

PROSPECTUS  
**PAVILION**  
REAL ESTATE INVESTMENT TRUST

*A Class of its Own*

Managed by  
*Pavilion REIT Management Sdn Bhd*





# PAVILION

## REAL ESTATE INVESTMENT TRUST

Managed by  
Pavilion REIT Management Sdn Bhd

(A REAL ESTATE INVESTMENT TRUST CONSTITUTED IN MALAYSIA UNDER A DEED DATED 13 OCTOBER 2011 AND REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA ON 18 OCTOBER 2011, ENTERED INTO BETWEEN PAVILION REIT MANAGEMENT SDN BHD AND AMTRUSTEE BERHAD, BOTH COMPANIES INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT, 1965)

### INITIAL PUBLIC OFFERING OF 790,000,000 NEW UNITS IN PAVILION REAL ESTATE INVESTMENT TRUST (“UNITS”) COMPRISING ISSUANCE OF:

- (I) 755,000,000 NEW UNITS MADE AVAILABLE FOR APPLICATION BY MALAYSIAN AND FOREIGN INSTITUTIONAL INVESTORS AND SELECTED INVESTORS, AT THE INSTITUTIONAL PRICE BEING THE PRICE PER UNIT TO BE PAID BY THE INVESTORS (OTHER THAN CORNERSTONE INVESTORS) WHICH WILL BE DETERMINED BY WAY OF BOOKBUILDING (“INSTITUTIONAL PRICE”); AND
- (II) 35,000,000 NEW UNITS MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC, THE ELIGIBLE TENANTS OF THE SUBJECT PROPERTIES (AS DEFINED HEREIN), THE DIRECTORS OF PAVILION REIT MANAGEMENT SDN BHD AND THE ELIGIBLE EMPLOYEES OF PAVILION REIT MANAGEMENT SDN BHD, URUSHARTA CEMERLANG SDN BHD, CAPITAL FLAGSHIP SDN BHD AND KUALA LUMPUR PAVILION SDN BHD AT THE RETAIL PRICE BEING THE INITIAL PRICE PAYABLE BY APPLICANTS (“RETAIL PRICE”),

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISION IN CONNECTION WITH THE LISTING OF AND QUOTATION FOR 3,000,000,000 UNITS ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

THE RETAIL PRICE IS PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE, IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- (I) THE RETAIL PRICE OF RM0.88 PER UNIT; AND
- (II) THE INSTITUTIONAL PRICE.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE SECTION 5 “RISK FACTORS” OF THIS PROSPECTUS.

#### Manager

**Pavilion REIT Management Sdn Bhd**  
(Company Number: 939490-H)

#### Trustee



**AmTrustee Berhad**  
(Company Number: 163032-V)

#### Joint Principal Advisers



CIMB Investment Bank Berhad (18417-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

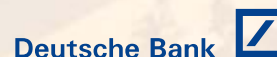


Maybank Investment Bank Berhad (19938-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

#### Joint Global Coordinators



#### Joint Bookrunners



#### Joint Underwriters



## Pavilion REIT's initial portfolio



### Pavilion Kuala Lumpur Mall

NLA (sq ft) .....	1,335,119
GFA (sq ft)(excluding car park) .....	2,202,557
Appraised Value as at 1 June 2011 <sup>(1)</sup> .....	RM3,415,000,000
Occupancy Rate as at 1 June 2011 <sup>(2)</sup> .....	97.7%
Contribution of the Subject Properties by Appraised Value .....	96.4%

### Pavilion Tower

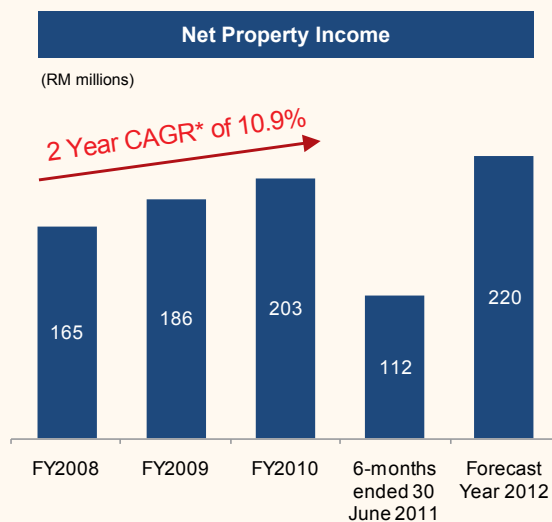
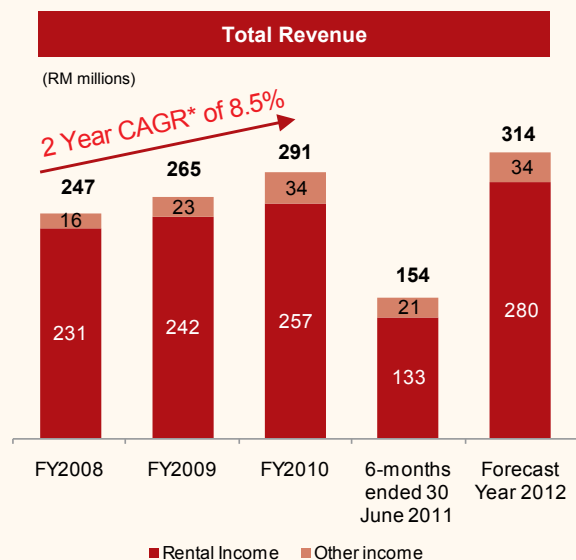
NLA (sq ft) .....	167,407
GFA (sq ft)(excluding car park) .....	243,288
Appraised Value as at 1 June 2011 <sup>(1)</sup> .....	RM128,000,000
Occupancy Rate as at 1 June 2011 <sup>(2)</sup> .....	41.4%
Contribution of the Subject Properties by Appraised Value .....	3.6%



#### Notes:

- (1) As appraised by the Independent Property Valuer.
- (2) Including tenancies which have been committed but yet to commence as at 1 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall and Pavilion Tower as at 1 June 2011 would have been 98.0% and 64.5% respectively.

## Stable income stream from the Subject Properties

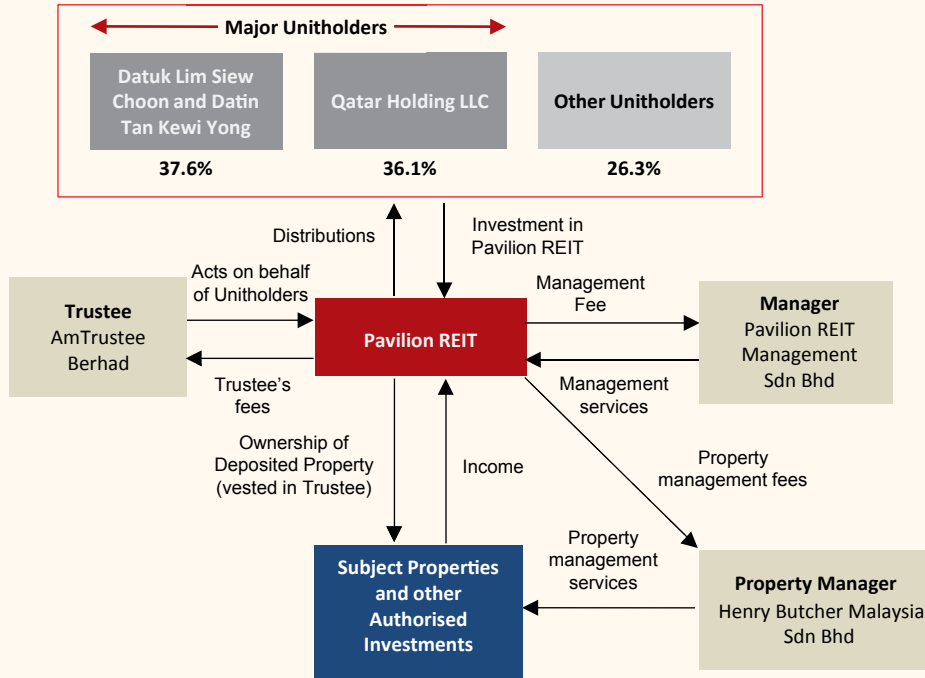


Note: \*CAGR - Compounded annual growth rate



CENTRE COURT

Structure of Pavilion REIT

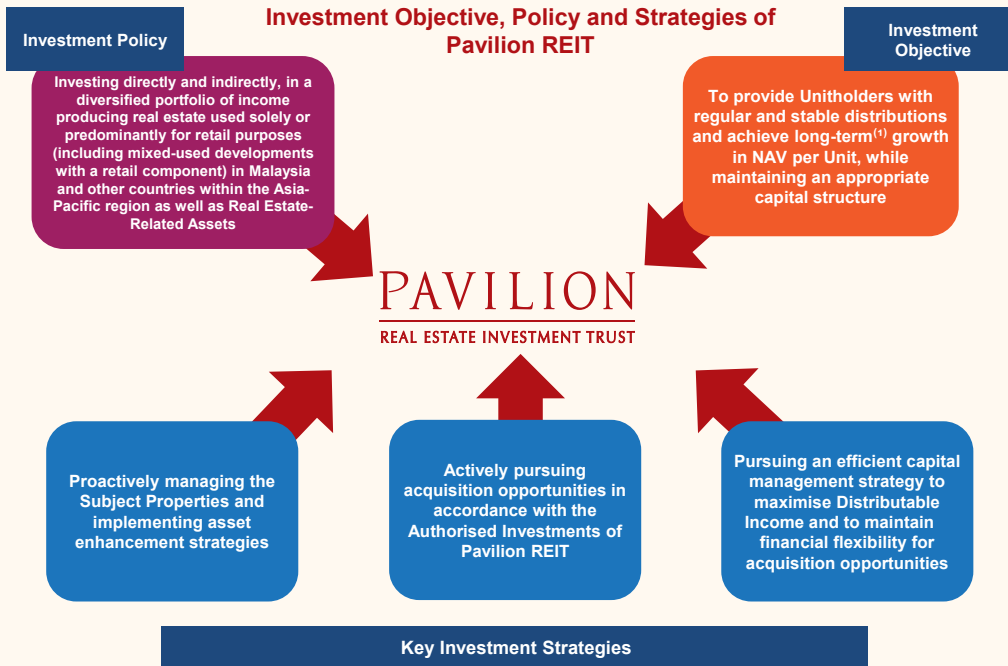


Pavilion REIT Management Sdn Bhd is the manager of Pavilion REIT. The Manager undertakes primary management activities in relation to Pavilion REIT.

AmTrustee Berhad is the trustee of Pavilion REIT. The Trustee provides corporate trusteeship services for Pavilion REIT.

Henry Butcher Malaysia Sdn Bhd is the property manager of Pavilion REIT. The Property Manager is responsible for providing property management services for the properties in Pavilion REIT's portfolio.

Investment Objective, Policy and Strategies of Pavilion REIT



Note:

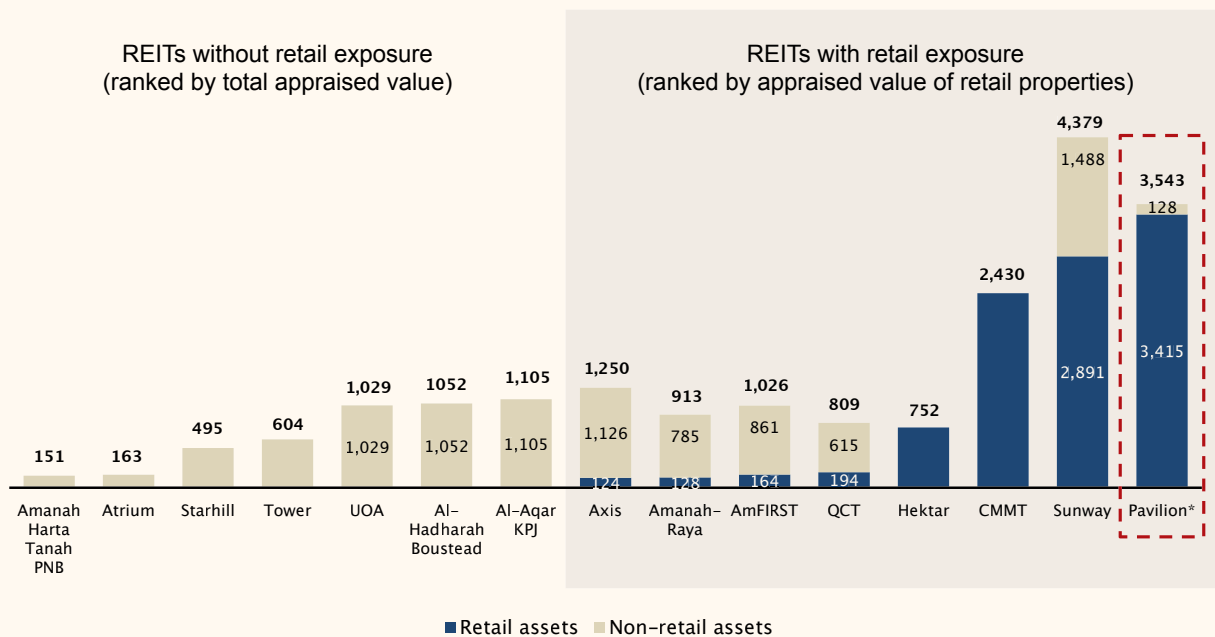
(1) Long-term in this context refers to a period of five years or more.



COUTURE PAVILION

## Competitive Strengths and Investment Highlights

### 1. The largest exposure to the retail sector of any listed Malaysian REIT and one of the largest listed Malaysian REITs overall



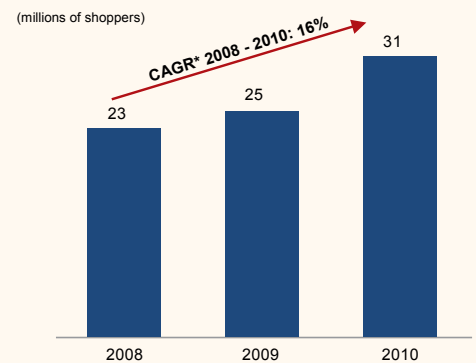
Source: According to the latest publicly available financial statements of the respective REITs as at the Latest Practicable Date and in RM millions.  
\* Based on the Appraised Value as at 1 June 2011.

### 2. Strategically located in the Golden Triangle of Kuala Lumpur



Source: Independent Property Market Report

#### Shopper traffic of Pavilion Kuala Lumpur Mall has risen over the years



Source: Independent Property Market Report  
Note : \*CAGR - Compounded annual growth rate

- Destination for both local as well as international tourists and business travellers
- Accessible through a network of major roads and multiple modes of public transport, with an upcoming MRT station planned at Bukit Bintang with future connectivity with Kuala Lumpur Convention Centre via a covered sky bridge that is currently under construction
- 12 four and five-star hotels within 500 metres and near a host of international companies

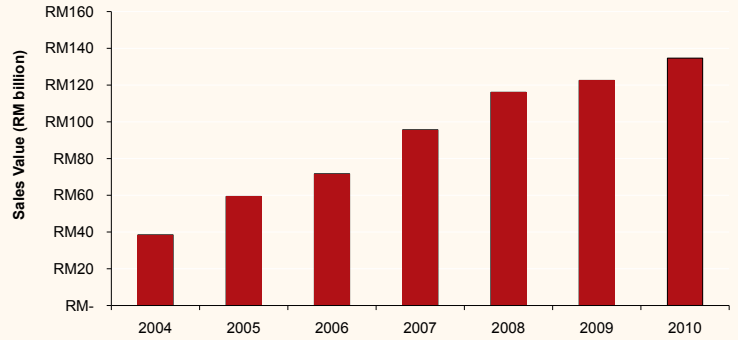


TOKYO STREET

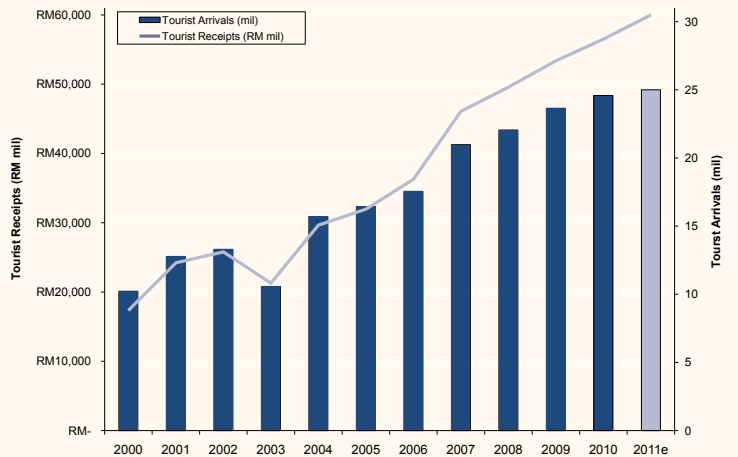
**3. Benefiting from Malaysia's economic growth and rising consumer spending**

- Strong forecasted GDP growth of 5.0% – 5.5% in 2011 and 5.0% – 6.0% in 2012
- Gross monthly income in Malaysia grew by a compounded annual growth rate of 5.0% from 1999 to 2009
- Retail sales value increased by 9.9% in 2010 compared to 2009
- Tourist arrivals and tourist receipts in Malaysia reached a new high in 2010 with a total of 24.6 million visitors, along with total receipts of RM56.5 billion, a key driver of retail sales

Malaysia Retail Trade Sector Sales Value 2004 - 2010



Malaysia Tourist Arrivals and Tourist Receipts 2000 - 2011e



Source: Independent Property Market Report

**4. Strong management team and brand image**

- Highly experienced professionals in the Malaysian retail property market and has been actively involved in the marketing and on-going management of Pavilion Kuala Lumpur Mall
- The Sponsor and Pavilion REIT's management team has built up the "Pavilion" brand name as one of the premier shopping centres in Malaysia

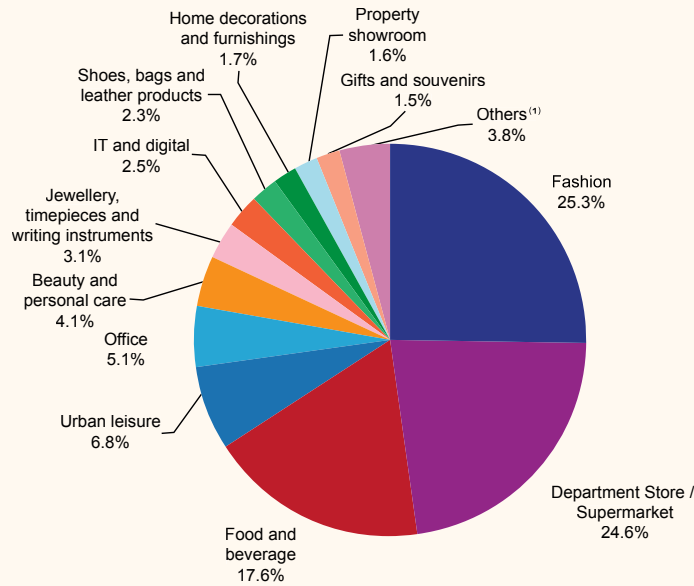


GOURMET EMPORIUM

## Competitive Strengths and Investment Highlights (cont'd)

### 5. Diverse tenant base, consistent occupancy rates and rising rental rates with a unique tenant mix focused on maximising NLA Income of Pavilion Kuala Lumpur Mall

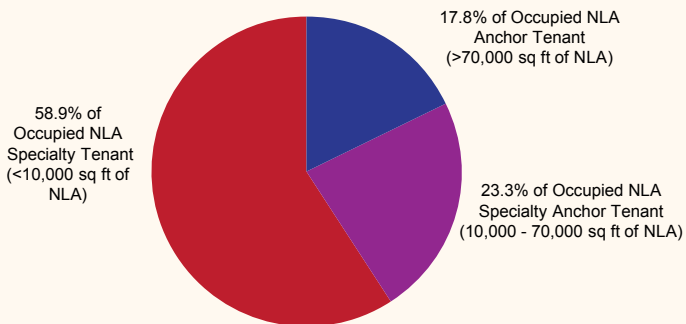
#### Diverse tenant base based on % of Occupied NLA as at 1 June 2011



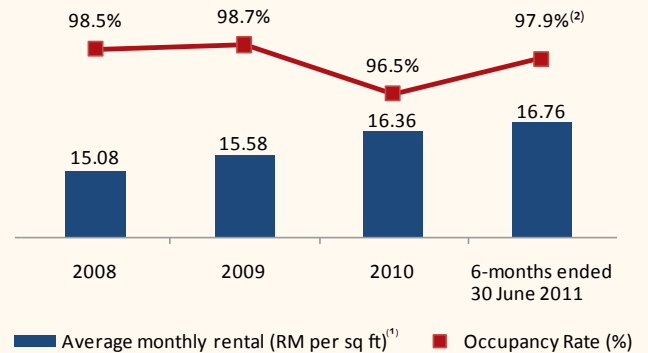
**Note:**

(1) Including trade sectors such as services, storage, auto gallery, health and fitness as well as optical and eye care.

#### High proportion of specialty tenants as at 1 June 2011



#### Consistent occupancy rates and rising rental rates



**Notes:**

- (1) Calculated based on the average monthly NLA Income (excluding Management Space) for the relevant FPE/FY divided by Occupied NLA (excluding Management Space) as at the end of the relevant FPE/FY.
- (2) Including tenancies which have been committed but yet to commence as at 30 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall as at 30 June 2011 would have been 98.5%.





6. Opportunities for future growth

Via Existing Portfolio

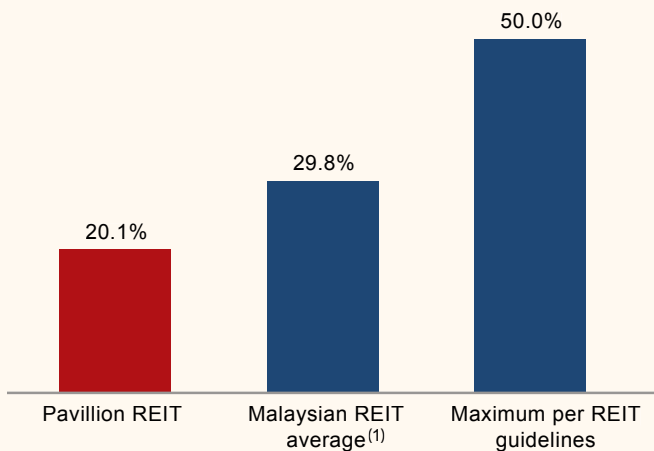
- Reconfiguration of existing NLA to increase rental rates and variety of offerings
- Recent examples are the creation of “Tokyo Street” and reconfiguration of the Connection

Through Acquisition

- The following ROFRs were granted:
  - fahrenheit88 ROFR** – five levels of retail space with three levels of basement car parks located at Bukit Bintang opposite Pavilion Kuala Lumpur Mall
  - Pavilion Extension ROFR** – a potential expansion to Pavilion Kuala Lumpur Mall, which would comprise up to approximately 300,000 sq ft of retail NLA
  - USJ ROFR** – six-storey retail mall to be developed at Subang Jaya
  - General ROFR** – Sponsor’s future development in Malaysia

7. Strong balance sheet and conservative capital structure

Based on Pavilion REIT’s Consolidated Pro Forma Statement of Financial Position, Pavilion REIT’s debt to asset ratio upon Listing will be 20.1%.



Note:

(1) Based on the latest publicly available financial statements of various listed Malaysian REITs as at the Latest Practicable Date.



**Competitive Strengths and Investment Highlights (cont'd)**

**8. Award-winning building design enables efficient use of space and positions Pavilion Kuala Lumpur Mall as an attractive destination for shoppers**



**2011 VIVA Best-of-the-Best Award Honoree (Design and Development)**  
 – International Council Shopping Centre Viva Best-of-the-Best Awards



**Best Retail Development Malaysia**  
 – International Property Awards (2010)

**The Architecture Award - Asia Pacific**  
 – International Property Awards (2010)



**Innovative Shopping Complex**  
 – Malaysia Tourism Awards (2008 - 2009)



**Innovative Design & Development of a New Retail Project**  
 – International Council of Shopping Centres in Asia, Shopping Centre Awards (2010)



**World's Best Retail Centre**  
 – International Real Estate Federation Prix d'Excellence Awards (2009)



**Marketing**  
 – International Council of Shopping Centres in Asia, Shopping Centre Awards (2010)



**Best Retail Development**  
 – International Real Estate Federation Malaysia Property Awards (2008)

Winner of more than 20 international and local awards, giving Pavilion Kuala Lumpur Mall recognition for its cutting-edge retail design and innovative marketing campaigns



*All terms used are defined under "Definitions" and "Presentation of Financial, Market, Industry and Other Information" commencing on pages xi and xxiv of this Prospectus respectively.*

## **RESPONSIBILITY STATEMENTS**

This Prospectus has been reviewed and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading. Each of the Directors accepts full responsibility for the Profit Forecasts included in this Prospectus and confirms that the Profit Forecasts have been prepared based on the assumptions made.

Both CIMB and Maybank IB, being the Joint Principal Advisers, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Offering and are satisfied that the Profit Forecasts (for which the Directors are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors after due and careful inquiry and have been duly reviewed by the Reporting Accountants.

## **STATEMENTS OF DISCLAIMER**

The SC has approved the issue of, offer for subscription or purchase, or issue of an invitation to subscribe for or purchase Units in respect of the Offering and a copy of this Prospectus has been registered with the SC.

The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends Pavilion REIT or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager and takes no responsibility for the contents in this Prospectus. The SC makes no representation on the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Approval has been obtained from Bursa Securities for the listing of and quotation for the Units on the Main Market of Bursa Securities. Admission to the Official List on the Main Market is not to be taken as an indication of the merits of the invitation, Pavilion REIT or of its Units.

The valuation approved or accepted by the SC shall only be utilised for the purpose of the proposals, in relation to the Listing of Pavilion REIT, submitted to and approved by the SC, and shall not be construed as an endorsement by the SC on the value of the Subject Properties for any other purpose.

## **NOTICE TO INVESTORS AND ADDITIONAL STATEMENTS**

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any person set out in Section 236 of the CMA, e.g. directors and advisers, are responsible.

Investors should note that any agreement by the Joint Underwriters named herein to underwrite the Units under the Retail Offering is not to be taken as an indication of the merits of the Units being offered.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

The Manager will not, prior to acting on any acceptance in respect of the Offering, make or be bound to make any inquiry as to whether investors have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any inquiry or investigation is made in connection therewith. It shall be the investors' sole responsibility if they are or may be subject to the laws of countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether the Offering would result in the contravention of any laws of such countries or jurisdictions.

Further, it shall also be the investors' sole responsibility to ensure that their applications for the Offering would be in compliance with the terms of the Offering and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which they may be subjected. The Manager will further assume that investors have accepted the Offering in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith.

However, the Manager reserves the right, in its absolute discretion, to treat any acceptance as invalid if the Manager believes that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any countries or jurisdictions other than Malaysia. The Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters shall not accept any responsibility or liability in the event that any application made by investors shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

This Prospectus is published solely in connection with the Offering. The Units being offered in the Offering are offered solely on the basis of the information contained and representations made in this Prospectus. The Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters, any of their respective directors or any other persons involved in the Offering. If anyone provides investors with different or inconsistent

information, investors should not rely upon it. Neither the delivery of this Prospectus nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of Pavilion REIT, the Manager or the Units since the date on the front cover of this Prospectus. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. Unless required by applicable laws, and save as provided in the Directors' responsibility statement as set out in this Prospectus, no representation, warranty or covenant, express or implied, is made by any of Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant by any of Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners or the Joint Underwriters or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to Pavilion REIT, the Manager, the Sponsor, the Trustee, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters. This Prospectus does not constitute, and the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Copies of this Prospectus are available from the Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

This Prospectus has been prepared in the context of an initial public offering under the laws of Malaysia.

## ELECTRONIC PROSPECTUS

The contents of the electronic copy of this Prospectus and the copy of this Prospectus registered with the SC are the same. Prospective investors may obtain a copy of the Electronic Prospectus from the websites of Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com), CIMB at [www.eipocimb.com](http://www.eipocimb.com), CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my), Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my), RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my) or Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com).

The internet is not a fully secured medium. The internet application for the Units may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If investors doubt the validity or integrity of an Electronic Prospectus, investors should immediately request from the Manager or the Issuing House, a paper or printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus, the contents of the paper or printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as “**third party internet sites**”), whether by way of hyperlinks or by way of description of the third party internet sites, investors acknowledge and agree that:

- (i) the Manager does not endorse and is not affiliated in any way to the third party internet sites. Accordingly, the Manager is not responsible for the availability of or the content or any data, files or other material provided on the third party internet sites. Investors bear all risks associated with the access to or use of the third party internet sites;
- (ii) the Manager is not responsible for the quality of products or services in the third party internet sites, particularly in fulfilling any terms of any agreements with the third party internet sites. The Manager is also not responsible for any loss or damage or cost that investors may suffer or incur in connection with or as a result of dealing with the third party internet sites or the use of or reliance on any data, file or other material provided by such parties; and
- (iii) any data, file or other material downloaded from the third party internet sites is done at the investors’ own discretion and risk. The Manager is not responsible, liable or under obligation for any damage to the investors’ computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of an Internet Participating Financial Institution, investors are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an Electronic Prospectus to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via the investors’ web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to the investors or other parties; and

- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, the investors or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with the web browsers or other relevant software, any fault on the investors' or any third party's personal computers, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the websites of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on the investors' personal computers.

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## INDICATIVE TIMETABLE

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An indicative timetable for the Offering is set out below:

<b>Date and time<sup>(1)</sup></b>	<b>Event</b>
11 November 2011	: Opening of the Institutional Offering
14 November 2011, 10.00 a.m.	: Opening date and time for the Retail Offering
21 November 2011, 5.00 p.m.	: Closing date and time for the Retail Offering
23 November 2011	: Closing of the Institutional Offering
23 November 2011	: Price Determination Date
24 November 2011	: Balloting of applications for Offer Units pursuant to the Retail Offering for the Malaysian Public portion
5 December 2011	: Allotment of Offer Units to successful applicants
7 December 2011	: Listing of Pavilion REIT on the Main Market

**Note:**

(1) The above timetable is indicative only and is subject to change. The Institutional Offering will open and close at the dates stated above or such other date or dates as the Manager and the Joint Bookrunners may mutually decide in their absolute discretion. The application for the Units offered under the Retail Offering will open and close at the dates stated above or such other date or dates as the Manager and the Joint Principal Advisers may mutually decide in their absolute discretion.

