

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2021 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2021 (Unaudited) RM'000	As at 31 December 2020 (Audited) RM'000
ASSETS		
Plant and equipment	1,008	1,172
Investment properties	5,886,409	5,863,000
Total non-current assets	<u>5,887,417</u>	<u>5,864,172</u>
Inventories	3,511	3,041
Trade and other receivables	31,616	33,452
Cash and bank balances	324,121	341,242
Total current assets	<u>359,248</u>	<u>377,735</u>
TOTAL ASSETS	6,246,665	6,241,907
LIABILITIES		
Borrowings	1,098,919	1,074,418
Payables and accruals	68,406	67,693
Total non-current liabilities	<u>1,167,325</u>	<u>1,142,111</u>
Borrowings	1,077,822	1,088,854
Payables and accruals	163,986	151,625
Total current liabilities	<u>1,241,808</u>	<u>1,240,479</u>
TOTAL LIABILITIES	2,409,133	2,382,590
NET ASSET VALUE	<u>3,837,532</u>	<u>3,859,317</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	2,942,134	2,938,844
Accumulated income	895,398	920,473
TOTAL UNITHOLDERS' FUND	<u>3,837,532</u>	<u>3,859,317</u>
Number of units in circulation ('000 units)	3,047,723	3,045,307
Net asset value per unit (RM)		
- Before income distribution	1.2591	1.2673
- After income distribution*	1.2408	1.2421

*after proposed income distribution of 1.83 sen per unit (2020: after final income distribution of 2.52 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2021 (UNAUDITED)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 30 June		Year to Date 30 June	
	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000
Rental income	112,987	118,276	229,648	238,538
Revenue from contract customers	9,157	5,948	16,516	16,846
Other income	2,639	2,168	4,833	5,323
GROSS REVENUE	124,783	126,392	250,997	260,707
Utilities	(13,705)	(11,776)	(25,809)	(29,627)
Maintenance	(13,841)	(14,999)	(28,430)	(26,413)
Property taxes	(4,041)	(4,098)	(8,121)	(8,195)
Other operating expenses ¹	(45,579)	(56,451)	(82,173)	(92,284)
PROPERTY OPERATING EXPENSES	(77,166)	(87,324)	(144,533)	(156,519)
NET PROPERTY INCOME	47,617	39,068	106,464	104,188
Interest income	1,181	1,486	2,414	3,878
Change in fair value of investment properties	-	-	-	-
NET INVESTMENT INCOME	48,798	40,554	108,878	108,066
Manager's management fee	(6,118)	(5,939)	(12,487)	(12,571)
Trustee's fee	(120)	(120)	(240)	(241)
Other trust expenses	(285)	(349)	(540)	(676)
Borrowings cost	(21,866)	(24,156)	(43,944)	(49,987)
TOTAL TRUST EXPENDITURE	(28,389)	(30,564)	(57,211)	(63,475)
INCOME BEFORE TAXATION	20,409	9,990	51,667	44,591
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	20,409	9,990	51,667	44,591
Income after taxation comprises the followings:-				
Realised	20,409	9,990	51,667	44,591
Unrealised	-	-	-	-
	<u>20,409</u>	<u>9,990</u>	<u>51,667</u>	<u>44,591</u>
Earnings per unit – basic (sen) #	0.67	0.33	1.70	1.47
Earnings per unit – diluted (sen) #	0.67	0.33	1.70	1.47

¹ The waiver of rental income or also known as rebates given to tenants are accounted for in accordance with MFRS 9 and the total of waivers or rebates is presented as an expense in the statement of profit or loss and other comprehensive income.

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

Earnings per unit is derived based on income after taxation divided by the weighted average number of units in issue.

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	Current Quarter 30 June		Year to Date 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the period ²	20,409	9,990	51,667	44,591
Distribution adjustments ³	2,074	2,163	4,357	4,500
Distributable income	22,483	12,153	56,024	49,091

² Total comprehensive income is derived after charging:-

	Current Quarter 30 June		Year to Date 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Depreciation	129	98	257	196
Foreign exchange loss	8	9	9	13
Impairment loss on/(write back of) trade receivables	(454)	6,456	1,056	6,924

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.

