

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2026 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2026 (Unaudited) RM'000	As at 31 December 2025 (Audited) RM'000
ASSETS		
Plant and equipment	3,560	3,835
Investment properties	9,119,571	9,095,000
Total non-current assets	9,123,131	9,098,835
Inventories	6,254	6,512
Trade and other receivables	60,903	57,658
Pledged deposits with licensed banks	102,225	100,252
Cash and cash equivalents	456,592	565,296
Total current assets	625,974	729,718
TOTAL ASSETS	9,749,105	9,828,553
LIABILITIES		
Borrowings	2,390,453	2,863,456
Payables and accruals	122,284	95,151
Total non-current liabilities	2,512,737	2,958,607
Borrowings	1,548,072	1,073,072
Payables and accruals	297,682	305,439
Total current liabilities	1,845,754	1,378,511
TOTAL LIABILITIES	4,358,491	4,337,118
NET ASSET VALUE	5,390,614	5,491,435
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	4,050,135	4,038,209
Accumulated income	1,340,479	1,453,226
TOTAL UNITHOLDERS' FUND	5,390,614	5,491,435
Number of units in circulation ('000 units)	3,931,443	3,924,840
Net asset value per unit (RM)		
- Before income distribution	1.3712	1.3991
- After income distribution*	1.3467	1.3488

*after distributable income of 2.45 sen per unit (2025: after final income distribution of 5.03 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 2025 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 30 September		Year to Date 30 September	
	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000
Rental income	206,999	207,504	627,518	609,721
Revenue from contract customers	11,872	11,542	41,377	34,058
Other income	8,420	8,835	25,310	25,619
GROSS REVENUE	227,291	227,881	694,205	669,398
Utilities	(21,042)	(19,481)	(56,232)	(68,622)
Maintenance	(30,934)	(31,549)	(97,806)	(89,634)
Property taxes	(6,100)	(6,378)	(18,280)	(18,400)
Other operating expenses	(23,635)	(24,985)	(75,099)	(74,675)
PROPERTY OPERATING EXPENSES	(81,711)	(82,393)	(247,417)	(251,331)
NET PROPERTY INCOME	145,580	145,488	446,788	418,067
Net fair value changes on investment properties	-	-	-	-
NET PROPERTY INCOME AND FAIR VALUE CHANGES ON INVESTMENT PROPERTIES	145,580	145,488	446,788	418,067
Manager's management fee	(11,568)	(11,502)	(35,279)	(33,346)
Trustee's fee	(158)	(141)	(469)	(419)
Other trust expenses	(1,476)	(1,057)	(4,832)	(2,104)
NET OPERATING INCOME	132,378	132,788	406,208	382,198
Interest income	4,568	3,658	12,588	11,647
NET INCOME BEFORE FINANCING AND INCOME TAX	136,946	136,446	418,796	393,845
Borrowings cost	(44,041)	(41,862)	(131,049)	(130,177)
NET INCOME BEFORE TAXATION	92,905	94,584	287,747	263,668
Tax expense	-	-	-	-
NET INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	92,905	94,584	287,747	263,668
Income after taxation comprises the followings:-				
Realised	92,905	94,584	287,747	263,668
Unrealised	-	-	-	-
	92,905	94,584	287,747	263,668
Earnings per unit – basic (sen) #	2.37	2.41	7.33	7.01
Earnings per unit – diluted (sen) #	2.37	2.41	7.33	7.01

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 2025 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	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Net income after taxation / Total comprehensive income for the period ¹	92,905	94,584	287,747	263,668
Distribution adjustments ²	3,569	3,272	11,719	17,275
Distributable income	96,474	97,856	299,466	280,943

¹ Net income after taxation / Total comprehensive income is derived after charging:-

	Current Quarter 30 September		Year to Date 30 September	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Depreciation	220	169	657	528
(Write back of)/Impairment loss on trade receivables	(363)	2,771	1,974	8,051

