

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

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2025 (Unaudited) RM'000	As at 31 December 2024 (Audited) RM'000
ASSETS		
Plant and equipment	1,664	2,200
Investment properties	8,987,814	8,490,000
Total non-current assets	8,989,478	8,492,200
Inventories	6,127	5,731
Trade and other receivables	72,576	61,667
Pledged deposits with licensed banks	99,609	97,395
Cash and cash equivalents	414,088	473,861
Total current assets	592,400	638,654
TOTAL ASSETS	9,581,878	9,130,854
LIABILITIES		
Borrowings	3,506,031	3,312,659
Payables and accruals	86,471	85,308
Total non-current liabilities	3,592,502	3,397,967
Borrowings	400,000	80,000
Payables and accruals	301,071	634,423
Total current liabilities	701,071	714,423
TOTAL LIABILITIES	4,293,573	4,112,390
NET ASSET VALUE	5,288,305	5,018,464
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	4,038,324	3,673,129
Accumulated income	1,249,981	1,345,335
TOTAL UNITHOLDERS' FUND	5,288,305	5,018,464
Number of units in circulation ('000 units)	3,924,840	3,660,689
Net asset value per unit (RM)		
- Before income distribution	1.3474	1.3709
- After income distribution*	1.3225	1.3228

*after distributable income of 2.49 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 SEPTEMBER 2025 (UNAUDITED)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 30 September		Year to Date 30 September	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Rental income	207,504	187,245	609,721	571,862
Revenue from contract customers	11,542	11,233	34,058	30,243
Other income	8,835	8,781	25,619	24,971
GROSS REVENUE	227,881	207,259	669,398	627,076
Utilities	(19,481)	(26,552)	(68,622)	(76,722)
Maintenance	(31,549)	(27,854)	(89,634)	(85,391)
Property taxes	(6,378)	(5,878)	(18,400)	(17,594)
Other operating expenses	(24,985)	(15,119)	(74,675)	(59,460)
PROPERTY OPERATING EXPENSES	(82,393)	(75,403)	(251,331)	(239,167)
NET PROPERTY INCOME	145,488	131,856	418,067	387,909
Interest income	3,658	3,911	11,647	11,269
Net fair value changes on investment properties	-	-	-	-
NET INVESTMENT INCOME	149,146	135,767	429,714	399,178
Manager's management fee	(11,502)	(10,606)	(33,346)	(31,715)
Trustee's fee	(141)	(141)	(419)	(419)
Other trust expenses	(1,057)	(356)	(2,104)	(1,231)
Borrowings cost	(41,862)	(45,723)	(130,177)	(136,589)
TOTAL TRUST EXPENDITURE	(54,562)	(56,826)	(166,046)	(169,954)
INCOME BEFORE TAXATION	94,584	78,941	263,668	229,224
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	94,584	78,941	263,668	229,224
Income after taxation comprises the followings:-				
Realised	94,584	78,941	263,668	229,224
Unrealised	-	-	-	-
	94,584	78,941	263,668	229,224
Earnings per unit – basic (sen) #	2.41	2.16	7.01	6.27
Earnings per unit – diluted (sen) #	2.41	2.16	7.01	6.27

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 September		Year to Date 30 September	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Total comprehensive income for the period ¹	94,584	78,941	263,668	229,224
Distribution adjustments ²	3,272	8,018	17,275	23,501
Distributable income	97,856	86,959	280,943	252,725

¹ Total comprehensive income is derived after charging:-

	Current Quarter 30 September		Year to Date 30 September	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Depreciation	169	196	528	590
Impairment loss on / (Write back of) trade receivables	2,771	(3,359)	8,051	165

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 September		Year to Date 30 September	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Amortisation of borrowing transaction costs	480	644	1,265	1,885
Depreciation	169	196	528	590
Accounting adjustment on interest - present value	-	4,526	7,428	13,097
Accounting adjustment - deferred income	(252)	-	(282)	-
Manager's management fee payable in units	2,875	2,652	8,336	7,929
	3,272	8,018	17,275	23,501