If either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting, allotment of Units and Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

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## TABLE OF CONTENTS

	Page
<b>DEFINITIONS</b> .....	xi
<b>PRESENTATION OF FINANCIAL, MARKET, INDUSTRY AND OTHER INFORMATION</b> .....	xxiv
<b>FORWARD-LOOKING STATEMENTS</b> .....	xxvi
<b>CORPORATE DIRECTORY</b> .....	xxviii
<b>INFORMATION SUMMARY</b> .....	1
OVERVIEW OF PAVILION REIT .....	1
SUMMARY OF PAVILION REIT .....	2
STRUCTURE OF PAVILION REIT .....	5
OVERVIEW OF THE SUBJECT PROPERTIES .....	6
COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS.....	9
PRINCIPAL STATISTICS RELATING TO THE OFFERING .....	17
FINANCIAL HIGHLIGHTS.....	20
RISK FACTORS .....	26
FEES AND CHARGES .....	30
<b>1. DETAILED INFORMATION ON PAVILION REIT</b> .....	35
1.1 OVERVIEW OF PAVILION REIT.....	35
1.2 STRUCTURE OF PAVILION REIT .....	35
1.3 STRATEGIES .....	36
1.4 INVESTORS' PROFILE.....	40
1.5 PERFORMANCE BENCHMARK.....	40
1.6 DISTRIBUTION POLICY .....	41
1.7 VALUATION POLICY .....	42
1.8 BORROWING LIMITATIONS AND GEARING POLICY .....	42
1.9 INTELLECTUAL PROPERTY.....	42
<b>2. BUSINESS AND SUBJECT PROPERTIES</b> .....	43
2.1 ACQUISITIONS BY PAVILION REIT.....	43
2.2 OVERVIEW OF THE SUBJECT PROPERTIES .....	44
2.3 COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS.....	49
2.4 PAVILION KUALA LUMPUR MALL.....	57
2.5 PAVILION TOWER .....	68
2.6 TENANCY MANAGEMENT.....	72
2.7 INSURANCE .....	73
2.8 CAPITAL EXPENDITURE .....	73
2.9 LEGAL PROCEEDINGS .....	73
<b>3. PARTICULARS OF THE OFFERING</b> .....	74
3.1 INTRODUCTION.....	74
3.2 TOTAL FUND SIZE AND UNITS TO BE ISSUED .....	75
3.3 PURPOSE OF THE OFFERING.....	75
3.4 DETAILS OF THE OFFERING.....	75
3.5 INDICATIVE TIMETABLE .....	78
3.6 BASIS OF DETERMINING THE PRICE OF THE OFFER UNITS.....	79
3.7 LISTING SCHEME .....	80
3.8 REIT FINANCING .....	81

## TABLE OF CONTENTS (Cont'd)

	Page
3.9 USE OF PROCEEDS.....	84
3.10 BROKERAGE, COMMISSIONS AND OTHER FEES AND CHARGES PAYABLE DIRECTLY BY UNITHOLDERS .....	85
3.11 SALIENT TERMS OF THE RETAIL UNDERWRITING AGREEMENT.....	86
3.12 LOCK-UP ARRANGEMENTS .....	90
3.13 TRADING ON THE MAIN MARKET AND SETTLEMENT IN THE SECONDARY MARKET .....	91
<b>4. FINANCIAL INFORMATION.....</b>	<b>93</b>
4.1 CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION.....	93
4.2 CAPITALISATION AND INDEBTEDNESS .....	97
4.3 PRO FORMA NET PROPERTY INCOME .....	97
4.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	99
4.5 PROFIT FORECASTS .....	116
<b>5. RISK FACTORS .....</b>	<b>129</b>
5.1 RISKS RELATING TO THE SUBJECT PROPERTIES .....	129
5.2 RISKS RELATING TO PAVILION REIT'S OPERATIONS .....	136
5.3 RISKS RELATING TO AN INVESTMENT IN THE UNITS .....	150
<b>6. THE MANAGER .....</b>	<b>157</b>
6.1 CORPORATE INFORMATION.....	157
6.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE MANAGER .....	157
6.3 MANAGEMENT REPORTING STRUCTURE .....	159
6.4 DIRECTORS OF THE MANAGER .....	160
6.5 MANAGEMENT TEAM OF THE MANAGER .....	166
6.6 MANAGEMENT FEE .....	170
6.7 OUTSOURCING OF THE REGISTRAR FUNCTION.....	176
6.8 OUTSOURCING OF THE INTERNAL AUDIT FUNCTION.....	177
6.9 UNITHOLDINGS OF SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL OF THE MANAGER IN PAVILION REIT.....	178
6.10 SUMMARY OF THE MANAGER'S FINANCIAL POSITION SINCE THE DATE OF INCORPORATION .....	179
6.11 RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER.....	179
6.12 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST .....	180
6.13 CORPORATE GOVERNANCE .....	180
6.14 MATERIAL LITIGATION AND ARBITRATION.....	180
<b>7. BACKGROUND INFORMATION ON SPONSOR AND MAJOR UNITHOLDERS .....</b>	<b>181</b>
7.1 THE SPONSOR .....	181
7.2 MAJOR UNITHOLDERS .....	181
<b>8. THE TRUSTEE.....</b>	<b>183</b>
8.1 CORPORATE INFORMATION.....	183
8.2 BOARD OF DIRECTORS OF THE TRUSTEE .....	183
8.3 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE.....	184
8.4 FINANCIAL INFORMATION OF THE TRUSTEE.....	185
8.5 TRUSTEE'S FEE .....	185
8.6 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE.....	185

## TABLE OF CONTENTS (Cont'd)

	Page
8.7 TRUSTEE'S RESPONSIBILITY STATEMENT .....	186
8.8 MATERIAL LITIGATION AND ARBITRATION.....	186
8.9 DELEGATION OF THE TRUSTEE'S FUNCTION.....	188
<b>9. THE PROPERTY MANAGER.....</b>	<b>189</b>
9.1 CORPORATE INFORMATION.....	189
9.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE PROPERTY MANAGER.....	189
9.3 EXPERIENCE IN PROPERTY MANAGEMENT AND PROPERTIES MANAGED .....	190
9.4 INFORMATION ON KEY PERSONNEL AND STAFF STRENGTH .....	191
9.5 PROPERTY MANAGEMENT FEE .....	192
9.6 SALIENT TERMS OF THE PROPERTY MANAGEMENT AGREEMENT .....	192
9.7 UNITHOLDING OF THE PROPERTY MANAGER IN PAVILION REIT .....	193
9.8 SERVICE PROVIDER TO PROVIDE PERSONNEL TO THE PROPERTY MANAGER.....	194
<b>10. SALIENT TERMS OF THE DEED .....</b>	<b>195</b>
10.1 THE DEED.....	195
10.2 NATURE OF UNITS.....	195
10.3 RIGHTS OF UNITHOLDERS .....	196
10.4 LIMITATION OF LIABILITY AND RIGHTS OF UNITHOLDERS.....	196
10.5 CREATION OF UNITS .....	197
10.6 SUSPENSION OF, DEALING IN AND ISSUE OF UNITS.....	197
10.7 VENDOR UNITS .....	198
10.8 DISTRIBUTABLE INCOME .....	198
10.9 INVESTMENT POLICIES OF PAVILION REIT.....	199
10.10 CONCERNING THE TRUSTEE .....	201
10.11 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE.....	202
10.12 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE.....	202
10.13 LIMITATION OF LIABILITY AND INDEMNITY OF THE TRUSTEE .....	202
10.14 CONCERNING THE MANAGER.....	202
10.15 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE MANAGER .....	203
10.16 RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER.....	203
10.17 LIMITATION OF LIABILITY AND INDEMNITY OF THE MANAGER.....	203
10.18 MANAGER'S FEE AND TRUSTEE'S FEE .....	203
10.19 PERMITTED CHARGES OF PAVILION REIT .....	204
10.20 MODIFICATION OF THE DEED.....	204
10.21 TERMINATION AND WINDING-UP OF PAVILION REIT .....	204
10.22 MEETINGS OF UNITHOLDERS .....	206
<b>11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST.....</b>	<b>207</b>
11.1 CORPORATE GOVERNANCE .....	207
11.2 EXISTING AND ONGOING RELATED PARTY TRANSACTIONS.....	207
11.3 POTENTIAL RELATED PARTY TRANSACTIONS.....	209
11.4 POTENTIAL CONFLICTS OF INTEREST .....	210
11.5 INTERESTS OF DIRECTORS AND OTHER SUBSTANTIAL SHAREHOLDERS OF THE MANAGER IN OTHER CORPORATIONS CARRYING ON SIMILAR BUSINESSES.....	212
11.6 OTHER PERTINENT INFORMATION .....	212
11.7 DECLARATIONS BY ADVISERS .....	212

## TABLE OF CONTENTS (Cont'd)

---

	Page
<b>12. APPROVALS, WAIVERS AND CONDITIONS</b> .....	216
12.1 APPROVALS AND CONDITIONS.....	216
12.2 WAIVERS.....	218
<b>13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA</b> .....	219
13.1 OVERVIEW OF REGULATION OF REITS IN MALAYSIA.....	219
13.2 OVERVIEW OF LAND LAW.....	221
<b>14. ADDITIONAL INFORMATION</b> .....	230
14.1 GENERAL.....	230
14.2 MATERIAL CONTRACTS.....	231
14.3 SALIENT TERMS OF THE SPAS.....	232
14.4 SALIENT TERMS OF THE EXISTING ROFRS.....	235
14.5 CONSENTS.....	239
14.6 DOCUMENTS AVAILABLE FOR INSPECTION.....	239
14.7 RESPONSIBILITY STATEMENTS.....	240
<b>APPENDIX A - VALUATION CERTIFICATE</b> .....	A-1
<b>APPENDIX B - INDEPENDENT PROPERTY MARKET REPORT</b> .....	B-1
<b>APPENDIX C - TAX CONSULTANT'S LETTER ON TAXATION OF PAVILION REIT AND UNITHOLDERS</b> .....	C-1
<b>APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION</b> .....	D-1
<b>APPENDIX E - REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECASTS</b> .....	E-1
<b>APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING</b> .....	F-1

## DEFINITIONS

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The following terms in this Prospectus bear the same meaning unless the term is defined otherwise or the context requires otherwise:

<b>Acquisitions</b>	: Acquisitions by the Trustee on behalf of Pavilion REIT of the Subject Properties and the Related Assets for a total purchase consideration of RM3,323,401,000 to be satisfied by the issuance of the Consideration Units and a cash payment of RM1,378,601,000
<b>Act</b>	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
<b>ADA</b>	: Authorised Depository Agent
<b>Anchor Tenant</b>	: A tenant which occupies more than 70,000 sq ft of NLA of Pavilion Kuala Lumpur Mall
<b>Application Forms</b>	: Printed application forms for the application of the Offer Units under the Retail Offering accompanying this Prospectus
<b>Appraised Value</b>	: In relation to a Subject Property, the value of that Subject Property as appraised by the Independent Property Valuer as at 1 June 2011
<b>Asset Valuation Guidelines</b>	: Asset Valuation Guidelines issued by the SC on 8 May 2009, as amended from time to time
<b>ATM</b>	: Automated teller machine
<b>Authorised Investments</b>	: The following investments in which Pavilion REIT may invest, subject to the provisions of the REITs Guidelines: <ul style="list-style-type: none"><li>(i) Real Estate;</li><li>(ii) SPVs;</li><li>(iii) Real Estate-Related Assets;</li><li>(iv) Non-Real Estate-Related Assets;</li><li>(v) cash, deposits and money market instruments; and</li><li>(vi) any other investment not specified in (i) to (v) above but specified as a permissible investment in the REITs Guidelines or as otherwise permitted by the SC</li></ul>
<b>Average Offering Price</b>	: RM0.88, being the same as the Retail Price, which is used as a reference price to illustrate certain effects relating to the Offering and the Listing as set out in this Prospectus
<b>Board</b>	: The board of directors of the Manager

## DEFINITIONS (Cont'd)

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<b>Bukit Bintang</b>	: The area around Jalan Bukit Bintang, beginning at Jalan Raja Chulan and ending at Jalan Pudu and located within the Golden Triangle, which is the main shopping, entertainment and tourism district in Kuala Lumpur
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Company Number: 165570-W), a corporation incorporated under the laws of Malaysia, being the central depository of Malaysia
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Company Number: 635998-W), a corporation incorporated under the laws of Malaysia, being the securities exchange of Malaysia
<b>CCTV</b>	: Close circuit television
<b>CDS</b>	: Central Depository System
<b>CDS Account</b>	: An account established by Bursa Depository for a depositor for the recording of the deposit of securities and for dealing in such securities by the depositor
<b>Central Business District</b>	: The Kuala Lumpur Central Business District, which comprises the older commercial area in the centre of Kuala Lumpur, as illustrated in the map in Section 2.2 "Overview of the Subject Properties" of this Prospectus
<b>Central Depository Act</b>	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
<b>CFSB</b>	: Capital Flagship Sdn Bhd (Company Number: 868546-P), a corporation incorporated under the laws of Malaysia
<b>CIMB</b>	: CIMB Investment Bank Berhad (Company Number: 18417-M), a corporation incorporated under the laws of Malaysia
<b>Clawback and Reallocation</b>	: The clawback and reallocation provision as set out in Section 3.4.3 "Clawback and Reallocation" of this Prospectus
<b>CMSA</b>	: Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
<b>Completion Date of the SPAs</b>	: The date when the Acquisitions are completed or deemed completed on the terms set out in the SPAs, being the Listing Date
<b>Connection</b>	: A four-storey retail/entertainment block which has an alfresco street concept for cafes, bistros and urban leisure, being one of the six precincts at Pavilion Kuala Lumpur Mall
<b>Consideration Units</b>	: The 2,210,000,000 Units to be issued in part satisfaction of the purchase consideration for the Acquisitions at the issue price of RM0.88 which shall be deemed fully paid

## DEFINITIONS (Cont'd)

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<b>Cornerstone Investors</b>	: The cornerstone investors being American International Assurance Bhd (Company Number: 790895-D), Employees Provident Fund Board, Great Eastern Life Assurance (Malaysia) Berhad (Company Number: 93745-A), HwangDBS Investment Management Berhad (Company Number: 429786-T), Kumpulan Wang Persaraan (Diperbadankan) and Permodalan Nasional Berhad (Company Number: 38218-X)
<b>Cornerstone Price</b>	: Price per Cornerstone Unit to be paid by the Cornerstone Investors, which shall be the lower of RM0.90 per Unit and the Institutional Price
<b>Cornerstone Units</b>	: The 265,000,000 Offer Units to be issued to the Cornerstone Investors
<b>Credit Suisse</b>	: Credit Suisse (Singapore) Limited (Registration Number: 197702363D), a corporation incorporated under the laws of Singapore
<b>Credit Suisse Malaysia</b>	: Credit Suisse Securities (Malaysia) Sdn Bhd (Company Number: 499609-H), a corporation incorporated under the laws of Malaysia
<b>Deed</b>	: The trust deed dated 13 October 2011 constituting Pavilion REIT and registered with the SC on 18 October 2011, entered into between the Manager and the Trustee
<b>Deposited Property</b>	: The total assets of Pavilion REIT, including all its Authorised Investments and other assets (after consulting with the auditor) to be in the nature of assets in accordance with the generally accepted accounting practices in Malaysia, for the time being held or deemed to be held in accordance to the Deed
<b>Deutsche Bank</b>	: Deutsche Bank AG, Hong Kong Branch (Registration Number: F-2106)
<b>Director</b>	: Director of the Manager
<b>Distributable Income</b>	: The amount available for distribution to the Unitholders of Pavilion REIT and having the meaning as set out in Section 10.8 "Distributable Income" of this Prospectus
<b>Distribution Period</b>	: Half-yearly, or such other interval as the Manager may determine in accordance with the Deed
<b>DPU</b>	: Distribution per Unit
<b>Electronic Application</b>	: Application for the Offer Units under the Retail Offering for the Malaysian Public through the ATMs of Participating Financial Institutions

## DEFINITIONS (Cont'd)

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<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the internet, electronic mail and/or distribution of CD-ROMs
<b>Existing ROFRs</b>	: The fahrenheit88 ROFR, the Pavilion Extension ROFR, the USJ ROFR and the General ROFR
<b>fahrenheit88</b>	: The property known as “fahrenheit88” comprising five levels of retail space with three levels of basement car parks located at Bukit Bintang opposite Pavilion Kuala Lumpur Mall with a postal address of No. 179 Jalan Bukit Bintang, 55100 Kuala Lumpur and which reopened in August 2010 after a period of refurbishment
<b>fahrenheit88 ROFR</b>	: The ROFR dated 18 October 2011 granted by Makna Mujur Sdn Bhd to the Trustee (on behalf of Pavilion REIT) in relation to fahrenheit88
<b>Final Retail Price</b>	: Final price per Unit payable by investors pursuant to the Retail Offering equivalent to RM0.88 per Offer Unit or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
<b>Forecast Period 2011</b>	: One-month period ending 31 December 2011
<b>Forecast Year 2012</b>	: 12-month period ending 31 December 2012
<b>FPE</b>	: Six-month period ended 30 June
<b>FY</b>	: Financial year ended or, as the case may be, ending 31 December
<b>GDP</b>	: Gross domestic product
<b>General ROFR</b>	: The ROFR dated 18 October 2011 granted by the Sponsor to the Trustee (on behalf of Pavilion REIT) in relation to Real Estate Assets located in Malaysia used solely or predominantly for retail purposes (including mixed-use developments with a retail component)
<b>GFA</b>	: Gross floor area
<b>Golden Triangle</b>	: The general area between Jalan Tun Razak, Jalan Conlay – Raja Chulan, Jalan Sultan Ismail and Jalan Ampang which includes the popular Bukit Bintang and Kuala Lumpur City Centre areas as illustrated in the map in Section 2.2 “Overview of Subject Properties” of this Prospectus. The Golden Triangle is Kuala Lumpur’s main commercial and tourist hub as well as the prime retail shopping district in Malaysia
<b>Government</b>	: Government of Malaysia



## DEFINITIONS (Cont'd)

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<b>Home Precinct</b>	: A precinct which used to exist at Pavilion Kuala Lumpur Mall specialising in home decoration and furnishings and which has been configured into a new precinct known as Tokyo Street
<b>Independent Property Market Consultant</b>	: CB Richard Ellis (Malaysia) Sdn Bhd (Company Number: 333510-P), a corporation incorporated under the laws of Malaysia
<b>Independent Property Valuer</b>	: Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd) (Company Number: 585479-A), a corporation incorporated under the laws of Malaysia
<b>Institutional Offering</b>	: Offering of 755,000,000 Offer Units, subject to Clawback and Reallocation, to Malaysian and foreign institutional investors and selected investors (which includes Cornerstone Investors)
<b>Institutional Price</b>	: The price per Offer Unit payable by the investors (other than Cornerstone Investors) pursuant to the Institutional Offering which will be determined by way of bookbuilding
<b>Internet Application</b>	: Application for the Offer Units under the Retail Offering for the Malaysian Public portion through an Internet Participating Financial Institution
<b>Internet Participating Financial Institution</b>	: Participating financial institutions for the Internet Application, being Affin Bank Berhad, CIMB, CIMB Bank Berhad, Malayan Banking Berhad and RHB Bank Berhad
<b>Issuing House</b>	: Malaysian Issuing House Sdn Bhd (Company Number: 258345-X), a corporation incorporated under the laws of Malaysia
<b>JBGC</b>	: The parties who are both Joint Global Coordinators and Joint Bookrunners
<b>Joint Bookrunners</b>	: CIMB, Credit Suisse, Credit Suisse Malaysia, Deutsche Bank and Maybank IB, being the joint bookrunners in respect of the Institutional Offering
<b>Joint Global Coordinators</b>	: CIMB, Credit Suisse, Maybank IB and QNB Capital
<b>Joint Principal Advisers</b>	: CIMB and Maybank IB
<b>Joint Underwriters</b>	: Affin Investment Bank Berhad, Alliance Investment Bank Berhad, AmInvestment Bank Berhad, CIMB, Maybank IB and MIMB Investment Bank Berhad, being the joint underwriters in respect of the Retail Offering
<b>Klang Valley</b>	: The combined area of Kuala Lumpur, Putrajaya, the district of Petaling, the district of Gombak, the district of Klang and the district of Ulu Langat

## DEFINITIONS *(Cont'd)*

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<b>KLP</b>	: Kuala Lumpur Pavilion Sdn Bhd (Company Number: 566122-V), a corporation incorporated under the laws of Malaysia
<b>Latest Practicable Date</b>	: 30 September 2011, being the latest practicable date prior to the issuance of this Prospectus
<b>Lenders</b>	: Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad and Malayan Banking Berhad
<b>Listing</b>	: Admission to the Official List and the listing of and quotation for the Units on the Main Market
<b>Listing Date</b>	: The date of Listing
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>Lock-up Period</b>	: The period commencing from the date of the Major Unitholders' respective deed of undertaking in connection with the lock-up arrangements for the Lock-Up Units until the date falling 180 days after the Listing Date (both dates inclusive)
<b>Lock-up Units</b>	: The Units which will be held by the Major Unitholders upon Listing which are subject to the lock-up arrangement for the duration of the Lock-up Period
<b>Main Market</b>	: Main Market of Bursa Securities
<b>Major Unitholders</b>	: Datuk Lim Siew Choon, Datin Tan Kewi Yong and QH
<b>Malaysian FRS</b>	: Financial reporting standards issued by the Malaysian Accounting Standards Board
<b>Malaysian Public</b>	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but excludes the Directors, substantial shareholders of the Manager, substantial Unitholders, the Trustee, and associates of the Directors and substantial Unitholders
<b>Management Fee</b>	: Fee payable to the Manager which comprises the Base Fee, the Performance Fee, the Incentive Fee, the Acquisition Fee and the Divestment Fee as set out in Section 6.6 "Management Fee" of this Prospectus
<b>Management Space</b>	: The retail office space measuring a total of 20,465 sq ft on levels 9 and 10 of Pavilion Kuala Lumpur Mall, which are currently occupied by the Sponsor and mall management
<b>Manager</b>	: Pavilion REIT Management Sdn Bhd (Company Number: 939490-H), a corporation incorporated under the laws of Malaysia, being the manager of Pavilion REIT
<b>Market Day</b>	: A day on which Bursa Securities is open for trading in securities

## DEFINITIONS (Cont'd)

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<b>Master Land</b>	: The land held under the Master Title
<b>Master Title</b>	: The title bearing the details of H.S.(D) 118129 PT 71 Seksyen 63 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur
<b>Maybank IB</b>	: Maybank Investment Bank Berhad (Company Number: 15938-H), a corporation incorporated under the laws of Malaysia
<b>Mechanical/Electrical Levels</b>	: The six mechanical/electrical levels being part of Pavilion Tower to be assigned, transferred and vested in favour of the Trustee by UCSB in accordance with the terms of the Pavilion Tower SPA
<b>MER</b>	: Management expense ratio, calculated by dividing the expenses of Pavilion REIT by the NAV of Pavilion REIT, where expenses of the REIT comprise all expenses, including the Management Fee, the Trustee's fee, valuation fee and other administrative expenses provided for under the Deed
<b>MRT</b>	: Mass Rail Transit
<b>NAV</b>	: Net asset value
<b>Net Property Income or NPI</b>	: Total Revenue less Property Operating Expenses
<b>New Debt Facilities</b>	: RTL1, RTL2 and PRVC BG/RTL3
<b>NLA</b>	: Net lettable area which refers to the area in the Subject Properties that is lettable for NLA Income but excludes the Unrecognised Area and space used for building and centre management operations and common areas
<b>NLA Income</b>	: Rental Income and income from rental of storage space derived from Occupied NLA
<b>Non-Real Estate-Related Assets</b>	: Refers to any: <ul style="list-style-type: none"><li>(i) listed shares issued by non-property companies;</li><li>(ii) debt securities issued by, or fully guaranteed by the Government; and</li><li>(iii) commercial papers or other debt securities issued by companies or institutions with a credit rating of not less than:<ul style="list-style-type: none"><li>(a) A/P1 by RAM Holdings Berhad; and</li><li>(b) A/MARC-1 by Malaysian Rating Corporation Berhad,</li></ul></li></ul> and such other assets as may be permitted by the REITs Guidelines

## DEFINITIONS (Cont'd)

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<b>Occupancy Rate</b>	: The percentage of Occupied NLA against total NLA
<b>Occupied NLA</b>	: The total NLA of the Subject Properties which are let out to tenants, which is determined based on the commencement date stipulated in the respective tenancy agreements
<b>Offer Units</b>	: The 790,000,000 Units to be offered pursuant to the Offering
<b>Offering</b>	: The initial public offering of 790,000,000 Offer Units, comprising the Institutional Offering and the Retail Offering
<b>Official List</b>	: A list specifying all securities listed on the Main Market
<b>Participating Financial Institutions</b>	: The participating financial institutions for Electronic Applications as referred to in Appendix F of this Prospectus
<b>Pavilion Extension</b>	: A potential expansion to Pavilion Kuala Lumpur Mall, which would comprise up to approximately 300,000 sq ft of retail NLA, subject to the relevant approvals being obtained
<b>Pavilion Extension ROFR</b>	: The ROFR dated 18 October 2011 granted by Urusharta Cemerlang (KL) Sdn Bhd to the Trustee (on behalf of Pavilion REIT) in relation to Pavilion Extension
<b>Pavilion Kuala Lumpur Mall</b>	: A seven-storey shopping mall including four split-levels of car parks together with a three-storey retail office block sited atop and annexed with the Connection (being a four-storey retail/entertainment block) together with three levels of basement car parks (not including the 150 car parking bays intended to be used in conjunction with the proposed serviced suites to be constructed) erected on the leasehold land held under the Master Title located along Jalan Bukit Bintang and Jalan Raja Chulan, Kuala Lumpur known as "Pavilion Kuala Lumpur Mall"
<b>Pavilion Kuala Lumpur Mall Related Assets</b>	: Moveable assets such as inventories, machineries, equipment, furniture and information technology equipment (including software) utilised/acquired by UCSB for the operation of, or in relation to, Pavilion Kuala Lumpur Mall as described in the Pavilion Kuala Lumpur Mall SPA
<b>Pavilion Kuala Lumpur Mall SPA</b>	: The Sale and Purchase Agreement dated 18 October 2011 and entered into by UCSB, the Vendor of Pavilion Kuala Lumpur Mall, and the Trustee on behalf of Pavilion REIT in relation to the sale and purchase of Pavilion Kuala Lumpur Mall and Pavilion Kuala Lumpur Mall Related Assets

## DEFINITIONS (Cont'd)

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- Pavilion Kuala Lumpur Project** : An integrated mixed-use urban commercial development, which was developed on the Master Land comprising four components being:
- (i) Pavilion Kuala Lumpur Mall;
  - (ii) Pavilion Tower;
  - (iii) two blocks of luxury serviced apartments known as Pavilion Residences (which will not be acquired by Pavilion REIT); and
  - (iv) a proposed block of serviced suites (which will not be acquired by Pavilion REIT)
- Pavilion REIT** : Pavilion REIT, a real estate investment trust established in Malaysia and constituted by the Deed
- Pavilion Tower** : A twenty-storey office building (together with the Mechanical/Electrical Levels) located along Jalan Raja Chulan, Kuala Lumpur erected on part of the leasehold land held under the Master Title, proposed to be named as "Pavilion Tower"
- Pavilion Tower Related Assets** : Moveable assets such as inventories, machineries, equipment, furniture and information technology equipment (including software) utilised/acquired by CFSB for the operation of, or in relation, to Pavilion Tower as described in the Pavilion Tower SPA
- Pavilion Tower SPA** : The Sale and Purchase Agreement dated 18 October 2011 and entered into by UCSB as proprietor of the Master Land, CFSB as the Vendor of Pavilion Tower (excluding the Mechanical/Electrical Levels), and the Trustee on behalf of Pavilion REIT in relation to the following:
- (i) sale and purchase of Pavilion Tower (excluding the Mechanical/Electrical Levels) and Pavilion Tower Related Assets; and
  - (ii) the assignment, transfer and vesting of all UCSB's rights, title, interest, benefits in and to the Mechanical/Electrical Levels to the Trustee in consideration of the acquisition of Pavilion Tower (excluding the Mechanical/Electrical Levels) by the Trustee from CFSB
- Placement Agreement** : The placement agreement to be entered into between the Manager, the Sponsor and the Joint Bookrunners in respect of the placement of Offer Units under the Institutional Offering
- Price Determination Date** : The date on which the Institutional Price and the Final Retail Price will be determined

## DEFINITIONS (Cont'd)

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<b>Profit Forecasts</b>	: The consolidated profit forecasts of Pavilion REIT for the Forecast Period 2011 and the Forecast Year 2012
<b>Property Management Agreement</b>	: The property management agreement dated 18 October 2011 entered into between the Manager, the Trustee (on behalf of Pavilion REIT) and the Property Manager
<b>Property Manager</b>	: Henry Butcher Malaysia Sdn Bhd (Company Number: 160636-P), a corporation incorporated under the laws of Malaysia, being the property manager of Pavilion REIT
<b>Property Operating Expenses</b>	: All expenses or outgoings required to manage or maintain the Subject Properties as permitted by the Deed
<b>PRVC</b>	: Pavilion REIT Venture Capital Sdn Bhd (Company Number: 949207-P), a corporation incorporated under the laws of Malaysia, being an unlisted single-purpose company which is wholly-owned by Pavilion REIT
<b>PRVC BG</b>	: The bank guarantee facility of up to RM10.0 million for the issuance of performance bonds, bank guarantees, indemnities or undertakings granted by Alliance Bank Malaysia Berhad to PRVC
<b>PRVC BG/RTL3</b>	: The facility which may take the form of either PRVC BG or RTL3
<b>QH</b>	: Qatar Holding LLC (Licensed by the Qatar Financial Centre Authority under QFC Authority Licence Number: 00004), a limited liability company incorporated in Qatar, being a wholly-owned subsidiary of Qatar Investment Authority
<b>QNB Capital</b>	: QNB Capital LLC, a company incorporated in the Qatar Financial Centre with authorization number 00096
<b>Real Estate</b>	: Land and things attached to the land both below and above ground and any interest or option or right to use, possession and/or occupation, or other right in or over any land and things attached to the land both below and above ground (other than a security interest arising under a mortgage, lien or other security) whether located in or outside of Malaysia
<b>Real Estate Assets</b>	: Real Estate and SPVs
<b>Real Estate-Related Assets</b>	: Includes units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and real estate-related asset-backed securities
<b>Registrar</b>	: Tricor Investor Services Sdn Bhd (Company Number: 118401-V), a corporation incorporated under the laws of Malaysia, being the registrar of Pavilion REIT
<b>REIT</b>	: Real estate investment trust