³ Included in the distribution adjustments are the followings:-

	Current Quarter 30 June		Year to Date 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
Amortisation of borrowing transaction costs	415	580	978	1,161
Depreciation	129	98	257	196
Manager's management fee payable in units	1,530	1,485	3,122	3,143
	2,074	2,163	4,357	4,500

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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 2020	2,931,927	1,047,811	3,979,738
Total comprehensive income for the period	-	44,591	44,591
Unitholders' transactions			
- Issue of new units ⁴			
- Manager's management fee paid in units	3,774	-	3,774
- Distribution to unitholders	-	(124,685)	(124,685)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,774	(124,685)	(120,911)
As at 30 June 2020 (unaudited)	2,935,701	967,717	3,903,418
As at 1 January 2021	2,938,844	920,473	3,859,317
Total comprehensive income for the period	-	51,667	51,667
Unitholders' transactions			
- Issue of new units ⁴			
- Manager's management fee paid in units	3,290	-	3,290
- Distribution to unitholders	-	(76,742)	(76,742)
Increase/(Decrease) in net assets resulting from unitholders' transactions	3,290	(76,742)	(73,452)
As at 30 June 2021 (unaudited)	2,942,134	895,398	3,837,532

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

⁴ Issue of new units consists of the followings:-

	30 June 2020	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.6829 per unit for entitlement for the 6 months period ended 31 December 2019	2,243	3,774
Total Manager's fee paid	2,243	3,774

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	30 June 2021	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.3618 per unit for entitlement for the 6 months period ended 31 December 2020	2,416	3,290
Total Manager's fee paid	<u>2,416</u>	<u>3,290</u>

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 30 June 2021 RM'000	Preceding Year to Date 30 June 2020 RM'000
Cash Flows From Operating Activities		
Income before taxation	51,667	44,591
<i>Adjustments for :-</i>		
Borrowing cost	43,944	49,987
Interest income	(2,414)	(3,878)
Depreciation	257	196
Impairment loss on trade receivables	1,056	6,924
Operating income before changes in working capital	94,510	97,820
Inventories	(470)	231
Trade and other receivables	780	(72,413)
Trade and other payables	18,614	57,821
Tenants deposits	(2,250)	1,099
Net cash from operating activities	111,184	84,558
Cash Flow From Investing Activities		
Interest received	2,414	3,878
Payment for enhancement of investment properties	(23,409)	(8,364)
Uplifted/(Pledged) deposit	6,212	(885)
Purchase of plant and equipment	(93)	(47)
Net cash used in investing activities	(14,876)	(5,418)
Cash Flow from Financing Activities		
Distribution to unitholders	(76,742)	(124,685)
Interest paid	(42,966)	(38,043)
Payment of financing expenses	(747)	(60)
Proceeds from borrowings	420,000	10,000
Repayment of borrowings	(406,762)	(26,100)
Net cash used in financing activities	(107,217)	(178,888)
Net decrease in cash and cash equivalents	(10,909)	(99,748)
Cash and cash equivalents as at the beginning of the year	277,309	306,478
Cash and cash equivalents as at the end of the period	<u>266,400</u>	<u>206,730</u>
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	22,544	8,812
Deposits placed with licensed banks	301,577	261,247
	<u>324,121</u>	<u>270,059</u>
Pledged deposit	(57,721)	(63,329)
	<u>266,400</u>	<u>206,730</u>

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2020 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 six months ended 30 June 2021 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 2021. 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 2020 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 2020, 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 2020.

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 2020, 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 2021, 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 other than the Malaysian Government imposing various type of mandatory control order effective from 18 March 2020.