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	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Amortisation of borrowing transaction costs	709	480	2,990	1,265
Depreciation	220	169	657	528
Accounting adjustment on interest - Present Value	-	-	-	7,428
Accounting adjustment on deferred income	(252)	(252)	(748)	(282)
Manager's management fee payable in units	2,892	2,875	8,820	8,336
	3,569	3,272	11,719	17,275

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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 2025	3,673,129	1,345,335	5,018,464
Net income after tax / 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
As at 1 January 2026	4,038,209	1,453,226	5,491,435
Net income after tax / Total comprehensive income for the period	-	287,747	287,747
Unitholders' transactions			
- Issue of new units ³			
- Manager's management fee paid in units	11,926	-	11,926
- Distribution to unitholders	-	(400,494)	(400,494)
Increase/(Decrease) in net assets resulting from unitholders' transactions	11,926	(400,494)	(388,568)
As at 30 September 2026 (unaudited)	4,050,135	1,340,479	5,390,614

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 2025 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 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 00 January 1900	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
Total	264,151	370,953

	30 September 2026	
	Units '000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fees paid in units :-		
- at RM1.9236 per unit for entitlement for the 6 months period ended 31 December 2025	3,118	5,998
- at RM1.7008 per unit for entitlement for the 6 months period ended 30 June 2026	3,485	5,928
Total Manager's fees paid	6,603	11,926

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30 September 2026 RM'000	Preceding Year to Date 30 September 2025 RM'000
Cash Flows From Operating Activities		
Net operating income	406,208	382,198
<i>Adjustments for:-</i>		
Depreciation	657	528
Plant and equipment written off	-	86
Loss on disposal of plant and equipment	3	-
Impairment loss on trade receivables	1,974	8,051
Operating income before changes in working capital	408,842	390,863
Inventories	258	(396)
Trade and other receivables	(5,219)	(18,960)
Trade and other payables	19,526	(344,191)
Tenants' deposits	11,776	5,527
Net cash from operating activities	435,183	32,843
Cash Flow from Investing Activities		
Acquisition of investment property	-	(487,814)
Purchase of plant and equipment	(385)	(78)
Interest received	12,588	11,647
Payment for enhancement of investment properties	(24,571)	-
Pledged deposit	(1,973)	(2,214)
Net cash used in investing activities	(14,341)	(478,459)
Cash Flow from Financing Activities		
Distribution to unitholders	(400,494)	(359,022)
Interest paid	(128,059)	(121,484)
Payment of financing expenses	(993)	(1,598)
Payment of placement expenses	-	(5,758)
Proceeds from issuance of units	-	360,000
Proceeds from borrowings	400,000	694,700
Repayment of borrowings	(400,000)	(180,995)
Net cash (used in)/from financing activities	(529,546)	385,843
Net decrease in cash and cash equivalents	(108,704)	(59,773)
Cash and cash equivalents as at the beginning of the year	565,296	473,861
Cash and cash equivalents as at the end of the period	456,592	414,088

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2025 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2026 (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 2026 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 2026. 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 2025 and the accompanying explanatory notes attached to the interim financial statements. Pavilion REIT has presented additional subtotals and classifications to align with future reporting requirements under MFRS 18.

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 2025, 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 2025.

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 2025, 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 2026, the fair values could be materially different from the current carrying value.

A5 Seasonality or Cyclicity of Operations

The business operations of Pavilion REIT are not affected by material seasonal or cyclical factors.

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A6 Exceptional or Unusual Item

There were no exceptional or unusual items to be disclosed for the quarter under review.

A7 Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter.

