

PAVILION REAL ESTATE INVESTMENT TRUST
FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2016 (UNAUDITED)

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2016 (Unaudited) RM'000	As at 31 December 2015 (Audited) RM'000
ASSETS		
Plant and equipment	1,254	1,360
Investment properties	5,141,737	4,483,000
Other non-current assets	-	64,800
Total non-current assets	<u>5,142,991</u>	<u>4,549,160</u>
Inventories	1,153	1,237
Trade and other receivables	65,735	16,350
Cash and cash equivalents	236,269	184,006
Total current assets	<u>303,157</u>	<u>201,593</u>
TOTAL ASSETS	5,446,148	4,750,753
LIABILITIES		
Borrowings	1,394,498	754,333
Payables and accruals	44,165	29,143
Total non-current liabilities	<u>1,438,663</u>	<u>783,476</u>
Payables and accruals	216,406	115,670
Total current liabilities	<u>216,406</u>	<u>115,670</u>
TOTAL LIABILITIES	1,655,069	899,146
NET ASSET VALUE	<u>3,791,079</u>	<u>3,851,607</u>
FINANCED BY		
UNITHOLDERS' FUND		
Unitholders' capital	2,895,985	2,983,046
Accumulated income	895,094	958,561
TOTAL UNITHOLDERS' FUND	<u>3,791,079</u>	<u>3,851,607</u>
Number of units in circulation ('000 units)	3,019,805	3,017,842
Net asset value per unit (RM)		
- Before income distribution	1.2554	1.2763
- After income distribution	1.2554	1.2763

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter 31 March		Year to Date 31 March	
	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000
Rental Income	89,439	87,939	89,439	87,939
Other Income	17,249	17,186	17,249	17,186
GROSS REVENUE	106,688	105,125	106,688	105,125
Utilities	(11,774)	(12,769)	(11,774)	(12,769)
Maintenance	(9,193)	(8,458)	(9,193)	(8,458)
Quit rent and assessment	(2,802)	(2,707)	(2,802)	(2,707)
Other operating expenses	(7,278)	(8,251)	(7,278)	(8,251)
PROPERTY OPERATING EXPENSES	(31,047)	(32,185)	(31,047)	(32,185)
NET PROPERTY INCOME	75,641	72,940	75,641	72,940
Interest income	1,736	1,559	1,736	1,559
Change in fair value of investment properties	-	-	-	-
NET INVESTMENT INCOME	77,377	74,499	77,377	74,499
Manager's management fee	(5,839)	(5,582)	(5,839)	(5,582)
Trustee's fee	(107)	(99)	(107)	(99)
Other trust expenses	(249)	(583)	(249)	(583)
Borrowings cost	(9,711)	(7,746)	(9,711)	(7,746)
TOTAL TRUST EXPENDITURE	(15,906)	(14,010)	(15,906)	(14,010)
INCOME BEFORE TAXATION	61,471	60,489	61,471	60,489
Taxation	-	-	-	-
INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME	61,471	60,489	61,471	60,489
Income after taxation comprises the followings:-				
Realised	61,471	60,489	61,471	60,489
Unrealised	-	-	-	-
	61,471	60,489	61,471	60,489
Earnings per unit – basic (sen) #	2.04	2.01	2.04	2.01
Earnings per unit – diluted (sen) #	2.04	2.01	2.04	2.01

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 2015 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 31 March		Year to Date 31 March	
	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000
	Total comprehensive income for the period	61,471	60,489	61,471
Distribution adjustments ¹	1,997	1,851	1,997	1,851
Distributable income	63,468	62,340	63,468	62,340

¹ Included in the distribution adjustments are the followings:-

	Current Quarter 31 March		Year to Date 31 March	
	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000	2016 (Unaudited) RM'000	2015 (Unaudited) RM'000
	Amortisation of borrowing transaction costs	382	306	382
Depreciation	155	150	155	150
Manager's management fee payable in units	1,460	1,395	1,460	1,395
	1,997	1,851	1,997	1,851

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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 2015	2,887,271	923,745	3,811,016
Total comprehensive income for the period	-	60,489	60,489
Unitholders' transactions			
- Issue of new units ²			
- Manager's management fee paid in units	2,958	-	2,958
- Distribution to unitholders	-	(124,169)	(124,169)
Increase in net assets resulting from unitholders' transactions	2,958	(124,169)	(121,211)
As at 31 March 2015 (unaudited)	2,890,229	860,065	3,750,294
As at 1 January 2016	2,893,046	958,561	3,851,607
Total comprehensive income for the period	-	61,471	61,471
Unitholders' transactions			
- Issue of new units ²			
- Manager's management fee paid in units	2,939	-	2,939
- Distribution to unitholders	-	(124,938)	(124,938)
Increase in net assets resulting from unitholders' transactions	2,939	(124,938)	(121,999)
As at 31 March 2016 (unaudited)	2,895,985	895,094	3,791,079