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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	-	229,224	229,224
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	10,705	-	10,705
- Over accrual of expenses incurred for placement exercise in prior year	37	-	37
- Distribution to unitholders	-	(333,662)	(333,662)
Increase/(Decrease) in net assets resulting from unitholders' transactions	10,742	(333,662)	(322,920)
As at 30 September 2024 (unaudited)	3,673,129	1,164,641	4,837,770
As at 1 January 2025	3,673,129	1,345,335	5,018,464
Total comprehensive income for the period	-	263,668	263,668
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	10,953	-	10,953
- Funding for the acquisition of investment property	360,000	-	360,000
- Expenses incurred for placement exercise	(5,758)	-	(5,758)
- Distribution to unitholders	-	(359,022)	(359,022)
Increase/(Decrease) in net assets resulting from unitholders' transactions	365,195	(359,022)	6,173
As at 30 September 2025 (unaudited)	4,038,324	1,249,981	5,288,305

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 September 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
- at RM1.3740 per unit for entitlement for the 6 months period ended 30 June 2024	3,841	5,277
Total Manager's fees paid	8,351	10,705

	30 September 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
- at RM1.6512 per unit for entitlement for the 6 months period ended 30 June 2025	3,307	5,461
Total Manager's fees paid	7,008	10,953
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
	264,151	370,953

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30 September 2025 RM'000	Preceding Year to Date 30 September 2024 RM'000
Cash Flows From Operating Activities		
Income before taxation	263,668	229,224
<i>Adjustments for:-</i>		
Borrowing cost	130,177	136,589
Interest income	(11,647)	(11,269)
Depreciation	528	590
Plant and equipment written off	86	-
Impairment loss on trade receivables	8,051	165
Operating income before changes in working capital	390,863	355,299
Inventories	(396)	(1,804)
Trade and other receivables	(18,960)	(19,806)
Trade and other payables	(344,191)	19,304
Tenants' deposits	5,527	11,813
Net cash from operating activities	32,843	364,806
Cash Flow from Investing Activities		
Acquisition of investment property	(487,814)	-
Interest received	11,647	11,269
Payment for enhancement of investment properties	-	(52)
Pledged deposit	(2,214)	(5,791)
Purchase of plant and equipment	(78)	(17)
Net cash (used in)/from investing activities	(478,459)	5,409
Cash Flow from Financing Activities		
Distribution to unitholders	(359,022)	(333,662)
Interest paid	(121,484)	(121,607)
Payment of financing expenses	(1,598)	(620)
(Payment)/Write back of placement expenses	(5,758)	37
Proceeds from issuance of units	360,000	-
Proceeds from borrowings	694,700	100,000
Repayment of borrowings	(180,995)	(100,000)
Net cash from/(used in) financing activities	385,843	(455,852)
Net decrease in cash and cash equivalents	(59,773)	(85,637)
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	414,088	369,864

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 SEPTEMBER 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 September 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
3,307,285	RM1.6512	11 August 2025	Based on the 5-day volume weighted average price of the units up to but excluding 22 July 2025 (as management fee)

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A9 Segmental Reporting

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

Business Segment	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Gross Revenue	652,269	9,736	7,393	669,398
Net Property Income	406,506	8,969	2,592	418,067
Interest Income				11,647
Net Fair Value Changes on Investment Properties				-
Net Investment Income				429,714
Trust Expenses				(35,869)
Borrowings Cost				(130,177)
Income Before Taxation				263,668
Taxation				-
Income After Taxation				263,668
Segment assets	8,852,271	498,528	131,470	9,482,269
Other non-allocated assets				99,609
				9,581,878
Segment liabilities	4,125,286	136,727	31,413	4,293,426
Other non-allocated liabilities				147
				4,293,573

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	7,008,427
Units issued to fund the acquisition of investment properties	257,142,800
Total units issued	<u>3,924,840,240</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	2,511

