

AUDIT COMMITTEE REPORT

The Audit Committee, formed on 24 October 2012 comprising of 4 members has been entrusted to assess the risks and control environment, oversee financial reporting, evaluate the internal and external audit process as well as to review conflict of interest situations and related party transactions.

Name of Directors	Designation	Number of Meetings Attended
Dato' Mohzani bin Abdul Wahab (Chairman)	Independent Non-Executive Director	4/4
Dato' Maznah binti Abdul Jalil	Independent Non-Executive Director	4/4
Dato' Choo Chuo Siong	Independent Non-Executive Director	4/4
Navid Chamdia	Non-Independent Non-Executive Director	3/4

Summary of work undertaken by Audit Committee during the year under review are as listed below :-

- (a) reviewed and deliberated with the Manager's management the quarterly financial results to recommend to the Board for approval and release to Bursa Malaysia. Consideration was given by Audit Committee to understand financial results of each properties with close attention given to update under "Prospects"
- (b) reviewed list of related party transactions every quarter to determine whether there has been any material change as compared to the previous quarter and whether the transactions have been established under normal commercial terms that are no less favourable than those arranged with independent parties
- (c) reviewed the internal control plan prepared by BDO Governance Advisory Sdn Bhd ("BDO GA")
- (d) reviewed the design and implementation of information security controls by BDO Consulting Sdn Bhd ("BDO Consulting"). BDO GA and BDO Consulting are both referred to as BDO
- (e) on 5 August 2021, a meeting was held by Audit Committee with BDO to assess the internal control review report prepared by them. BDO gave explanation on findings of review, proposed recommendations and corresponding Manager's responses, which were noted by the Audit Committee
- (f) reviewed audit plan with external auditor, KPMG PLT by understanding its audit methodology, significant risk areas and accounting policies/disclosures and timing. KPMG PLT were also asked of its succession planning of its key personnel leading the audit and sufficiency of resources.
- (g) on 27 January 2022, the Audit Committee was briefed privately by KPMG PLT (without presence of the Manager's management) on status of its audit
- (h) reviewed and commented on the audit committee report and statement of risk management and internal control for inclusion into the annual report
- (i) evaluated the work scope, approach and fees to outsourced internal auditor and recommended for their engagement
- (j) evaluated the approach and fees of external auditor and recommended for their engagement for the following year

For the year under review, BDO GA has been engaged to perform internal audit review for Pavilion REIT covering

- i) corporate governance review of board charter, terms of reference, reporting, policies and procedures as well as whistle-blowing; and
- ii) compliance review on anti-bribery and corruption policies, procedures, training, communication with business partners and reporting.

BDO Consulting reviewed the design and implementation of information security controls by using relevant areas of the ISO/IEC 27001 standard on Information Security Management System (as a baseline). Areas covered included policies, system acquisition, development and maintenance, supplier relationship, information security incident management and aspects of business continuity management. Security from aspects of organisation, human resource, physical and environment control, operations as well as communication were also reviewed.

Audit and Non-Audit Fees

Audit and non-audit fees payable to the external auditor of Pavilion REIT for the current financial year amounted to RM195,000 and RM12,000 respectively.