A8 Debt and Equity Securities

There were no issuance, cancellation, repurchase, sale and payment of debt and equity securities for the current quarter and year to date except for payment of 25% Manager's management fee paid in Pavilion REIT units, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
3,118,169	RM1.9236	20 February 2026	Based on the 5-day volume weighted average price of the units up to but excluding 29 January 2026 (as management fee)
3,485,310	RM1.7008	12 August 2026	Based on the 5-day volume weighted average price of the units up to but excluding 23 July 2026 (as management fee)

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A9 Segmental Reporting

Segmental results for the period ended 30 September 2026 was as follows:-

Business Segment	Retail RM'000	Hotel RM'000	Office RM'000	Total RM'000
Gross Revenue	660,569	25,947	7,689	694,205
Net Property Income	420,155	24,110	2,523	446,788
Trust Expenses				(40,580)
Net Operating Income				406,208
Interest Income				12,588
Net Income Before Financing and Income Tax				418,796
Borrowings Cost				(131,049)
Net Income Before Taxation				287,747
Taxation				-
Net Income After Taxation				287,747
Segment assets	9,002,188	511,201	133,491	9,646,880
Other non-allocated assets				102,225
				9,749,105
Segment liabilities	4,191,689	133,330	33,280	4,358,299
Other non-allocated liabilities				192
				4,358,491

A10 Valuation of Investment Properties

The investment properties are to be valued annually based on valuation by independent registered valuer. Any differences between the valuation and the book value of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. For investment properties acquired under equity-settled share-based payment transactions, the investment properties are initially measured at fair value, with corresponding increase in equity.

A11 Material Events Subsequent to Period End

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited interim financial statement.

A12 Changes in the Composition of Pavilion REIT

The movement to the composition of Pavilion REIT during the period is as follows:-

	Units
Balance as at 1 January 2026	3,924,840,240
Units issued as payment of Manager's management fees	6,603,479
Total units issued	<u>3,931,443,719</u>

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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

Authorised and contract for:	RM'000
- Within one year	9,257

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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	
	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	124,381	126,704	382,019	383,033
Pavilion Bukit Jalil	61,201	58,107	184,902	175,942
Intermark Mall	7,785	7,906	23,275	23,003
DA MEN Mall	3,276	1,878	6,932	7,232
Elite Pavilion Mall	19,535	22,111	63,441	63,059
	<u>216,178</u>	<u>216,706</u>	<u>660,569</u>	<u>652,269</u>
Hotel:				
Banyan Tree Kuala Lumpur	2,524	2,521	7,483	2,822
Pavilion Hotel Kuala Lumpur	6,176	6,176	18,464	6,914
	<u>8,700</u>	<u>8,697</u>	<u>25,947</u>	<u>9,736</u>
Office:				
Pavilion Tower	2,413	2,478	7,689	7,393
	<u>2,413</u>	<u>2,478</u>	<u>7,689</u>	<u>7,393</u>
Total Gross Revenue	<u>227,291</u>	<u>227,881</u>	<u>694,205</u>	<u>669,398</u>
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	36,817	38,623	116,474	118,872
Pavilion Bukit Jalil	27,302	25,534	77,169	76,199
Intermark Mall	4,095	3,711	13,568	12,759
DA MEN Mall	3,457	3,405	7,173	11,556
Elite Pavilion Mall	7,731	8,922	26,030	26,377
	<u>79,402</u>	<u>80,195</u>	<u>240,414</u>	<u>245,763</u>
Hotel:				
Banyan Tree Kuala Lumpur	234	259	699	278
Pavilion Hotel Kuala Lumpur	374	441	1,138	489
	<u>608</u>	<u>700</u>	<u>1,837</u>	<u>767</u>
Office:				
Pavilion Tower	1,701	1,498	5,166	4,801
	<u>1,701</u>	<u>1,498</u>	<u>5,166</u>	<u>4,801</u>
Total Property Operating Expenses	<u>81,711</u>	<u>82,393</u>	<u>247,417</u>	<u>251,331</u>