## DEFINITIONS (Cont'd)

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<b>REITs Guidelines</b>	: The Guidelines on Real Estate Investments Trusts issued by the SC on 21 August 2008 (and updated on 13 July 2011), as amended from time to time
<b>Related Assets</b>	: Collectively, the Pavilion Kuala Lumpur Mall Related Assets and the Pavilion Tower Related Assets
<b>Relevant Laws and Requirements</b>	: The laws, regulations, guidelines, rules and official requirements, guidance notes, practice notes (whether or not having the force of law) applicable to REITs from time to time including securities laws, the REITs Guidelines, the Listing Requirements, the Rules of Bursa Depository and taxation laws and rulings
<b>Rental Income</b>	: Comprises base rent, service charges and promotional charges but excludes income from rental of storage space. Promotional charges are only applicable to retail tenancies of Pavilion Kuala Lumpur Mall
<b>Reporting Accountants</b>	: KPMG (Firm Number: AF 0758)
<b>Retail Offering</b>	: Offering of 35,000,000 Offer Units, subject to Clawback and Reallocation, to the Malaysian Public, the eligible tenants of the Subject Properties, the Directors of the Manager and the eligible employees of the Manager, UCSB, CFSB and KLP
<b>Retail Price</b>	: RM0.88 per Offer Unit, being the initial price payable by applicants pursuant to the Retail Offering
<b>Retail Underwriting Agreement</b>	: The retail underwriting agreement dated 18 October 2011 entered into between the Manager, the Sponsor and the Joint Underwriters
<b>ROFR</b>	: Right of first refusal
<b>RTL1</b>	: The revolving term loan facility of up to RM900.0 million to part finance the acquisition of the Subject Properties and future acquisitions by Pavilion REIT granted by the Lenders to PRVC
<b>RTL2</b>	: The revolving term loan facility of up to RM100.0 million to finance general working capital of Pavilion REIT granted by the Lenders to PRVC (including the acquisition of the Related Assets)
<b>RTL3</b>	: The revolving term loan facility for the conversion of any amounts paid out under the performance bonds, bank guarantees, indemnities or undertakings issued under the PRVC BG granted by Alliance Bank Malaysia Berhad to PRVC
<b>Rules of Bursa Depository</b>	: Rules of Bursa Malaysia Depository Sdn Bhd, as amended from time to time
<b>SC</b>	: Securities Commission Malaysia

## DEFINITIONS (Cont'd)

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<b>Service Provider Agreement</b>	: The service provider agreement dated 18 October 2011 entered into between the Property Manager and KLP
<b>SPAs</b>	: Collectively, the Pavilion Kuala Lumpur Mall SPA and the Pavilion Tower SPA
<b>Special Resolution</b>	: A resolution passed at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Deed by a majority consisting of not less than $\frac{3}{4}$ of the persons voting upon a show of hands and if a poll is demanded, then by a majority consisting of not less than $\frac{3}{4}$ of the votes given on such poll, provided always that for the purpose of terminating or winding up of Pavilion REIT, a "Special Resolution" means a resolution passed by a majority in number representing at least $\frac{3}{4}$ of the value of the Units held by Unitholders at the meeting
<b>Specialty Anchor Tenant</b>	: A tenant which occupies between 10,000 and 70,000 sq ft of NLA (both figures inclusive) of Pavilion Kuala Lumpur Mall
<b>Specialty Tenant</b>	: A tenant which occupies less than 10,000 sq ft of NLA of Pavilion Kuala Lumpur Mall
<b>SPV</b>	: Unlisted single-purpose company, corporation, entity or structure whose principal assets comprise Real Estate or shares or interests in a single-purpose company, corporation or such other entities (as may be permitted by the SC) whose principal assets comprise Real Estate
<b>sq ft</b>	: Square feet
<b>State Authority</b>	: In relation to the States of West Malaysia, the Ruler-in-Council or Governor-in-Council of a State and includes in Negeri Sembilan, the Yang di-Pertuan Besar acting on behalf of himself and the Ruling Chiefs (the Undang of Sungei Ujong, the Undang of Jelebu, the Undang of Johol, the Undang of Rembau and the Tunku Besar of Tampin), and in relation to the Federal Territories of Kuala Lumpur, Putrajaya and Labuan, the minister charged with the responsibility for local government
<b>Subject Properties</b>	: Pavilion Kuala Lumpur Mall and Pavilion Tower, which form the initial property portfolio of Pavilion REIT at the point of Listing, and " <b>Subject Property</b> " means either one of them
<b>Take-over Code</b>	: Malaysian Code on Take-Overs and Mergers 2010, as amended from time to time
<b>Tax Consultant</b>	: KPMG Tax Services Sdn Bhd (Company Number: 96860-M), a corporation incorporated under the laws of Malaysia
<b>Total Asset Value</b>	: The value of the Deposited Property in accordance with Generally Accepted Accounting Practices in Malaysia, as determined in accordance with the Deed



## DEFINITIONS (Cont'd)

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<b>Total Revenue</b>	: Comprises Rental Income and other operating income earned through the Subject Properties (net of rental rebates and rent free periods)
<b>Trustee</b>	: AmTrustee Berhad (Company Number: 163032-V), a corporation incorporated under the laws of Malaysia, acting in its capacity as trustee of Pavilion REIT
<b>UCDSB</b>	: Urusharta Cemerlang Development Sdn Bhd (Company Number: 553210-U), a corporation incorporated under the laws of Malaysia
<b>UCPC</b>	: Urusharta Cemerlang Project Corporation Sdn Bhd (Company Number: 553211-V), a corporation incorporated under the laws of Malaysia
<b>UCSB or Sponsor</b>	: Urusharta Cemerlang Sdn Bhd (Company Number: 261695-T), a corporation incorporated under the laws of Malaysia, being the sponsor of Pavilion REIT
<b>Unit</b>	: An undivided interest in Pavilion REIT as provided for in the Deed
<b>United States</b>	: United States of America
<b>Unitholders</b>	: The holders of Units
<b>Unrecognised Area</b>	: 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 (such as kiosks), and which are pending approval from the relevant local council
<b>USJ ROFR</b>	: The ROFR granted by Equine Park Country Resort Sdn Bhd to the Trustee (on behalf of Pavilion REIT) in relation to a six-storey retail mall to be developed at Subang Jaya
<b>Vendors</b>	: (In relation to the Acquisitions) the vendors of the Subject Properties and the Related Assets, namely: <ul style="list-style-type: none"><li>(i) UCSB in respect of Pavilion Kuala Lumpur Mall and Pavilion Kuala Lumpur Mall Related Assets; and</li><li>(ii) CFSB in respect of Pavilion Tower and Pavilion Tower Related Assets</li></ul>

## PRESENTATION OF FINANCIAL, MARKET, INDUSTRY AND OTHER INFORMATION

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All references to the “Manager” are to “Pavilion REIT Management Sdn Bhd”, unless the context otherwise requires. Unless the context otherwise requires, references to “Management” are to the directors and senior management team of the Manager as at the date of this Prospectus, and statements in this Prospectus as to beliefs, expectations, estimates and opinions of Pavilion REIT are those of the Management. All references to “Pavilion REIT” in this Prospectus include references to AmTrustee Berhad, in its capacity as trustee for Pavilion REIT, unless the context otherwise requires.

In this Prospectus, references to the “Government” are to the Government of Malaysia; references to “Ringgit”, “Ringgit Malaysia”, “Malaysian Ringgit”, “RM” and “sen” are to the lawful currency of Malaysia. References to “US\$” are to United States Dollar, the lawful currency of United States.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations and a reference to a section is a reference to the relevant section of this Prospectus.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a date and time in this Prospectus shall be a reference to Malaysian date and time, unless otherwise stated.

In respect of Pavilion Tower which will be wholly acquired by the Trustee (on behalf of Pavilion REIT), beneficial ownership of Pavilion Tower (excluding the Mechanical/Electrical Levels) and the Mechanical/Electrical Levels are held by CFSB and UCSB respectively. Accordingly, any reference in this Prospectus to Pavilion Tower in the context where CFSB is named as the Vendor or as acquirer (from Macorp Sdn Bhd in March 2010), shall be a reference to Pavilion Tower (excluding the Mechanical/Electrical Levels). UCSB, being the proprietor of the Mechanical/Electrical Levels, will assign, transfer and vest all its rights, title, interest and benefits in and to the Mechanical/Electrical Levels to the Trustee (on behalf of Pavilion REIT) upon completion of the Pavilion Tower SPA.

Any reference in this Prospectus to NLA, Occupied NLA, NLA Income, average monthly rent and number of tenants/tenancies does not take into account the Unrecognised Area, notwithstanding that such area may be income-yielding. As at 1 June 2011, the Unrecognised Area comprises 10,397 sq ft. An application dated 6 June 2011 has been submitted by the Sponsor to the relevant authority to seek the requisite approval for the Unrecognised Area to be included in the delineated lettable areas in the approved building plans.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to one or two decimal places, where appropriate. Percentage changes in this Prospectus have been calculated on the basis of relevant figures disclosed in the Prospectus, where applicable, which may be after rounding.

Certain acronyms, technical terms and other abbreviations used herein are defined in the “Definitions” section of this Prospectus.

## **PRESENTATION OF FINANCIAL, MARKET, INDUSTRY AND OTHER INFORMATION (Cont'd)**

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This Prospectus includes statistical data provided by the Manager and various third parties and cites third-party projections regarding growth and performance of the markets in which Pavilion REIT operates. This data is taken or derived from information published by industry sources and from the Manager's internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from the Manager. In particular, certain information in this Prospectus is extracted or derived from the Independent Property Market Report prepared by the Independent Property Market Consultant. The Manager believes that the statistical data and projections cited in this Prospectus are useful in helping prospective investors understand the major trends in the markets in which Pavilion REIT operates. However, none of Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Underwriters and the Joint Bookrunners has independently verified these figures. Moreover, the rapidly evolving nature of the property industry makes it difficult to obtain precise and accurate statistics. None of Pavilion REIT, the Manager, the Sponsor, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Underwriters and the Joint Bookrunners make any representation as to the correctness, accuracy or completeness of such data and accordingly prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the forecasted figures. No assurances are or can be given that the estimated figures will be achieved, and prospective investors should not place undue reliance on the third-party projections cited in this Prospectus.

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein.

All the information set out in this Prospectus is presented as at the Latest Practicable Date, unless otherwise indicated.

The information on the Manager's, Pavilion REIT's and the Subject Properties' websites or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

## FORWARD-LOOKING STATEMENTS

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Certain statements in this Prospectus constitute “forward-looking statements”. All statements other than statements of historical facts included in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Pavilion REIT, the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which Pavilion REIT or the Manager will operate in the future. Because these statements reflect the current views of the Manager concerning future events, these statements necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements. Investors should not place any undue reliance on these forward-looking statements.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) estimated financial information regarding the future development and economic performance of, Pavilion REIT’s business;
- (ii) future economic performance of Pavilion REIT and/or the Subject Properties, including any such statement contained in the Manager’s discussion and analysis of financial condition and/or results of operations;
- (iii) potential growth opportunities;
- (iv) financing plans;
- (v) the Manager’s business strategy, plans and objectives of the Manager for future operations, including plans or objectives relating to the business of Pavilion REIT and/or the Subject Properties;
- (vi) the competitive position and the effects of competition on Pavilion REIT’s investment portfolio;
- (vii) development of additional revenue sources;
- (viii) the amount and nature of future capital expenditures required by Pavilion REIT; and
- (ix) the general industry environment.

Among the important factors that could cause the actual results, performance or achievements of Pavilion REIT or the Manager to differ materially from those in the forward-looking statements are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in Malaysia, changes in government laws and regulations affecting Pavilion REIT, competition in the Malaysian property market in which Pavilion REIT may invest, currency exchange rates, interest rates, inflation, relations with tenants, relations with service providers, relations with lenders, hostilities (including any potential terrorist attacks), the performance and reputation of Pavilion REIT’s properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing acquisitions, changes in the Manager’s directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the property market in which Pavilion REIT may invest and the market price of the Units as well as other matters not yet known to the Manager or not currently considered material by the Manager.

## **FORWARD-LOOKING STATEMENTS (Cont'd)**

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Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those set out in Section 5 "Risk Factors", Section 4.5 "Profit Forecasts", Section 4.4 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Section 2 "Business and Subject Properties" of this Prospectus. Neither Pavilion REIT nor the Manager can give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the Manager with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## CORPORATE DIRECTORY

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**MANAGER** : Pavilion REIT Management Sdn Bhd  
(Company Number: 939490-H)

**Registered Office** : Suite 802, 8th Floor  
Wisma Lim Foo Yong  
No. 86 Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2148 9098  
Facsimile No.: +603 2148 3980

**Business Office** : Level 10, Pavilion Kuala Lumpur  
168, Jalan Bukit Bintang  
55100 Kuala Lumpur, Malaysia  
Telephone No.: +603 2118 8888  
Facsimile No.: +603 2118 8889  
E-mail: [info@pavilion-reit.com](mailto:info@pavilion-reit.com)  
Website: [www.pavilion-reit.com](http://www.pavilion-reit.com)

### Directors Of The Manager

No.	Name	Designation
1	Datuk Lim Siew Choon	Chairman and Non-Independent Executive Director
2	Datin Tan Kewi Yong	Non-Independent Executive Director
3	Ahmad Mohd A Y Al-Sayed	Non-Independent Non-Executive Director
4	Omer Abdulaziz H A Al-Marwani	Non-Independent Non-Executive Director
5	Mohamed Badr S K Al-Sadah	Non-Independent Non-Executive Director
6	Navid Chamdia	Non-Independent Non-Executive Director
7	Dato' Lee Tuck Fook	Non-Independent Executive Director
8	Ooi Ah Heong	Non-Independent Non-Executive Director
9	Datuk Roger Tan Kim Hock	Independent Non-Executive Director
10	Dato' Maznah binti Abdul Jalil	Independent Non-Executive Director
11	Dato' Mohzani bin Datuk Dr Abdul Wahab	Independent Non-Executive Director
12	Syed Mohd Fareed bin Shaikh Alhabshi	Independent Non-Executive Director

**Company Secretary Of The Manager** : Lim Mei Yoong (Licensed Secretary Number: LS 02201)  
Suite 802, 8th Floor  
Wisma Lim Foo Yong  
No. 86, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2148 9098

**TRUSTEE** : AmTrustee Berhad  
(Company Number: 163032-V)

**Registered Office** : Level 22, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2036 2633  
Facsimile No.: +603 2032 1914

**Business Office** : Tingkat 15, Menara AmFirst  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Telephone No.: +603 7954 6862  
Facsimile No.: +603 7954 3712  
Website: [www.ambankgroup.com](http://www.ambankgroup.com)

**PROPERTY MANAGER** : Henry Butcher Malaysia Sdn Bhd  
(Company Number: 160636-P)  
No. 25, Jalan Yap Ah Shak  
Off Jalan Dang Wangi  
50300 Kuala Lumpur, Malaysia  
Telephone No.: +603 2694 2212  
Website: [www.henrybutcher.com.my](http://www.henrybutcher.com.my)

**LEGAL ADVISERS TO THE  
MANAGER** : Legal Adviser as to Malaysian law:  
Rahmat Lim & Partners  
Suite 33.01 Level 33  
The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2299 3888  
Website: [www.rahmatlim.com](http://www.rahmatlim.com)

Transaction and International Legal Adviser:  
Allen and Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989  
Telephone No.: +65 6890 7188  
Website: [www.allenandgledhill.com.sg](http://www.allenandgledhill.com.sg)

**LEGAL ADVISERS TO THE  
JOINT GLOBAL  
COORDINATORS, JOINT  
BOOKRUNNERS AND  
JOINT UNDERWRITERS** : Legal Adviser as to Malaysian law:  
Shahrizat Rashid & Lee  
Level 12, Menara Milenium  
8 Jalan Damanlela  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2710 5555  
Website: [www.srl-law.com.my](http://www.srl-law.com.my)

Legal Adviser as to English law:  
Clifford Chance Pte. Ltd.  
One George Street  
19th Floor  
Singapore 049145  
Telephone No.: +65 6410 2200  
Website: [www.cliffordchance.com](http://www.cliffordchance.com)

- AUDITORS/REPORTING ACCOUNTANTS** : KPMG  
(Firm No. AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Telephone No.: +603 7721 3388  
Website: [www.kpmg.com.my](http://www.kpmg.com.my)
- TAX CONSULTANT** : KPMG Tax Services Sdn Bhd  
(Company Number: 96860-M)  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Telephone No.: +603 7721 3388  
Website: [www.kpmg.com.my](http://www.kpmg.com.my)
- PRINCIPAL BANKERS** : Affin Bank Berhad  
(Company Number: 25046-T)  
17th Floor, Menara Affin  
80, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2055 9000  
Website: [www.affinbank.com.my](http://www.affinbank.com.my)
- Alliance Bank Malaysia Berhad  
(Company Number: 88103-W)  
29th Floor, Menara Multi-Purpose, Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur, Malaysia  
Telephone No.: +603 2694 8800  
Website: [www.alliancebank.com.my](http://www.alliancebank.com.my)
- AmBank (M) Berhad  
(Company Number: 8515-D)  
Level 19, Menara Dion  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia  
Telephone No.: +603 2026 3939  
Website: [www.ambankgroup.com](http://www.ambankgroup.com)
- CIMB Bank Berhad  
(Company Number: 13491-P)  
10th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2084 8888  
Website: [www.cimbbank.com](http://www.cimbbank.com)



Hong Leong Bank Berhad  
(Company Number: 97141-X)  
Level 8, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur, Malaysia  
Telephone No.: +603 2164 2828  
Website: www.hlb.com.my

Malayan Banking Berhad  
(Company Number: 3813-K)  
14th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone No.: +603 2070 8833  
Website: www.maybank.com

**INDEPENDENT PROPERTY  
MARKET CONSULTANT** : CB Richard Ellis (Malaysia) Sdn Bhd  
(Company Number: 333510-P)  
#9-1, Level 9, Menara Millenium  
Jalan Damanela, Bukit Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2092 5955  
Website: www.cbre.com.my

**INDEPENDENT PROPERTY  
VALUER** : Knight Frank (Proprietor: Ooi & Zaharin Sdn Bhd)  
(Company Number: 585479-A)  
Suite 9.01, 9th Floor  
Menara IGB, Mid Valley City  
Lingkaran Syed Putra  
Kuala Lumpur, Malaysia  
Telephone No.: +603 2289 9688  
Website: www.knightfrank.com.my

**ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
(Company Number: 258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Telephone No.: +603 7841 8000  
Website: www.mih.com.my

**REGISTRAR** : Tricor Investor Services Sdn Bhd  
(Company Number: 118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2264 8888  
Website: www.mytricorglobal.com

**JOINT PRINCIPAL  
ADVISERS**

: CIMB Investment Bank Berhad  
(Company Number: 18417-M)  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2084 8888  
Website: [www.cimb.com](http://www.cimb.com)

Maybank Investment Bank Berhad  
(Company Number: 15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone No.: +603 2059 1888  
Website: [www.maybank-ib.com](http://www.maybank-ib.com)

**JOINT GLOBAL  
COORDINATORS**

: CIMB Investment Bank Berhad  
(Company Number: 18417-M)  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2084 8888  
Website: [www.cimb.com](http://www.cimb.com)

Credit Suisse (Singapore) Limited  
(Registration Number: 197702363D)  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393  
Telephone No.: +65 6212 2000  
Website: [www.credit-suisse.com](http://www.credit-suisse.com)

Maybank Investment Bank Berhad  
(Company Number: 15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone No.: +603 2059 1888  
Website: [www.maybank-ib.com](http://www.maybank-ib.com)

QNB Capital LLC  
(Qatar Financial Centre Regulatory Authority Number: 00096)  
Office 1001  
10th floor, Qatar Financial Centre Tower  
Diplomatic Area, West Bay  
P O Box 1000, Doha, Qatar  
Telephone No.: +974 4496 8111  
Website: [www.qnbcapital.com.qa](http://www.qnbcapital.com.qa)

**JOINT BOOKRUNNERS**

: CIMB Investment Bank Berhad  
(Company Number: 18417-M)  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2084 8888  
Website: [www.cimb.com](http://www.cimb.com)

Credit Suisse (Singapore) Limited  
(Registration Number: 197702363D)  
1 Raffles Link  
#03/#04-01  
South Lobby  
Singapore 039393  
Telephone No.: +65 6212 2000  
Website: [www.credit-suisse.com](http://www.credit-suisse.com)

Deutsche Bank AG, Hong Kong Branch  
(Registration Number: F-2106)  
Level 52, International Commerce Centre,  
1 Austin Road West,  
Kowloon, Hong Kong

Telephone No.: +852 2203 8888  
Website: [www.db.com](http://www.db.com)

Maybank Investment Bank Berhad  
(Company Number: 15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone No.: +603 2059 1888  
Website: [www.maybank-ib.com](http://www.maybank-ib.com)

**JOINT UNDERWRITERS**

: Affin Investment Bank Berhad  
(Company Number: 9999-V)  
27th Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2142 3700  
Website: [www.affininvestmentbank.com.my](http://www.affininvestmentbank.com.my)

Alliance Investment Bank Berhad  
(Company Number: 21605-D)  
Level 3, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur, Malaysia  
Telephone No.: +603 2692 7788  
Website: [www.allianceinvestmentbank.com.my](http://www.allianceinvestmentbank.com.my)

AmInvestment Bank Berhad  
(Company Number: 23742-V)  
22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2078 2633  
Website: [www.ambankgroup.com](http://www.ambankgroup.com)

CIMB Investment Bank Berhad  
(Company Number: 18417-M)  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Telephone No.: +603 2084 8888  
Website: [www.cimb.com](http://www.cimb.com)

Maybank Investment Bank Berhad  
(Company Number: 15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia  
Telephone No.: +603 2059 1888  
Website: [www.maybank-ib.com](http://www.maybank-ib.com)

MIMB Investment Bank Berhad  
(Company Number: 10209-W)  
21st Floor, Menara EON Bank  
No. 288, Jalan Raja Laut  
50350 Kuala Lumpur, Malaysia  
Telephone No.: +603 2691 0200  
Website: [www.mimb.com.my](http://www.mimb.com.my)

**CORPORATE DIRECTORY (Cont'd)**

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**ADVISER TO THE SPONSOR** : AmInvestment Bank Berhad  
(Company Number: 23742-V)  
22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone No.: +603 2078 2633  
Website: [www.ambankgroup.com](http://www.ambankgroup.com)

**LISTING SOUGHT** : Main Market of Bursa Malaysia Securities Berhad

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*This section is only a summary of the salient information about the Offering and Pavilion REIT and is extracted from the full text of this Prospectus. The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus and investors should read and understand this Prospectus in its entirety prior to making investment decisions. If necessary, investors should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers as to the legal, business, financial, tax and related aspects of an investment in the Units.*

*There are fees involved and investors are advised to consider them before investing in Pavilion REIT. Investors should be aware that the rental yields of the Subject Properties as well as other real estate that Pavilion REIT may invest in the future are not equivalent to the yields of the Units and the current rental receipts and yields of the Subject Properties may not be sustainable. Investors should also note that the value of the Subject Properties (including other investments that Pavilion REIT may have in the future), Unit prices and distributions payable, if any, may go down as well as up. For information concerning certain risk factors which should be considered by prospective investors, see Section 5 "Risk Factors" commencing on page 129 of this Prospectus.*

## **OVERVIEW OF PAVILION REIT**

### **Investment Policy**

Pavilion REIT is a REIT established with the principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing real estate used solely or predominantly for retail purposes (including mixed-use developments with a retail component) in Malaysia and other countries within the Asia-Pacific region as well as Real Estate-Related Assets.

### **Investment Objective**

The Manager's key objective is to provide Unitholders with regular and stable distributions and achieve long-term<sup>1</sup> growth in NAV per Unit, while maintaining an appropriate capital structure.

### **Key Investment Strategies**

The Manager intends to increase the income and consequently, the value of the Subject Properties, and continue Pavilion REIT's growth through the following strategies:

- (i) proactively managing the Subject Properties and implementing asset enhancement strategies;
- (ii) actively pursuing acquisition opportunities in accordance with the Authorised Investments of Pavilion REIT; and
- (iii) pursuing an efficient capital management strategy.

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<sup>1</sup> Long-term in this context refers to a period of five years or more.

**SUMMARY OF PAVILION REIT**

<b>Name of REIT</b>	Pavilion REIT.
<b>REIT type</b>	Income stability and long-term <sup>1</sup> growth.
<b>Deed</b>	Deed dated 13 October 2011 and registered with the SC on 18 October 2011.
<b>The Manager</b>	Pavilion REIT Management Sdn Bhd.
<b>The Trustee</b>	AmTrustee Berhad.
<b>Approved size of Pavilion REIT</b>	3,100,000,000 Units.  In addition to the above, the SC also granted its approval for the issuance of up to 620,000,000 new Units (together with the corresponding increase in Pavilion REIT's approved fund size) subject to Unitholders' approval to be obtained under a general mandate by 31 December 2012.
<b>Authorised Investments</b>	Real Estate, SPVs, Real Estate-Related Assets, Non-Real Estate-Related Assets, cash, deposits, money market instruments and any other investments not specified above but specified as a permissible investment in the REITs Guidelines or as otherwise permitted by the SC.
<b>Authorised Investments limits</b>	The investments of Pavilion REIT are subject to the following investment limits imposed by the REITs Guidelines: <ul style="list-style-type: none"> <li>(i) at least 50.0% of Pavilion REIT's Total Asset Value must be invested in Real Estate Assets at all times; and</li> <li>(ii) not more than 25.0% of Pavilion REIT's Total Asset Value may be invested in Non-Real Estate-Related Assets and/or cash, deposits and money market instruments,</li> </ul> <p>provided that investments in both Real Estate-Related Assets and Non-Real Estate-Related Assets are limited as follows:</p> <ul style="list-style-type: none"> <li>(i) the value of Pavilion REIT's investments in securities issued by any single issuer must not exceed 5.0% of Pavilion REIT's Total Asset Value;</li> <li>(ii) the value of Pavilion REIT's investments in securities issued by any group of companies must not exceed 10.0% of Pavilion REIT's Total Asset Value; and</li> </ul>

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<sup>1</sup> Long-term in this context refers to a period of five years or more.

	<p>(iii) Pavilion REIT's investment in any class of securities must not exceed 10.0% of the securities issued by any single issuer; or such other limits and investments as may be permitted by the SC or the REITs Guidelines.</p>
<b>Distribution Policy</b>	<p>The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of Pavilion REIT's Distributable Income. It is the intention of the Manager to distribute at least 90.0% of Pavilion REIT's Distributable Income on a half-yearly basis (or such other interval as determined by the Manager at its absolute discretion). For the period from the Listing Date to 31 December 2012, Pavilion REIT will distribute 100.0% of its Distributable Income. The actual proportion of Distributable Income distributed to Unitholders beyond 31 December 2012, which shall be at the absolute discretion of the Manager, may be greater than 90.0% of Pavilion REIT's Distributable Income to the extent that the Manager believes it is appropriate, having regard to Pavilion REIT's funding requirements, other capital management considerations and the availability of funds. Distributions, when made, will be in Ringgit Malaysia. Pavilion REIT's first distribution will be 100.0% of its Distributable Income recorded during the period from the Listing Date to 31 December 2011. See Section 1.6 "Distribution Policy" of this Prospectus for further details.</p>
<b>Borrowing Limitations and Gearing Policy</b>	<p>Up to 50.0% of the Total Asset Value of Pavilion REIT at the time the borrowing is incurred (or such other limit permitted by the REITs Guidelines from time to time). However, Pavilion REIT's total borrowings may exceed this limit with the prior approval of the Unitholders.</p> <p>Upon Listing, based on Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, Pavilion REIT will have total indebtedness of approximately RM730.6 million representing approximately 20.1% of its estimated Total Asset Value. Pavilion REIT's actual indebtedness upon Listing is subject to the actual proceeds to be raised under the Offering.</p>
<b>Performance Benchmark</b>	<p>The following performance indicators can be considered in reviewing the performance of Pavilion REIT: (i) distribution yield, (ii) NAV, (iii) total return and (iv) MER. The performance indicators will be used to benchmark Pavilion REIT against its peers as well as against its own historical performance, where applicable.</p>



<b>Valuation Policy</b>	Independent professional valuation will be obtained at least once every three years in accordance with the REITs Guidelines or such other shorter interval as the Manager deems necessary and these valuations will be conducted on the bases and methods which are in accordance with the Asset Valuation Guidelines.
<b>Redemption Policy</b>	Unitholders have no right to request the Manager to repurchase their Units while the Units are listed.
<b>Minimum Initial Investment</b>	Minimum of 100 Units.
<b>Minimum Additional Investment</b>	Multiples of 100 Units.
<b>Investor Profile</b>	Pavilion REIT may appeal to an investor with long-term <sup>1</sup> investment objectives who seeks regular distribution income and long-term <sup>1</sup> NAV appreciation, and who understands the risks related to the real estate industry and REITs.
<b>Form</b>	The Units will be issued in registered form and Pavilion REIT shall be constituted by the Deed.
<b>Board lot</b>	100 Units per board lot.  Investors may buy and/or sell the minimum of one (1) board lot (i.e. a minimum of 100 Units). Any additional investment in Pavilion REIT will be in board lot increments.
<b>Quotation</b>	Main Market.
<b>Governing Law</b>	The Deed is governed by Malaysian law.

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<sup>1</sup> Long-term in this context refers to a period of five years or more.