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
2,415,964	RM1.3618	17 February 2021	Based on the 5-day volume weighted average price of the units up to but excluding 27 January 2021 (as management fee)

A9 Segmental Reporting

Segmental results for the period ended 30 June 2021 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	245,422	5,575	250,997
Net Property Income	104,330	2,134	106,464
Interest Income			2,414
Net Investment Income			108,878
Trust Expenses			(13,267)
Borrowings Cost			(43,944)
Income Before Taxation			51,667
Taxation			-
Income After Taxation			51,667
Segment assets	6,055,404	133,540	6,188,944
Other non-allocated assets			57,721
			6,246,665
Segment liabilities	2,377,945	31,009	2,408,954
Other non-allocated liabilities			179
			2,409,133

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A10 Valuation of Investment Properties

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

A11 Material Events Subsequent to Period End

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

A12 Changes in the Composition of Pavilion REIT

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

	Units
Balance as at 1 January 2021	3,045,307,543
Units issued as payment of Manager's management fee	2,415,964
Total units issued	<u>3,047,723,507</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	78

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Part B – Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad

B1 Review of Performance

	Current Quarter		Year to Date	
	30 June		30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Gross Revenue				
Retail:				
Pavilion Kuala Lumpur Mall	101,565	101,995	205,257	209,765
Intermark Mall	6,199	6,588	12,050	12,823
DA MEN Mall	2,636	3,520	5,780	7,216
Elite Pavilion Mall	11,588	11,496	22,335	25,352
	<u>121,988</u>	<u>123,599</u>	<u>245,422</u>	<u>255,156</u>
Office:				
Pavilion Tower	2,795	2,793	5,575	5,551
Total Gross Revenue	<u>124,783</u>	<u>126,392</u>	<u>250,997</u>	<u>260,707</u>
Property Operating Expenses				
Retail:				
Pavilion Kuala Lumpur Mall	57,231	65,057	106,923	116,385
Intermark Mall	3,904	3,712	7,704	7,291
DA MEN Mall	5,259	6,717	10,650	12,379
Elite Pavilion Mall	8,650	10,517	15,815	17,721
	<u>75,044</u>	<u>86,003</u>	<u>141,092</u>	<u>153,776</u>
Office:				
Pavilion Tower	2,122	1,321	3,441	2,743
Total Property Operating Expenses	<u>77,166</u>	<u>87,324</u>	<u>144,533</u>	<u>156,519</u>
Net Property Income				
Retail:				
Pavilion Kuala Lumpur Mall	44,334	36,938	98,334	93,380
Intermark Mall	2,295	2,876	4,346	5,532
DA MEN Mall	(2,623)	(3,197)	(4,870)	(5,163)
Elite Pavilion Mall	2,938	979	6,520	7,631
	<u>46,944</u>	<u>37,596</u>	<u>104,330</u>	<u>101,380</u>
Office:				
Pavilion Tower	673	1,472	2,134	2,808
Total Net Property Income	<u>47,617</u>	<u>39,068</u>	<u>106,464</u>	<u>104,188</u>

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	Current Quarter		Year to Date	
	30 June		30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Total Net Property Income	47,617	39,068	106,464	104,188
Interest Income	1,181	1,486	2,414	3,878
Net Investment Income	<u>48,798</u>	<u>40,554</u>	<u>108,878</u>	<u>108,066</u>
Manager's Management Fee	6,118	5,939	12,487	12,571
Other Trust Expenses	405	469	780	917
Borrowings Cost	21,866	24,156	43,944	49,987
Total Trust Expenses	<u>28,389</u>	<u>30,564</u>	<u>57,211</u>	<u>63,475</u>
Income Before Taxation	20,409	9,990	51,667	44,591
Taxation	-	-	-	-
Income After Taxation	<u>20,409</u>	<u>9,990</u>	<u>51,667</u>	<u>44,591</u>
Distribution Adjustments	2,074	2,163	4,357	4,500
Distributable Income	<u><u>22,483</u></u>	<u><u>12,153</u></u>	<u><u>56,024</u></u>	<u><u>49,091</u></u>

Quarterly Results

Pavilion REIT recognised total gross revenue of RM124.8 million in Q2 2021, a slight decrease of RM1.6 million or 1% compared to Q2 2020 of RM126.4 million.

