

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2015 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2015 (Unaudited) <b>RM'000</b>	As at 31 December 2014 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	1,684	1,835
Investment properties	4,433,028	4,433,000
Total non-current assets	<u>4,434,712</u>	<u>4,434,835</u>
Inventories	1,078	1,228
Trade and other receivables	14,244	8,328
Cash and cash equivalents	137,465	205,540
Total current assets	<u>152,787</u>	<u>215,096</u>
<b>TOTAL ASSETS</b>	<b>4,587,499</b>	<b>4,649,931</b>
<b>LIABILITIES</b>		
Borrowings	707,831	707,525
Payables and accruals	72,082	70,308
Total non-current liabilities	<u>779,913</u>	<u>777,833</u>
Payables and accruals	57,292	61,082
Total current liabilities	<u>57,292</u>	<u>61,082</u>
<b>TOTAL LIABILITIES</b>	<b>837,205</b>	<b>838,915</b>
<b>NET ASSET VALUE</b>	<b><u>3,750,294</u></b>	<b><u>3,811,016</u></b>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	2,890,229	2,887,271
Accumulated income	860,065	923,745
<b>TOTAL UNITHOLDERS' FUND</b>	<b><u>3,750,294</u></b>	<b><u>3,811,016</u></b>
Number of units in circulation ('000 units)	3,015,931	3,013,819
Net asset value per unit (RM)		
- Before income distribution	1.2435	1.2645
- After income distribution	1.2435	1.2645

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2015 (UNAUDITED)**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Current Quarter		Year to Date	
	31 March		31 March	
	2015 (Unaudited) RM'000	2014 (Unaudited) RM'000	2015 (Unaudited) RM'000	2014 (Unaudited) RM'000
Rental Income	87,939	83,115	87,939	83,115
Other Income	17,186	18,093	17,186	18,093
<b>GROSS REVENUE</b>	<b>105,125</b>	<b>101,208</b>	<b>105,125</b>	<b>101,208</b>
Utilities	(12,769)	(11,879)	(12,769)	(11,879)
Maintenance	(8,458)	(7,545)	(8,458)	(7,545)
Quit rent and assessment	(2,707)	(4,983)	(2,707)	(4,983)
Other operating expenses	(8,251)	(7,982)	(8,251)	(7,982)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(32,185)</b>	<b>(32,389)</b>	<b>(32,185)</b>	<b>(32,389)</b>
<b>NET PROPERTY INCOME</b>	<b>72,940</b>	<b>68,819</b>	<b>72,940</b>	<b>68,819</b>
Interest income	1,559	1,482	1,559	1,482
Change in fair value of investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>74,499</b>	<b>70,301</b>	<b>74,499</b>	<b>70,301</b>
Manager's management fee	(5,582)	(5,250)	(5,582)	(5,250)
Trustee's fee	(99)	(99)	(99)	(99)
Other trust expenses	(583)	(576)	(583)	(576)
Borrowings cost	(7,746)	(7,745)	(7,746)	(7,745)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(14,010)</b>	<b>(13,670)</b>	<b>(14,010)</b>	<b>(13,670)</b>
<b>INCOME BEFORE TAXATION</b>	<b>60,489</b>	<b>56,631</b>	<b>60,489</b>	<b>56,631</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>60,489</b>	<b>56,631</b>	<b>60,489</b>	<b>56,631</b>
Income after taxation comprises the followings:-				
Realised	60,489	56,631	60,489	56,631
Unrealised	-	-	-	-
	<b>60,489</b>	<b>56,631</b>	<b>60,489</b>	<b>56,631</b>
Earnings per unit – basic (sen) #	2.01	1.88	2.01	1.88
Earnings per unit – diluted (sen) #	2.01	1.88	2.01	1.88

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 2014 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	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Total comprehensive income for the period</b>	<b>60,489</b>	<b>56,631</b>	<b>60,489</b>	<b>56,631</b>
Distribution adjustments <sup>1</sup>	1,851	1,798	1,851	1,798
<b>Distributable income</b>	<b>62,340</b>	<b>58,429</b>	<b>62,340</b>	<b>58,429</b>

<sup>1</sup> Included in the distribution adjustments are the followings:-

	Current Quarter 31 March		Year to Date 31 March	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of borrowing transaction costs	306	306	306	306
Depreciation	150	179	150	179
Manager's management fee payable in units	1,395	1,313	1,395	1,313
	<u>1,851</u>	<u>1,798</u>	<u>1,851</u>	<u>1,798</u>