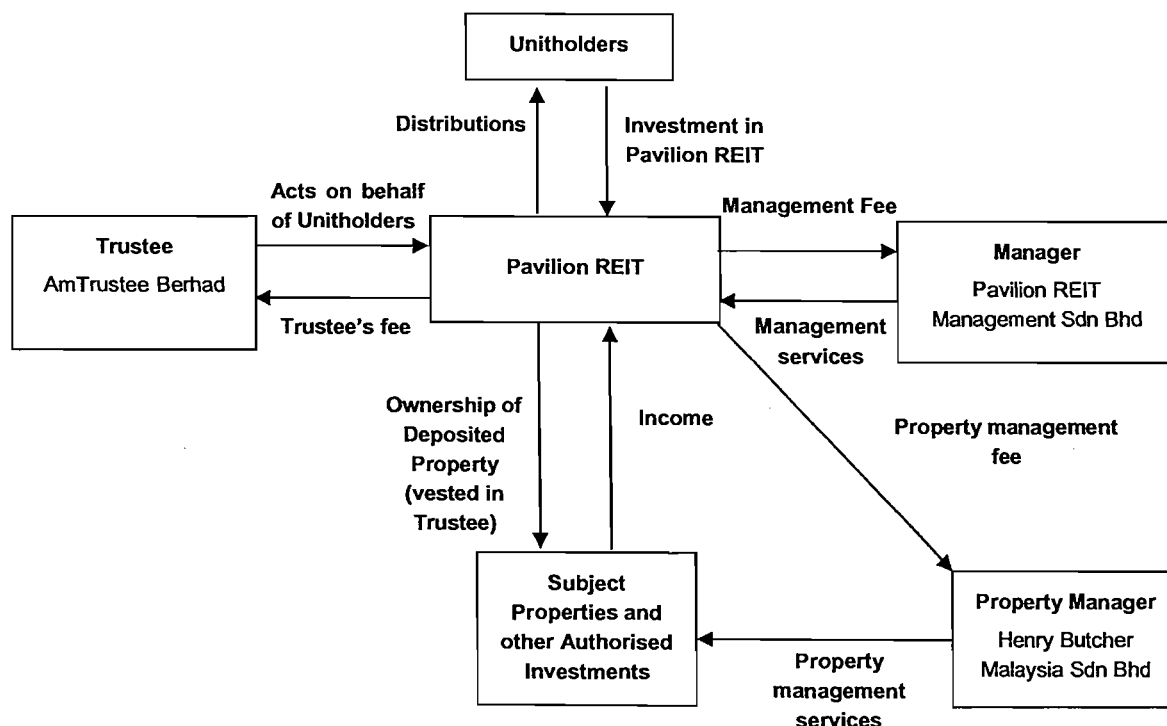
**STRUCTURE OF PAVILION REIT**

Pavilion REIT Management Sdn Bhd is the manager of Pavilion REIT. The Manager undertakes primary management activities in relation to Pavilion REIT. The Manager’s main responsibility is to set the strategic direction of Pavilion REIT and give recommendations to the Trustee on the acquisition, divestment and enhancement of assets of Pavilion REIT in accordance with its stated investment strategy. The Manager is 51.0%-owned by UCDSB and 49.0%-owned by UCPC. For further details of the Manager, see Section 6 “The Manager” of this Prospectus.

AmTrustee Berhad is the trustee of Pavilion REIT. The Trustee provides corporate trusteeship services for Pavilion REIT. For further details of the Trustee, see Section 8 “The Trustee” of this Prospectus.

Henry Butcher Malaysia Sdn Bhd is the property manager of Pavilion REIT. The Property Manager is responsible for providing property management services for the properties in Pavilion REIT’s portfolio. For further details of the Property Manager, see Section 9 “The Property Manager” of this Prospectus.

Pavilion REIT will acquire the Subject Properties in accordance with the terms of the SPAs. For further details of the SPAs, see Section 14.3 “Salient Terms of the SPAs” of this Prospectus. The following diagram illustrates the structure of Pavilion REIT and indicates the relationship between Pavilion REIT, the Manager, the Trustee, the Property Manager and the Unitholders:



**OVERVIEW OF THE SUBJECT PROPERTIES**

The Subject Properties form part of Pavilion Kuala Lumpur Project, an integrated mixed-use urban commercial development, which was developed on the Master Land. Pavilion Kuala Lumpur Project comprises four components being:

- (i) Pavilion Kuala Lumpur Mall;
- (ii) Pavilion Tower;
- (iii) two blocks of luxury serviced apartments known as Pavilion Residences (which will not be acquired by Pavilion REIT); and
- (iv) a proposed block of serviced suites (which will not be acquired by Pavilion REIT).

The Subject Properties were completed in 2007.

The Subject Properties are located at Bukit Bintang, which is the main shopping, entertainment and tourism district of Kuala Lumpur lying within the premier commercial precinct commonly referred to as the "Golden Triangle". The site is located in close proximity to established retail centres and notable hotels, as well as high-rise commercial offices.

Being strategically located in the heart of Kuala Lumpur, the Subject Properties are accessible through a network of major roads, namely Jalan Bukit Bintang and Jalan Raja Chulan. The Subject Properties are also accessible through various modes of public transport. In addition to public buses and taxi services, the Subject Properties are within walking distance of the Bukit Bintang Monorail Station and the Raja Chulan Monorail Station, located approximately 300 metres due south-west and approximately 250 metres due north-west of the Subject Properties, respectively. In December 2010, the Government announced the Klang Valley MRT Project, which includes plans for an upcoming MRT station within the vicinity of the Subject Properties, further enhancing connectivity to this area. Further, a covered skybridge currently under construction will connect Pavilion Kuala Lumpur Mall to Kuala Lumpur Convention Centre which in turn adjoins Suria KLCC and the Petronas Twin Towers, a destination for tourists and business travellers.

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**INFORMATION SUMMARY (Cont'd)**

Details of the Master Title are as follows:

<b>Land area of Master Land</b>	48,606 square metres
<b>Tenure</b>	99-year lease expiring on 26 October 2109
<b>Title information</b>	H.S.(D) 118129 PT 71 Seksyen 63 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur
<b>Encumbrance/material limitations in title</b>	<p>The following charges over the Master Title are registered in favour of Alliance Investment Bank Berhad:</p> <ul style="list-style-type: none"><li>(a) a charge registered on 23 March 2006 vide Presentation No. 5017/2006;</li><li>(b) a charge registered on 19 January 2009 vide Presentation No. 572/2009;</li><li>(c) a charge registered on 23 January 2009 vide Presentation No. 1037/2009; and</li><li>(d) a charge registered on 21 July 2010 vide Presentation No. 27320/2010.</li></ul> <p>The above encumbrances will be discharged on the Listing Date. Following the discharge, there will be no encumbrances over the Master Land.</p> <p>A private caveat has also been lodged on the Master Land by the Trustee on 19 October 2011 to protect Pavilion REIT's interests over the Subject Properties.</p>
<b>Express conditions</b>	The Master Land shall only be used for mixed-use commercial building, namely, for an office building, serviced apartment, hotel and shopping complex.

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**INFORMATION SUMMARY (Cont'd)**

Details of the Subject Properties are set out in the table below.

	Subject Properties	
	Pavilion Kuala Lumpur Mall	Pavilion Tower
Type	Retail	Office
Appraised Value as at 1 June 2011 (RM '000)	3,415,000	128,000
Purchase consideration (RM '000)	3,190,300 <sup>(1)</sup>	123,500 <sup>(2)</sup>
Subject Properties weighting (by Appraised Value) (%)	96.4	3.6
NLA (sq ft)	1,335,119	167,407
GFA (sq ft) <sup>(3)</sup>	2,202,557	243,288
Number of tenancies as at 1 June 2011	459 <sup>(4)</sup>	15 <sup>(5)</sup>
Occupancy Rate as at 1 June 2011 (%) <sup>(6)</sup>	97.7	41.4
Number of car park bays	2,427	
Shopper traffic for 2010 <sup>(7)</sup>	31 million	Not applicable

**Notes:**

- (1) Excludes the Pavilion Kuala Lumpur Mall Related Assets, which will be acquired for RM8,806,000, subject to adjustments, where applicable.
- (2) Excludes the Pavilion Tower Related Assets, which will be acquired for RM795,000, subject to adjustments, where applicable.
- (3) Excludes the car park GFA.
- (4) Includes retail tenancies, tenancies of the retail office block and storage spaces which are rented by existing tenants, determined based on the commencement date stipulated in the respective tenancy agreements.
- (5) Determined based on the commencement date stipulated in the respective tenancy agreements.
- (6) Including tenancies which have been committed but yet to commence as at 1 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall and Pavilion Tower as at 1 June 2011 would have been 98.0% and 64.5%, respectively.
- (7) Estimate based on the shopper traffic system in Pavilion Kuala Lumpur Mall.

Pavilion Kuala Lumpur Mall is one of Malaysia's premier shopping centres, comprising a seven-storey retail podium together with three-storey retail office block sited atop and the Connection annexed to it. It has six shopping "precincts" housing approximately 450 retail tenants (as at 1 June 2011), offering a variety of products including fashion, entertainment, health and beauty, electronics and dining services. One of the key features of Pavilion Kuala Lumpur Mall is the use of street-front duplexes which allow retailers occupying these duplexes to maximise their brand exposure. Pavilion Kuala Lumpur Mall has won numerous awards including "Award for Outstanding Achievement – Shopping Mall Category" by Kuala Lumpur Mayor's Tourism Awards 2011, "Best Retail Development – Malaysia" by International Property Awards in association with Bloomberg Television 2010, "Most Magical Mall Award" by Ministry of Tourism Malaysia 2007 and "Retail Merchant of the Year" by MasterCard worldwide for the MasterCard Hall of Fame Awards 2010.

Pavilion Tower is a modern commercial property connected to Pavilion Kuala Lumpur Mall, housing a number of international and local corporations. Its strengths include a central location, connectivity with Pavilion Kuala Lumpur Mall and state-of-the-art telecommunication technology. Pavilion Tower

was acquired by CFSB from Macorp Sdn Bhd on 10 March 2010 (pursuant to a sale and purchase agreement dated 11 January 2010). Subsequent to the acquisition, Pavilion Tower underwent renovations and only began tenanting its space from the third quarter of 2010.

Pavilion Kuala Lumpur Mall forms 96.4% of the total Appraised Value of the Subject Properties and contributed 99.4% of Pavilion REIT's Net Property Income (based on the Pro Forma Net Property Income of Pavilion REIT for FPE2011).

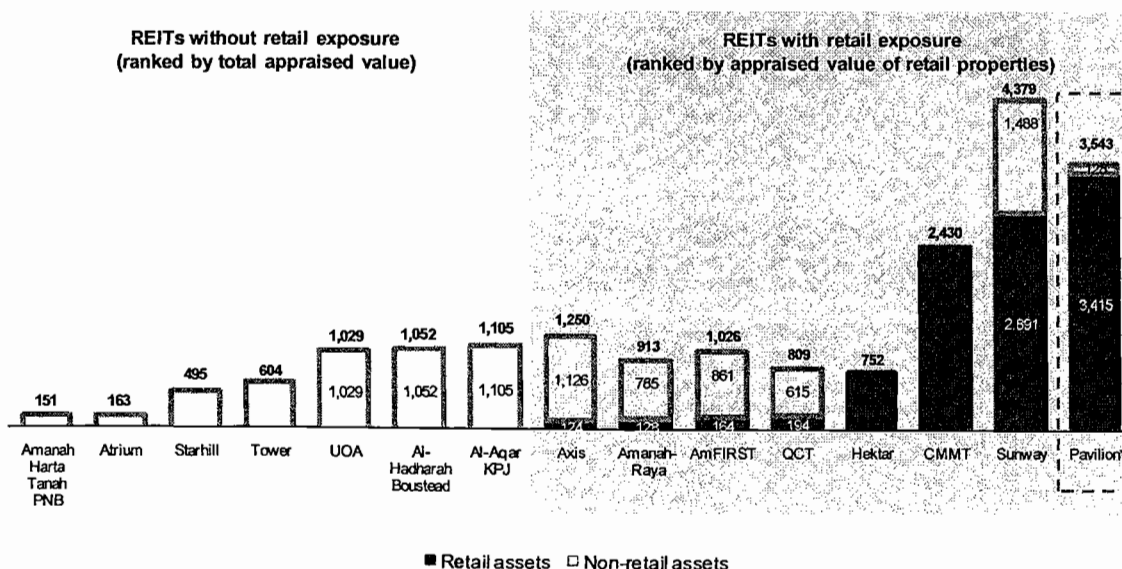
**COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS**

The Manager believes that an investment in Pavilion REIT offers the following attractive qualities:

***The largest exposure to the retail sector of any listed Malaysian REIT and one of the largest listed Malaysian REITs overall***

According to the Independent Property Valuer, as at 1 June 2011, the Appraised Value of Pavilion Kuala Lumpur Mall is approximately RM3.4 billion, and as a result, Pavilion REIT has the largest portfolio of retail assets by appraised value of any Malaysian listed REIT.

Moreover, with a total Appraised Value of the Subject Properties of approximately RM3.5 billion as at 1 June 2011, Pavilion REIT will be one of the largest listed REITs in Malaysia overall by Appraised Value upon Listing. The Manager believes that Pavilion REIT's size will enhance visibility with Malaysian and international investors and enable Pavilion REIT to raise larger amounts of capital for future acquisitions of Real Estate Assets thus placing Pavilion REIT in a better position to seize investment opportunities in the future. Upon Listing, Pavilion REIT is expected to achieve a market capitalisation of RM2.6 billion based on an illustrative Average Offering Price of RM0.88 per Unit. The chart below ranks listed Malaysian REITs by their exposure to the retail property sector according to appraised value.

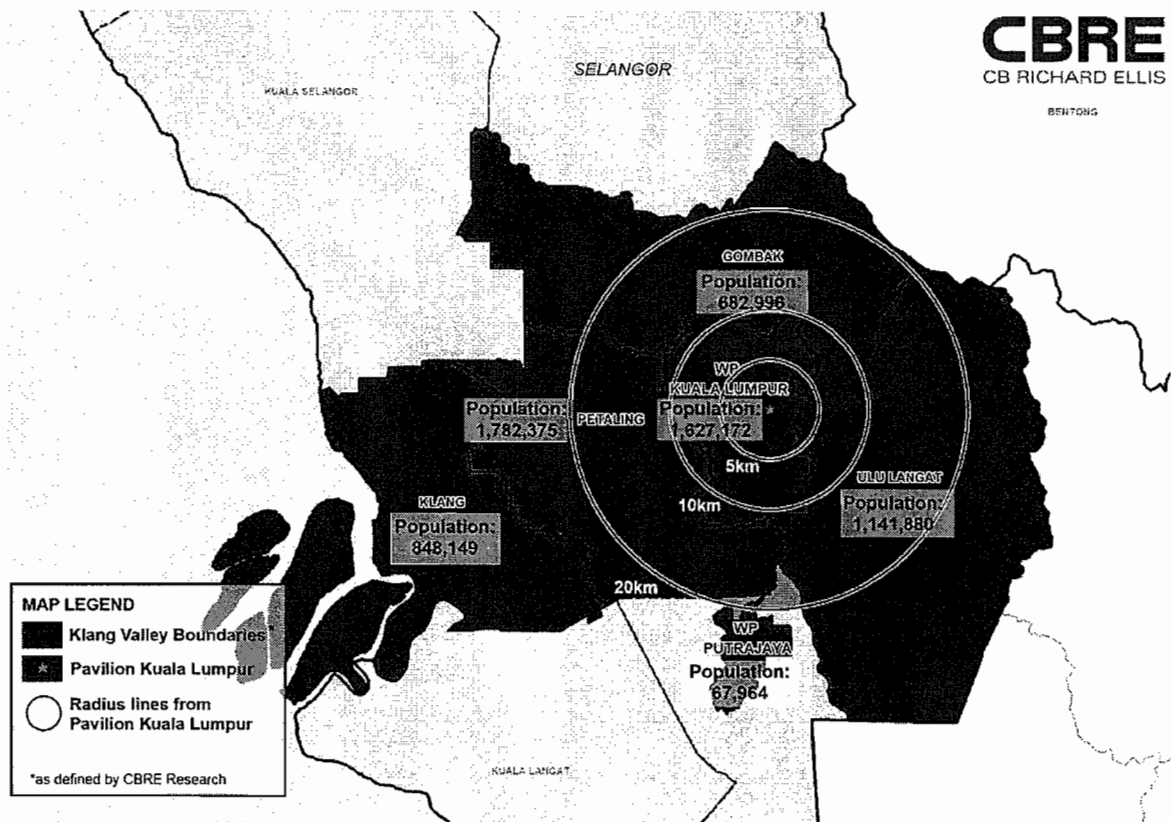


Source: According to the latest publicly available financial statements of the respective REITs as at the Latest Practicable Date and in RM millions.

\* Based on the Appraised Value as at 1 June 2011.

**Strategically located in the Golden Triangle of Kuala Lumpur, the city's prominent retail and commercial district, and positioned to attract a broad range of shoppers**

The Subject Properties are situated in the Golden Triangle of Kuala Lumpur, the city's prominent retail and commercial district. They are accessible through a network of major roads, including Jalan Bukit Bintang, which is Kuala Lumpur's primary shopping district and Malaysia's version of well-known shopping districts such as Ginza in Tokyo, Orchard Road in Singapore and Fifth Avenue in New York. There are also plans by the Government to further expand public transportation near the Subject Properties, with one MRT station proposed to be constructed in the Bukit Bintang area as part of the Economic Transformation Programme. According to the Independent Property Market Consultant, the catchment area of the Subject Properties extends across the whole of the Klang Valley, encompassing over six million people in 2010. Significantly, according to the Independent Property Market Consultant, with the exception of the development of Suria KLCC Phase II, there are no publicly announced plans for additional malls to be developed or for major additions in respect of existing malls in the Golden Triangle until 2014. Suria KLCC Phase II, with 140,000 sq ft of net lettable area, is expected to be fully completed in 2011. The map below illustrates the potential catchment area of the Subject Properties.



Source: Independent Property Market Report

In addition to the broad catchment area of residents, the Golden Triangle is also a destination for tourists and business travellers, especially the Bukit Bintang area, which is a hub for shopping, leisure, food and beverage outlets, major events and festive celebrations. Pavilion Kuala Lumpur Mall's close proximity to hotels, such as the Ritz Carlton Kuala Lumpur, the Westin Kuala Lumpur and the Shangri-La Hotel Kuala Lumpur, encourages patronage by tourists and business travellers. According to the Independent Property Market Consultant, 12 four and five-star hotels are located within 500 metres of Pavilion Kuala Lumpur Mall. The Golden Triangle is also situated in close proximity to the Central Business District, which is home to a range of domestic and international corporates, which enables Pavilion Kuala Lumpur Mall to capitalise on the large pool of office workers in the vicinity. Further, a covered skybridge currently under construction will connect Pavilion Kuala Lumpur Mall to Kuala Lumpur Convention Centre which in turn adjoins Suria KLCC and the Petronas Twin Towers, a destination for tourists and business travellers.

Pavilion Kuala Lumpur Mall is positioned to appeal to a broad range of patrons, both Malaysian and international, and maintains a host of leading luxury and international brand names. The Manager believes that this makes Pavilion Kuala Lumpur Mall the preferred leisure and shopping destination for both international visitors and for Malaysian residents of the surrounding middle to upper class suburbs. In 2010, Pavilion Kuala Lumpur Mall recorded 31 million visits (based on the shopper traffic system in Pavilion Kuala Lumpur Mall), demonstrating the benefit of Pavilion Kuala Lumpur Mall's location and the mall's stature as a destination in itself.

Pavilion Tower also benefits from its convenient location in the Golden Triangle as well as from its connectivity with Pavilion Kuala Lumpur Mall. The Manager believes that both of these factors will help to continue to attract a range of Malaysian and international corporate tenants.

***Benefiting from Malaysia's economic growth and rising consumer spending***

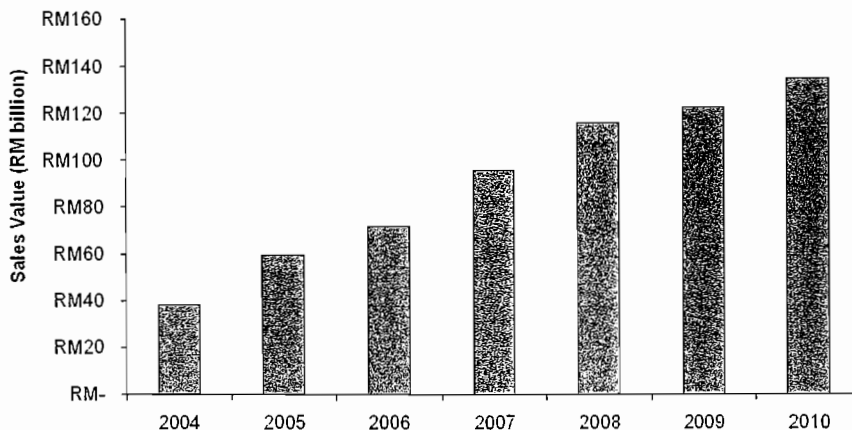
*The following information is extracted from the Independent Property Market Report in Appendix B.*

Pavilion REIT benefits from positive macroeconomic trends in Malaysia. Malaysia recorded GDP growth of 7.2% in 2010 and its GDP is expected to grow by 5.0% to 5.5% in 2011 and 5.0% to 6.0% in 2012. Income levels are also on the rise; from 1999 to 2009, the mean gross monthly income in Malaysia grew by a compounded annual growth rate of 5.0%. Consumer sentiment has rebounded strongly since the end of the global financial crisis, reaching an index level of 117.2 in 2010 after dipping to 71.4 in 2008.

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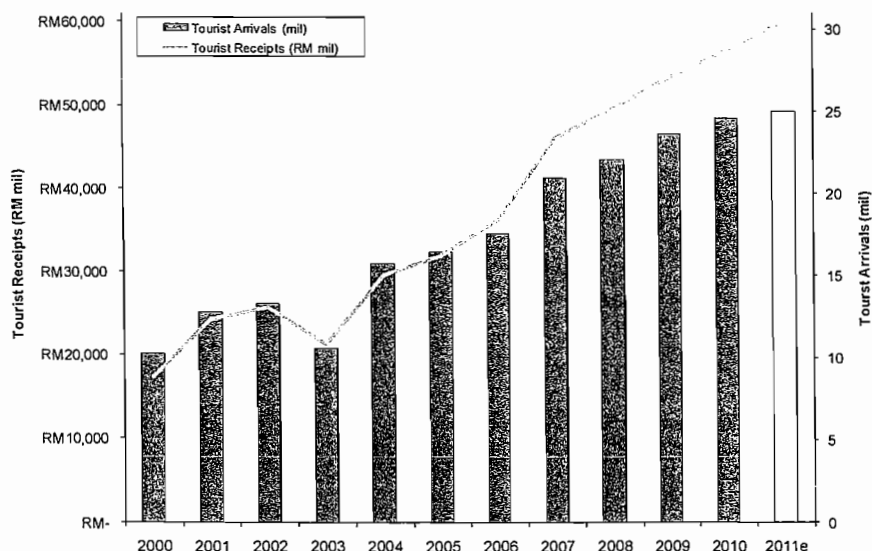
Malaysia Retail Trade Sector Sales Value 2004 - 2010



Source: Independent Property Market Report

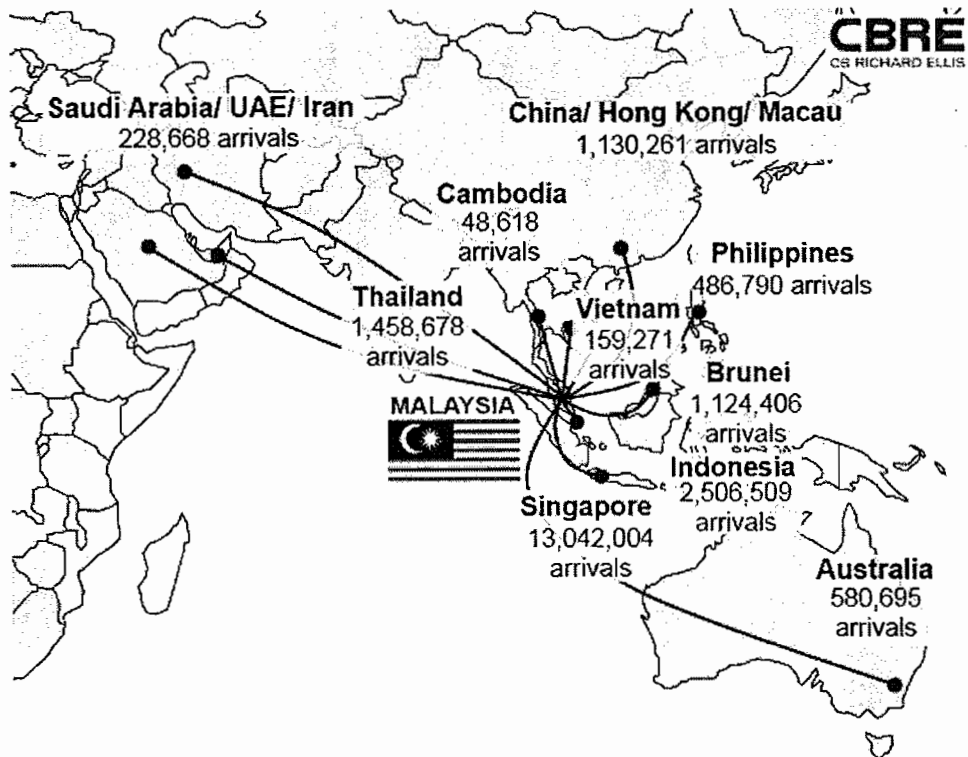
The key drivers of the retail sector in Malaysia are also trending positively. Retail sales value increased by 9.9% in 2010 compared to 2009 and grew by 250% in total from 2004 to 2010 at a compounded annual growth rate of 23%. In particular, tourism has been and will continue to be a driver of retail sales. Tourist arrivals and tourist receipts in Malaysia reached a new high in 2010 with a total of 24.6 million visitors, along with total receipts of RM56.5 billion. Growth is expected to continue, with 25 million tourist arrivals and RM60 billion in tourist receipts forecasted for 2011. A key trend among tourists to Malaysia is their increasing spending on shopping; in 2009, shopping was the fastest-growing sub-segment of tourist spending in Malaysia with 13.7% year-on-year growth versus 7.7% for tourist spending overall. In the same year, total tourism spending grew by RM3.8 billion, of which RM1.8 billion was contributed from the shopping sub-segment. The Government has also announced plans to position Malaysia as a leading shopping destination by, for example, removing import duties over various clothing and accessory products.

Malaysia Tourist Arrivals and Tourist Receipts 2000 - 2011e



Source: Independent Property Market Report

The map below shows selected major tourist markets of Malaysia in 2010 with arrival statistics.



Source: Independent Property Market Report

**Strong management team and brand image**

The Manager has a strong asset management team, consisting of highly experienced professionals in the Malaysian retail property market. The management team has been actively involved in the marketing and on-going management of Pavilion Kuala Lumpur Mall and has overseen the development of the mall into one of Malaysia’s premier shopping centres. Their familiarity with the tenanting and operations of Pavilion Kuala Lumpur Mall will provide continuity for tenants of Pavilion Kuala Lumpur Mall after the Acquisitions. In addition, the management team will apply their expertise in respect of tenanting and marketing to retail properties to be acquired by Pavilion REIT in the future.

The Board is also made up of experienced professionals who have prior experience in property development, investment, management, marketing and tenanting as well as finance.

The Sponsor, together with the management team, has built up the “Pavilion” brand name alongside the development of Pavilion Kuala Lumpur Mall as one of the premier shopping centres in Malaysia. Pavilion Kuala Lumpur Mall has been designated as one of Malaysia’s leading tourism assets by the Ministry of Tourism Malaysia and has won several awards from Tourism Malaysia, including “Best Promotion and Events” in 2010 and “Innovative Shopping Complex” in 2009, helping to position the mall as a key shopping destination for tourists to the country. It has also won the “Award for Outstanding Achievement – Shopping Mall Category” by Kuala Lumpur Mayor’s Tourism Awards 2011.

***Diverse tenant base, consistent occupancy rates and rising rental rates with a unique tenant mix focused on maximising NLA Income***

Pavilion Kuala Lumpur Mall has demonstrated stable financial performance underpinned by a diverse base of tenants, consistent occupancy rates and rising rental rates despite turbulent economic conditions in recent years. Pavilion Kuala Lumpur Mall maintains a sizeable portfolio of approximately 450 retail tenants (as at 1 June 2011). Moreover, the tenant base at Pavilion Kuala Lumpur Mall is diverse. As at 1 June 2011, its top 10 tenants contributed 22.7% of NLA Income and occupy an aggregate of 34.3% of Occupied NLA. Also, occupancy rates have remained consistent at Pavilion Kuala Lumpur Mall at 98.5%, 98.7%, 96.5%<sup>1</sup> and 97.9%<sup>2</sup> as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011, respectively. In addition, the average monthly rental per sq ft at Pavilion Kuala Lumpur Mall has been increasing, from RM15.08 in FY2008, to RM15.58 in FY2009, to RM16.36 in FY2010 and to RM16.76 in FPE2011.

The Manager believes that the tenant mix at Pavilion Kuala Lumpur Mall is unique versus that of its competitors in that it has a larger proportion of non-anchor tenants, thus allowing for more favourable rental rates and wider availability of shopping choices to enhance shoppers' experiences versus comparable retail properties with a greater proportion of anchor tenants. As at 1 June 2011, approximately 17.8% of the Occupied NLA at Pavilion Kuala Lumpur Mall was tenanted to an Anchor Tenant whereas the Manager believes that at comparable properties, a substantially larger percentage of their NLA are tenanted to anchor tenants. An additional 23.3% of the Occupied NLA as at 1 June 2011 was tenanted to Specialty Anchor Tenants and the remaining 58.9% of the Occupied NLA was tenanted to Specialty Tenants as well as for offices and storeroom usage. The Manager believes that this unique balance of tenants allows Pavilion Kuala Lumpur Mall to achieve higher rental rates given that non-anchor tenants generally pay higher rental rates compared to anchor tenants. In addition, maintaining a relatively high proportion of Specialty Tenants in turn provides greater variety for shoppers, which the Manager believes results in higher shopper traffic and thus further increases demand for space from potential tenants allowing for higher rental rates. Also, despite the high percentage of NLA tenanted to Specialty Anchor Tenants and Specialty Tenants, occupancy rates at Pavilion Kuala Lumpur Mall have remained near 100.0% for the past three years.

Further, the majority of the tenancies at Pavilion Kuala Lumpur Mall have a turnover rent component in addition to a fixed rent component, allowing Pavilion Kuala Lumpur Mall to benefit from additional rental upside as the sales levels of its tenants rise above certain thresholds.

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1 The reduction in occupancy rate of Pavilion Kuala Lumpur Mall as at 31 December 2010 was due to the closure of the Home Precinct, a precinct at Pavilion Kuala Lumpur Mall which specialised in home decoration and furnishings, for reconfiguration into Tokyo Street.

2 Including tenancies which have been committed but yet to commence as at 30 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall as at 30 June 2011 would have been 98.5%.