Total property operating expenses decreased by RM10.2 million or 12% compared to Q2 2020. This was mainly due to higher provision for doubtful debts in Q2 2020. Nationwide MCO was implemented from 12 May 2021 and shopping malls are not allowed to operate with the exception of tenants that fall under the essential services category. Lower maintenance and marketing expenses were incurred during the period.

These have resulted in higher net property income by RM8.5 million or 22% in Q2 2021 compared to Q2 2020.

Manager's management fee incurred for the Q2 2021 was slightly higher by RM0.2 million compared to Q2 2020 due to higher net property income. Borrowing cost incurred during the quarter was lower by RM2.3 million as compared to Q2 2020 mainly due to lower floating coupon rate for medium term notes.

Distributable income for the quarter under review was RM22.5 million or 0.73 sen per unit, consisting of income after tax of RM20.4 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowing transaction cost of RM0.4 million and 25% of Manager's management fee payable in units amounting to RM1.5 million.

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Year-to-Date Results

Total revenue for year-to-date 30 June 2021 was RM251.0 million. It was lower by RM9.7 million or 4% compared to preceding year-to-date 30 June 2020's performance. The decrease was mainly due to lower occupancy rate for shopping malls because of non-renewal of some expired tenancies. Income from marketing events and advertising were also affected.

Total property operating expenses incurred was lower by RM12.0 million or 8% as compared to year-to-date 30 June 2020. This was mainly due to contributions made to the Malaysian Government to support Malaysia's fight against Covid-19 pandemic and higher provision for doubtful debts last year. MCO was implemented from 13 January to 4 March 2021 and nationwide MCO was implemented from 12 May 2021. Shopping malls are not allowed to operate with the exception of tenants that fall under the essential services category. Lower marketing and promotional expenses were incurred during the period.

These have resulted in higher net property income by RM2.3 million or 2% for year-to-date 30 June 2021 as compared to preceding year-to-date 30 June 2020.

Negligible change in Manager's management fee. Borrowing cost was lower by RM6.0 million due to lower floating coupon rate for medium term notes.

Distributable income for the six months ended 30 June 2021 was RM56.0 million or 1.83 sen per unit, consisting of income before taxation of RM51.7 million and non-cash adjustments for depreciation of RM0.2 million, amortisation of borrowings transaction cost of RM1.0 million and 25% of manager's management fee payable in units amounting to RM3.1 million.

Pavilion REIT has expended approximately RM23.4 million of its capital commitment during the year mainly for development of a new retail space at the end of Couture precinct, glass kiosks outside Fashion Avenue, non-halal foodhall at level 1 and upgrading of cooling tower at Pavilion Kuala Lumpur Mall.

B2 Material Changes in Quarterly Results

	Quarter Ended 30 Jun 2021 (unaudited) RM'000	Quarter Ended 31 Mar 2021 (unaudited) RM'000	Change %
Gross revenue	124,783	126,214	-1.1
Property operating expenses	(77,166)	(67,367)	-14.5
Net property income	47,617	58,847	-19.1
Interest income	1,181	1,233	-4.2
Net investment income	48,798	60,080	-18.8
Total trust expenses	(6,523)	(6,744)	3.3
Borrowing cost	(21,866)	(22,078)	1.0
Income before taxation	20,409	31,258	-34.7

The income before taxation for the current quarter under review was lower by RM10.8 million as compared to the last immediate quarter mainly due to additional rent rebates for tenants that were not providing essential services and supplies during the full and enhanced movement control periods.

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B3 Prospects

As per Retail Group Malaysia, the 1st quarter this year recorded a negative growth rate of 10% in retail sales as compared to the same period in 2020. However, with the imposition of movement control order from May 2021 that disallowed most retail businesses from trading, many retailers are struggling and finding it hard to sustain further if the lockdown continues. Numerous businesses and retailers' associations have appealed for targeted measures to be implemented eg building-by-building lockdown instead of blanket lockdown. With vaccination rate progressing well, gradual recovery in the retail industry is expected to begin towards the end of this year.

In the meantime, Pavilion REIT malls are supporting its retailers with rebates, digital marketing promotion, providing drive-thru pick up area and engaging consumers with community messages as well as essential business updates. Social medias are primarily use as a key platform for contest offering shopping and dining vouchers.