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**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Income / (Deficit)	Total Funds
	RM'000	RM'000	RM'000
<b>As at 1 January 2014</b>	<b>2,881,933</b>	<b>640,583</b>	<b>3,522,516</b>
Total comprehensive income for the period	-	56,631	56,631
<b>Unitholders' transactions</b>			
- Issue of new units <sup>2</sup>			
- Manager's management fee paid in units	2,688	-	2,688
- Distribution to unitholders	-	(111,660)	(111,660)
Increase in net assets resulting from unitholders' transactions	2,688	(111,660)	(108,972)
<b>As at 31 March 2014 (unaudited)</b>	<b>2,884,621</b>	<b>585,554</b>	<b>3,470,175</b>
<b>As at 1 January 2015</b>	<b>2,887,271</b>	<b>923,745</b>	<b>3,811,016</b>
Total comprehensive income for the period	-	60,489	60,489
<b>Unitholders' transactions</b>			
- Issue of new units <sup>2</sup>			
- 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)
<b>As at 31 March 2015 (unaudited)</b>	<b>2,890,229</b>	<b>860,065</b>	<b>3,750,294</b>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

<sup>2</sup> Issue of new units consists of the followings:-

	31 March 2014	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.2659 per unit for entitlement for the 6 months period ended 31 December 2013	2,123	2,688
Total Manager's fee paid	<u>2,123</u>	<u>2,688</u>

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	31 March 2015	
	Units <b>000</b>	Amount <b>RM'000</b>
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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**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 31 March 2015 <b>RM'000</b>	Preceding Year to Date 31 March 2014 <b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Income before taxation	60,489	56,631
<i>Adjustments for :-</i>		
Borrowing cost	7,746	7,745
Interest income	(1,559)	(1,482)
Depreciation	150	179
Loss on disposal of plant and equipment	-	9
Plant and equipment written off	1	18
Impairment loss on trade receivables	455	495
Fair value gain of investment properties	-	-
<b>Operating income before changes in working capital</b>	<b>67,282</b>	<b>63,595</b>
Inventories	150	1
Trade and other receivables	(6,371)	(3,012)
Trade and other payables	10	4,613
Tenants deposits	932	645
<b>Net cash from operating activities</b>	<b>62,003</b>	<b>65,842</b>
<b>Cash Flow From Investing Activities</b>		
Interest received	1,559	1,482
Payment for enhancement of investment properties	(28)	(5,875)
Pledged deposit	(149)	(138)
Proceed from disposal of plant and equipment	-	2
Purchase of plant and equipment	-	-
<b>Net cash from investing activities</b>	<b>1,382</b>	<b>(4,529)</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(124,169)	(111,660)
Interest paid	(7,440)	(7,439)
Payment of financing expenses	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash used in financing activities</b>	<b>(131,609)</b>	<b>(119,099)</b>
Net decrease in cash and cash equivalents	(68,224)	(57,786)
Cash and cash equivalents as at the beginning of the year	186,879	189,484
Cash and cash equivalents as at the end of the period	118,655	131,698
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	5,125	3,805
Deposits placed with licensed banks	132,340	146,116
	137,465	149,921
Pledged deposit	(18,810)	(18,223)
	118,655	131,698

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 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 2015 comprise Pavilion REIT and its subsidiary. The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Listing Requirements of Bursa Securities, provision of the trust deed dated 13 October 2011 (“the Trust Deed”) and the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”). They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the Audited Financial Report for the year ended 31 December 2014 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 2014, 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 2014.

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 2014, except as disclosed below.

The accounting policy of investment properties as adopted by Pavilion REIT requires investment 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 2015, 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
2,111,612	RM1.4007	6 February 2015	Based on the 5-day volume weighted average price of the units up to but excluding 15 January 2015

A9 Segmental Reporting

Segmental results for the period ended 31 March 2015 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	102,456	2,669	105,125
Net Property Income	71,221	1,719	72,940
Interest Income			1,559
Net Investment Income			74,499
Trust Expenses			(6,264)
Borrowings Cost			(7,746)
Income Before Taxation			60,489
Taxation			-
Income After Taxation			60,489
Segment assets	4,434,221	134,468	4,568,689
Other non-allocated assets			18,810
			4,587,499
Segment liabilities	807,000	30,041	837,041
Other non-allocated liabilities			164
			837,205