**Opportunities for future growth**

Pavilion REIT provides investors with growth opportunities both in terms of its existing portfolio as well as through the potential acquisition of additional retail properties. There is scope for enhancement of NLA and rental revenues at Pavilion Kuala Lumpur Mall, the most recent example of which is the creation of "Tokyo Street", which replaces a series of larger retail units with smaller retail units, thus increasing rental rates for the reconfigured area while also offering an attractive themed area to the mall. Certain sections of the Connection have been reconfigured to increase the variety of offerings, with a greater focus on catering to the growing demand for lifestyle and entertainment venues in Kuala Lumpur. The Manager intends to explore other opportunities for enhancing NLA and rentals including creating additional retail space where possible, via the use of push carts and kiosks, and using otherwise empty space as rental-yielding store rooms.

Pavilion REIT may also seek future growth via the acquisition of additional retail properties. The Trustee currently holds ROFRs for the acquisitions of fahrenheit88 and Pavilion Extension, both of which are in close proximity to the Subject Properties. The Sponsor has also provided the Trustee with the General ROFR for the Sponsor's future retail developments in Malaysia. The Manager has also obtained the USJ ROFR for a six-storey retail mall to be developed at Subang Jaya, a growing suburb located within 20 kilometres of the Kuala Lumpur city centre. The Manager may also explore the acquisition of properties developed by third parties in instances where the potential acquisition meets the investment criteria of Pavilion REIT.

The Manager believes that the Existing ROFRs (in the event of disposal of the relevant asset by the grantor) will allow Pavilion REIT to further increase its presence in the prime Bukit Bintang area and diversify its geographical presence to suburban Kuala Lumpur and other key localities in Malaysia.

**Strong balance sheet and conservative capital structure**

Based on Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, Pavilion REIT's debt to asset ratio upon Listing will be 20.1%, which is below the average of listed Malaysian REITs of 29.8%<sup>1</sup>, and significantly below the prescribed limit under the REITs Guidelines. Pavilion REIT may consider pursuing further acquisitions as a means of growing its asset size. Based on a debt to asset ratio of 50.0%, the Manager could raise up to RM1,085.6 million of additional debt to fund future acquisitions before taking into account the asset value of the future properties to be acquired.

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1 Based on the latest publicly available financial statements of various listed Malaysian REITs as at the Latest Practicable Date.

***Award-winning building design enables efficient use of space and positions Pavilion Kuala Lumpur Mall as an attractive destination for shoppers***

Pavilion Kuala Lumpur Mall has won an array of Malaysian and international design awards. In 2010 alone, Pavilion Kuala Lumpur Mall was awarded the “Innovative Design & Development of a New Retail Project” award by the International Council of Shopping Centres in Asia Shopping Centre Awards 2010 and “The Architecture Award (Retail) – Asia Pacific” by the International Property Awards in association with Bloomberg Television 2010. In 2009 Pavilion Kuala Lumpur Mall was named the “World’s Best Retail Centre” at the International Real Estate Federation (FIABCI) Prix d’Excellence Awards in addition to receiving several other Malaysian and international design awards.

Pavilion Kuala Lumpur Mall’s modern design features enable high traffic flow and ease of accessibility while also offering concepts that the Manager believes are unique to this property. Pavilion Kuala Lumpur Mall has eight entry points, allowing shoppers to enter the mall from various parts of the Bukit Bintang shopping area and enabling efficient shopper flow even during peak times. In addition, outdoor walkway areas extend for 20 to 35 metres to the sidewalk. This allows for visibility of the architecture of the building, creating a public space and easing shopper traffic around the mall. The Connection is an alfresco concept comprising a “street” of bistros and restaurants which remain open until 3.00 a.m., catering to tourists and locals. The Manager believes that the Connection is one of Kuala Lumpur’s popular alfresco dining areas and a tourist attraction in its own right.

The Manager believes that Pavilion Kuala Lumpur Mall also has various unique design characteristics making it an attractive leisure destination. The average ceiling height of 5.5 metres provides Pavilion Kuala Lumpur Mall with a spacious design, making the mall more attractive to retailers. Safety is also a focus; there are more than 405 CCTVs throughout Pavilion Kuala Lumpur Mall including its carpark, and 296 panic buttons located at 20-metre intervals throughout the carparks. There is also a trained private security team.

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**PRINCIPAL STATISTICS RELATING TO THE OFFERING**

<b>The Offering</b>	790,000,000 Offer Units offered under the Institutional Offering and the Retail Offering.
<b>The Institutional Offering</b>	755,000,000 Offer Units offered by way of a placement to Malaysian and foreign institutional investors and selected investors (which includes Cornerstone Investors), subject to Clawback and Reallocation, at the Institutional Price (other than Cornerstone Investors).
<b>The Retail Offering</b>	<p>35,000,000 Offer Units offered to the Malaysian Public, the eligible tenants of the Subject Properties, the Directors of the Manager and the eligible employees of the Manager, UCSB, CFSB and KLP, subject to Clawback and Reallocation, at the Retail Price, in accordance with the following:</p> <ul style="list-style-type: none"><li>(i) 31,000,000 Offer Units for application by the Malaysian Public;</li><li>(ii) 1,000,000 Offer Units to the eligible tenants of the Subject Properties;</li><li>(iii) 1,200,000 Offer Units to the Directors of the Manager; and</li><li>(iv) 1,800,000 Offer Units to the eligible employees of the Manager, UCSB, CFSB and KLP.</li></ul>
<b>Clawback and Reallocation</b>	The Offer Units may be re-allocated between the Institutional Offering and the Retail Offering in the event of an over-subscription in one and an under-subscription in the other.

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**Retail Price**

RM0.88 per Offer Unit, determined and agreed upon by the Manager, the Joint Principal Advisers, the JBGC and the Joint Underwriters after taking into consideration the following factors:

- (i) the financial history and conditions of the Subject Properties;
- (ii) the pro forma NAV per Unit upon Listing of RM0.94;
- (iii) the forecasted distribution yields of Pavilion REIT;
- (iv) the future prospects of Pavilion REIT; and
- (v) the prevailing capital and property market conditions and sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be equal to the lower of:

- (i) the Retail Price of RM0.88 per Unit; and
- (ii) the Institutional Price.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price.

**Institutional Price**

The Institutional Price will be determined by way of bookbuilding.

**Cornerstone Price**

The price payable by the Cornerstone Investors for the Cornerstone Units shall be the lower of RM0.90 per Unit and the Institutional Price, after taking into consideration of a slight potential premium to the Retail Price, the commitment provided by the Cornerstone Investors in subscribing the Offer Units prior to the commencement of the Institutional Offering and the lock-up agreed by the Cornerstone Investors as set out in Section 3.12 "Lock-up Arrangements" of this Prospectus.

**Expected Gross Proceeds**

Based on an illustrative Average Offering Price of RM0.88 per Offer Unit, the Offering is expected to raise gross proceeds of RM695,200,000 arising from the issuance of 790,000,000 Offer Units.

**Use of Proceeds**

The Manager intends to utilise the expected gross proceeds to be raised from the Offering in the following manner, assuming full subscription under the Offering and based on the illustrative Average Offering Price of RM0.88:

Purpose	(RM'000)	Timeframe for utilisation from date of receipt of proceeds
Listing expenses <sup>(1)</sup>	42,000	Immediate
Working capital	5,200	Within 12 months
Part payment of the purchase consideration for the Acquisitions <sup>(2)</sup>	648,000	Immediate
<b>Total</b>	<b>695,200</b>	

**Notes:**

- (1) Listing expenses include estimated expenses incurred in relation to the Offering. If the actual listing expenses are less than the estimated amount, the excess cash shall be used for working capital purposes. Any shortfall will be met from proceeds set aside for working capital purposes.
- (2) The balance of the purchase consideration for the Acquisitions will be settled via the issuance of Consideration Units and proceeds raised from the New Debt Facilities.

Any variation to the actual proceeds to be raised or actual listing expenses from the estimated amounts stated above will be adjusted to the amounts to be applied toward part payment of the purchase consideration for the acquisition of the Subject Properties, subject to an adequate amount being allocated for working capital purposes, which the Manager estimates to be in the range of RM5.0 million to RM15.0 million. In turn, this will have an effect on the amount of proceeds to be raised from the New Debt Facilities. See Section 3.9 "Use of Proceeds" of this Prospectus for further details.

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**FINANCIAL HIGHLIGHTS**

**Pavilion REIT's Consolidated Pro Forma Statement of Financial Position as at the Listing Date**

The following table is only an extract from, and should be read together with, Section 4.4 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus and the report set out in Appendix D, "Reporting Accountants' Letter on the Consolidated Pro Forma Statement of Financial Position".

	<b>(Unaudited)</b> <b>(RM'000)</b>
<b>ASSETS</b>	
Property, Plant & Equipment	8,600
Investment Properties	3,543,000
<b>Total Non-Current Assets</b>	<u>3,551,600</u>
Inventories	1,001
Other Receivables	754
Cash and Bank Balances	79,061
<b>Total Current Assets</b>	<u>80,816</u>
<b>Total Assets</b>	<u><u>3,632,416</u></u>
<b>EQUITY</b>	
Unitholders' Fund	2,827,200
<b>Total Equity</b>	<u>2,827,200</u>
<b>LIABILITIES</b>	
Borrowings	730,601
Other Payables	72,013
<b>Total Non-Current Liabilities</b>	<u>802,614</u>
Other Payables	2,602
<b>Total Current Liabilities</b>	<u>2,602</u>
<b>Total Liabilities</b>	<u><u>805,216</u></u>
<b>Total Equity and Liabilities</b>	<u><u>3,632,416</u></u>
<b>NAV (RM'000)</b>	<u>2,827,200</u>
Units in issue ('000)	3,000,000
<b>NAV per Unit (RM)</b>	<u><u>0.94</u></u>

Pavilion REIT's Consolidated Pro Forma Statement of Financial Position as at the Listing Date illustrates the effects of the Acquisitions and the Offering, based on the assumption that such events had been effected on the date of establishment of Pavilion REIT. As at the date of its establishment, Pavilion REIT did not have any assets and liabilities.

Pavilion REIT's Consolidated Pro Forma Statement of Financial Position as at the Listing Date was prepared based on the following listing scheme:

- (i) In accordance with the SPAs, Pavilion REIT (via the Trustee) will acquire the Subject Properties and the Related Assets for a total purchase consideration of RM3,323,401,000:

<b>Assets</b>	<b>Purchase consideration</b>
	<b>RM'000</b>
<b>Acquired from UCSB</b>	
Pavilion Kuala Lumpur Mall	3,190,300
Pavilion Kuala Lumpur Mall Related Assets	8,806
<b>Total</b>	<b>3,199,106</b>
<b>Acquired from CFSB</b>	
Pavilion Tower	123,500
Pavilion Tower Related Assets	795
<b>Total</b>	<b>124,295</b>
<b>Grand total</b>	<b>3,323,401</b>

The acquisition of the Subject Properties and the Related Assets will be financed through:

- (a) the issuance of the Consideration Units; and
- (b) cash consideration of RM1,378,601,000, which will be funded through the proceeds from the Offering and funds received from the drawdown of a portion of the New Debt Facilities.

Pavilion REIT will be acquiring the Related Assets in order for it to undertake daily maintenance and operations of the Subject Properties. The purchase consideration payable in respect of the Related Assets is based on the Vendors' estimate of the net book value of the Related Assets as at the Completion Date of the SPAs. This may be adjusted downwards as at the Completion Date of the SPAs.

In the preparation of Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, it is assumed that no adjustments will be made to the purchase consideration of the Related Assets and the carrying values of the Related Assets.

## INFORMATION SUMMARY (Cont'd)

In addition, the following assets and liabilities will also be transferred to Pavilion REIT at their respective carrying value in the accounts of UCSB and CFSB as at the Completion Date of the SPAs. In preparation of this consolidated pro forma financial position, the following assets and liabilities have been set out based on their respective carrying value in the accounts of UCSB and CFSB as at 30 June 2011, which were prepared in accordance with approved accounting standards in Malaysia.

<b>Assets</b>	<b>RM'000</b>
Prepayments and deposits	754
Cash and cash equivalent from tenants' deposits	73,861 <sup>(1)</sup>
	<hr/>
	74,615
<b>Liabilities</b>	
Other payables – tenants' deposits	(74,615)
	<hr/>
	-
	<hr/>

**Note:**

- (1) Cash and cash equivalents from tenants' deposits will be transferred to Pavilion REIT by UCSB and CFSB after netting off the deposits and prepayments to be reimbursed to UCSB and CFSB, by Pavilion REIT.

(ii) Offering of 790,000,000 Offer Units which comprise the following:

(a) Retail Offering

35,000,000 Offer Units to the Malaysian Public, the eligible tenants of the Subject Properties, the Directors of the Manager and the eligible employees of the Manager, UCSB, CFSB and KLP.

(b) Institutional Offering

755,000,000 Offer Units to Malaysian and foreign institutional investors and selected investors at the Institutional Price (other than Cornerstone Investors) to be determined by way of bookbuilding.

In the preparation of Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, it is assumed that each of the Retail Price and the Institutional Price is RM0.88 per Unit.

(iii) Credit facilities

Pavilion REIT will obtain the New Debt Facilities amounting to RM1,010.0 million (being the aggregate size of the New Debt Facilities) of which RM736.5 million will be drawn down to part finance the Acquisitions and to finance the initial transaction costs for the New Debt Facilities. The borrowings in Pavilion REIT's Consolidated Pro Forma Statement of Financial Position are recorded net of transaction costs amounting to RM5.9 million which will be expensed to profit and loss over the period that the borrowings are outstanding.

(iv) Listing and quotation of the entire 3,000,000,000 Units on the Main Market.

**Pro Forma Net Property Income**

The following table presents the Pro Forma Net Property Income of Pavilion REIT for FY2008, 2009, 2010 and FPE2010 and FPE2011.

The Pro Forma Net Property Income of Pavilion REIT for FY2008, 2009, 2010 and FPE2010 and FPE2011 have been prepared based on the information extracted from the Vendors' audited financial statements for the last three financial years up to FY2010 and the unaudited management financial statements for FPE2010 and FPE2011, of the Subject Properties which were prepared in accordance with approved accounting standards in Malaysia, as if the Acquisitions had been completed by Pavilion REIT on an earlier date. The Pro Forma Net Property Income of Pavilion REIT has been prepared in a manner consistent with the accounting policies to be adopted by Pavilion REIT.

Pavilion Tower was acquired by CFSB on 10 March 2010 (pursuant to a sale and purchase agreement dated 11 January 2010); therefore the Pro Forma Net Property Income of Pavilion REIT for FY2008 and FY2009 do not include any financial information for Pavilion Tower.

<b>RM '000</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FPE2010</b>	<b>FPE2011</b>
Rental Income	230,586	242,224	256,699	127,613	133,005
Other income	15,672	22,674	34,481	16,133	21,050
Total Revenue	<u>246,258</u>	<u>264,898</u>	<u>291,180</u>	<u>143,746</u>	<u>154,055</u>
Utilities	(33,539)	(36,237)	(36,610)	(18,404)	(17,899)
Maintenance	(12,842)	(15,561)	(19,935)	(8,149)	(11,404)
Quit rent and assessment	(8,143)	(8,105)	(8,576)	(4,001)	(4,508)
Other operating expenses	(26,543)	(18,634)	(23,185)	(11,051)	(8,661)
Property Operating Expenses	<u>(81,067)</u>	<u>(78,537)</u>	<u>(88,306)</u>	<u>(41,605)</u>	<u>(42,472)</u>
NPI	<u>165,191</u>	<u>186,361</u>	<u>202,874</u>	<u>102,141</u>	<u>111,583</u>

### **Profit Forecasts**

*The following is an extract from Section 4.5 "Profit Forecasts" of this Prospectus. Statements contained in Section 4.5 "Profit Forecasts" of this Prospectus that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in Section 4.5.3 "Bases and Assumptions" of this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction by any of Pavilion REIT, the Manager, the Trustee, the Joint Principal Advisers, the Joint Global Coordinators or any other person that the underlying assumptions will materialise, or that these results will be achieved or are likely to be achieved. See Section on "Forward-looking Statements" and Section 5 "Risk Factors" of this Prospectus for further details. Investors in the Units are cautioned not to place undue reliance on these forward-looking statements.*

***None of Pavilion REIT, the Manager, the Trustee, the Joint Principal Advisers, or the Joint Global Coordinators guarantees the performance of Pavilion REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast yields stated in the following table are calculated based on the illustrative Average Offering Price of RM0.88.***

***Such yields will vary accordingly for investors who purchase Units at a price that differs from the illustrative Average Offering Price.***

***Investors are cautioned that rental yield on the Subject Properties to be held by Pavilion REIT is not equivalent to the yield of the Units. Current rental receipts and yields may not sustain. The values of the Subject Properties may rise as well as fall.***

The following table shows Pavilion REIT's Profit Forecasts for the Forecast Period 2011 and the Forecast Year 2012. The financial year end of Pavilion REIT is 31 December. The forecast period of 2011 has been prepared assuming that the first financial year is the one-month period ending 31 December 2011, giving an implied Listing Date of 1 December 2011. The Profit Forecasts may be different to the extent that the Listing Date is other than 1 December 2011. The Profit Forecasts are based on the assumptions set out in Section 4.5.3 "Bases and Assumptions" of this Prospectus and have been examined by the Reporting Accountants, being KPMG, and should be read together with the report set out in Appendix E, "Reporting Accountants' Letter on the Profit Forecasts", as well as the assumptions and the sensitivity analysis set out in Section 4.5 "Profit Forecasts" of this Prospectus.

**INFORMATION SUMMARY (Cont'd)**

	<b>Forecast Period 2011 (RM'000)</b>	<b>Forecast Year 2012 (RM'000)</b>
<b>Total Revenue</b>		
Rental Income	23,060	280,389
Other Income	2,710	33,957
	<b>25,770</b>	<b>314,346</b>
<b>Property Operating Expenses</b>		
Utilities	(3,262)	(39,469)
Maintenance	(1,956)	(24,023)
Quit Rent and Assessment	(750)	(9,093)
Others Operating Expenses	(1,829)	(21,805)
Property Operating Expenses	<b>(7,797)</b>	<b>(94,390)</b>
<b>Net Property Income (NPI)</b>		
Interest Income	128	1,534
Net Investment Income	<b>18,101</b>	<b>221,490</b>
<b>Trust Expenses</b>		
Management Fee	(1,443)	(17,452)
Trustee's Fee	(33)	(400)
Other Trust Expenses	(167)	(2,000)
Borrowing Costs	(2,891)	(34,821)
Profit before Taxation	<b>13,567</b>	<b>166,817</b>
Taxation	-	-
Profit after Taxation	<b>13,567</b>	<b>166,817</b>
Add: Non cash items <sup>(1)</sup>	437	5,289
<b>Distributable Income</b>	<b>14,004</b>	<b>172,106</b>
Number of Units in issue (million) <sup>(2)</sup>	3,000.00	3,002.48
Distribution rate (%)	100.0	100.0
Distribution cover (time)	1.00	1.00
Distribution per Unit (sen) <sup>(3)</sup>	0.47	5.73
Illustrative Average Offering Price (RM/Unit)	0.88	0.88
<b>Distribution Yield (%) on Illustrative Average Offering Price<sup>(4)</sup></b>	<b>6.41</b>	<b>6.51</b>
<b>Notes:</b>		
(1) Non cash items comprise the Management Fee payable in Units, depreciation of plant and equipment and amortisation of transaction costs for REIT financing that are expensed.		
(2) The increase in number of Units in issue is a result of the assumed part payment of the Management Fee for the relevant periods in the form of Units issued at an assumed issue price of RM0.88 per Unit.		
(3) Assuming a listing date of 1 December 2011.		
(4) Distribution yield for the Forecast Period 2011 has been annualised.		

**RISK FACTORS**

Prospective investors should carefully consider certain risks connected with an investment in the Units, as set out in Section 5 "Risk Factors" of this Prospectus.

**Risks Relating to the Subject Properties**

- (i) The Subject Properties have tenancy cycles in which a substantial number of the tenancies expire in certain years.
- (ii) The Subject Properties may face increased competition from other properties.
- (iii) The loss of key tenants of Pavilion Kuala Lumpur Mall, a downturn in the businesses of Pavilion Kuala Lumpur Mall's key tenants or any breach by the key tenants of their obligations under their tenancy agreements could have an adverse effect on the financial conditions and results of operations of Pavilion REIT.
- (iv) The Subject Properties may require significant capital expenditure beyond the Manager's current estimate and Pavilion REIT may not be able to secure funding.
- (v) Transportation infrastructure near the Subject Properties may be redirected, relocated, terminated, delayed or not completed.
- (vi) Pavilion REIT may be adversely affected by construction or development works around the vicinity of the Subject Properties.
- (vii) Renovations, redevelopment works or physical damage to the Subject Properties or continued development of the Pavilion Kuala Lumpur Project may disrupt the operations of the Subject Properties and collection of Rental Income or otherwise resulting in an adverse impact to the financial condition of Pavilion REIT.
- (viii) The Subject Properties might be adversely affected if the Manager and the Property Manager do not provide adequate management and maintenance.
- (ix) Pavilion REIT may suffer material losses in excess of insurance proceeds or Pavilion REIT may not put in place or maintain adequate insurance in relation to the Subject Properties and its potential liabilities to third parties.
- (x) The due diligence on the Subject Properties may not have identified all material defects, breaches of laws and regulations and other deficiencies.
- (xi) The Appraised Values of the Subject Properties are based on various assumptions which may or may not materialise; the price at which Pavilion REIT is able to sell the Subject Properties in future may be lower than the acquisition value of the Subject Properties.
- (xii) Pavilion REIT is dependent on third parties for certain services.
- (xiii) Pavilion REIT has no control over the Master Title of the Subject Properties.
- (xiv) Completion of the SPAs and transfer of certain contracts may not occur.
- (xv) The Subject Properties or any part of them may be acquired compulsorily.

**Risks Relating to Pavilion REIT's Operations**

- (i) Pavilion REIT is exposed to economic and real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the retail and office property market).
- (ii) The Total Revenue earned from, and the value of, the Subject Properties may be adversely affected by a number of factors.
- (iii) Operating risks inherent to the retail property industry and increases in operating and other expenses of the Subject Properties could have an adverse effect on Pavilion REIT's financial condition and results of operations.
- (iv) Pavilion REIT will be heavily reliant on Pavilion Kuala Lumpur Mall for a substantial portion of NPI.
- (v) Pavilion REIT is subject to risks inherent in concentrating investments primarily in retail properties in a single country.
- (vi) The amount Pavilion REIT may borrow is limited, which may affect the operations and expansion of Pavilion REIT.
- (vii) Changes in consumer behaviour patterns in Malaysia may adversely affect Pavilion REIT.
- (viii) Pavilion REIT may face risks associated with debt financing and existing and future debt facilities and debt covenants may limit or affect Pavilion REIT's operations.
- (ix) The Manager may not be able to successfully implement its investment strategies, including asset enhancements, for Pavilion REIT.
- (x) Pavilion REIT is not licensed to sell electricity to tenants of the Subject Properties and is reliant on the Sponsor's licence.
- (xi) Pavilion REIT and the Manager are reliant on the Sponsor for the use of, among others, the "Pavilion Kuala Lumpur" brand name.
- (xii) Pavilion REIT may not meet the requirements to enjoy tax exemptions under Section 61A of the Income Tax Act, 1967 by virtue of, among others, tax adjustments or changes in tax laws.
- (xiii) Pavilion REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.
- (xiv) The removal of the Manager could have an adverse effect on Pavilion REIT's financial condition and results of operations.
- (xv) Pavilion REIT may be adversely affected by the illiquidity of real estate investments and the lack of alternative uses and may be exposed to a higher level of risk compared to other types of unit trusts that have a more diverse range of investments.
- (xvi) Possible change of investment strategies may adversely affect Unitholders' investments in Pavilion REIT.



- (xvii) Pavilion REIT is subject to third-party litigation risk by shoppers, contractors and tenants of the Subject Properties which could result in significant liabilities and damage to Pavilion REIT's reputation.
- (xviii) Pavilion REIT may engage in interest rate hedging transactions, which can limit gains and increase costs.
- (xix) While the Subject Properties are located in Malaysia, Pavilion REIT's future acquisitions may be located outside Malaysia, which would expose Pavilion REIT to risks in other countries.
- (xx) Potential conflicts of interest among Pavilion REIT, the Manager, the Sponsor and the Major Unitholders could result in corporate actions and business decisions that are not in the Unitholders' best interests.
- (xxi) Pavilion REIT and the Manager are newly established entities without an established operating history.
- (xxii) Pavilion REIT may incur unanticipated costs and liabilities, in connection with environmental laws and regulations.
- (xxiii) Occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business and operations of the Subject Properties.
- (xxiv) The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of Pavilion REIT.

**Risks Relating to an Investment in the Units**

- (i) The actual performance of Pavilion REIT and the Subject Properties could differ materially from the forward-looking statements in this Prospectus.
- (ii) The sale of a substantial number of Units by the Major Unitholders and/or any of their transferees of the Units (following the lapse of the lock-up arrangements) could adversely affect the price of the Units and Pavilion REIT's rights granted under the Existing ROFRs.
- (iii) Pavilion REIT's Consolidated Pro Forma Statement of Financial Position and Pro Forma Net Property Income included herein may not reflect actual financial position and results.
- (iv) Pavilion REIT may not be able to make distributions to Unitholders or the level of distributions may fall.
- (v) The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.
- (vi) Unitholders who do not or are not able to participate in future equity financing by Pavilion REIT will experience a dilution in their interest in Pavilion REIT.
- (vii) The price of the Units may decline after the Listing.
- (viii) Cyclical market and economic conditions may affect the price and demand for the Units.

- (ix) The laws, regulations and accounting standards in Malaysia may change, including the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.
- (x) The Malaysian Ringgit may be subject to exchange controls.
- (xi) Foreign investment in Malaysian assets may be subject to further controls.
- (xii) Unitholders may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.
- (xiii) The Manager is not obliged to redeem Units.
- (xiv) The REIT market in Malaysia is relatively undeveloped and the Units have never been publicly traded; the listing of the Units on the Main Market may not result in an active or liquid market for the Units.
- (xv) Failure in the Listing may result in refund in monies without interest.
- (xvi) There is no assurance that the Units will remain listed on Bursa Securities and/or not be suspended from trading.

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## INFORMATION SUMMARY (Cont'd)

### FEES AND CHARGES

There are fees and charges involved and investors are advised to consider them before investing in Pavilion REIT.

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the purchase, sale and holding of their investments in Pavilion REIT or trading of the Units on Bursa Securities (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Bursa Securities clearing fee	0.03% of the transaction value, subject to a maximum of RM1,000 per transaction
(b)	Brokerage	A percentage of the transaction value prescribed by or negotiated with the ADAs
(c)	Stamp duty	RM1.00 for every RM1,000 or fractional part of the transaction value, subject to a maximum of RM200 per transaction

The above rates may be subject to changes by the relevant parties. Further information on the charges you may incur from the trading of Units on Bursa Securities may be found on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The following is a summary of certain fees and charges payable by Pavilion REIT in connection with the establishment and on-going management and operation of Pavilion REIT:

	Payable by Pavilion REIT	Amount payable
(a)	Management Fee (payable to the Manager)	<p>The Manager may elect to receive the Management Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine) except for the Incentive Fee, which is fully payable in Units. The Incentive Fee is only applicable in respect of the second full financial year in which Pavilion REIT has been established and in operation, being FY2013. No Incentive Fee is payable for FY2011 and FY2012.</p> <p>Nevertheless, taking into consideration that the Incentive Fee is not common among other listed Malaysian REITs, the Manager has, and will continue to, waive its rights to the Incentive Fee unless otherwise approved by Unitholders via an ordinary resolution, obtained at a general meeting to be convened. For this purpose, the Major Unitholders, who are also substantial shareholders of the Manager, will abstain from voting on such resolution in respect of their direct and/or indirect unitholdings in view that they have an interest in the outcome of such resolution which is different from the other Unitholders. The Manager intends to convene the said general meeting in FY2012.</p>

Payable by Pavilion REIT	Amount payable								
	<p>The Manager is entitled under the Deed to the following management fees (exclusive of service tax, if any):</p> <p><b>(i) Base Fee</b></p> <p>Up to 1.0% per annum of the Total Asset Value of Pavilion REIT (excluding cash and bank balances which are held in non-interest bearing accounts).</p> <p>For the purposes of calculating the Base Fee only, where Pavilion REIT holds its investments through one or more SPVs, the Total Asset Value shall include the value of all the assets of the relevant SPV, pro-rated, if applicable, to the proportion of Pavilion REIT's interest in the relevant SPV.</p> <p><b>(ii) Performance Fee</b></p> <p>Up to 5.0% per annum of Pavilion REIT's Net Property Income in the relevant financial year.</p> <p><b>(iii) Incentive Fee</b></p> <p>Payable in accordance with the following (subject to the relevant approval by Unitholders being obtained):</p> <table border="1" data-bbox="730 1238 1361 1664"> <thead> <tr> <th data-bbox="730 1238 954 1469">Fee Payable (% per annum of the Total Asset Value of Pavilion REIT)</th> <th data-bbox="954 1238 1361 1469">Criteria - Annual growth in Distributable Income in a Financial Year (calculated before accounting for Incentive Fee in that Financial Year)</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 1469 954 1518">Up to 0.10%</td> <td data-bbox="954 1469 1361 1518">Exceeds 7.5% and up to 10.0%</td> </tr> <tr> <td data-bbox="730 1518 954 1615">Up to 0.15%</td> <td data-bbox="954 1518 1361 1615">Exceeds 10.0% and up to 12.5%</td> </tr> <tr> <td data-bbox="730 1615 954 1664">Up to 0.20%</td> <td data-bbox="954 1615 1361 1664">Exceeds 12.5%</td> </tr> </tbody> </table>	Fee Payable (% per annum of the Total Asset Value of Pavilion REIT)	Criteria - Annual growth in Distributable Income in a Financial Year (calculated before accounting for Incentive Fee in that Financial Year)	Up to 0.10%	Exceeds 7.5% and up to 10.0%	Up to 0.15%	Exceeds 10.0% and up to 12.5%	Up to 0.20%	Exceeds 12.5%
Fee Payable (% per annum of the Total Asset Value of Pavilion REIT)	Criteria - Annual growth in Distributable Income in a Financial Year (calculated before accounting for Incentive Fee in that Financial Year)								
Up to 0.10%	Exceeds 7.5% and up to 10.0%								
Up to 0.15%	Exceeds 10.0% and up to 12.5%								
Up to 0.20%	Exceeds 12.5%								

Payable by Pavilion REIT	Amount payable
	<p><b>(iv) Acquisition Fee</b></p> <p>1.0% of the transaction value (being the total purchase consideration) of any Real Estate and Real Estate-Related Assets directly or indirectly acquired from time to time by the Trustee or one or more SPVs on behalf of Pavilion REIT pro-rated, if applicable, to the proportion of Pavilion REIT's interest.</p> <p>In the case of acquisition of SPVs, 1.0% of the underlying value (being the appraised value of the Real Estate as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are held through the SPVs) pro-rated, if applicable, to the proportion of Pavilion REIT's interest.</p> <p>Any payment to third party agents or brokers in connection with the acquisition of any Real Estate and Real Estate-Related Assets for Pavilion REIT shall not be paid by the Manager out of the Acquisition Fee received or to be received by the Manager (but shall be borne by Pavilion REIT).</p> <p><b>(v) Divestment Fee</b></p> <p>0.5% of the transaction value (being the total sale consideration) of any Real Estate and Real Estate-Related Assets directly or indirectly sold or divested from time to time by the Trustee or one or more SPVs on behalf of Pavilion REIT pro-rated, if applicable, to the proportion of Pavilion REIT's interest.</p> <p>In the case of divestment of SPVs, 0.5% of the underlying value (being the appraised value of the Real Estate as determined by an independent valuer appointed by the Trustee) of any Real Estate (which are held through the SPVs) pro-rated, if applicable, to the proportion of Pavilion REIT's interest.</p> <p>Any payment to third party agents or brokers in connection with the sale or divestment of any Real Estate and Real Estate-Related Assets for Pavilion REIT shall not be paid by the Manager out of the Divestment Fee received or to be received by the Manager (but shall be borne by Pavilion REIT).</p>

**INFORMATION SUMMARY (Cont'd)**

	Payable by Pavilion REIT	Amount payable
		<p>Based on the Profit Forecast, the Management Fee estimated for the Forecast Period 2011 and Forecast Year 2012 amounts to RM1.4 million and RM17.5 million, respectively, which were computed based on a Base Fee of 0.3% per annum of the Total Asset Value of Pavilion REIT (excluding cash and bank balances which are held in non-interest bearing account) and a Performance Fee of 3.0% of Pavilion REIT's NPI for the respective years.</p> <p>While the Manager intends to receive between 15% to 50% of its Management Fee in the form of Units for FY2011 and FY2012, for the purpose of the Profit Forecast, it is assumed that 15.0% of the Management Fee will be paid in Units for the Forecast Period 2011 and Forecast Year 2012.</p>
(b)	Trustee's fee	<p>Up to 0.05% per annum of the NAV of Pavilion REIT.</p> <p>For FY2011 and FY2012, the Trustee's fee will be capped at RM400,000 per annum.</p>
(c)	Property management fee <i>(Payable to the Property Manager)</i>	<p>The Property Manager is entitled to a property management fee of RM30,000 per month (excluding service tax). In addition, the Property Manager is also entitled to full reimbursement of costs and expenses incurred in the operation, maintenance, management and marketing of the Subject Properties, including fees and reimbursements for similar permissible expenses payable to its services provider(s).</p>

	Payable by Pavilion REIT	Amount payable
(d)	Other REIT expenses	<p>These include:</p> <ul style="list-style-type: none"> <li>• auditor's fee;</li> <li>• valuation fee;</li> <li>• professional fees;</li> <li>• reporting fees;</li> <li>• borrowing costs;</li> <li>• annual listing fee;</li> <li>• Registrar's fees;</li> <li>• tax consultant's fees;</li> <li>• printing, posting and general expenses that are directly related to and necessary for the administration of Pavilion REIT; and</li> <li>• all other expenses related to Pavilion REIT as provided for in the Deed.</li> </ul>

For further details of the fees and charges, please refer to Section 3.10 "Brokerage, Commissions and Other Fees and Charges Payable Directly by Unitholders", Section 6.6.1 "Details of Management Fee", Section 6.6.2 "Illustration of Management Fee Payable", Section 8.5 "Trustee's Fee" and Section 9.5 "Property Management Fee" of this Prospectus.