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

² Issue of new units consists of the followings:-

	31 March 2015	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.4007 per unit for entitlement for the 6 months period ended 31 December 2014	2,112	2,958
Total Manager's fee paid	<u>2,112</u>	<u>2,958</u>

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	31 March 2016	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.4970 per unit for entitlement for the 6 months period ended 31 December 2015	1,963	2,939
Total Manager's fee paid	<u>1,963</u>	<u>2,939</u>

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CONDENSED STATEMENT OF CASH FLOWS

	Current Year to Date 31 March 2016 RM'000	Preceding Year to Date 31 March 2015 RM'000
Cash Flows From Operating Activities		
Income before taxation	61,471	60,489
<i>Adjustments for :-</i>		
Borrowing cost	9,711	7,746
Interest income	(1,736)	(1,559)
Depreciation	155	150
Loss on disposal of plant and equipment	9	-
Plant and equipment written off	2	1
Impairment loss on trade receivables	-	455
Fair value gain of investment properties	-	-
Operating income before changes in working capital	69,612	67,282
Inventories	84	150
Trade and other receivables	(49,385)	(6,371)
Trade and other payables	7,319	10
Tenants deposits	14,009	932
Net cash from operating activities	41,639	62,003
Cash Flow From Investing Activities		
Acquisition of investment properties	(492,438)	-
Interest received	1,736	1,559
Payment for enhancement of investment properties	(4,130)	(28)
Pledged deposit	(15,662)	(149)
Proceed from disposal of plant and equipment	-	-
Purchase of plant and equipment	(60)	-
Net cash from investing activities	(510,554)	1,382
Cash Flow from Financing Activities		
Distribution to unitholders	(124,938)	(124,169)
Interest paid	(9,329)	(7,440)
Payment of financing expenses	(5,791)	-
Proceeds from borrowings	645,574	-
Repayment of borrowings	-	-
Net cash used in financing activities	505,516	(131,609)
Net decrease in cash and cash equivalents	36,601	(68,224)
Cash and cash equivalents as at the beginning of the year	164,730	186,879
Cash and cash equivalents as at the end of the period	201,331	118,655
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	3,753	5,125
Deposits placed with licensed banks	232,516	132,340
	236,269	137,465
Pledged deposit	(34,938)	(18,810)
	201,331	118,655

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2015 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 three months ended 31 March 2016 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 trust deed dated 13 October 2011 (“the Trust Deed”) and the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”). They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the Audited Financial Report for the year ended 31 December 2015 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 2015, 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 2015.

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 2015, 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 managers 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 2016, 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
1,963,157	RM1.4970	4 February 2016	Based on the 5-day volume weighted average price of the units up to but excluding 14 January 2016

A9 Segmental Reporting

Segmental results for the period ended 31 March 2016 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	103,635	3,053	106,688
Net Property Income	73,472	2,169	75,641
Interest Income			1,736
Net Investment Income			77,377
Trust Expenses			(6,195)
Borrowings Cost			(9,711)
Income Before Taxation			61,471
Taxation			-
Income After Taxation			61,471
Segment assets	5,286,949	133,863	5,420,812
Other non-allocated assets			25,336
			5,446,148
Segment liabilities	1,624,217	30,747	1,654,964
Other non-allocated liabilities			105
			1,655,069

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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 2016	3,017,842,237
Units issued as payment of Manager's management fee	1,963,157
Total units issued	<u>3,019,805,394</u>

A13 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets to be disclosed during the quarter under review.

A14 Capital Commitments

	RM'000
Authorised but not contract for	16,332
Contracted but not provided for	236