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	Current Quarter 30 Sep		Year to Date 30 Sep	
	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	87,564	88,081	265,545	264,161
Pavilion Bukit Jalil	33,899	32,573	107,733	99,743
Intermark Mall	3,690	4,195	9,707	10,244
DA MEN Mall	(181)	(1,527)	(241)	(4,324)
Elite Pavilion Mall	11,804	13,189	37,411	36,682
	<u>136,776</u>	<u>136,511</u>	<u>420,155</u>	<u>406,506</u>
Hotel:				
Banyan Tree Kuala Lumpur	2,290	2,262	6,784	2,544
Pavilion Hotel Kuala Lumpur	5,802	5,735	17,326	6,425
	<u>8,092</u>	<u>7,997</u>	<u>24,110</u>	<u>8,969</u>
Office:				
Pavilion Tower	712	980	2,523	2,592
Total Net Property Income	145,580	145,488	446,788	418,067
Manager's Management Fee	11,568	11,502	35,279	33,346
Other Trust Expenses	<u>1,634</u>	<u>1,198</u>	<u>5,301</u>	<u>2,523</u>
Net Operating Income	132,378	132,788	406,208	382,198
Interest Income	<u>4,568</u>	<u>3,658</u>	<u>12,588</u>	<u>11,647</u>
Net Income Before Financing and Income Tax	136,946	136,446	418,796	393,845
Borrowings Cost	<u>44,041</u>	<u>41,862</u>	<u>131,049</u>	<u>130,177</u>
Net Income Before Taxation	92,905	94,584	287,747	263,668
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income After Taxation	92,905	94,584	287,747	263,668
Distribution Adjustments	<u>3,569</u>	<u>3,272</u>	<u>11,719</u>	<u>17,275</u>
Distributable Income	<u>96,474</u>	<u>97,856</u>	<u>299,466</u>	<u>280,943</u>

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Quarterly Results:

Pavilion REIT recognised total gross revenue of RM227.3 million in Q3 2026, a marginal decrease of RM0.6 million or 0.3% as compared to Q3 2025 of RM227.9 million. The decrease was mainly due to lower advertising income at Elite Pavilion Mall.

Total property operating expenses decreased by RM0.7 million or 0.8% as compared to Q3 2025, mainly due to lower setup costs related to advertising income. This was partially offset by higher utilities cost, mainly due to higher global fuel prices resulted in an increase in the Automatic Fuel Adjustment (AFA) rate imposed by Tenaga Nasional Berhad (TNB).

These have resulted in higher net property income by RM0.1 million or 0.1% in Q3 2026 as compared to Q3 2025.

Higher manager's management fee by RM0.1 million was in line with the increased in total assets value and net property income. Other trust expenses increased mainly due to higher costs arising from the expanded scope of service tax on financial services imposed by the tax authority. Borrowing cost increased mainly due to additional borrowings drawn down to finance the acquisition of the two hotels in the previous year.

Income before taxation was lower by RM1.7 million or 2% as compared to Q3 2025.

Distributable income for the quarter under review was RM96.5 million or 2.45 sen per unit, consisting of income after tax of RM92.9 million and non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowing transaction cost of RM0.7 million, Manager's management fee payable in units amounting to RM2.9 million and accounting adjustment on deferred income of RM0.2 million.

Year-to-Date Results:

Total revenue for year-to-date 30 September 2026 was RM694.2 million. It was higher by RM24.8 million or 4% as compared to preceding year-to-date 30 September 2025's performance. The increase was mainly contributed by rental income from the two newly acquired hotels on 20 June 2025 as well as Pavilion Bukit Jalil, driven by sustained occupancy levels.

Total property operating expenses incurred was lower by RM3.9 million or 2% as compared to year-to-date 30 September 2025. The decrease was mainly attributable to lower electricity expenses following the approval of the new electricity tariff structure by TNB. This was partially offset by higher maintenance costs arising from security system upgrades, replacement of chillers as well as escalators, roof and lighting improvement works.