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## 1. DETAILED INFORMATION ON PAVILION REIT

### 1.1 OVERVIEW OF PAVILION REIT

#### Investment Policy

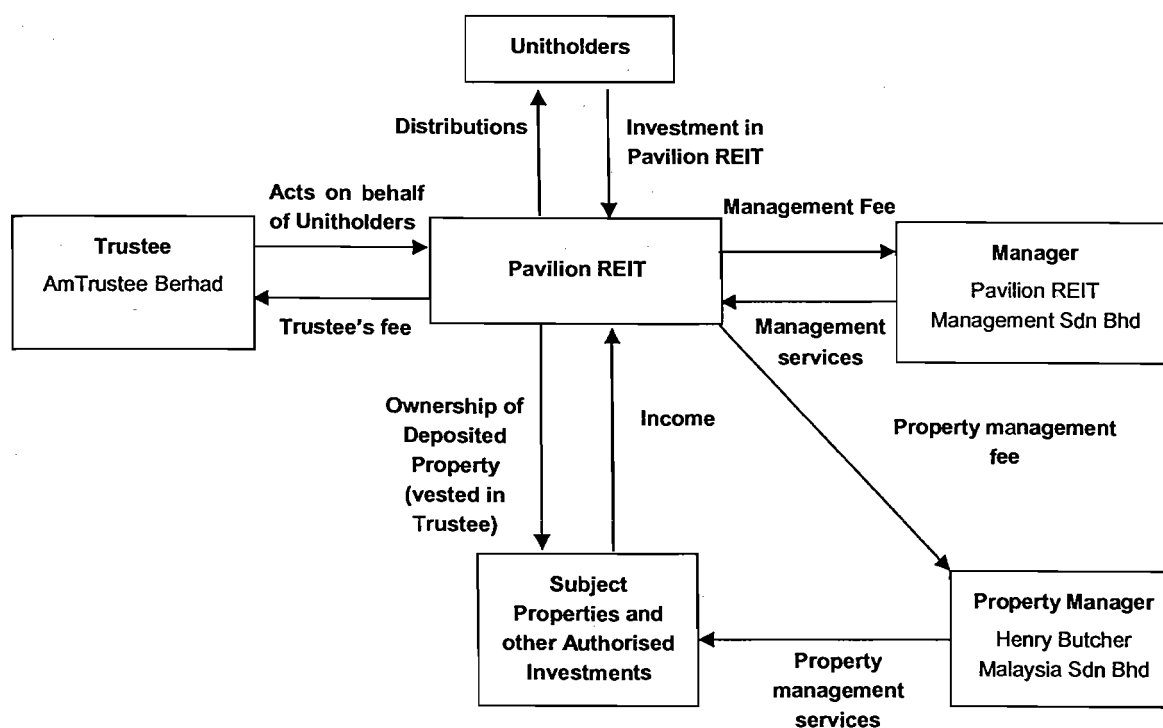
Pavilion REIT is a REIT established with the principal investment policy of investing, directly and indirectly, in a diversified portfolio of income producing real estate used solely or predominantly for retail purposes (including mixed-use developments with a retail component) in Malaysia and other countries within the Asia-Pacific region as well as Real Estate-Related Assets.

#### Investment Objective

The Manager's key objective is to provide Unitholders with regular and stable distributions and achieve long-term<sup>1</sup> growth in NAV per Unit, while maintaining an appropriate capital structure.

### 1.2 STRUCTURE OF PAVILION REIT

The following diagram illustrates the structure of Pavilion REIT as well as key relationships among Pavilion REIT, the Manager, the Trustee, the Property Manager and the Unitholders.



<sup>1</sup> Long-term in this context refers to a period of five years or more.



## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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### 1.3 STRATEGIES

The Manager intends to increase the income and consequently, the value of the Subject Properties, and continue Pavilion REIT's growth through the following strategies:

- (i) proactively managing the Subject Properties and implementing asset enhancement strategies;
- (ii) actively pursuing acquisition opportunities in accordance with the Authorised Investments of Pavilion REIT; and
- (iii) pursuing an efficient capital management strategy.

#### ***Proactively managing the Subject Properties and implementing asset enhancement strategies***

The Manager's strategy for organic growth is to work closely with the Property Manager to actively manage the Subject Properties by continuing to increase shopper traffic at Pavilion Kuala Lumpur Mall, attracting new retail and office tenants and by active management of the tenant base of the Subject Properties via a host of value-added services. Through such active management, the Manager seeks to maintain a waiting list for retail and office spaces, thereby allowing for increasing rental rates while maintaining high occupancy rates. The Manager also constantly sources for new tenant formats that will attract and provide unique experiences to shoppers. The Manager intends to employ the following specific active asset management strategies.

#### ***Maximise quality shopper traffic at Pavilion Kuala Lumpur Mall***

The Manager believes that the core focus in respect of Pavilion Kuala Lumpur Mall is to maximise quality shopper traffic. The Manager believes that by continually exploring avenues to draw additional quality shoppers to Pavilion Kuala Lumpur Mall, the mall's current tenant base will benefit from higher sales and the mall will benefit from turnover rent as well as from higher demand for retail space by potential tenants, which the Manager believes will translate into increasing rental rates and continued high occupancy rates. The Manager, working closely with the Property Manager, intends to do this by:

- (i) continuing to engage in promotions with strategic partners in the banking, airline, hospitality, MICE (meetings, incentives, conventions and exhibitions) and other industries in order to explore cross-marketing opportunities;
- (ii) advertising in key regional markets such as Hong Kong, Singapore and Indonesia as well as in airline magazines in order to enhance the brand presence of Pavilion Kuala Lumpur Mall abroad;
- (iii) working closely with the Ministry of Tourism Malaysia, local council and overseas tourism offices in order to better position Pavilion Kuala Lumpur Mall as a key destination for visitors to the country, such as via the Tourist Reward Card, which provides discounts and value-added shopping experiences to tourists shopping at the mall; and

## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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- (iv) positioning Pavilion Kuala Lumpur Mall as an iconic shopping mall and a preferred destination for high profile and world class events, such as the International Fashion Week, the Malaysian Grand Prix, international artistes appearances, international festivals, regional and national product launches and more.

*Active management of tenant base in order to increase rental rates and maintain high occupancy rates*

The Manager, working closely with the Property Manager, intends to maximise the Rental Income at the Subject Properties by increasing rental rates over time while maintaining high occupancy rates. The Manager intends to do this by:

- (i) further developing its relationship with tenants to enhance the level of service and experience of tenants at the Subject Properties;
- (ii) proactively engaging with tenants at Pavilion Kuala Lumpur Mall at an operational level in order to help improve the financial performance of tenants when required, such as providing training in display techniques and advertising;
- (iii) maintaining a high level of tenant satisfaction by proactively responding to tenants' requests and tailoring tenanting solutions to meet tenants' requirements through dedicated tenanting and design teams; and
- (iv) actively targeting new tenants to improve the tenant mix at the Subject Properties in order to continue to provide a unique proposition for shoppers at Pavilion Kuala Lumpur Mall and to manage specific business sector risks at Pavilion Tower, in order to maintain high occupancy rate, once achieved.

*Continued asset enhancement initiatives*

The Manager intends to continue to improve rental rates by undertaking asset enhancement activities to maintain and improve the overall premium quality of Pavilion Kuala Lumpur Mall and to configure NLA in order to maximise rental potential. For Pavilion Kuala Lumpur Mall, the Manager, in close collaboration with the Property Manager, intends to do so by:

- (i) exercising space planning through reconfiguring and improving efficiency of NLA as tenancies expire in order to create new shopping experiences and increase rental rates, such as the creation of "Tokyo Street";
- (ii) converting selected ancillary areas to usable rental space; and
- (iii) increasing retail space by creating new retail units and kiosks in common areas.

The Manager will also work closely with the Property Manager to explore asset enhancement initiatives in respect of Pavilion Tower as appropriate.

*Attracting new office tenants and exploring expansion needs of existing office tenants*

The Manager intends to take advantage of Pavilion Tower's prime location in the Golden Triangle and connectivity with Pavilion Kuala Lumpur Mall to appeal to domestic and international companies seeking office space in Kuala Lumpur. Pavilion Tower's integration with Pavilion Kuala Lumpur Mall offers tenants a comprehensive range of retail and service offerings.

## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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### *Improving cost efficiency*

The Manager will work closely with the Property Manager to minimise property-related and other operating expenses at the Subject Properties without compromising the delivery of quality and value-added property-related services to tenants and shoppers. Strategies contemplated by the Manager to improve cost discipline include implementing cost control management systems and adopting energy-efficient practices to achieve utility cost savings for common areas. For example, the Manager will continue to work closely with the Property Manager to reduce utilities expenses at the Subject Properties by implementing programmes geared towards improving efficiency in the use of water and electricity. The Manager will also selectively appoint consultants to explore further cost management initiatives and employ the use of new technology to improve efficiency.

### ***Actively pursuing acquisition opportunities in accordance with the Authorised Investments of Pavilion REIT***

The Manager will seek to acquire yield accretive income-producing properties meeting its investment criteria that will provide regular and stable cash flows and yields. The Manager will also selectively pursue acquisition opportunities which allow for additional revenue growth through asset enhancement. Pavilion REIT enjoys the benefit of the Existing ROFRs in respect of various existing and future retail properties but will also pursue other additional acquisition opportunities in Kuala Lumpur and in other key localities in Malaysia, including actively sourcing for potential opportunities to acquire appropriate suburban malls.

The Manager believes that the Existing ROFRs (in the event of disposal of the relevant asset by the grantor) provide Pavilion REIT opportunities to further increase its presence in the prime Bukit Bintang area and to diversify its geographical presence to suburban Kuala Lumpur and other key localities in Malaysia.

### *Yield accretion*

The Manager intends to seek to acquire stable income-producing Real Estate Assets which will be yield accretive and that have the potential to contribute to stable distributions and long-term<sup>1</sup> growth in NAV per Unit. The Manager will only consider pursuing any acquisition opportunities or acquire properties pursuant to the Existing ROFRs assuming these criteria are met.

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<sup>1</sup> Long-term in this context refers to a period of five years or more.

## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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### *Repositioning opportunities*

The Manager will also selectively pursue the acquisition of properties to which it can add value through various techniques including changing the property-level management team, asset enhancement initiatives and renovations as well as leveraging on its existing relationships with tenants of Pavilion Kuala Lumpur Mall. Through these repositioning techniques, the Manager intends to increase rental rates, occupancy rates and potentially capital values as well as the competitive positioning of such acquired properties. The Manager will only seek to acquire such properties in the event that it believes it can modify the internal or external characteristics and improve the tenancy mix of the respective property in order to improve the yield of the respective property.

### *Pursuing an efficient capital management strategy*

The Manager aims to optimise Pavilion REIT's capital structure and cost of capital within the borrowing limits set out in the REITs Guidelines. In addition, the Manager intends to use a combination of debt and equity financing to fund future acquisitions and capital expenditures. The Manager intends to maintain financial flexibility in order to be able to pursue attractive acquisition opportunities as they arise. For example, the Manager intends to establish a Commercial Paper/Medium Term Notes programme after the Listing in order to ensure quick access to debt markets as funding needs arise or to refinance existing borrowings.

The Manager's ongoing capital management strategy involves adopting and maintaining an appropriate gearing level and adopting an active interest rate management strategy to manage the risks associated with changes in interest rates. By doing so, the Manager intends to maximise Pavilion REIT's Distributable Income while maintaining an appropriate level of risk associated with debt financing.

The Manager intends to implement this strategy by (i) diversifying sources of debt funding, (ii) maintaining a reasonable level of debt service capability, (iii) securing favourable terms of funding, (iv) managing its financial obligations, (v) where appropriate, managing the exposures arising from adverse market interest rates through appropriate hedging strategies (subject to the approval from the relevant authorities, if any) and (vi) actively managing the range of maturities to reduce refinancing risk and optimise the cost of capital.

### **1.3.1 Authorised Investments and Investment Limits**

The list of Authorised Investments of Pavilion REIT is as follows:

- (i) Real Estate;
- (ii) SPVs;
- (iii) Real Estate-Related Assets;
- (iv) Non-Real Estate-Related Assets;
- (v) cash, deposits and money market instruments; and
- (vi) any other investment not specified in (i) to (v) above but specified as a permissible investment in the REITs Guidelines or as otherwise permitted by the SC.

## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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The investments of Pavilion REIT are subject to the following investment limits imposed by the REITs Guidelines:

- (i) at least 50.0% of Pavilion REIT's Total Asset Value must be invested in Real Estate Assets at all times; and
- (ii) not more than 25.0% of Pavilion REIT's Total Asset Value may be invested in Non-Real Estate-Related Assets and/or cash, deposits and money market instruments,

provided that investments in both Real Estate-Related Assets and Non-Real Estate-Related Assets are limited as follows:

- (i) the value of Pavilion REIT's investments in securities issued by any single issuer must not exceed 5.0% of Pavilion REIT's Total Asset Value;
- (ii) the value of Pavilion REIT's investments in securities issued by any group of companies must not exceed 10.0% of Pavilion REIT's Total Asset Value; and
- (iii) Pavilion REIT's investment in any class of securities must not exceed 10.0% of the securities issued by any single issuer; or

such other limits and investments as may be permitted by the SC or the REITs Guidelines.

### 1.4 INVESTORS' PROFILE

Pavilion REIT may appeal to an investor with long-term<sup>1</sup> investment objectives who seeks regular distribution income and long-term<sup>1</sup> NAV appreciation, and who understands the risks related to the real estate industry and REITs.

### 1.5 PERFORMANCE BENCHMARK

The following performance indicators can be considered in reviewing the performance of Pavilion REIT:

- (i) **Distribution Yield**  
The ratio of the distribution paid to Unitholders from Pavilion REIT's Distributable Income to the market price of the Units.
- (ii) **NAV**  
NAV represents the Total Asset Value after subtracting all of Pavilion REIT's liabilities and obligations.

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<sup>1</sup> Long-term in this context refers to a period of five years or more.

## 1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)

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### (iii) Total Return

The change in market price of the Units over a period of time plus any distributions received during the relevant period.

### (iv) MER

The ratio of expenses incurred in operating Pavilion REIT to the NAV of Pavilion REIT.

The performance indicators will be used to benchmark Pavilion REIT against its peers as well as against its own historical performance, where applicable.

## 1.6 DISTRIBUTION POLICY

The Deed provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of Pavilion REIT's Distributable Income. It is the intention of the Manager to distribute at least 90.0% of Pavilion REIT's Distributable Income on a half-yearly basis (or such other interval as determined by the Manager at its absolute discretion). For the period from the Listing Date to 31 December 2012, Pavilion REIT will distribute 100.0% of its Distributable Income. The actual proportion of Distributable Income distributed to Unitholders beyond 31 December 2012, which shall be at the absolute discretion of the Manager, may be greater than 90.0% of Pavilion REIT's Distributable Income to the extent that the Manager believes it is appropriate, having regard to Pavilion REIT's funding requirements, other capital management considerations and the availability of funds. Distributions, when made, will be in Ringgit Malaysia.

Half-yearly basis refers to each consecutive six-month period commencing on and ending on the following dates (all dates inclusive) in each FY during the continuance of Pavilion REIT or such other interval as the Manager may determine in accordance with the Deed:

- (i) 1 January to 30 June; and
- (ii) 1 July to 31 December,

except that the first half-year of Pavilion REIT shall commence on the date the Deed is registered with the SC and end on 31 December 2011 and the last half-year of Pavilion REIT shall end on the date Pavilion REIT ceases to operate.

For the avoidance of doubt, Pavilion REIT's first distribution will be 100.0% of its Distributable Income recorded during the period from the Listing Date to 31 December 2011.

## **1. DETAILED INFORMATION ON PAVILION REIT (Cont'd)**

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### **1.7 VALUATION POLICY**

Independent professional valuation will be obtained at least once every three years in accordance with the REITs Guidelines or such other shorter interval as the Manager deems necessary and these valuations will be conducted on the bases and methods which are in accordance with the Asset Valuation Guidelines. The Manager has engaged the Independent Property Valuer to carry out valuation for the Subject Properties as at 1 June 2011. The Manager has yet to decide on the exact date for the next valuation for the Subject Properties, but in any event, such valuation will be carried out within three years from 1 June 2011, in accordance with Pavilion REIT's valuation policy. Please refer to the Valuation Certificate enclosed as Appendix A of this Prospectus, which is to be read together with the full valuation reports for the Subject Properties. Copies of the full valuation reports will be available for inspection at the registered office of the Manager for a period of 12 months from the date of this Prospectus.

### **1.8 BORROWING LIMITATIONS AND GEARING POLICY**

Pavilion REIT may borrow up to 50.0% of the Total Asset Value of Pavilion REIT at the time the borrowing is incurred (or such other limit permitted by the REITs Guidelines from time to time). However, Pavilion REIT's total borrowings may exceed this limit with the prior approval of the Unitholders.

Upon Listing, based on the Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, Pavilion REIT will have total indebtedness of approximately RM730.6 million representing approximately 20.1% of its estimated Total Asset Value. Pavilion REIT's actual indebtedness upon Listing is subject to the actual proceeds to be raised under the Offering.

### **1.9 INTELLECTUAL PROPERTY**

Pavilion REIT does not own any registered intellectual property rights. The Trustee and the Manager have been granted a non-exclusive licence to use, among others, the registered trademark "Pavilion Kuala Lumpur" and other pending trademarks by the Sponsor. Pursuant to the Deed and the licence agreement dated 18 October 2011 between the Sponsor, the Trustee and the Manager, the Trustee and the Manager shall cause and ensure the removal of the registered trademark "Pavilion Kuala Lumpur" and such other pending trademarks from any of the Subject Properties upon the occurrence of any of the following events:

- (i) UCDSB and/or its subsidiaries ceasing to hold at least 51.0% equity interest in the Manager;
  - (ii) UCPC and/or its subsidiaries ceasing to hold at least 49.0% equity interest in the Manager; or
  - (iii) the Manager ceasing to be the management company of Pavilion REIT,
- unless otherwise permitted in writing by the Sponsor.

## 2. BUSINESS AND SUBJECT PROPERTIES

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Unless otherwise specified, all information relating to the Subject Properties in the Prospectus are as at 1 June 2011.

### 2.1 ACQUISITIONS BY PAVILION REIT

On 18 October 2011, the Trustee on behalf of Pavilion REIT entered into the SPAs with the Vendors for the acquisition of the Subject Properties and the Related Assets for a total purchase consideration of RM3,323,401,000:

<b>Assets</b>	<b>Purchase consideration</b>
	<b>RM'000</b>
<b>Acquired from UCSB</b>	
Pavilion Kuala Lumpur Mall	3,190,300
Pavilion Kuala Lumpur Mall Related Assets	8,806
Total	<u>3,199,106</u>
<b>Acquired from CFSB</b>	
Pavilion Tower	123,500
Pavilion Tower Related Assets	795
Total	<u>124,295</u>
<b>Grand total</b>	<u><u>3,323,401</u></u>

In aggregate, the Subject Properties (excluding the Related Assets) will be acquired for a purchase consideration of RM3,313,800,000, which represents a discount of 6.47% to the Appraised Value of RM3,543,000,000.

Pavilion REIT will be acquiring the Related Assets in order for it to undertake daily maintenance and operations of the Subject Properties. The purchase consideration payable in respect of the Related Assets of RM9,601,000 is based on the Vendors' estimate of the net book value of the Related Assets as at the Completion Date of the SPAs. The purchase consideration of the Related Assets will be adjusted to the actual net book value of the Related Assets in the Vendors' book immediately prior to the Completion Date of the SPAs (to be certified by an external auditor to be mutually appointed by the parties in writing) subject always that the adjusted purchase consideration of the Related Assets shall not be more than RM9,601,000.



## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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The total purchase consideration for the Acquisitions of RM3,323,401,000 will be satisfied through:

- (i) the issuance of the Consideration Units; and
- (ii) RM1,378,601,000 in cash, which in turn will be funded through the proceeds from the Offering and funds received from the drawdown of a portion of the New Debt Facilities.

### **2.2 OVERVIEW OF THE SUBJECT PROPERTIES**

The Subject Properties form part of Pavilion Kuala Lumpur Project, an integrated mixed-use urban commercial development, which was developed on the Master Land. Pavilion Kuala Lumpur Project comprises four components, being:

- (i) Pavilion Kuala Lumpur Mall;
- (ii) Pavilion Tower;
- (iii) two blocks of luxury serviced apartments known as Pavilion Residences (which will not be acquired by Pavilion REIT); and
- (iv) a proposed block of serviced suites (which will not be acquired by Pavilion REIT).

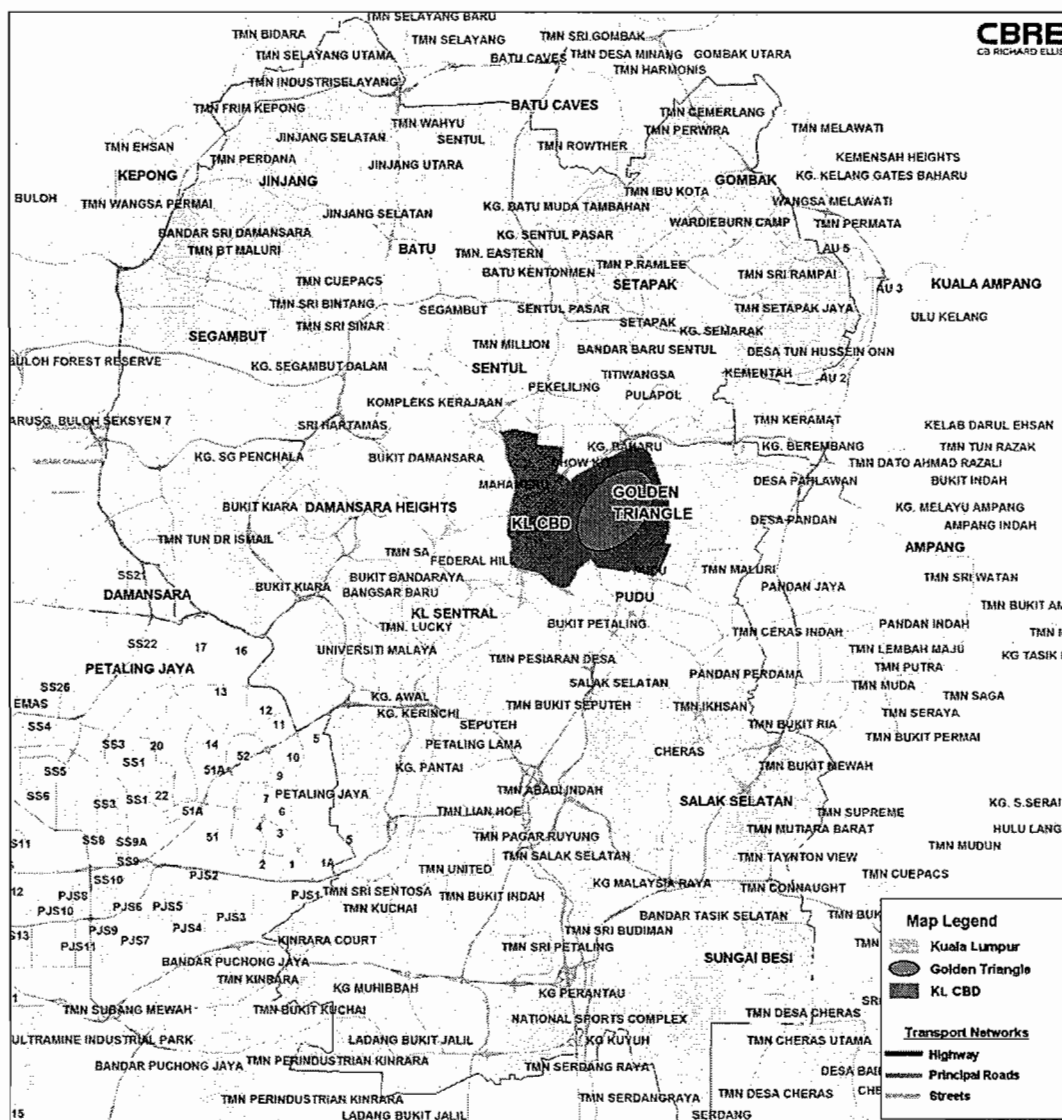
The Subject Properties were completed in 2007.

The Subject Properties are located at Bukit Bintang, which is the main shopping, entertainment and tourism district of Kuala Lumpur lying within the premier commercial precinct commonly referred to as the "Golden Triangle". The site is located in close proximity to established retail centres and notable hotels, as well as high-rise commercial offices.

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

The location of the Golden Triangle is illustrated by the map below.

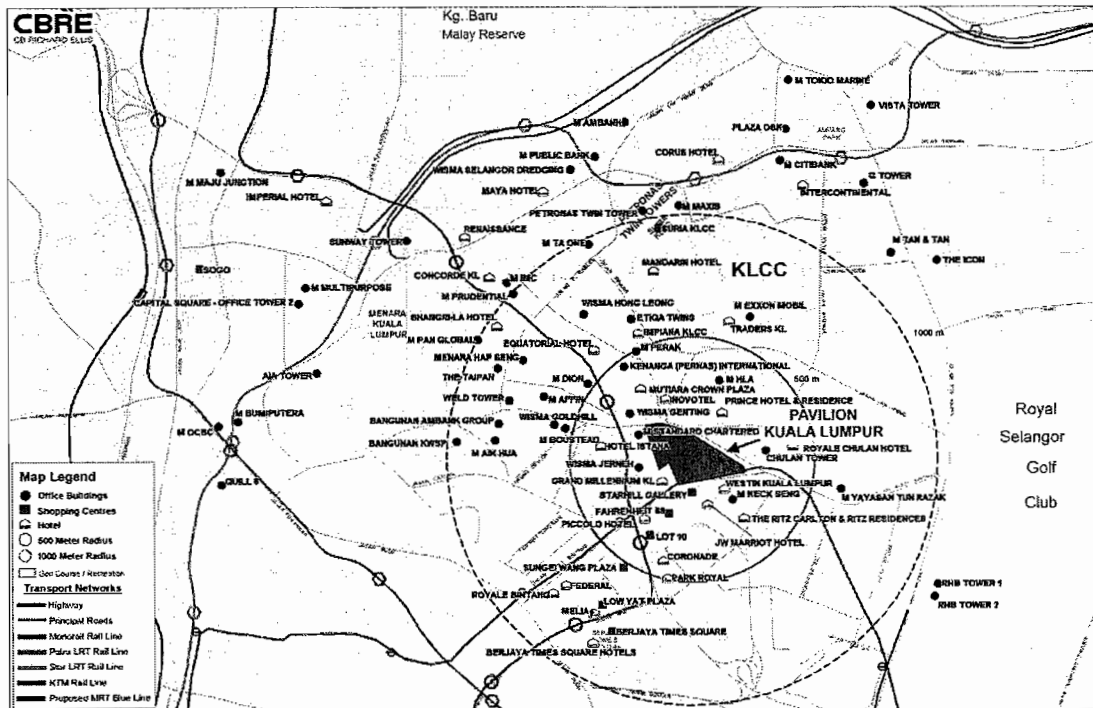


Source: Independent Property Market Report

Being strategically located in the heart of Kuala Lumpur, the Subject Properties are accessible through a network of major roads, namely Jalan Bukit Bintang and Jalan Raja Chulan. The Subject Properties are also accessible through various modes of public transport. In addition to public buses and taxi services, the Subject Properties are within walking distance of the Bukit Bintang Monorail Station and the Raja Chulan Monorail Station, located approximately 300 metres due south-west and approximately 250 metres due north-west of the Subject Properties, respectively. In December 2010, the Government announced the Klang Valley MRT Project, which includes plans for an upcoming MRT station within the vicinity of the Subject Properties, further enhancing connectivity to this area. Further, a covered skybridge currently under construction will connect Pavilion Kuala Lumpur Mall to Kuala Lumpur Convention Centre which in turn adjoins Suria KLCC and the Petronas Twin Towers, a destination for tourists and business travellers.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

The location of the Subject Properties is illustrated by the map below.