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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 31 Mar			Year to Date 31 Mar		
	2016	2015	Change	2016	2015	Change
	(Unaudited) RM'000	(Unaudited) RM'000	%	(Unaudited) RM'000	(Unaudited) RM'000	%
Gross Revenue						
Retail	103,635	102,456	1.2%	103,635	102,456	1.2%
Office	3,053	2,669	14.4%	3,053	2,669	14.4%
Total Gross Revenue	<u>106,688</u>	<u>105,125</u>	<u>1.5%</u>	<u>106,688</u>	<u>105,125</u>	<u>1.5%</u>
Property Operating Expenses						
Retail	30,163	31,235	3.4%	30,163	31,235	3.4%
Office	884	950	6.9%	884	950	6.9%
Total Property Operating Expenses	<u>31,047</u>	<u>32,185</u>	<u>3.5%</u>	<u>31,047</u>	<u>32,185</u>	<u>3.5%</u>
Net Property Income						
Retail	73,472	71,221	3.2%	73,472	71,221	3.2%
Office	2,169	1,719	26.2%	2,169	1,719	26.2%
Total Net Property Income	<u>75,641</u>	<u>72,940</u>	<u>3.7%</u>	<u>75,641</u>	<u>72,940</u>	<u>3.7%</u>
Interest Income	1,736	1,559	11.4%	1,736	1,559	11.4%
Net Investment Income	<u>77,377</u>	<u>74,499</u>	<u>3.9%</u>	<u>77,377</u>	<u>74,499</u>	<u>3.9%</u>
Manager's Management Fee	5,839	5,582	-4.6%	5,839	5,582	-4.6%
Other Trust Expenses	356	682	47.8%	356	682	47.8%
Borrowings Cost	9,711	7,746	-25.4%	9,711	7,746	-25.4%
Total Trust Expenses	<u>15,906</u>	<u>14,010</u>	<u>-13.5%</u>	<u>15,906</u>	<u>14,010</u>	<u>-13.5%</u>
Income Before Taxation	<u>61,471</u>	<u>60,489</u>	<u>1.6%</u>	<u>61,471</u>	<u>60,489</u>	<u>1.6%</u>
Taxation	-	-	-	-	-	-
Income After Taxation	<u>61,471</u>	<u>60,489</u>	<u>1.6%</u>	<u>61,471</u>	<u>60,489</u>	<u>1.6%</u>
Distribution Adjustments	1,997	1,851	7.9%	1,997	1,851	7.9%
Distributable Income	<u><u>63,468</u></u>	<u><u>62,340</u></u>	<u><u>1.8%</u></u>	<u><u>63,468</u></u>	<u><u>62,340</u></u>	<u><u>1.8%</u></u>

Review of Performance

Quarterly / Year to Date Results

Pavilion REIT recognised total gross revenue of RM106.7 million in Q1 2016, an increase of RM1.6 million or 1% compared to Q1 2015 of RM105.1 million.

Total property operating expenses was lower by RM1.1 million or 4% compared to Q1 2015. Utilities in Q1 2015 was higher due to Tenaga Nasional Berhad's adjustment for 2014's electricity charge. These have resulted in higher total net property income by RM2.7 million or 4% in Q1 2016 compared to Q1 2015.

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Manager's management fee incurred for the Q1 2016 was higher by RM0.2 million compared to Q1 2015. This was in line with the increased in total asset value and net property income. Borrowing cost incurred during the quarter was higher by RM2.0 million compared to Q1 2015 mainly due to the drawdown of additional borrowings for acquisition of investment properties and working capital purposes.

Income before taxation for the current quarter under review was higher by RM1.0 million or 2% compared to Q1 2015 mainly due to higher net property income.

Distributable income for the quarter under review was RM63.5 million or 2.10 sen per unit, consisting of income after tax of RM61.5 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.4 million and 25% of Manager's management fee payable in units amounting to RM1.5 million.

B2 Material Changes in Quarterly Results

There is no material change in the income before taxation for the current quarter under review as compared to the last immediate quarter excluding the fair value gain of RM41.0 million arising from valuation in December 2015.

B3 Prospects

The retail environment continues to be challenging due to weak consumer confidence and inflationary pressures. Marketing efforts will persist to drive traffic to retail malls and encourage spending. Leasing continues to enhance the required tenant mix that is relevant to the properties under Pavilion REIT retail portfolio.

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.

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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 2016, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.14 sen per unit or RM124.9 million earned for 2nd half of 2015 was distributed on 26 February 2016.

B7 Portfolio Composition

During the quarter under review, Pavilion REIT has completed its acquisitions of Intermark Mall and Damen Mall. As at 31 March 2016, the properties under Pavilion REIT's portfolio comprises Pavilion Kuala Lumpur Retail Mall, Pavilion Tower, Damen Mall and Intermark Mall.

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 2016, no provision for taxation has been made for the current quarter.

