission Received

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

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B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 30 September 2013	Immediate preceding quarter ended 30 June 2013
Number of units in issue (units)	3,009,684,199	3,007,822,594
Net Asset Value (“NAV”) (RM’000))	3,354,442	3,408,726
NAV per unit (RM)	1.1145	1.1333
Total comprehensive income (RM’000)	52,949	51,955
Weighted average number of units in issue – year to date (units)	3007,592,817	3,007,064,620
Earnings per Unit after Manager’s management fee (sen)	1.76	1.72
Propose / Declared Distribution per Unit (“DPU”)(sen)	1.82	1.79
Market Price (RM)	1.36	1.51
Distribution Yield (%) ³	5.38	4.87

³ Distribution yield of year to date DPU divided by the Market Price (as at the end of the period) has been annualised.

B15 Manager’s Management Fee

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

Type RM’000	Current Quarter 30 September 2013	Year to Date 30 September 2013	Basis
Base Fee	3,090	9,383	0.3% per annum on total asset value
Performance Fee	1,948	5,864	3% per annum on net property income
Total	5,038	15,247	

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

B16 Trustee’s Fees

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

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B17 Significant related party transactions

Significant related party transactions, other than Manager's management fee for the quarter ended 30 September 2013 are as follows:-

Companies related to the Manager / director's interest	Nature of Transactions	Transaction Value Year to Date: 30 Sept		Balance Outstanding As at	
		2013 RM'000	2012 RM'000	30 Sept 2013 RM'000	31 Dec 2012 RM'000
Pavilion REIT Management Sdn Bhd	Rental income and its related charges	295	295	-	-
Malton Berhad group #	Rental income and its related charges	1,667	1,669	6	-
Crabtree & Evelyn (Malaysia) Sdn Bhd *	Rental income and its related charges	948	190	-	13
	Purchase of product	540	-	50	60
Lumayan Indah Sdn Bhd ^	Rental income and its related charges	745	642	300	8
Kuala Lumpur Pavilion Sdn Bhd ∞	Property management fees and charges payable	13,801	11,351	3,772	2,840

Malton Berhad group are deemed parties related to the Manager by virtue of the directorship and interest of Datuk Lim Siew Choon and Datin Tan Kewi Yong, his spouse, in Malton Berhad.

* Crabtree & Evelyn (Malaysia) Sdn Bhd is deemed parties related to the Manager by virtue of Datuk Lim Siew Choon and Datin Tan Kewi Yong's effective interest in Crabtree & Evelyn (Malaysia) Sdn Bhd.

^ Omer Abdulaziz H A Al-Marwani, Mohd Nasser A M Al-Humaidi and Navid Chamdia as directors in the Manager also holds directorship in Lumayan Indah Sdn Bhd, a company that is currently leasing a retail space at Pavilion Kuala Lumpur.

∞ Datuk Lim Siew Choon, Datin Tan Kewi Yong and Dato' Lee Tuck Fook are directors of Kuala Lumpur Pavilion Sdn Bhd. Datuk Lim Siew Choon and Datin Tan Kewi Yong holds the entire issued and paid up share capital of Kuala Lumpur Pavilion Sdn Bhd.

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B18 Update on the Actions Taken to Rectify the Reconfiguration of the Net Lettable Area and Status of the Application

An application dated 6 June 2011 has been submitted by Urusharta Cemerlang Sdn Bhd, the sponsor of Pavilion REIT to the relevant authority to seek the requisite approval for the new lettable area created along passageways / walkways within Pavilion Kuala Lumpur mall which does not form part of the delineated lettable areas in the approved building plans.

As at 30 September 2013, the Manager had followed up on this matter which is still pending the relevant authority's approval.

B19 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 September 2013 and of its financial performance and cash flows for the period ended on that date and duly authorised for release on 7 November 2013 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: LS 02201)

Kuala Lumpur
7 November 2013