Source: Independent Property Market Report

Details of the Master Title are as follows:

<b>Land area of Master Land</b>	48,606 square metres
<b>Tenure</b>	99-year lease expiring on 26 October 2109
<b>Title information</b>	H.S.(D) 118129 PT 71 Seksyen 63 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur
<b>Encumbrance/material limitations in title</b>	<p>The following charges over the Master Title are registered in favour of Alliance Investment Bank Berhad:</p> <ul style="list-style-type: none"> <li>(a) a charge registered on 23 March 2006 vide Presentation No. 5017/2006;</li> <li>(b) a charge registered on 19 January 2009 vide Presentation No. 572/2009;</li> <li>(c) a charge registered on 23 January 2009 vide Presentation No. 1037/2009; and</li> <li>(d) a charge registered on 21 July 2010 vide Presentation No. 27320/2010.</li> </ul> <p>The above encumbrances will be discharged on the Listing Date. Following the discharge, there will be no encumbrances over the Master Land.</p> <p>A private caveat has also been lodged on the Master Land by the Trustee on 19 October 2011 to protect Pavilion REIT's interests over the Subject Properties.</p>
<b>Express conditions</b>	The Master Land shall only be used for mixed-use commercial building namely, for an office building, serviced apartment, hotel and shopping complex.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

Details of the Subject Properties are set out in the table below.

	Subject Properties	
	Pavilion Kuala Lumpur Mall	Pavilion Tower
Type	Retail	Office
Appraised Value as at 1 June 2011 (RM '000)	3,415,000	128,000
Purchase consideration (RM '000)	3,190,300 <sup>(1)</sup>	123,500 <sup>(2)</sup>
Subject Properties weighting (by Appraised Value) (%)	96.4	3.6
NLA (sq ft)	1,335,119	167,407
GFA (sq ft) <sup>(3)</sup>	2,202,557	243,288
Number of tenancies (as at 1 June 2011)	459 <sup>(4)</sup>	15 <sup>(5)</sup>
Occupancy Rate as at 1 June 2011 (%) <sup>(6)</sup>	97.7	41.4
Number of car park bays	2,427	
Shopper traffic for 2010 <sup>(7)</sup>	31 million	Not applicable

**Notes:**

- (1) Excludes the Pavilion Kuala Lumpur Mall Related Assets, which will be acquired for RM8,806,000, subject to adjustments, where applicable.
- (2) Excludes the Pavilion Tower Related Assets, which will be acquired for RM795,000, subject to adjustments, where applicable.
- (3) Excludes the car park GFA.
- (4) Includes retail tenancies, tenancies of the retail office block and storage spaces which are rented by existing tenants, determined based on the commencement date stipulated in the respective tenancy agreements.
- (5) Determined based on the commencement date stipulated in the respective tenancy agreements.
- (6) Including tenancies which have been committed but yet to commence as at 1 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall and Pavilion Tower as at 1 June 2011 would have been 98.0% and 64.5%, respectively.
- (7) Estimate based on the shopper traffic system in Pavilion Kuala Lumpur Mall.

Pavilion Kuala Lumpur Mall is one of Malaysia's premier shopping centres, comprising a seven-storey retail podium together with three-storey retail office block sited atop and the Connection annexed to it. It has six shopping "precincts" housing approximately 450 retail tenants (as at 1 June 2011), offering a variety of products including fashion, entertainment, health and beauty, electronics and dining services. One of the key features of Pavilion Kuala Lumpur Mall is the use of street-front duplexes which allow retailers occupying these duplexes to maximise their brand exposure. Pavilion Kuala Lumpur Mall has won numerous awards including "Award for Outstanding Achievement – Shopping Mall Category" by Kuala Lumpur Mayor's Tourism Awards 2011, "Best Retail Development – Malaysia" by International Property Awards in association with Bloomberg Television 2010, "Most Magical Mall Award" by Ministry of Tourism Malaysia 2007 and "Retail Merchant of the Year" by MasterCard worldwide for the MasterCard Hall of Fame Awards 2010.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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Pavilion Tower is a modern commercial property connected to Pavilion Kuala Lumpur Mall, housing a number of international and local corporations. Its strengths include a central location, connectivity with Pavilion Kuala Lumpur Mall and state-of-the-art telecommunication technology. Pavilion Tower was acquired by CFSB from Macorp Sdn Bhd on 10 March 2010 (pursuant to a sale and purchase agreement dated 11 January 2010). Subsequent to the acquisition, Pavilion Tower underwent renovations and only began tenancing its space from the third quarter of 2010.

Pavilion Kuala Lumpur Mall forms 96.4% of the total Appraised Value of the Subject Properties and contributed 99.4% of Pavilion REIT's Net Property Income (based on the Pro Forma Net Property Income of Pavilion REIT for FPE2011).

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

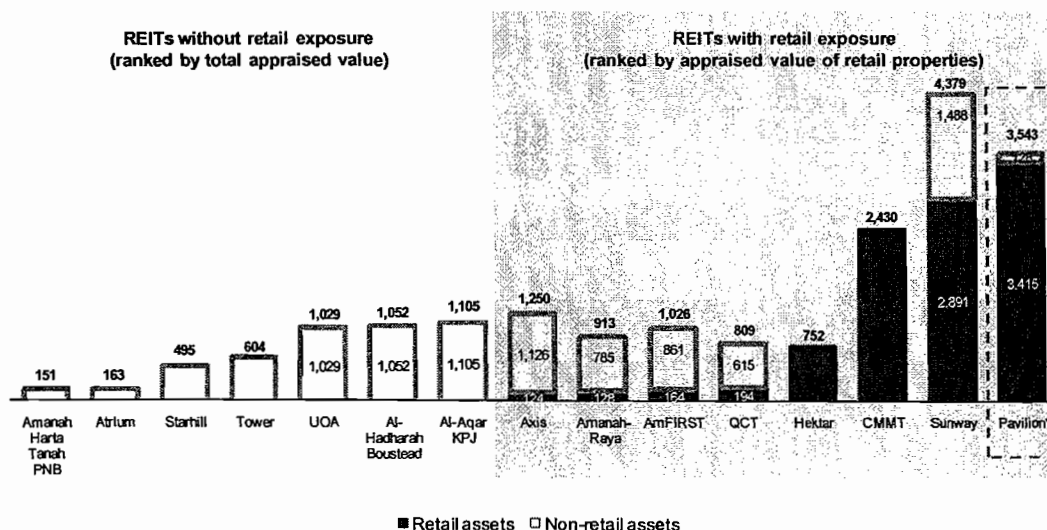
### 2.3 COMPETITIVE STRENGTHS AND INVESTMENT HIGHLIGHTS

The Manager believes that an investment in Pavilion REIT offers the following attractive qualities:

***The largest exposure to the retail sector of any listed Malaysian REIT and one of the largest listed Malaysian REITs overall***

According to the Independent Property Valuer, as at 1 June 2011, the Appraised Value of Pavilion Kuala Lumpur Mall is approximately RM3.4 billion, and as a result, Pavilion REIT has the largest portfolio of retail assets by appraised value of any Malaysian listed REIT.

Moreover, with a total Appraised Value of approximately RM3.5 billion as at 1 June 2011, Pavilion REIT will be one of the largest listed REITs in Malaysia overall by Appraised Value upon Listing. The Manager believes that Pavilion REIT's size will enhance visibility with Malaysian and international investors and enable Pavilion REIT to raise larger amounts of capital for future acquisitions of Real Estate Assets thus placing Pavilion REIT in a better position to seize investment opportunities in the future. Upon Listing, Pavilion REIT is expected to achieve a market capitalisation of RM2.6 billion based on an illustrative Average Offering Price of RM0.88 per Unit. The chart below ranks listed Malaysian REITs by their exposure to the retail property sector according to appraised value.



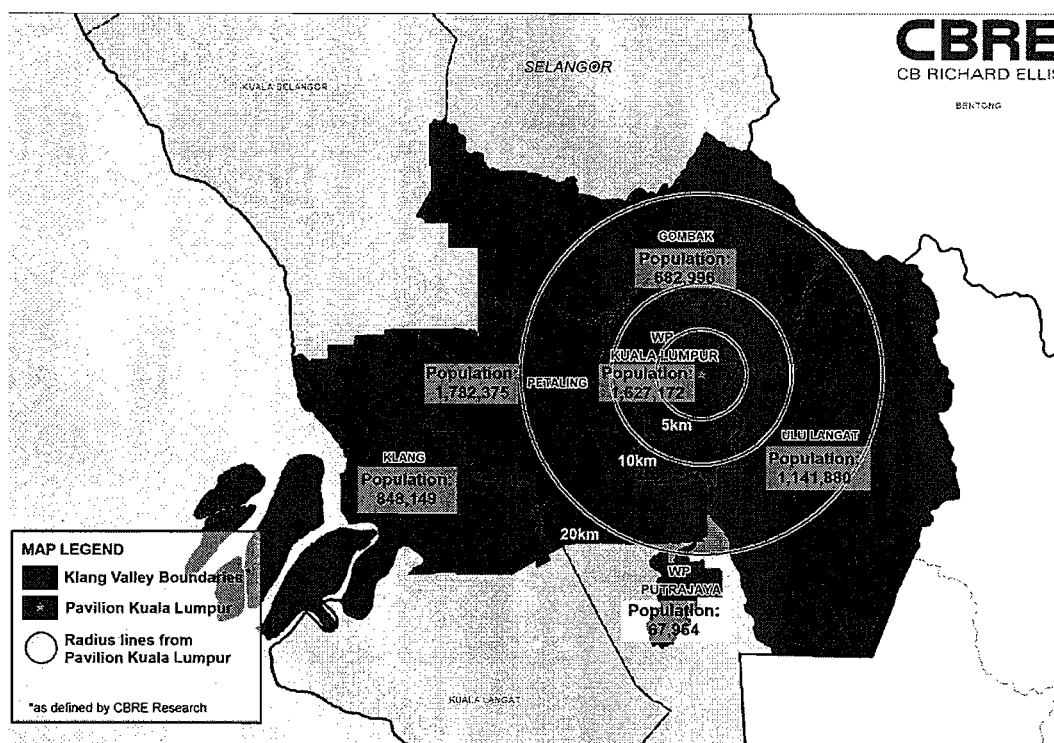
Source: According to the latest publicly available financial statements of the respective REITs as at the Latest Practicable Date and in RM millions.

\*Based on the Appraised Value as at 1 June 2011.

2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

**Strategically located in the Golden Triangle of Kuala Lumpur, the city's prominent retail and commercial district, and positioned to attract a broad range of shoppers**

The Subject Properties are situated in the Golden Triangle of Kuala Lumpur, the city's prominent retail and commercial district. They are accessible through a network of major roads, including Jalan Bukit Bintang, which is Kuala Lumpur's primary shopping district and Malaysia's version of well-known shopping districts such as Ginza in Tokyo, Orchard Road in Singapore and Fifth Avenue in New York. There are also plans by the Government to further expand public transportation near the Subject Properties, with one MRT station proposed to be constructed in the Bukit Bintang area as part of the Economic Transformation Programme. According to the Independent Property Market Consultant, the catchment area of the Subject Properties extends across the whole of the Klang Valley, encompassing over six million people in 2010. Significantly, according to the Independent Property Market Consultant, with the exception of the development of Suria KLCC Phase II, there are no publicly announced plans for additional malls to be developed or for major additions in respect of existing malls in the Golden Triangle until 2014. Suria KLCC Phase II, with 140,000 sq ft of net lettable area, is expected to be fully completed in 2011. The map below illustrates the potential catchment area of the Subject Properties.



## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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In addition to the broad catchment area of residents, the Golden Triangle is also a destination for tourists and business travellers, especially the Bukit Bintang area, which is a hub for shopping, leisure, food and beverage outlets, major events and festive celebrations. Pavilion Kuala Lumpur Mall's close proximity to hotels, such as the Ritz Carlton Kuala Lumpur, the Westin Kuala Lumpur and the Shangri-La Hotel Kuala Lumpur, encourages patronage by tourists and business travellers. According to the Independent Property Market Consultant, 12 four and five-star hotels are located within 500 metres of Pavilion Kuala Lumpur Mall. The Golden Triangle is also situated in close proximity to the Central Business District, which is home to a range of domestic and international corporates, which enables Pavilion Kuala Lumpur Mall to capitalise on the large pool of office workers in the vicinity. Further, a covered skybridge currently under construction will connect Pavilion Kuala Lumpur Mall to Kuala Lumpur Convention Centre which in turn adjoins Suria KLCC and the Petronas Twin Towers, a destination for tourists and business travellers.

Pavilion Kuala Lumpur Mall is positioned to appeal to a broad range of patrons, both Malaysian and international, and maintains a host of leading luxury and international brand names. The Manager believes that this makes Pavilion Kuala Lumpur Mall the preferred leisure and shopping destination for both international visitors and for Malaysian residents of the surrounding middle to upper class suburbs. In 2010, Pavilion Kuala Lumpur Mall recorded 31 million visits (based on the shopper traffic system in Pavilion Kuala Lumpur Mall), demonstrating the benefit of Pavilion Kuala Lumpur Mall's location and the mall's stature as a destination in itself.

Pavilion Tower also benefits from its convenient location in the Golden Triangle as well as from its connectivity with Pavilion Kuala Lumpur Mall. The Manager believes that both of these factors will help to continue to attract a range of Malaysian and international corporate tenants.

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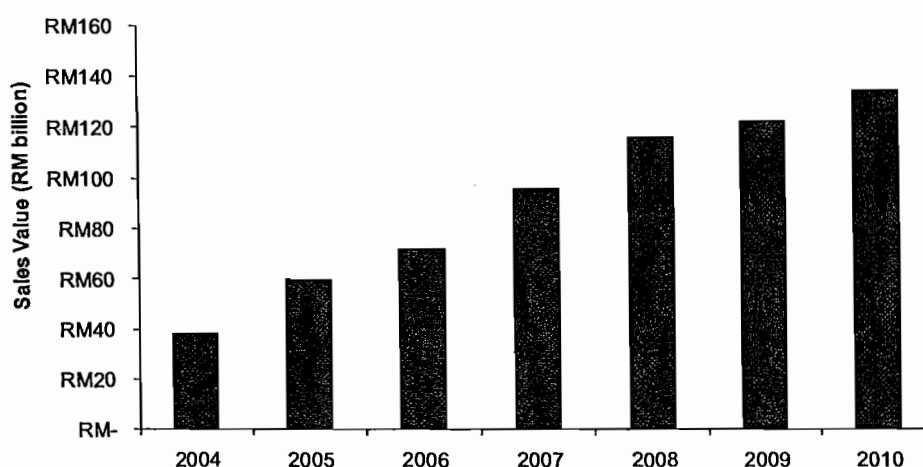
## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### ***Benefiting from Malaysia's economic growth and rising consumer spending***

*The following information is extracted from the Independent Property Market Report in Appendix B.*

Pavilion REIT benefits from positive macroeconomic trends in Malaysia. Malaysia recorded GDP growth of 7.2% in 2010 and its GDP is expected to grow by 5.0% to 5.5% in 2011 and 5.0% to 6.0% in 2012. Income levels are also on the rise; from 1999 to 2009, the mean gross monthly income in Malaysia grew by a compounded annual growth rate of 5.0%. Consumer sentiment has rebounded strongly since the end of the global financial crisis, reaching an index level of 117.2 in 2010 after dipping to 71.4 in 2008.

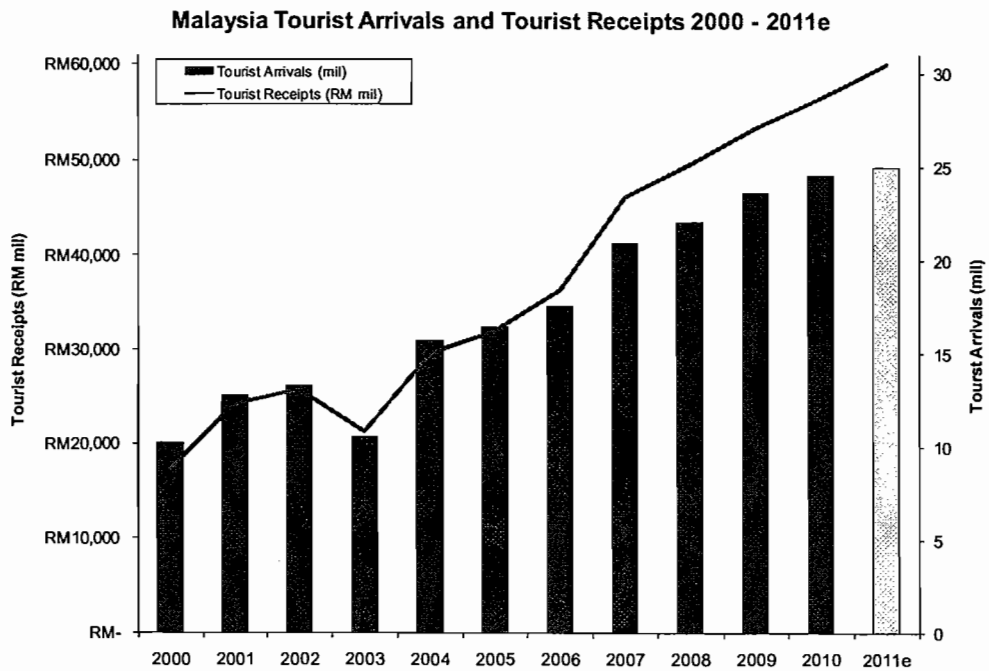
**Malaysia Retail Trade Sector Sales Value 2004 - 2010**



Source: Independent Property Market Report

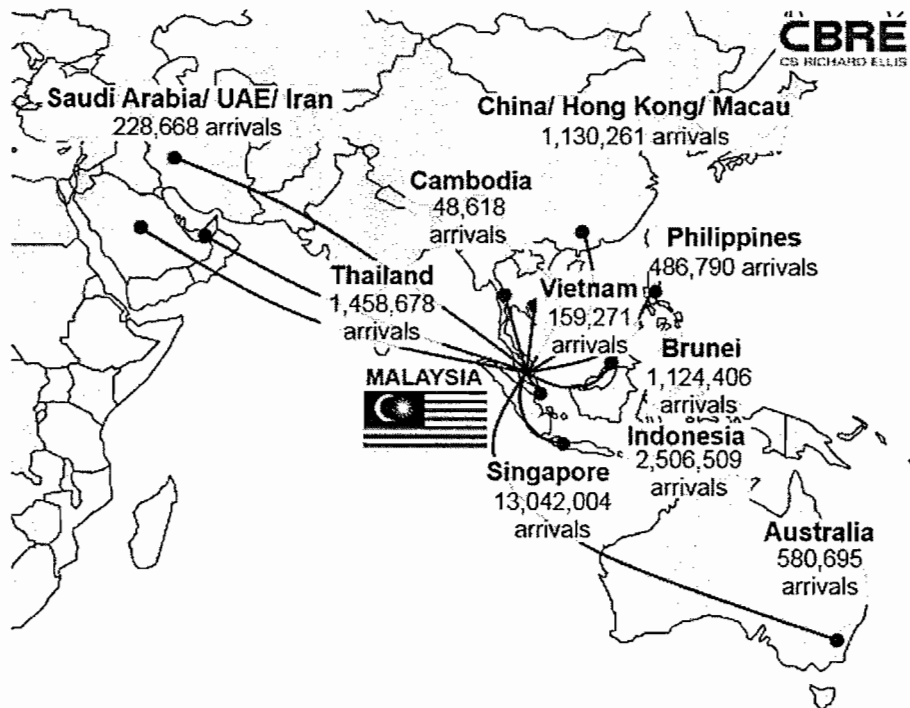
The key drivers of the retail sector in Malaysia are also trending positively. Retail sales value increased by 9.9% in 2010 compared to 2009 and grew by 250% in total from 2004 to 2010 at a compounded annual growth rate of 23%. In particular, tourism has been and will continue to be a driver of retail sales. Tourist arrivals and tourist receipts in Malaysia reached a new high in 2010 with a total of 24.6 million visitors, along with total receipts of RM56.5 billion. Growth is expected to continue, with 25 million tourist arrivals and RM60 billion in tourist receipts forecasted for 2011. A key trend among tourists to Malaysia is their increasing spending on shopping; in 2009, shopping was the fastest-growing sub-segment of tourist spending in Malaysia with 13.7% year-on-year growth versus 7.7% for overall tourist spending. In the same year, total tourism spending grew by RM3.8 billion, of which RM1.8 billion was contributed from the shopping sub-segment. The Government has also announced plans to position Malaysia as a leading shopping destination by, for example, removing import duties over various clothing and accessory products.

2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)



Source: Independent Property Market Report

The map below shows selected major tourist markets of Malaysia in 2010 with arrival statistics.



Source: Independent Property Market Report

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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### ***Strong management team and brand image***

The Manager has a strong asset management team, consisting of highly experienced professionals in the Malaysian retail property market. The management team has been actively involved in the marketing and on-going management of Pavilion Kuala Lumpur Mall and has overseen the development of the mall into one of Malaysia's premier shopping centres. Their familiarity with the tenancing and operations of Pavilion Kuala Lumpur Mall will provide continuity for tenants of Pavilion Kuala Lumpur Mall after the Acquisitions. In addition, the management team will apply their expertise in respect of tenancing and marketing to retail properties to be acquired by Pavilion REIT in the future.

The Board is also made up of experienced professionals who have prior experience in property development, investment, management, marketing and tenancing as well as finance.

The Sponsor, together with the management team, has built up the "Pavilion" brand name alongside the development of Pavilion Kuala Lumpur Mall as one of the premier shopping centres in Malaysia. Pavilion Kuala Lumpur Mall has been designated as one of Malaysia's leading tourism assets by the Ministry of Tourism Malaysia and has won several awards from Tourism Malaysia, including "Best Promotion and Events" in 2010 and "Innovative Shopping Complex" in 2009, helping to position the mall as a key shopping destination for tourists to the country. It has also won the "Award for Outstanding Achievement – Shopping Mall Category" by Kuala Lumpur Mayor's Tourism Awards 2011.

### ***Diverse tenant base, consistent occupancy rates and rising rental rates with a unique tenant mix focused on maximising NLA Income***

Pavilion Kuala Lumpur Mall has demonstrated stable financial performance underpinned by a diverse base of tenants, consistent occupancy rates and rising rental rates despite turbulent economic conditions in recent years. Pavilion Kuala Lumpur Mall maintains a sizeable portfolio of approximately 450 retail tenants (as at 1 June 2011). Moreover, the tenant base at Pavilion Kuala Lumpur Mall is diverse. As at 1 June 2011, its top 10 tenants contributed 22.7% of NLA Income and occupy an aggregate of 34.3% of Occupied NLA. Also, occupancy rates have remained consistent at Pavilion Kuala Lumpur Mall at 98.5%, 98.7%, 96.5%<sup>1</sup> and 97.9%<sup>2</sup> as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011, respectively. In addition, the average monthly rental per sq ft at Pavilion Kuala Lumpur Mall has been increasing, from RM15.08 in FY2008, to RM15.58 in FY2009, to RM16.36 in FY2010 and to RM16.76 in FPE2011.

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1 The reduction in occupancy rate of Pavilion Kuala Lumpur Mall as at 31 December 2010 was due to the closure of the Home Precinct, a precinct at Pavilion Kuala Lumpur Mall which specialised in home decoration and furnishings, for reconfiguration into Tokyo Street.

2 Including tenancies which have been committed but yet to commence as at 30 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall as at 30 June 2011 would have been 98.5%.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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The Manager believes that the tenant mix at Pavilion Kuala Lumpur Mall is unique versus that of its competitors in that it has a larger proportion of non-anchor tenants, thus allowing for Pavilion REIT to achieve more favourable rental rates and wider availability of shopping choices to enhance shoppers' experiences versus comparable retail properties with a greater proportion of anchor tenants. As at 1 June 2011, approximately 17.8% of the Occupied NLA at Pavilion Kuala Lumpur Mall was tenanted to an Anchor Tenant whereas the Manager believes that at comparable properties, a substantially larger percentage of their NLA are tenanted to anchor tenants. An additional 23.3% of the Occupied NLA as at 1 June 2011 was tenanted to Specialty Anchor Tenants and the remaining 58.9% of the Occupied NLA was tenanted to Specialty Tenants as well as for offices and storeroom usage. The Manager believes that this unique balance of tenants allows Pavilion Kuala Lumpur Mall to achieve higher rental rates given that non-anchor tenants generally pay higher rental rates compared to anchor tenants. In addition, maintaining a relatively high proportion of Specialty Tenants in turn provides greater variety for shoppers, which the Manager believes results in higher shopper traffic and thus further increases demand for space from potential tenants allowing for higher rental rates. Also, despite the high percentage of NLA tenanted to Specialty Anchor Tenants and Specialty Tenants, occupancy rates at Pavilion Kuala Lumpur Mall have remained near 100.0% for the past three years.

Further, the majority of the tenancies at Pavilion Kuala Lumpur Mall have a turnover rent component in addition to a fixed rent component, allowing Pavilion Kuala Lumpur Mall to benefit from additional rental upside as the sales levels of its tenants rise above certain thresholds.

### ***Opportunities for future growth***

Pavilion REIT provides investors with growth opportunities both in terms of its existing portfolio as well as through the potential acquisition of additional retail properties. There is scope for enhancement of NLA and rental revenues at Pavilion Kuala Lumpur Mall, the most recent example of which is the creation of "Tokyo Street", which replaces a series of larger retail units with smaller retail units, thus increasing rental rates for the reconfigured area while also offering an attractive themed area to the mall. Certain sections of the Connection have been reconfigured to increase the variety of offerings, with a greater focus on catering to the growing demand for lifestyle and entertainment venues in Kuala Lumpur. The Manager intends to explore other opportunities for enhancing NLA and rentals including creating additional retail space where possible, via the use of push carts and kiosks, and using otherwise empty space as rental-yielding store rooms.

Pavilion REIT may also seek future growth via the acquisition of additional retail properties. The Trustee currently holds ROFRs for the acquisitions of fahrenheit88 and Pavilion Extension, both of which are in close proximity to the Subject Properties. The Sponsor has also provided the Trustee with the General ROFR for the Sponsor's future retail developments in Malaysia. The Manager has also obtained the USJ ROFR for a six-storey retail mall to be developed at Subang Jaya, a growing suburb located within 20 kilometres of the Kuala Lumpur city centre. The Manager may also explore the acquisition of properties developed by third parties in instances where the potential acquisition meets the investment criteria of Pavilion REIT.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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The Manager believes that the Existing ROFRs (in the event of disposal of the relevant asset by the grantor) will allow Pavilion REIT to further increase its presence in the prime Bukit Bintang area and to diversify its geographical presence to suburban Kuala Lumpur and other keylocalities in Malaysia.

### ***Strong balance sheet and conservative capital structure***

Based on Pavilion REIT's Consolidated Pro Forma Statement of Financial Position, Pavilion REIT's debt to asset ratio upon Listing will be 20.1%, which is below the average of listed Malaysian REITs of 29.8%<sup>1</sup>, and significantly below the prescribed limit under the REITs Guidelines. Pavilion REIT may consider pursuing further acquisitions as a means of growing its asset size. Based on a debt to asset ratio of 50.0%, the Manager could raise up to RM1,085.6 million of additional debt to fund future acquisitions before taking into account the asset value of the future properties to be acquired.

### ***Award-winning building design enables efficient use of space and positions Pavilion Kuala Lumpur Mall as an attractive destination for shoppers***

Pavilion Kuala Lumpur Mall has won an array of Malaysian and international design awards. In 2010 alone, Pavilion Kuala Lumpur Mall was awarded the "Innovative Design & Development of a New Retail Project" award by the International Council of Shopping Centres in Asia Shopping Centre Awards 2010 and "The Architecture Award (Retail) – Asia Pacific" by the International Property Awards in association with Bloomberg Television 2010. In 2009 Pavilion Kuala Lumpur Mall was named the "World's Best Retail Centre" at the International Real Estate Federation (FIABCI) Prix d'Excellence Awards in addition to receiving several other Malaysian and international design awards.

Pavilion Kuala Lumpur Mall's modern design features enable high traffic flow and ease of accessibility while also offering concepts that the Manager believes are unique to this property. Pavilion Kuala Lumpur Mall has eight entry points, allowing shoppers to enter the mall from various parts of the Bukit Bintang shopping area and enabling efficient shopper flow even during peak times. In addition, outdoor walkway areas extend for 20 to 35 metres to the sidewalk. This allows for visibility of the architecture of the building, creating a public space and easing shopper traffic around the mall. The Connection is an alfresco concept comprising a "street" of bistros and restaurants which remain open until 3.00 a.m., catering to tourists and locals. The Manager believes that the Connection is one of Kuala Lumpur's popular alfresco dining areas and a tourist attraction in its own right.

The Manager believes that Pavilion Kuala Lumpur Mall also has various unique design characteristics making it an attractive leisure destination. The average ceiling height of 5.5 metres provides Pavilion Kuala Lumpur Mall with a spacious design, making the mall more attractive to retailers. Safety is also a focus; there are more than 405 CCTVs throughout Pavilion Kuala Lumpur Mall including its carpark, and 296 panic buttons located at 20-metre intervals throughout the car parks. There is also a trained private security team.