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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 Sep		Year to Date 30 Sep	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	126,704	124,274	383,033	382,794
Pavilion Bukit Jalil	58,107	53,021	175,942	154,774
Intermark Mall	7,906	7,214	23,003	21,149
DA MEN Mall	1,878	2,201	7,232	9,274
Elite Pavilion Mall	22,111	18,275	63,059	51,956
	<u>216,706</u>	<u>204,985</u>	<u>652,269</u>	<u>619,947</u>
Hotel:				
Banyan Tree Kuala Lumpur	2,521	-	2,822	-
Pavilion Hotel Kuala Lumpur	6,176	-	6,914	-
	<u>8,697</u>	<u>-</u>	<u>9,736</u>	<u>-</u>
Office:				
Pavilion Tower	2,478	2,274	7,393	7,129
	<u>227,881</u>	<u>207,259</u>	<u>669,398</u>	<u>627,076</u>
Total Gross Revenue				
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	38,623	30,825	118,872	108,518
Pavilion Bukit Jalil	25,534	27,685	76,199	77,005
Intermark Mall	3,711	3,835	12,759	12,203
DA MEN Mall	3,405	4,057	11,556	14,960
Elite Pavilion Mall	8,922	6,969	26,377	20,883
	<u>80,195</u>	<u>73,371</u>	<u>245,763</u>	<u>233,569</u>
Hotel:				
Banyan Tree Kuala Lumpur	259	-	278	-
Pavilion Hotel Kuala Lumpur	441	-	489	-
	<u>700</u>	<u>-</u>	<u>767</u>	<u>-</u>
Office:				
Pavilion Tower	1,498	2,032	4,801	5,598
	<u>82,393</u>	<u>75,403</u>	<u>251,331</u>	<u>239,167</u>
Total Property Operating Expenses				

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	Current Quarter 30 Sep		Year to Date 30 Sep	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	88,081	93,449	264,161	274,276
Pavilion Bukit Jalil	32,573	25,336	99,743	77,769
Intermark Mall	4,195	3,379	10,244	8,946
DA MEN Mall	(1,527)	(1,856)	(4,324)	(5,686)
Elite Pavilion Mall	13,189	11,306	36,682	31,073
	<u>136,511</u>	<u>131,614</u>	<u>406,506</u>	<u>386,378</u>
Hotel:				
Banyan Tree Kuala Lumpur	2,262	-	2,544	-
Pavilion Hotel Kuala Lumpur	5,735	-	6,425	-
	<u>7,997</u>	<u>-</u>	<u>8,969</u>	<u>-</u>
Office:				
Pavilion Tower	980	242	2,592	1,531
Total Net Property Income	<u>145,488</u>	<u>131,856</u>	<u>418,067</u>	<u>387,909</u>
Interest Income	<u>3,658</u>	<u>3,911</u>	<u>11,647</u>	<u>11,269</u>
Net Investment Income	<u>149,146</u>	<u>135,767</u>	<u>429,714</u>	<u>399,178</u>
Manager's Management Fee	11,502	10,606	33,346	31,715
Other Trust Expenses	1,198	497	2,523	1,650
Borrowings Cost	<u>41,862</u>	<u>45,723</u>	<u>130,177</u>	<u>136,589</u>
Total Trust Expenses	<u>54,562</u>	<u>56,826</u>	<u>166,046</u>	<u>169,954</u>
Income Before Taxation	<u>94,584</u>	<u>78,941</u>	<u>263,668</u>	<u>229,224</u>
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income After Taxation	<u>94,584</u>	<u>78,941</u>	<u>263,668</u>	<u>229,224</u>
Distribution Adjustments	<u>3,272</u>	<u>8,018</u>	<u>17,275</u>	<u>23,501</u>
Distributable Income	<u><u>97,856</u></u>	<u><u>86,959</u></u>	<u><u>280,943</u></u>	<u><u>252,725</u></u>

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Quarterly Results:

Pavilion REIT recognised total gross revenue of RM227.9 million in Q3 2025, an increase of RM20.6 million or 10% as compared to Q3 2024 of RM207.3 million. The growth was mainly contributed by rental income from Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, acquired on 20 June 2025, as well as higher contribution from Pavilion Bukit Jalil, driven by improved occupancy rate and increased income from its exhibition centre and advertising spaces. Additionally, revenue from the upgraded LED screen at Elite Pavilion Mall also contributed to the overall increase.

Total property operating expenses increased by RM7.0 million or 9% as compared to Q3 2024, mainly due to the upgrading of chiller in Pavilion Kuala Lumpur Mall and setup costs related to advertising income.