These have resulted in higher net property income by RM28.7 million or 7% for year-to-date 30 September 2026 as compared to preceding year-to-date 30 September 2025.

Higher manager's management fee by RM1.9 million was in line with the increased in total asset value and net property income. Other trust expenses increased mainly due to higher costs arising from the expanded scope of service tax on financial services imposed by the tax authority. Borrowing cost increased by RM0.9 million mainly due to the drawdown of additional borrowings for acquisition of the two hotels last year.

These resulted in income before taxation being higher by RM24.1 million or 9% as compared to preceding year-to-date 30 September 2025.

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Distributable income for year-to-date 30 September 2026 was RM299.5 million or 7.62 sen per unit, consisting of income after tax of RM287.7 million and non-cash adjustments for depreciation of RM0.7 million, amortisation of borrowings transaction cost of RM3.0 million, Manager's management fee payable in units amounting to RM8.8 million and accounting adjustment on deferred income of RM0.7 million.

Pavilion REIT incurred capital expenditure of approximately RM24.6 million mainly for the reconfiguration of space at part of Level 3 of Pavilion Kuala Lumpur Mall.

B2 Material Changes in Quarterly Results

	Quarter Ended 30 Sep 2026 (unaudited) RM'000	Quarter Ended 30 Jun 2026 (unaudited) RM'000	Change %
Gross revenue	227,291	221,019	2.8
Property operating expenses	(81,711)	(78,743)	(3.8)
Net property income	145,580	142,276	2.3
Change in fair value of investment properties	-	-	-
Net property income and fair value changes on investment properties	145,580	142,276	2.3
Total trust expenses	(13,202)	(13,702)	3.6
Net operating income	132,378	128,574	3.0
Interest income	4,568	3,732	22.4
Net income before financing and income tax	136,946	132,306	3.5
Borrowing cost	(44,041)	(43,269)	(1.8)
Net income before taxation	92,905	89,037	4.3

The income before taxation for the current quarter under review was higher by RM3.9 million as compared to the last immediate quarter mainly due to the higher rental and interest income. This was partially offset by higher utilities costs arising from the adjustment of electricity expenses following the approval of the new electricity tariff structure from TNB in the last immediate quarter.

B3 Prospects

The consumer sector is expected to remain resilient for the last quarter of the year, supported by stable labour-market conditions, government assistance to households and seasonal spendings. However, consumption growth is likely to become more measured and increasingly selective as higher labour, food and logistics costs put pressure on household budgets and corporate margins despite manageable inflation. According to the Department of Statistics Malaysia latest survey, Malaysian businesses turned more optimistic with confidence improving across all major sectors, reflecting stronger expectations for domestic and external economic activity.

For the 1st half of the year, despite international tourist arrivals growth being only 2.5%, local tourism expenditure rose 12.3% year-on-year while the number of national tourists increased by 7.9%. Domestic tourism is an important stabiliser due to spendings on local accommodation, food, fuel and retail sectors. Although geopolitical tensions, elevated airfares and jet fuel costs could weigh on inbound travel, Retail Group Malaysia still maintains its annual retail industry growth projection at 3.8% for 2026.

Pavilion REIT will continue to collaborate with the tourism ministry and associations to support Visit Malaysia 2026 with proactive management of its properties to give its unitholders steady distributions.

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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 integrated annual report remain unchanged, ie to increase the income and consequently, the value of its investment properties and continue Pavilion REIT's growth through the following strategies:-

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

whilst balancing other stakeholder needs with commitment to sustainability and community engagement.