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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 2015	3,013,819,536
Units issued as payment of Manager's management fee	2,111,612
Total units issued	<u>3,015,931,148</u>

A13 Contingent Liabilities or Contingent Assets

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

A14 Capital Commitments

	RM'000
Authorised but not contracted for	34,092
Contracted but not provided for	-

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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		
	31 Mar		Change	31 Mar		Change
	2015 (Unaudited) RM'000	2014 (Unaudited) RM'000		2015 (Unaudited) RM'000	2014 (Unaudited) RM'000	
<b>Gross Revenue</b>						
Retail	102,456	98,275	4.3%	102,456	98,275	4.3%
Office	2,669	2,933	-9.0%	2,669	2,933	-9.0%
<b>Total Gross Revenue</b>	<b>105,125</b>	<b>101,208</b>	<b>3.9%</b>	<b>105,125</b>	<b>101,208</b>	<b>3.9%</b>
<b>Property Operating Expenses</b>						
Retail	31,235	31,258	0.1%	31,235	31,258	0.1%
Office	950	1,131	16.0%	950	1,131	16.0%
<b>Total Property Operating Expenses</b>	<b>32,185</b>	<b>32,389</b>	<b>0.6%</b>	<b>32,185</b>	<b>32,389</b>	<b>0.6%</b>
<b>Net Property Income</b>						
Retail	71,221	67,017	6.3%	71,221	67,017	6.3%
Office	1,719	1,802	-4.6%	1,719	1,802	-4.6%
<b>Total Net Property Income</b>	<b>72,940</b>	<b>68,819</b>	<b>6.0%</b>	<b>72,940</b>	<b>68,819</b>	<b>6.0%</b>
Interest Income	1,559	1,482	5.2%	1,559	1,482	5.2%
<b>Net Investment Income</b>	<b>74,499</b>	<b>70,301</b>	<b>6.0%</b>	<b>74,499</b>	<b>70,301</b>	<b>6.0%</b>
Manager's Management Fee	5,582	5,250	-6.3%	5,582	5,250	-6.3%
Other Trust Expenses	682	675	-1.0%	682	675	-1.0%
Borrowings Cost	7,746	7,745	0.0%	7,746	7,745	0.0%
Total Trust Expenses	14,010	13,670	-2.5%	14,010	13,670	-2.5%
<b>Income Before Taxation</b>	<b>60,489</b>	<b>56,631</b>	<b>6.8%</b>	<b>60,489</b>	<b>56,631</b>	<b>6.8%</b>
Taxation	-	-	-	-	-	-
<b>Income After Taxation</b>	<b>60,489</b>	<b>56,631</b>	<b>6.8%</b>	<b>60,489</b>	<b>56,631</b>	<b>6.8%</b>
Distribution Adjustments	1,851	1,798	2.9%	1,851	1,798	2.9%
<b>Distributable Income</b>	<b>62,340</b>	<b>58,429</b>	<b>6.7%</b>	<b>62,340</b>	<b>58,429</b>	<b>6.7%</b>

Review of Performance

Quarterly / Year to Date Results

Pavilion REIT recognised total gross revenue of RM105.1 million in Q1 2015, higher by RM3.9 million or 4% compared to Q1 2014 of RM101.2 million. The increase was mainly contributed by rental from 2014 asset enhancement areas such as Beauty Precinct, extension of 'Couture Pavilion' at Level 2 and Dining Loft at Level 7 as well as the increase in service charge that was revised in May 2014. Total property operating expenses was lower by RM0.2 million or 1% compared to Q1 2014. This was mainly due to the higher provision of assessment for Q1 2014 before the final assessment charge was confirmed by DBKL, offset by ongoing preventive maintenance works carried out during the quarter under review and higher utilities due to Tenaga Nasional Berhad's adjustment for last year's electricity charge. These have resulted in higher total net property income by RM4.1 million or 6% in Q1 2015 compared to Q1 2014.

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Manager's management fee incurred for the Q1 2015 was higher by RM0.3 million compared to Q1 2014. This was in line with the increased in total asset value and net property income. Borrowing cost incurred during the quarter of RM7.7 million was consistent with Q1 2014. Pavilion REIT converted its long term debts from floating rate to fixed rate effective from December 2012.

Income before taxation for the current quarter under review was higher by RM3.9 million or 7% compared to Q1 2014 mainly due to higher net property income.