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 24% |
| b) Non-resident institutional investor: | Withholding tax at 10% |
| c) Non-resident, other than company and institutional investors: | Withholding tax at 10% |

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As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT's distributable income on a half yearly basis. For the financial year ending 31 December 2021, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 2.52 sen per unit or RM76.7 million earned for 2nd half of 2020 was distributed on 26 February 2021. The proposed interim income distribution for the six months ended 30 June 2021 is 1.83 sen per unit or RM55.7 million. The proposed interim income distribution will be payable on the 10 September 2021.

Statement of Income Distribution

	Current Quarter 30 June		Year to Date 30 June	
	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000
Rental income	112,987	118,276	229,648	238,538
Revenue from contract customers	9,157	5,948	16,516	16,846
Interest income	1,181	1,486	2,414	3,878
Other income	2,639	2,168	4,833	5,323
	<u>125,964</u>	<u>127,878</u>	<u>253,411</u>	<u>264,585</u>
Less: Expenses	<u>(105,555)</u>	<u>(117,888)</u>	<u>(201,744)</u>	<u>(219,994)</u>
Total comprehensive income for the period	20,409	9,990	51,667	44,591
Distribution adjustment	<u>2,074</u>	<u>2,163</u>	<u>4,357</u>	<u>4,500</u>
Realised income for the period	<u>22,483</u>	<u>12,153</u>	<u>56,024</u>	<u>49,091</u>
Previous period/year's undistributed realised income	286	279	253	151
Total realised income available for distribution	<u>22,769</u>	<u>12,432</u>	<u>56,277</u>	<u>49,242</u>
Less: Proposed/declared income distribution	<u>(22,265)</u>	<u>(12,188)</u>	<u>(55,773)</u>	<u>(48,998)</u>
Balance undistributed realised income	<u>504</u>	<u>244</u>	<u>504</u>	<u>244</u>
Distribution per unit (sen)	0.73	0.40	1.83	1.61

B7 Portfolio Composition

As at 30 June 2021, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Retail Mall, Pavilion Tower, DA MEN Mall, Intermark Mall and Elite Pavilion Mall.

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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 2021, 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 June 2021	Total
	RM'000
Secured Revolving Term Loans	683,267
Unrated Medium Term Notes	1,495,000
Unamortised Borrowings Transaction Costs	(1,526)
	2,176,741
Gearing	34.8%
Average interest cost	4.0%
Composition of borrowings:	
Fixed Rate	42.5%
Floating Rate	57.5%

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.

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B13 Soft Commission Received

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

B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 30 June 2021	Immediate preceding quarter ended 31 March 2021
Number of units in issue (units)	3,047,723,507	3,047,723,507
Net Asset Value (“NAV”) (RM’000)	3,837,532	3,817,123
NAV per unit (RM)	1.2591	1.2525
Total comprehensive income (RM’000)	20,409	31,258
Weighted average number of units in issue – year to date (units)	3,047,096,157	3,046,461,837
Earnings per Unit after Manager’s management fee (Sen)	0.67	1.03
Proposes / Declared Distribution per Unit (“DPU”) (Sen)	0.73	1.10
Market Price (RM)	1.36	1.40
Distribution Yield (%) ⁵	2.71	3.19

⁵ 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 is as follows:-

Type RM’000	Current Quarter 30 June 2021	Year to Date 30 June 2021	Basis
Base Fee	4,689	9,293	0.3% per annum on total asset value
Performance Fee	1,429	3,194	3.0% per annum on net property income
Total	6,118	12,487	

25% of the total Manager’s 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 Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 30 June 2021 and of its financial performance and cash flows for the period ended on that date and duly authorised for release by the Board of the Manager.

BY ORDER OF THE BOARD

Pavilion REIT Management Sdn Bhd (939490-H)
(as the Manager of Pavilion Real Estate Investment Trust)

Lim Mei Yoong
Company Secretary (Licensed Secretary Number: LS0002201)

Kuala Lumpur
5 August 2021