

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pavilion REIT Management Sdn Bhd, the Manager of Pavilion Real Estate Investment Trust, was set-up to manage and administer Pavilion REIT. Licensed by the Securities Commission under the Capital Market Services Act, the Manager in carrying out its responsibilities advocates good corporate governance to retain high values of clarity, responsibility and honesty and be subjected to provisions of the Deed, Listed REIT Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance and any other relevant laws.

The Manager shall, in managing Pavilion REIT, undertake primary management activities in relation to Pavilion REIT, including but not limited to overall strategy, risk management strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed with proper, diligent and efficient manner with acceptable and efficacious business practices in the real estate investment industry.

Principal A : Board Leadership and Effectiveness

The Board members, with their wide, varied range of expertise, skills and experiences have adopted the primary responsibilities as listed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2017, all of which is to steward Pavilion REIT's business and facilitate the discharge of the Manager's responsibilities with a view to enhance unitholders value and interest and maintaining high standards of transparency, accountability and integrity. The Board Charter was formally approved and adopted by the Board on 1 November 2012.

The Board meets at least once every quarter and focuses on principal matters such as strategic issues and planning, including performance reviews and promoting business sustainability, setting the risk appetite, acquisitions and disposals, financial performance and advocating ethical standards through a code of conduct.

Notices, agenda and meeting papers are circulated to directors in a timely manner to ensure that the directors have sufficient time to review the matters under consideration. All members of the Board have access to the advice and services of the company secretary and compliance officer and are entitled to obtain independent professional advice in discharging their duties.

Members of the Board consists of twelve members, of which three are non-independent executive directors, five non-independent non-executive directors and four independent non-executive directors.

Although the Chairman is an executive director with only one third of its Board being independent non-executive directors, the Board believes that the Chairman, who has significant interest in Pavilion REIT will act in the best interest of the Fund's unitholders.

The Chairman carries out a leadership role in the conduct of the Board and is primarily responsible for ensuring the adequacy and integrity of the governance process besides guiding and mediating the Board's action and maintaining regular dialogues with the CEO.

The CEO, whose position is held separately by a different person, is responsible to ensure the effective implementation of strategic plan and policies established by the Board to manage the daily conduct of its business to ensure the smooth operations, supervision and management of Pavilion REIT. The approved policies and standard operating procedures for level of authority for transactions, maintenance and operations of Pavilion REIT's properties as well as acquisitions and divestments of investments procedures will continuously be reviewed, enhanced and updated in line with changes in the operating environment.

The Board's independence and gender diversity will be updated by end 2024 to comply with the recommendation under the latest Malaysian Code on Corporate Governance.

Audit Committee and Nominating Committees, comprising mainly of independent directors have also been setup to assist the Board in discharging its duties and responsibilities via terms and reference approved by the Board members. The Committee members would meet to discuss on matters within their scope and thereafter the Committee Chairman would recommend them to the Board for decision. All Committee and Board meetings are minuted. More details are available under the section of Audit Committee Report and Nominating Report respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Any director that has any interest, whether directly or indirectly, in a contract or proposed contract would have to declare his/her interest and not participate in deliberations and shall abstain from casting his/her votes in any matter arising therefrom. Should there be an actual, potential or perceived conflict of interest or a related corporate and a director, or an associate of a director as a spouse or other family members, the director involved shall make full disclosure and act honestly in the best interest of Pavilion REIT. The Audit Committee is responsible to review any related party transactions or conflict of interest situations and the Manager will ensure compliance with the Deed and any other regulatory guidelines.

Directors shall devote sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment. The remuneration or fees due to its Directors are paid by the Manager and not Pavilion REIT.

The Board met five times during the financial year ended 31 December 2021 with details of attendance as stated below :

Name of Directors	Designation	Number of meetings attended
Tan Sri Lim Siew Choon	Chairman and Non-Independent Executive Director	5/5
Puan Sri Tan Kewi Yong	Non-Independent Executive Director	5/5
Dato' Lee Tuck Fook	Non-Independent Executive Director	5/5
Ahmed Ali H A Al-Hammadi	Non-Independent Non-Executive Director	4/5
Ahmad Mohammed F Q Al-Khanji	Non-Independent Non-Executive Director	3/5
Mohd Abdulrazzaq A A Al-Hashmi	Non-Independent Non-Executive Director	5/5
Navid Chamdia	Non-Independent Non-Executive Director	5/5
Ooi Ah Heong	Non-Independent Non-Executive Director	5/5
Dato' Mohzani bin Abdul Wahab	Independent Non-Executive Director	5/5
Dato' Maznah binti Abdul Jalil	Independent Non-Executive Director	5/5
Dato' Choo Chuo Siong	Independent Non-Executive Director	5/5
Syed Mohd Fareed bin Shaikh Alhabshi	Independent Non-Executive Director	5/5

During the financial year under review, the Directors had attended various programmes to enhance their knowledge and expertise as well as to keep abreast with the relevant changes in law, regulations and business environment.

Training programmes attended by the Directors during the financial year were :

- 2021 Malaysian Banking and Finance Summit “Future of Banking in the New Normal – Disruptive Innovation, Technology and Transformation”
- A Key COG in an Effective Governance Structure
- Digital Acceleration and Innovation for Business Recovery and Growth
- Doubling Down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update)
- Economic Outlook 2021 : Investing at the Right Time and Sector
- KPMG’s Asia-Pacific Board Leadership Centre Webinar : Board and Audit Committee Priorities 2021
- The Impact of Current Global Financial Crisis and Covid-19 on Capital Markets
- The Malaysia Sustainability Leadership Summit 2021
- The Malaysian Economic Summit 2021 “Spurring Malaysia’s Productivity and Growth after the Covid-19 Pandemic”
- The National Recovery Summit, Winning the War against Covid – the Road to Recovery (KSI Strategic Institute for Asia Pacific and The Economic Club KL)
- Webinar CoronaVac Covid-19 Vaccine : Updates and Highlights
- WIEF-SIDC Power Talk Webinar 2021 – Post Pandemic Economic Landscape : Building Resilient Industries

The Nominating Committee had reviewed and assessed each Board member and concluded that their performance is satisfactory with performance level and qualifications being met and in compliance with requirements. Independent directors are autonomous and can deliver objective judgement for the Board’s deliberation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Principal B : Effective Audit and Risk Management

Audit Committee members, comprising mainly of independent directors, are responsible to evaluate risks, review financial reporting, gauge internal and external audit processes as well as to review related party transactions and conflict of interest situations. Additional information is available under the section of Audit Committee Report and Statement of Risk Management and Internal Control.

The Nominating Committee had determined that Audit Committee and its members have discharged their duties effectively and in accordance with their terms and reference.

Principal C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The Board acknowledges that providing prompt and accurate disclosure of information to unitholders is critical. Hencewith, disclosures are made via annual report and announcements on Bursa Malaysia, corporate website, roadshows and conferences. Consistent engagement ensures that Pavilion REIT's information are transmitted on timely basis. Annual general meeting is also another platform for unitholders to engage with the Manager to seek clarification, update and feedback.

The CEO, as the official spokesperson for the Fund, meets with analyst and fund managers to provide them with updates or upon request, besides attending investors' roadshows and seminars. Besides timely announcements and disclosures to Bursa Malaysia, its website, www.pavilion-reit.com is also regularly being updated. Please refer to Investors Relation and Fund Performance section for details of roadshows or seminars attended.

The Manager will continue to enhance its communication channels to ensure its unitholders, fund managers and stakeholders obtain information that are timely and relevant.