

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pavilion REIT Management Sdn Bhd (“Manager”), which is the Manager of Pavilion Real Estate Investment Trust (“Pavilion REIT” or “Fund”), 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 of Directors (“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 2021, 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 the Board members in a timely manner to ensure that they have sufficient time to review the matters under consideration. All members of the Board have access to the advices and services of the company secretary and the compliance officer and are entitled to obtain independent professional advice in discharging their duties.

Members of the Board consists of eleven members, of which three (3) are non-independent executive directors, three (3) non-independent non-executive directors and five (5) independent non-executive directors.

Although the Chairman is an executive director with about 45% 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 plans and policies established by the Board to manage the daily conduct of Pavilion REIT’s business to ensure smooth operations, clear supervision, and effective management. 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 has updated its independence and gender diversity in compliance with the recommendation under the latest Malaysian Code on Corporate Governance to have at least 30% women board members. To date, the Board comprise of 36% women board members.

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 Committee Report respectively.

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Any board member that has any interest, whether directly or indirectly, in a contract or proposed contract would have to declare his or her interest and not participate in deliberations and shall abstain from casting his or 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.

The Board members shall devote sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment. The Board members 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 Board members are paid by the Manager and not Pavilion REIT.

The Board has met six (6) times during the financial year ended 31 December 2023 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 | 6/6 |
| Puan Sri Tan Kewi Yong | Non-Independent Executive Director | 6/6 |
| Dato' Lee Tuck Fook | Non-Independent Executive Director | 6/6 |
| Ahmed Ali H A Al-Hammadi ¹ | Non-Independent Non-Executive Director | 3/4 |
| Ahmad Mohammed F Q Al-Khanji | Non-Independent Non-Executive Director | 5/6 |
| Mohd Abdulrazzaq A A Al-Hashmi | Non-Independent Non-Executive Director | 5/6 |
| Navid Chamdia | Non-Independent Non-Executive Director | 5/6 |
| Dato' Mohzani bin Abdul Wahab ² | Independent Non-Executive Director | 5/5 |
| Dato' Maznah binti Abdul Jalil ² | Independent Non-Executive Director | 5/5 |
| Dato' Choo Chuo Siong | Independent Non-Executive Director | 6/6 |
| Baljeet Kaur Grewal A/P Jaswant Singh | Independent Non-Executive Director | 6/6 |
| Dato' Mearia @ Massahariah binti Hamzah ³ | Independent Non-Executive Director | 6/6 |
| Dato' Seri Mohamed Azahari bin Mohamed Kamil ⁴ | Independent Non-Executive Director | 1/1 |
| Nor Rejina binti Abdul Rahim ⁴ | Independent Non-Executive Director | 1/1 |

1 resigned as director on 25 June 2023

2 retired as director on 28 July 2023

3 appointed as director on 3 January 2023

4 appointed as director on 7 August 2023

During the financial year under review, the Board members 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 given/attended by the Board members during the financial year were:

- (i) Anti-Bribery and Corruption Awareness Training
- (ii) Audit Oversight Board's Conversation with Audit Committees
- (iii) Capital Market Director Programmes
- (iv) KSY318: Inflation, Financial Crisis and Currency War
- (v) Mandatory Accreditation Programmes

The Nominating Committee have 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.

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Sustainability Committee (“SC”) and Risk Management Committee (“RMC”) have also been established in May 2022 to affirm the Board’s commitments towards sustainability and strengthen risk management processes to ensure Pavilion REIT is in a position to mitigate any potential risk.

Sustainability Committee

| Name of Directors | Designation | Number of Meetings Attended |
|---|--|-----------------------------|
| Nor Rejina binti Abdul Rahim (Chairperson) ¹ | Independent Non-Executive Director | 1/1 |
| Dato’ Choo Chuo Siong | Independent Non-Executive Director | 4/4 |
| Baljeet Kaur Grewal A/P Jaswant Singh | Independent Non-Executive Director | 4/4 |
| Mohd Abdulrazzaq A A Al-Hashmi | Non-Independent Non-Executive Director | 4/4 |
| Dato’ Mearia @ Massahariah binti Hamzah ² | Independent Non-Executive Director | 4/4 |
| Dato’ Seri Mohamed Azahari bin Mohamed Kamil ³ | Independent Non-Executive Director | 1/1 |
| Dato’ Maznah binti Abdul Jalil ⁴ | Independent Non-Executive Director | 3/3 |
| Dato’ Mohzani bin Abdul Wahab ⁵ | Independent Non-Executive Director | 3/3 |

1 appointed as a member and Chairperson on 7 August 2023

2 appointed as a member on 3 January 2023

3 appointed as a member on 7 August 2023

4 ceased as Chairperson on retirement as director on 28 July 2023

5 ceased as a member on retirement as director on 28 July 2023

Risk Management Committee

| Name of Directors | Designation | Number of Meetings Attended |
|--|--|-----------------------------|
| Dato’ Mearia @ Massahariah binti Hamzah (Chairperson) ¹ | Independent Non-Executive Director | 4/4 |
| Dato’ Choo Chuo Siong | Independent Non-Executive Director | 4/4 |
| Baljeet Kaur Grewal A/P Jaswant Singh | Independent Non-Executive Director | 4/4 |
| Mohd Abdulrazzaq A A Al-Hashmi | Non-Independent Non-Executive Director | 4/4 |
| Dato’ Seri Mohamed Azahari bin Mohamed Kamil ² | Independent Non-Executive Director | 1/1 |
| Nor Rejina binti Abdul Rahim ² | Independent Non-Executive Director | 1/1 |
| Dato’ Maznah binti Abdul Jalil ³ | Independent Non-Executive Director | 3/3 |
| Dato’ Mohzani bin Abdul Wahab ⁴ | Independent Non-Executive Director | 3/3 |

1 appointed as a member on 3 January 2023 and redesignated as Chairperson on 7 August 2023

2 appointed as a member on 7 August 2023

3 ceased as Chairperson on retirement as director on 28 July 2023

4 ceased as a member on retirement as director on 28 July 2023

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PRINCIPAL B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee members, comprising mainly of independent directors, are responsible to review financial reporting, gauge internal and external audit processes as well as to review related party transactions and conflict of interest situations.

Risk Management Committee members, also mainly comprises independent directors are responsible for risk management framework and ensure effectiveness of risk reporting structure. Additional information is available under the section of Audit Committee Report and Statement of Risk Management and Internal Control.

The Nominating Committee have determined that Audit Committee members and Risk Management Committee 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. Therefore, disclosures are made via integrated annual report and announcements on Bursa Malaysia, corporate website, roadshows, and conferences. Consistent engagement ensures that Pavilion REIT's information are transmitted on a timely basis. Annual general meeting is also another platform for unitholders to engage with the Manager to seek clarification, updates, 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.

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