Distributable income for the quarter under review was RM62.3 million or 2.06 sen per unit, consisting of income after tax of RM60.5 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.3 million and 25% of Manager's management fee payable in units amounting to RM1.4 million.

**B2 Material Changes in Quarterly Results**

Excluding the fair value gain of RM278.1 million arising from valuation in December 2014, the income before taxation for the current quarter under review was higher by RM3.4 million or 6% compared to the last immediate quarter mainly due to the opening of Dining Loft at Level 7 from December 2014 and higher income from turnover rent. This was offset by cost incurred for ongoing preventive maintenance work and Tenaga Nasional Berhad's adjustment for last year's electricity charge. Manager's management fee was higher in Q4 2014 due to the increased in total assets value after the valuation was done on its properties.

**B3 Prospects**

Although 2015 is expected to remain challenging for the retail sector due to weak consumer sentiment from GST implementation, weakening of Ringgit Malaysia and inflationary pressures, the Manager will continue to engage with its stakeholders to continue to attract shoppers, manage its operational cost effectively and seek investment prospects to ensure the best achievable return for unitholders. Continuous efforts will be employed to fill up office space vacancies, although there are many options available to potential tenants with newer buildings in the market and attractive lower rent to attract occupants.

**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 25% |
| b) Non-resident institutional investor:                          | Withholding tax at 10% |
| c) Non-resident, other than company and institutional investors: | Withholding tax at 10% |

As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT distributable income on a half yearly basis. For the financial year ending 31 December 2015, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.12 sen per unit or RM124.2 million earned for 2<sup>nd</sup> half of 2014 was distributed on 27 February 2015.

**B7 Portfolio Composition**

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

**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 2015, 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.

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B10 Borrowings and Debt Securities

	As at 31 March 2015 RM'000
Long term borrowings	
Secured Revolving Term Loan	709,701
Less: Unamortised Borrowings Transaction Cost	(1,870)
	707,831

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.

B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2015	Immediate preceding quarter ended 31 December 2014
Number of units in issue (units)	3,015,931,148	3,013,819,536
Net Asset Value ("NAV") (RM'000)	3,750,294	3,811,016
NAV per unit (RM)	1.2435	1.2645
Total comprehensive income (RM'000)	60,489	335,182
Weighted average number of units in issue – year to date (units)	3,015,086,503	3,012,408,329
Earnings per Unit after Manager's management fee (Sen)	2.01	11.12
Proposes / Declared Distribution per Unit ("DPU") (Sen)	2.06	1.96
Market Price (RM)	1.53	1.46
Distribution Yield (%) <sup>3</sup>	5.46	5.45

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

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**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 2015	Year to Date 31 March 2015	Basis
Base Fee	3,394	3,394	0.3% per annum on total asset value
Performance Fee	2,188	2,188	3% per annum on net property income
<b>Total</b>	<b>5,582</b>	<b>5,582</b>	

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.

**B17 Significant related party transactions**

Significant related party transactions, other than Manager's management fee for the quarter ended 31 March 2015 is as follows:-

Companies related to the Manager / director's interest	Nature of Transactions	Transaction Value Year to Date: 31 Mar		Balance Outstanding As at	
		2015 RM'000	2014 RM'000	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Pavilion REIT Management Sdn Bhd	Rental income and its related charges	113	98	-	-
Malton Berhad group #	Rental income and its related charges	576	559	-	8
Crabtree & Evelyn (Malaysia) Sdn Bhd *	Rental income and its related charges	304	386	(15)	8
	Purchase of product	427	316	-	118
Lumayan Indah Sdn Bhd ^	Rental income and its related charges	190	227	2	2
Kuala Lumpur Pavilion Sdn Bhd ∞	Property management fees and charges payable	4,048	4,270	2,150	1,282
Impian Ekspresi Sdn Bhd ◇	Rental income and its related charges	190	-	64	63

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- # 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 deemed interest in Crabtree & Evelyn (Malaysia) Sdn Bhd.
- ^ Omer Abdulaziz H A Al-Marwani, Mohd Nasser A M Al-Humaidi and Navid Chamdia as directors in the Manager also holds directorship in Lumayan Indah Sdn Bhd.
- ∞ 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 holds the entire issued and paid up share capital of Kuala Lumpur Pavilion Sdn Bhd.
- ◇ 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.

**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 plan approval.

**B19 Responsibility Statement**

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 31 March 2015 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  
23 April 2015