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B9 Status of Corporate Proposal

- a) Reference is made to the announcement dated 24 June 2015 in relation to Securities Commission Malaysia's approval and authorization on the establishment of the MTN Programme undertaken by Pavilion REIT Bond Capital Berhad, a company wholly-owned by AmTrustee Berhad, as the trustee for Pavilion REIT. The first issuance of RM225.0 million in nominal value of unrated MTNs under the MTN Programme was made by the Issuer on the 25 March 2016. Proceeds raised from this inaugural issuance was advanced to Pavilion REIT to finance or part-finance the investment activities of Pavilion REIT and to meet its working capital requirements.
- b) Reference are made to the announcements dated 17 September 2015 and 18 March 2016 in respect of the proposed acquisition of the Damen USJ shopping mall. The proposed acquisition has been completed on 25 March 2016 in accordance with the terms and conditions of the conditional sale and purchase agreement executed and the agreed amendments and variations of the sale and purchase agreement.
- c) Reference is made to the announcement dated 29 December 2015 in respect of the proposed acquisition of the Intermark mall. The proposed acquisition has been completed on 25 March 2016 in accordance with the terms and conditions of the sale and purchase agreement executed.

B10 Borrowings and Debt Securities

	As at 31 March 2016 RM'000
Long term borrowings	
Secured Revolving Term Loan	1,175,875
Unrated Medium Term Notes	225,000
Less: Unamortised Borrowings Transaction Cost	(6,377)
	1,394,498

B11 Off Balance Sheet Financial Instruments

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

B12 Material Litigation

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

B13 Soft Commission Received

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

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B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2016	Immediate preceding quarter ended 31 December 2015
Number of units in issue (units)	3,019,805,394	3,017,842,237
Net Asset Value (“NAV”) (RM’000)	3,791,079	3,851,607
NAV per unit (RM)	1.2554	1.2763
Total comprehensive income (RM’000)	61,471	102,076
Weighted average number of units in issue – year to date (units)	3,019,071,907	3,016,434,956
Earnings per Unit after Manager’s management fee (Sen)	2.04	3.38
Proposes / Declared Distribution per Unit (“DPU”) (Sen)	2.10	2.07
Market Price (RM)	1.70	1.55
Distribution Yield (%) ³	4.97	5.31

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

B15 Manager’s Management Fee

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

Type RM’000	Current Quarter 31 March 2016	Year to Date 31 March 2016	Basis
Base Fee	3,570	3,570	0.3% per annum on total asset value
Performance Fee	2,269	2,269	3.0% per annum on net property income
Acquisition Fee	6,468	6,468	1.0% of transaction value in relation to acquisition of any real estate and real estate related assets
Total	12,307	12,307	

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

B16 Trustee’s Fees

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

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B17 Significant related party transactions

Significant related party transactions, other than Manager's management fee for the quarter ended 31 March 2016 is as follows:-

Companies related to the Manager / director's interest	Nature of Transactions	Transaction Value Year to Date: 31 March		Balance Outstanding As at	
		2016 RM'000	2015 RM'000	31 Mar 2016 RM'000	31 Dec 2015 RM'000
Pavilion REIT Management Sdn Bhd	Rental income and its related charges	119	113	-	-
Malton Berhad group #	Rental income and its related charges	764	576	3	6
Crabtree & Evelyn (Malaysia) Sdn Bhd *	Rental income and its related charges	300	304	2	3
	Purchase of product	27	427	1	32
Lumayan Indah Sdn Bhd ^	Rental income and its related charges	3	190	3	3
Kuala Lumpur Pavilion Sdn Bhd ∞	Property management fees and charges payable	-	4,048	-	869
Impian Ekspresi Sdn Bhd ◇	Rental income and its related charges	78	190	63	178
Urusharta Cemerlang (KL) Sdn Bhd α	Rental income and its related charges	190	-	7	-

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

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

^ Omer Abdulaziz H A Al-Marwani and Navid Chamdia as directors in the Manager also holds directorship in Lumayan Indah Sdn Bhd, a company that is currently leasing an office space at Pavilion Tower.

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

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- ◇ Impian Ekspresi Sdn Bhd is deemed party related to the Manager by virtue of Tan Sri Lim Siew Choon's deemed interest in Impian Ekspresi Sdn Bhd.
- α Tan Sri Lim Siew Choon, Omer Abdulaziz H A Al-Marwani and Navid Chamdia as directors in the Manager also holds directorship in Urusharta Cemerlang (KL) Sdn Bhd, a company that is currently leasing an office space at Pavilion Tower.

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

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

Further to the request of the relevant authority, the updated joint application incorporating Pavilion Kuala Lumpur's new lettable areas and Royale Pavilion Hotel development, which belongs to the sponsor's subsidiary and is to be located above part of the retail mall, has been submitted to the relevant authority on 24 July 2014. DBKL has on 9 December 2014 granted its consent for submission of building plans approval. Pavilion REIT is currently awaiting approval from DBKL for the submitted building plans.

B19 Responsibility Statement

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 31 March 2016 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: LS 02201)

Kuala Lumpur
28 April 2016