These have resulted in higher net property income by RM13.6 million or 10% in Q3 2025 as compared to Q3 2024.

Higher manager's management fee by RM0.9 million was in line with the increased in total asset value and net property income. Other trust expenses increased mainly due to costs associated with the setup of rated medium term note programme and provisions for valuation fee related to the two newly acquired properties.

These have resulted in income before taxation being higher by RM15.6 million or 20% as compared to Q3 2024.

Distributable income for the quarter under review was RM97.9 million, consisting of income after tax of RM94.6 million, non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowing transaction cost of RM0.5 million, Manager's management fee payable in units amounting to RM2.9 million and accounting adjustment on deferred income of RM0.3 million.

Year-to-Date Results

Total revenue for year-to-date ended 30 September 2025 was RM669.4 million, an increase of RM42.3 million or 7% as compared to the same period in the previous year. The increase was mainly contributed by Pavilion Bukit Jalil, driven by higher occupancy rate and increased income generated from its exhibition centre and advertising spaces with improved advertising revenue generated from the upgraded LED screen at Elite Pavilion Mall, as well as income from the two newly acquired properties.

Total property operating expenses incurred was higher by RM12.2 million or 5% as compared to year-to-date 30 September 2024. This was mainly due to the setup costs related to advertising income, higher provision for doubtful debts, and the chiller upgrade at Pavilion Kuala Lumpur Mall.

These have resulted in higher net property income by RM30.2 million or 8% for year-to-date 30 September 2025 as compared to preceding year-to-date 30 September 2024.

Higher manager's management fee by RM1.6 million was in line with the increased in total asset value and net property income. Borrowing cost decreased by RM6.4 million mainly due to lower interest rate on latest borrowings.

These resulted in income before taxation being higher by RM34.4 million or 15% as compared to preceding year-to-date 30 September 2024.

Distributable income for year-to-date 30 September 2025 was RM280.9 million, consisting of income after tax of RM263.7 million and non-cash adjustments for depreciation of RM0.5 million, amortisation of borrowings transaction cost of RM1.3 million, Manager's management fee payable in units amounting to RM8.3 million and accounting adjustment on interest and deferred income of RM7.1 million.

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B2 Material Changes in Quarterly Results

	Quarter Ended 30 Sep 2025 (unaudited) RM'000	Quarter Ended 30 Jun 2025 (unaudited) RM'000	Change %
Gross revenue	227,881	213,341	6.8
Property operating expenses	(82,393)	(83,516)	1.3
Net property income	145,488	129,825	12.1
Interest income	3,658	3,707	(1.3)
Net investment income	149,146	133,532	11.7
Total trust expenses	(12,700)	(11,599)	(9.5)
Borrowing cost	(41,862)	(43,270)	3.3
Income before taxation	94,584	78,663	20.2

The income before taxation for the current quarter under review increased by RM15.9 million as compared to the last immediate quarter mainly due to higher revenue rent and advertising income, net contribution from the two newly acquired properties, and lower borrowing costs.

B3 Prospects

As per the Malaysia Retail Industry Report (September 2025) prepared by Retail Group Malaysia (RGM), it revised the projected 2025 retail sales growth rate from 3.1% to 2.7% due to the weaker-than-expected second quarter retail sales. These were attributed to rising cost of living that have reduced discretionary purchases. With clarities to the electricity tariff and rationalization of fuel subsidy, Malaysia's economic outlook remains positive supported by resilient consumer demand, growing tourism, firm domestic fundamentals and supportive policy measures.

Malaysia has been named in the United Nations Tourism Organisation's World Tourism Barometer report as one of several major tourist destination, recording a surge of 14.5% international tourist arrivals achieving 28.2 million in the first eight months of 2025. Among the most influential factors driving this increase are the visa liberalization plan, targeted industry incentives, and digital and airline-based promotional campaigns. Domestic tourism sector also demonstrated steady growth in the second quarter of 2025, with increases in both visitor numbers and tourism expenditure. Visit Malaysia 2026 campaign, aggressive marketing and promotions are ongoing domestically and internationally to achieve 47 million visitors and generate RM329 billion in tourism revenue. With Kuala Lumpur being ranked as the world's second top trending travel destination for 2025 by TripAdvisor, Klang Valley's hotel occupancy is expected to maintain its upward trajectory.