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<sup>1</sup> Based on the latest publicly available financial statements of various listed Malaysian REITs as at the Latest Practicable Date.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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### 2.4 PAVILION KUALA LUMPUR MALL

#### 2.4.1 Vendor

UCSB

#### 2.4.2 Address

168 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia

#### 2.4.3 Description

Pavilion Kuala Lumpur Mall is one of Malaysia's premier shopping centres, comprising a seven-storey retail podium together with a three-storey retail office block sited atop and the Connection annexed to it. It is home to approximately 450 retail tenants (as at 1 June 2011), providing a comprehensive array of retail options and products for shoppers such as fashion, entertainment, health and beauty, electronics and dining services through six distinctive shopping "precincts", namely:

- (i) Couture Pavilion ("**Designer, Luxury and International Boutiques**");
- (ii) Gourmet Emporium ("**Cuisines, Conveniences and Groceries**");
- (iii) Centre Court ("**Events, Performances and Festivities**");
- (iv) the Connection ("**Street Bistro, Cafes and Urban leisure**");
- (v) Seventh Heaven ("**Relaxation, Rejuvenation and Renewal for Men and Women**"); and
- (vi) Tokyo Street ("**Little Tokyo of Malaysia**").

Some of its tenants include retailers carrying new brands which debuted in Malaysia through Pavilion Kuala Lumpur Mall, among a range of local and international brands.

Pavilion Kuala Lumpur Mall also features award-winning designs. Some key features include street-front duplexes which allow retailers occupying these duplexes to maximise their brand exposure and a staircase modelled after the Spanish Steps in Italy leading into the Centre Court, a brightly-lit versatile seating space for large-scale public gatherings of up to 2,000 guests. Some of the recent events hosted by Pavilion Kuala Lumpur Mall include Pavilion Pit Stop organised in conjunction with the Malaysian Formula 1 Grand Prix, fundraising events for the 2011 Japan earthquake and tsunami disaster, Chinese New Year and Hari Raya celebrations and the launch of the Standard Chartered-Liverpool FC MasterCard in conjunction with Liverpool Football Club's inaugural visit to Malaysia. In addition, located directly in front of Pavilion Kuala Lumpur Mall is the "Tallest Liuli Crystal Fountain" in Malaysia according to the Malaysian Book of Records featuring the Hibiscus, Malaysia's national flower.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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A range of public amenities and features are available to complement the shopping and leisure experience. These include ATMs, valet service, coach parking bays, four concierge service counters located in strategic gateways throughout the shopping centre, dining concierge, restrooms with parent rooms, the provision of strollers and wheelchairs and prayer rooms. Telecommunication devices and fibre optics for mobile phones are also installed throughout the mall which ensures that there are virtually no blind spots where mobile phone reception cannot be received. In addition, Pavilion Kuala Lumpur Mall is disabled-friendly as it includes facilities such as designated car park bays located near basement lift lobbies, ramped external walkways available at various locations into the shopping centre from street level, lifts with sound indicators and a tactile system with embossed letters and numbers for the visually impaired and handicap toilets.

Additional features of Pavilion Kuala Lumpur Mall include a large loading dock area that has 29 loading bays with dock levellers to enable expedient loading and unloading of goods. In all, there are approximately 130 lifts and escalators, including dedicated express lifts for Dining at 6, an area where a variety of international cuisines are offered.

Since 2007, Pavilion Kuala Lumpur Mall has won over 20 local and international awards. In 2011, Pavilion Kuala Lumpur Mall has won the following awards:

- “Award for Outstanding Achievement – Shopping Mall Category” by Kuala Lumpur Mayor’s Tourism Awards 2011; and
- “2011 VIVA Best-of-the-Best Award Honouree (Design and Development)” by International Council Shopping Centre Viva Best-of-the-Best Awards.

In 2010, Pavilion Kuala Lumpur Mall won the following nine awards:

- “Retail Merchant of the Year” by MasterCard Worldwide for MasterCard Hall of Fame Awards 2010;
- “Marketing” by International Council of Shopping Centres in Asia Shopping Centre Awards 2010;
- “Innovative Design & Development of a New Retail Project” by International Council of Shopping Centres in Asia Shopping Centre Awards 2010;
- “Best Thematic Decoration” by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2010;
- “Best Promotions and Events” by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2010;
- “The Architecture Award (Retail) – Asia Pacific” by International Property Awards in association with Bloomberg Television 2010;
- “The Architecture Award (Retail) – Malaysia” by International Property Awards in association with Bloomberg Television 2010;
- “Best Retail Development – Malaysia” by International Property Awards in association with Bloomberg Television 2010; and
- “Best Indoor Fun” by Expatriate Lifestyle Awards 2010.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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In 2009, Pavilion Kuala Lumpur Mall won the following five awards:

- “Best Thematic Decoration” by Tourism Malaysia Shopping Centre Awards for Malaysia Year End Sale 2009;
- “Innovative Shopping Complex” by Malaysia Tourism Awards 2008/2009;
- “Best Shopping Complex” by LIBUR Tourism Awards 2009;
- “Best Indoor Fun” by Expatriate Lifestyle Awards 2009; and
- “World’s Best Retail Center” by International Real Estate Federation (FIABCI) Prix d’Excellence Awards 2009.

In 2008 and 2007, Pavilion Kuala Lumpur Mall won the following six awards:

- “Best Thematic Decoration” by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2008;
- “Best Retail Development” by International Real Estate Federation (FIABCI) Malaysia Property Awards 2008;
- “Premier Retail Centre” by Brand Laureate Awards 2008;
- “Best Shopping Mall” by LIBUR Tourism Awards 2008;
- “Silver Award, Favourite Shopping Complex” by Diplomatic Tourism Awards 2008; and
- “Most Magical Mall Award” by Ministry of Tourism Malaysia 2007.

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

The table below sets out a summary of selected information on Pavilion Kuala Lumpur Mall.

<b>Existing use</b>	Shopping Centre
<b>Age of Subject Property as at 1 June 2011</b>	Four years
<b>GFA (sq ft)<sup>(1)</sup></b>	2,202,557
<b>NLA (sq ft)</b>	1,335,119
<b>Number of car park bays</b>	2,427
<b>Total Revenue (RM '000)</b>	2008: 246,258 2009: 264,898 2010: 289,300
<b>NPI (RM '000)</b>	2008: 165,191 2009: 186,361 2010: 203,326
<b>Appraised Value as at 1 June 2011</b>	RM3,415,000,000
<b>Purchase consideration<sup>(2)</sup></b>	RM3,190,300,000
<b>Number of tenancies as at 1 June 2011<sup>(3)</sup></b>	459

**Notes:**

- (1) Excludes the car park GFA.
- (2) Excludes the Pavilion Kuala Lumpur Mall Related Assets, which will be acquired for RM8,806,000, subject to adjustments where applicable.
- (3) Includes retail tenancies, tenancies of the retail office block and storage spaces which are rented by existing tenants, determined based on the commencement date stipulated in the respective tenancy agreements.

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### 2.4.4 Tenant Profile of Pavilion Kuala Lumpur Mall

#### (i) Top 10 Tenants of Pavilion Kuala Lumpur Mall

The top 10 tenants by contribution to NLA Income (disclosed based on their respective trade names) of Pavilion Kuala Lumpur Mall as at 1 June 2011 are set out below. The top 10 tenants contributed an aggregate of 22.7% to NLA Income and occupy an aggregate of 34.3% of Occupied NLA of Pavilion Kuala Lumpur Mall as at 1 June 2011.

Tenants by trade name	Trade sector	Percentage of Occupied NLA (%)
Parkson	Department store	17.8
TANGS Fashion Lifestyle Store	Department store	5.1
Golden Screen Cinemas	Urban leisure	4.4
Forever 21	Fashion	1.7
Padini	Fashion	1.5
Esprit	Fashion	1.1
Food Republic	Food and beverage	0.9
Zara	Fashion	0.8
Royal Selangor	Gifts and souvenirs	0.5
Topshop and Topman	Fashion	0.5
<b>Total</b>		<b>34.3</b>

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### (ii) Trade Sector Analysis of Pavilion Kuala Lumpur Mall

The table below provides a breakdown of the different trade sectors represented in Pavilion Kuala Lumpur Mall as at 1 June 2011.

Trade sector	Percentage of Occupied NLA (%)	Percentage of NLA Income (%)
Fashion	25.3	38.2
Department store/Supermarket	24.6	11.3
Food and beverage	17.6	18.8
Urban leisure	6.8	3.7
Office	5.1	1.2
Beauty and personal care	4.1	4.9
Others <sup>(1)</sup>	3.8	4.3
Jewellery, timepieces and writing instruments	3.1	7.4
IT and digital	2.5	1.8
Shoes, bags and leather products	2.3	4.3
Home decorations and furnishings	1.7	1.0
Property showroom	1.6	0.3
Gifts and souvenirs	1.5	2.8

**Note:**

(1) Including trade sectors such as services, storage, auto gallery, health and fitness as well as optical and eye care.

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### 2.4.5 Occupancy Rate and Average Monthly Rental

The table below sets out the Occupancy Rate of Pavilion Kuala Lumpur Mall as at 31 December 2008, 2009 and 2010 and as at 30 June 2011 as well as the average monthly rental for Pavilion Kuala Lumpur Mall for the last three financial years and FPE2011.

Period	Occupancy Rate (%)	Average monthly rental (RM) (per sq ft) <sup>(1)</sup>
FY2008	98.5	15.08
FY2009	98.7	15.58
FY2010	96.5	16.36
FPE2011	97.9 <sup>(2)</sup>	16.76

**Notes:**

- (1) Calculated based on the average monthly NLA Income (excluding Management Space) for the relevant FPE/FY divided by Occupied NLA (excluding Management Space) as at the end of the relevant FPE/FY.
- (2) Including tenancies which have been committed but yet to commence as at 30 June 2011, the Occupancy Rate for Pavilion Kuala Lumpur Mall as at 30 June 2011 would have been 98.5%.

The reduction in occupancy rate of Pavilion Kuala Lumpur Mall as at 31 December 2010 was due to the closure of the Home Precinct, a precinct at Pavilion Kuala Lumpur Mall which specialised in home decoration and furnishings, for reconfiguration into Tokyo Street. See Section 2.4.8 "Expansion and Renovation of Pavilion Kuala Lumpur Mall" of this Prospectus for further details of the Tokyo Street reconfiguration.

### 2.4.6 Tenancy Expiry Profile of Pavilion Kuala Lumpur Mall

The table below illustrates Pavilion Kuala Lumpur Mall's expired tenancies and renewal rates of expired tenancies for the past three financial years and FPE2011.

Period	Number of tenancies expired	NLA of expired tenancies (sq ft)	Renewal rates by number of expired tenancies (%)	Renewal rates by NLA of expired tenancies (%)
FY2008	3	60	100.0	100.0
FY2009	17	3,605	64.7	51.6
FY2010	283	1,027,499	84.5	89.4
FPE2011	51	110,971	90.2	96.1

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

The table below illustrates the tenancy expiry profile of Pavilion Kuala Lumpur Mall as at 1 June 2011.

Period	Number of tenancies expiring <sup>(1)</sup>	Percentage of Occupied NLA <sup>(2)</sup> expiring (%)	Average monthly rental of expiring tenancies (RM) (per sq ft) <sup>(3)</sup>
Six-month period ending 31 December 2011	68	5.5	19.92
FY2012	102	17.5	15.05
FY2013	249	67.2	18.19
FY2014 and thereafter	40	9.8	13.58
<b>Total</b>	<b>459</b>	<b>100.0</b>	<b>-</b>

**Notes:**

- (1) Includes retail tenancies, tenancies of the retail office block and storage spaces which are rented by existing tenants, determined based on the commencement date stipulated in the respective tenancy agreements.
- (2) Excluding the Management Space.
- (3) Calculated based on the aggregate of the NLA Income applicable to the expiring tenancies divided by the aggregate Occupied NLA relating to such expiring tenancies as at 1 June 2011.

### 2.4.7 Average Monthly Rental By Levels

The table below sets out the average monthly rental (NLA Income) for each level in Pavilion Kuala Lumpur Mall applicable as at 1 June 2011.

Level <sup>(1)</sup>	Average monthly rental (RM) (per sq ft) <sup>(2)</sup>
Basement 1	9.10
Basement 2	3.18
Basement 3	2.20
Level 1	22.00
Level 2	25.34
Level 3	21.81
Level 4	18.89
Level 5	13.45
Level 6	10.93
Level 7	6.24
Retail office space (Levels 8-9)	5.74

**Notes:**

- (1) Excludes the Management Space. Following the Listing, rental will be payable by the Sponsor and the Manager, as tenants, in relation to the Management Space. See Section 11.2.5 "Tenancies entered into by the Manager and the Sponsor in relation to the Management Space" of this Prospectus for further details.
- (2) Calculated based on the aggregate of the NLA Income applicable to the tenancies for each level divided by Occupied NLA of the relevant level, as at 1 June 2011.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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### **2.4.8 Expansion and Renovation of Pavilion Kuala Lumpur Mall**

#### **(i) Completed by the Vendor**

As at the Latest Practicable Date, the Vendor has completed the following asset enhancements: the reconfiguration of the Home Precinct, a precinct at Pavilion Kuala Lumpur Mall which specialised in home decoration and furnishings, into "Tokyo Street", a shopping precinct with approximately 40,000 sq ft of mall space which offers a range of Japanese food and beverage, retail and service brands, the reconfiguration of the Connection, the creation of additional toilets, the creation of a covered tourist bus drop-off, the improvement of the entrance for VIP drop-offs and the construction of the crystal fountain in front of the mall. Further, the Vendor has also introduced additional push carts and kiosks at Pavilion Kuala Lumpur Mall.

#### **(ii) Future Opportunities**

The Manager will continue to review the use of GFA and NLA at Pavilion Kuala Lumpur Mall and where appropriate and feasible, convert such GFA and NLA into higher-yielding lettable space.

### **2.4.9 Fire Protection and Safety of Pavilion Kuala Lumpur Mall**

There are more than 405 CCTVs throughout Pavilion Kuala Lumpur Mall including its carpark, and 296 panic buttons located at 20-metre intervals throughout the car parks. A key aspect is the integration of the CCTV and panic button system such that when a panic button is activated, the closest located CCTV will be mobilised and will immediately zoom-in and capture the vicinity of the activated panic button, reducing response time from the time of activation to the rendering of assistance. There are also mechanical smoke curtains, smoke detectors and a suction system located throughout the property. Qualified fire safety managers ensure that all fire protection systems and equipment (including fire sprinkler systems and accessories) are in working order.

### **2.4.10 Retail Property Competition**

Based on the Independent Property Market Report, the cumulative supply of retail space in the Klang Valley stands at approximately 43.3 million sq ft as at June 2011. Of this amount, 3.4 million sq ft, or 7.8% of total supply, is attributable to premium fashion malls, which include Pavilion Kuala Lumpur Mall, Suria KLCC, Starhill Gallery and The Gardens.

Suria KLCC is the second largest premium fashion mall in Klang Valley after Pavilion Kuala Lumpur Mall. Earlier fears of cannibalisation of shopper traffic due to having two large premium malls in close proximity to each other were proven unfounded as the catchments for Suria KLCC and Pavilion Kuala Lumpur Mall are not identical.

Despite its close proximity to Starhill Gallery, the Independent Property Market Consultant does not believe that Pavilion Kuala Lumpur Mall competes with Starhill Gallery as there is minimal overlap in merchandise and brands. In fact, the Independent Property Market Consultant believes that the two malls complement each other as they both act to provide a wider range of luxury brand offers not available elsewhere.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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According to the Independent Property Market Consultant, nine malls with a total net lettable area of 4.7 million sq ft are scheduled to be opened in Kuala Lumpur from 2011 to 2014 which may lead to potential dilution in retail market share. However, of these nine malls, only Suria KLCC Phase II and Kenanga Wholesale City are within or close to the Golden Triangle. Suria KLCC Phase II, with 140,000 sq ft of net lettable area, is expected to be fully completed in 2011. Suria KLCC Phase II is the only additional supply of premium retail space in the Golden Triangle up till 2014.

The Manager believes that Pavilion Kuala Lumpur Mall is one of the leading retail properties located in Malaysia given its strategic location on Jalan Bukit Bintang, which is the main shopping, entertainment and tourism district of Kuala Lumpur, strong luxury offers, well-planned tenant mix and dramatic architecture and ambience. Please see Appendix B "Independent Property Market Report" of this Prospectus for further details on the retail property competition faced by Pavilion Kuala Lumpur Mall.

### 2.4.11 Rights and Easements

UCSB has granted certain rights and easements over Pavilion Kuala Lumpur Mall, including but not limited to:

- (i) the residents of the proposed block of serviced suites, the right to access the loading bays located within Pavilion Kuala Lumpur Mall;
- (ii) the residents of the two blocks of luxury serviced apartments known as Pavilion Residences, the right to access and use the loading bays located within Pavilion Kuala Lumpur Mall;
- (iii) the residents of Pavilion Tower, the right to access and use the loading bays located within Pavilion Kuala Lumpur Mall;
- (iv) Urusharta Cemerlang (KL) Sdn Bhd ("UCKL") and Harmoni Perkasa Sdn Bhd, a wholly-owned subsidiary of the Sponsor, respectively:
  - (a) perpetual easement over Pavilion Kuala Lumpur Mall as required for the passage and provision of water sewage, electricity and other services and utilities located within Pavilion Kuala Lumpur Mall for purposes of and/or to serve the Pavilion Extension and the proposed serviced suites and the right to construct, lay and locate and use in common sewers, pipe, wires, cables ducts and other utilities as may be consented by UCSB;
  - (b) perpetual easement over Pavilion Kuala Lumpur Mall for the construction, installation, maintenance, entrance to or exit from and the right to tap into all storm, drainage facilities, water, sewer and other utilities lines, tanks, pipes, conduits, ducts, and other utility servicing or located within Pavilion Kuala Lumpur Mall;
  - (c) perpetual easements over Pavilion Kuala Lumpur Mall as required for ingress and/or egress of vehicles between Pavilion Kuala Lumpur Mall and the site concerned and the right to construct connection/walkway as may be consented by UCSB, as reasonably necessary so as to allow such ingress and egress; and

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

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- (d) with respect to UCKL only, perpetual right and title to any and all income and/or receivables as may be derived from all those portions of extension from Pavilion Kuala Lumpur Mall for purposes of connection to the relevant portions of the Pavilion Extension; and
- (v) Lumayan Indah Sdn Bhd, the right and perpetual easement to construct and maintain an overhead bridge ("**LISB Link Bridge**") proposed to be constructed to connect a building erected or to be erected on all that piece of land held under Geran 34208, Lot No. 383 Seksyen 57, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan ("**LISB Building**") (LISB Link Bridge and LISB Building to be collectively hereinafter referred to as "**LISB Property**") to Pavilion Kuala Lumpur Mall so as to allow ingress and egress to and from Pavilion Kuala Lumpur Mall and LISB Property.

The acquisition of Pavilion Kuala Lumpur Mall will be subject to the above-mentioned rights and easements granted by UCSB.

The Manager believes that the completion of the construction of all the sites and connectivity between Pavilion Kuala Lumpur Mall and all such sites in the future as described above will encourage shopper traffic to Pavilion Kuala Lumpur Mall.

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## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### 2.5 PAVILION TOWER

#### 2.5.1 Vendor

CFSB

#### 2.5.2 Address

75 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia

#### 2.5.3 Description

Pavilion Tower is a 20-storey modern office building with NLA of 167,407 sq ft which was acquired with vacant possession by CFSB from Macorp Sdn Bhd on 10 March 2010 (pursuant to a sale and purchase agreement dated 11 January 2010). It is a commercial property in the Golden Triangle, housing a number of international and local corporations. Pavilion Tower underwent renovations and re-opened for tenancing in the third quarter of 2010. Following the Acquisitions, the Manager will actively seek new tenants.

Pavilion Tower's strengths include its central location in the Golden Triangle, connectivity with Pavilion Kuala Lumpur Mall and state-of-the-art telecommunication technology.

The table below sets out a summary of selected information on Pavilion Tower.

<b>Existing use</b>	Office
<b>Age of Subject Property as at 1 June 2011</b>	Four years
<b>GFA (sq ft)<sup>(1)</sup></b>	243,288
<b>NLA (sq ft)</b>	167,407
<b>Appraised Value as at 1 June 2011</b>	RM128,000,000
<b>Purchase consideration<sup>(2)</sup></b>	RM123,500,000
<b>Number of tenancies as at 1 June 2011<sup>(3)</sup></b>	15

**Notes:**

(1) Excludes the car park GFA.

(2) Excludes the Pavilion Tower Related Assets, which will be acquired for RM795,000, subject to adjustments, where applicable.

(3) Determined based on the commencement date stipulated in the respective tenancy agreements.

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### 2.5.4 Tenant Profile of Pavilion Tower

The major tenants by contribution to NLA Income of Pavilion Tower as at 1 June 2011 are set out below. The major tenants contributed an aggregate of 71.2% to NLA Income of Pavilion Tower and occupy an aggregate of 71.4% of Occupied NLA of Pavilion Tower.

Tenants by trade name	Trade sector	Occupied NLA (%)
Malton Group <sup>(1)</sup>	Property developer	43.0
Mrail International Sdn Bhd	Locomotive technology provider	14.3
Clever Eagle Sdn Bhd	Service office	14.1
<b>Total</b>		<b>71.4</b>

**Note:**

(1) Consists of Malton Berhad and its subsidiaries (namely Bukit Rimau Development Sdn Bhd, Horizontal Promenade Sdn Bhd, Domain Resources Sdn Bhd, Khuan Choo Property Management Sdn Bhd, Gapadu Development Sdn Bhd, Pembinaan Gapadu Sdn Bhd and Khuan Choo Development Sdn Bhd).

Notwithstanding the above, it should be noted that since 1 July 2011, the largest contributor in terms of Occupied NLA of Pavilion Tower is Aker Engineering Malaysia Sdn Bhd ("Aker"), whose tenancies have been committed as at 1 June 2011 but had only commenced on 1 July 2011. Had Aker's tenancies commenced on 1 June 2011, the major tenants would have contributed an aggregate of 81.0% to NLA Income of Pavilion Tower while their contribution to Occupied NLA would have been as follows:

Tenants by trade name	Trade sector	Occupied NLA (%)
Aker	Oil and gas	35.8
Malton Group	Property developer	27.6
Mrail International Sdn Bhd	Locomotive technology provider	9.2
Clever Eagle Sdn Bhd	Service office	9.1
<b>Total</b>		<b>81.7</b>

## 2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)

### 2.5.5 Tenancy Expiry Profile of Pavilion Tower

The table below illustrates the tenancy expiry profile of Pavilion Tower as at 1 June 2011.

Period	Number of tenancies expiring	Percentage of Occupied NLA expiring (%)	Average monthly rental of expiring tenancies (RM) (per sq ft) <sup>(1)</sup>
FY2012	1	4.9	6.00
FY2013	12	66.7	5.97
FY2014 and thereafter	2	28.4	5.75
<b>Total</b>	<b>15</b>	<b>100.0</b>	-

**Note:**

(1) Calculated based on the aggregate of the NLA Income applicable to the expiring tenancies divided by Occupied NLA relating to such expiring tenancies as at 1 June 2011.

In addition to the above, it should be noted that tenancies entered into by Aker in respect of Pavilion Tower, which have been committed as at 1 June 2011 but had only commenced on 1 July 2011, would expire in 2014.

### 2.5.6 Occupancy Rate and Average Monthly Rental

The Occupancy Rate of Pavilion Tower as at 31 December 2010 and as at 30 June 2011 was 29.6% and 41.4% respectively. Including tenancies which have been committed but yet to commence as at 30 June 2011, the Occupancy Rate for Pavilion Tower as at 30 June 2011 would have been 64.5%.

The average monthly rental of Pavilion Tower for FY2010 and for FPE2011 was RM5.98 and RM5.92 per sq ft respectively (calculated based on the aggregate monthly NLA Income as at the end of the relevant FPE/FY divided by the Occupied NLA as at the end of the relevant FPE/FY).

On the same computation basis with the exception of including tenancies which have been committed but yet to commence as at 30 June 2011, the average monthly rental of Pavilion Tower for FPE2011 was RM5.77.

### 2.5.7 Expansion and Renovation of Pavilion Tower

**(i) Completed by the Vendor**

Subsequent to the acquisition of Pavilion Tower by CFSB, renovations were done to the lobby, exterior façade and the lift access and common areas. Additional security systems were also installed.

**(ii) Future Opportunities**

There are currently no planned asset enhancement initiatives for Pavilion Tower.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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### **2.5.8 Fire Protection and Safety of Pavilion Tower**

Pavilion Tower shares the same fire safety manager as Pavilion Kuala Lumpur Mall who ensures that all fire protection system and equipment (including fire sprinkler systems and accessories) are in working order. Security cameras are installed at fire corridors as well as the lift lobbies.

### **2.5.9 Office Property Competition**

According to the Independent Property Market Consultant, key office locations in Kuala Lumpur include the Golden Triangle, Central Business District and suburban areas (which refers to Kuala Lumpur city fringe areas such as Damansara Heights, Bangsar, Kuala Lumpur Sentral, Mid Valley/Brickfields, Pantai/Kerinchi, Mont Kiara and Kuala Lumpur North). Since 2005, there has been a steady increase in the supply of office space in Kuala Lumpur at an annual average of 2.3 million sq ft of net lettable area. According to the Independent Property Market Consultant, as at the first half of 2011, there are a total of 231 purpose-built office developments in Kuala Lumpur, together offering a cumulative supply of approximately 64.5 million sq ft of net lettable area, of which 41.0% is located in 93 developments in the Golden Triangle, 37.3% is located in 85 developments in the suburban areas and 21.7% is located in 53 developments in the Central Business District. As at the first half of 2011, the vacancy rate for high-grade office space in Kuala Lumpur is approximately 12.0%.

Based on current future supply projections by the Independent Property Market Consultant, as much as 4.0 million sq ft of office space in 10 projects may be added to the Kuala Lumpur office market by end-2011, which equates to 6.2% supply growth. Of this total new supply, 46.3% will be located in the Golden Triangle, 12.2% in the Central Business District and 41.5% in suburban areas.

According to the Independent Property Market Consultant, although it is anticipated that the office market may tip into oversupply at the end of 2011, the Government's efforts in the Economic Transformation Programme to attract multinational corporations to set up regional offices in the country is expected to create new demand for office space in Kuala Lumpur.

As a result of the supply and demand environment for office space in Kuala Lumpur as illustrated above, Pavilion Tower, which has an Occupancy Rate of 41.4% as at 30 June 2011 (or 64.5% if including tenancies which have been committed but yet to commence as at 30 June 2011), faces competition in terms of attracting new tenants particularly with respect to other commercial buildings located within the Golden Triangle and the Central Business District.

Nonetheless, the Manager believes that Pavilion Tower is well-positioned to withstand competition given its location, good infrastructure, modern facilities, excellent amenities and a comprehensive security system as part of the integrated development, Pavilion Kuala Lumpur Project, and a strong management team with a proven track record of success with Pavilion Kuala Lumpur Mall. In addition, given that Pavilion Tower is connected to Pavilion Kuala Lumpur Mall, tenants of Pavilion Tower will enjoy easy access to services and facilities such as banking, food and beverage, entertainment, ample car park space and public transport.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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To facilitate further take-up of office space in Pavilion Tower, advertisements have been placed in the newspapers as well as in various locations in Pavilion Kuala Lumpur Mall on the availability of lettable space in Pavilion Tower. Marketing of office space through real estate agents have also been implemented. Upon Listing, the Manager will continue to pursue such initiatives and actively seek out new tenants for Pavilion Tower.

### **2.6 TENANCY MANAGEMENT**

The tenancy agreements entered into for the Subject Properties include terms and conditions relating to the term of the tenancy and the provision of a security deposit as well as renewal, assignment and termination of the tenancy. These terms and conditions may vary and be negotiated on a case-by-case basis to accommodate the specific needs of major tenants.

The tenancy agreements entered into are generally for a three-year term, with the option to renew by the tenant for another three-year term, subject to an increase of rent on terms to be agreed. Certain major tenants have the option to renew their tenancies after a term of three years for up to another three terms of three years each, at the prevailing market rate to be agreed upon by the parties subject to a pre-agreed maximum increase of the monthly rental.

Based on a typical retail tenancy of Pavilion Kuala Lumpur Mall, the monthly rent payable by the tenants will either be the aggregate sum of three components: (i) base rent; (ii) service charge; and (iii) promotional charge, or the turnover rent which is calculated by reference to a fixed percentage of the tenant's gross total monthly sales turnover or above a specific threshold of the tenant's gross total monthly sales turnover, whichever is higher. As for retail office tenants of Pavilion Kuala Lumpur Mall and office tenants of Pavilion Tower, the monthly rent payable by its tenants will be the aggregate sum of base rent and service charge. The service charge is a contribution paid by tenants towards the operating expenses of the relevant Subject Property while the promotional charge (payable only by the retail tenants) is a fixed amount on a per sq ft basis assessed on each tenant to fund the marketing activities of the mall.

Tenants are required to provide a security deposit of up to three months of the monthly rental. All tenants are also required to provide utilities, renovation, restoration and mailbox deposits. Security deposits are held on an unsecured basis and do not bear interest on the tenant's behalf. Base rent, service charges and promotional charges as well as turnover rent (if any) are payable monthly.

The tenancy agreements contain termination clauses whereby a tenant who wishes to pre-terminate its tenancy is required to compensate the landlord for loss of Rental Income until the expiry of the tenancy.

## **2. BUSINESS AND SUBJECT PROPERTIES (Cont'd)**

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### **2.7 INSURANCE**

The Subject Properties are currently insured under property and liability insurance policies, with coverage features and insured limits that the Manager believes are appropriate and sufficient given the nature of the properties. The coverage of these insurances policies include property damage caused by fire, lightning and consequential losses (including loss of revenue), equipment damage, machinery breakdown, theft, accidental damage and public liability. There are no significant or unusual excess or deductible amounts required under these policies. The insurance coverage is capped at certain limits.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war and damages caused by breaches of environmental laws and regulations. The Manager may in the future take up insurance against environmental damage as and when the Manager considers there to be a need to do so.

The insurance policies will be endorsed in favour of the Trustee on the Completion Date of the SPAs.

### **2.8 CAPITAL EXPENDITURE**

As the Subject Properties have only been completed in 2007, the Manager expects that the capital expenditure during the Forecast Period 2011 and the Forecast Year 2012 will be minimal. See Section 4.4.11 "Capital Expenditures" of this Prospectus for details of the capital expenditure committed for the Forecast Period 2011 and the Forecast Year 2012.

### **2.9 LEGAL PROCEEDINGS**

Neither of the Subject Properties nor the Manager is currently involved in any material litigation nor, to the best of the Manager's knowledge, is any material litigation currently contemplated or threatened against Pavilion REIT or the Manager.

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