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B6 Income Distribution

Following the expiration of the withholding tax concession under Section 109D of the Income Tax Act 1967 (“ITA”) on 31 December 2025, the tax treatment applicable to recipients of income distributions from REITs under Section 61A of the ITA will be as follows :-

Category of Unitholder	Tax Treatment (up to YA 2025)	Tax Treatment (from YA 2026 onwards)
Resident company	Tax flow through, thus no withholding tax	Tax flow through, thus no withholding tax
Resident, other than company	Withholding tax at 10%	No withholding tax. Subject to individual scaled rates. Unit holders are required to report the income distribution from REIT in their respective Income Tax Return Forms.
Non-resident company	Withholding tax at 24%	Withholding tax at 24%
Non-resident, other than company	Withholding tax at 10%	No withholding tax. Subject to corporate rate/non-resident individual rate at 30% of chargeable income. Unit holders are required to report the income distribution from REIT in their respective Income Tax Return Forms.

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 2026, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 5.17 sen per unit or RM203.0 million earned for first half of 2026 was distributed on 28 August 2026. Distribution for the quarter ended 30 September 2026 would be payable together with the distribution for the quarter ending 31 December 2026.

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Statement of Income Distribution

	Current Quarter 30 September		Year to Date 30 September	
	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000	2026 (Unaudited) RM'000	2025 (Unaudited) RM'000
Rental income	206,999	207,504	627,518	609,721
Revenue from contract customers	11,872	11,542	41,377	34,058
Interest income	4,568	3,658	12,588	11,647
Other income	8,420	8,835	25,310	25,619
	<u>231,859</u>	<u>231,539</u>	<u>706,793</u>	<u>681,045</u>
Less: Expenses	<u>(138,954)</u>	<u>(136,955)</u>	<u>(419,046)</u>	<u>(417,377)</u>
Total comprehensive income for the period/year	92,905	94,584	287,747	263,668
Distribution adjustment	<u>3,569</u>	<u>3,272</u>	<u>11,719</u>	<u>17,275</u>
Realised income for the period/year	96,474	97,856	299,466	280,943
Previous period/year's undistributed realised income	481	731	564	587
Total realised income available for distribution	<u>96,955</u>	<u>98,587</u>	<u>300,030</u>	<u>281,530</u>
Less: Proposed/declared income distribution	<u>(96,321)</u>	<u>(97,729)</u>	<u>(299,396)</u>	<u>(280,672)</u>
Balance undistributed realised income	<u>634</u>	<u>858</u>	<u>634</u>	<u>858</u>
Distribution per unit (sen)	2.45	2.49	7.62	7.46

B7 Portfolio Composition

As at 30 September 2026, 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 2026, no provision for taxation has been made for the current year.

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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 Utilisation of Proceeds Raised from Issuance of New Units

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

B11 Borrowings and Debt Securities

As at 30 September 2026	Total
	RM'000
Secured Revolving Term Loans	673,072
Medium Term Notes	3,268,900
Unamortised Borrowings Transaction Costs	(3,447)
Borrowings	3,938,525
Gearing	40.4%
Average interest cost	4.3%
Composition of borrowings:	
Fixed Rate	23.5%
Floating Rate	76.5%

B12 Off Balance Sheet Financial Instruments

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

B13 Material Litigation

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

B14 Soft Commission Received

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

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B15 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 30 September 2026	Immediate preceding quarter ended 30 June 2026
Number of units in issue (units)	3,931,443,719	3,927,958,409
Net Asset Value ("NAV") (RM'000)	5,390,614	5,494,856
NAV per unit (RM)	1.3712	1.3989
Total comprehensive income (RM'000)	92,905	89,037
Weighted average number of units in issue – year to date (units)	3,928,025,651	3,927,097,036
Earnings per Unit after Manager's management fee (sen)	2.37	2.27
Proposes / Declared Distribution per Unit ("DPU") (sen)	2.45	2.37
Market Price (RM)	1.55	1.71
Distribution Yield (%) ⁴	6.57	6.10

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 September 2026	Year to Date 30 September 2026	Basis
Base Fee	7,200	21,875	0.3% per annum on total asset value
Performance Fee	4,368	13,404	3.0% per annum on net property income
Total	11,568	35,279	

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

B17 Trustee's Fees

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

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B18 Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 30 September 2026 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 October 2026