Cost management will continuously be adopted to optimise efficiency with spending as required to ensure needs, comfort and safety of its stakeholders are balanced and not compromised. Pavilion REIT malls will be collaborating with tourism ministry and associations to provide more dynamic and engaging experiences for its visitors to boost tourism arrivals and spending.

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 January 2025 to 19 June 2025 was distributed on 11 July 2025.

The balance interim income distribution for the six months ended 30 June 2025 of 0.32 sen per unit or RM12.5 million was distributed on 27 August 2025. Distribution for the quarter ended 30 September 2025 would be payable together with the distribution for the quarter ending 31 December 2025.

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Statement of Income Distribution

	Current Quarter 30 September		Year to Date 30 September	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Rental income	207,504	187,245	609,721	571,862
Revenue from contract customers	11,542	11,233	34,058	30,243
Interest income	3,658	3,911	11,647	11,269
Other income	8,835	8,781	25,619	24,971
	<u>231,539</u>	<u>211,170</u>	<u>681,045</u>	<u>638,345</u>
Less: Expenses	<u>(136,955)</u>	<u>(132,229)</u>	<u>(417,377)</u>	<u>(409,121)</u>
Total comprehensive income for the period/year	94,584	78,941	263,668	229,224
Distribution adjustment	<u>3,272</u>	<u>8,018</u>	<u>17,275</u>	<u>23,501</u>
Realised income for the period/year	<u>97,856</u>	<u>86,959</u>	<u>280,943</u>	<u>252,725</u>
Previous period/year's undistributed realised income	<u>731</u>	<u>747</u>	<u>587</u>	<u>636</u>
Total realised income available for distribution	98,587	87,706	281,530	253,361
Less: Proposed/declared income distribution	<u>(97,729)</u>	<u>(87,124)</u>	<u>(280,672)</u>	<u>(252,779)</u>
Balance undistributed realised income	<u>858</u>	<u>582</u>	<u>858</u>	<u>582</u>
Distribution per unit (sen)	2.49	2.38	7.46	6.91

B7 Portfolio Composition

As at 30 September 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

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. Accordingly, the balance purchase consideration of RM400 million was duly paid to Regal Path Sdn Bhd on 29 August 2025, representing full and final settlement for the acquisition of Pavilion Bukit Jalil.

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	5.8
Manager's fee	4.8	4.8
Professional fees	3.0	3.2
Miscellaneous expenses	1.2	0.1

B11 Borrowings and Debt Securities

As at 30 September 2025	Total
	RM'000
Secured Revolving Term Loans	673,072
Unrated Medium Term Notes	3,238,900
Unamortised Borrowings Transaction Costs	(5,941)
Borrowings	3,906,031
Gearing	40.8%
Average interest cost	4.6%
Composition of borrowings:	
Fixed Rate	23.6%
Floating Rate	76.4%

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.

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B14 Soft Commission Received

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

B15 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 30 September 2025	Immediate preceding quarter ended 30 June 2025
Number of units in issue (units)	3,924,840,240	3,921,532,955
Net Asset Value (“NAV”) (RM’000)	5,288,305	5,371,480
NAV per unit (RM)	1.3474	1.3697
Total comprehensive income (RM’000)	94,584	78,663
Weighted average number of units in issue – year to date (units)	3,761,198,251	3,678,770,272
Earnings per Unit after Manager’s management fee (sen)	2.41	2.13
Proposes / Declared Distribution per Unit (“DPU”) (sen) - Proposed	2.49	2.29
Market Price (RM)	1.82	1.59
Distribution Yield (%) ⁴	5.48	6.30

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

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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 September 2025	Year to Date 30 September 2025	Basis
Base Fee	7,137	20,804	0.3% per annum on total asset value
Performance Fee	4,365	12,542	3.0% per annum on net property income
Acquisition Fee	11,502 -	33,346 4,800	1.0% on the purchase price of Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur ⁵
Total	11,502	38,146	

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.

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 September 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
30 October 2025