

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2013 (Unaudited) <b>RM'000</b>	As at 31 December 2012 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	2,859	3,030
Investment properties	4,012,000	4,012,000
Total non-current assets	<u>4,014,859</u>	<u>4,015,030</u>
Inventories	1,084	1,104
Trade and other receivables	11,545	8,355
Cash and cash equivalents	142,714	196,866
Total current assets	<u>155,343</u>	<u>206,325</u>
<b>TOTAL ASSETS</b>	<b>4,170,202</b>	<b>4,221,355</b>
<b>LIABILITIES</b>		
Borrowings	705,748	705,442
Payables and accruals	26,205	23,395
Total non-current liabilities	<u>731,953</u>	<u>728,837</u>
Payables and accruals	81,478	89,964
Distribution payable to unitholders	-	105,444
Total current liabilities	<u>81,478</u>	<u>195,408</u>
<b>TOTAL LIABILITIES</b>	<b>813,431</b>	<b>924,245</b>
<b>NET ASSET VALUE</b>	<b><u>3,356,771</u></b>	<b><u>3,297,110</u></b>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	2,879,381	2,873,992
Income / (Deficit)	477,390	423,118
<b>TOTAL UNITHOLDERS' FUND</b>	<b><u>3,356,771</u></b>	<b><u>3,297,110</u></b>
Number of units in circulation ('000 units)	3,007,823	3,004,115
Net asset value per unit (RM)		
- Before income distribution	1.1160	1.1326
- After income distribution <sup>1</sup>	1.1160	1.0975

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

<sup>1</sup> As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT distributable income on a half yearly basis. As such, no income distribution is proposed for the current quarter.

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

	Current Quarter		Year to Date	
	31 March		31 March	
	2013 (Unaudited) <b>RM'000</b>	2012 (Unaudited) <b>RM'000</b>	2013 (Unaudited) <b>RM'000</b>	2012 (Unaudited) <b>RM'000</b>
Rental Income	77,659	70,510	77,659	70,510
Other Income	17,092	14,823	17,092	14,823
<b>GROSS REVENUE</b>	<b>94,751</b>	<b>85,333</b>	<b>94,751</b>	<b>85,333</b>
Utilities	(10,764)	(10,251)	(10,764)	(10,251)
Maintenance	(7,575)	(6,002)	(7,575)	(6,002)
Quit rent and assessment	(2,180)	(2,192)	(2,180)	(2,192)
Other operating expenses	(7,942)	(6,351)	(7,942)	(6,351)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(28,461)</b>	<b>(24,796)</b>	<b>(28,461)</b>	<b>(24,796)</b>
<b>NET PROPERTY INCOME</b>	<b>66,290</b>	<b>60,537</b>	<b>66,290</b>	<b>60,537</b>
Interest income	1,440	892	1,440	892
Change in fair value of investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>67,730</b>	<b>61,429</b>	<b>67,730</b>	<b>61,429</b>
Manager's management fee	(5,073)	(4,590)	(5,073)	(4,590)
Trustee's fee	(99)	(109)	(99)	(109)
Other trust expenses	(565)	(627)	(565)	(627)
Borrowings cost	(7,721)	(8,300)	(7,721)	(8,300)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(13,458)</b>	<b>(13,626)</b>	<b>(13,458)</b>	<b>(13,626)</b>
<b>INCOME BEFORE TAXATION</b>	<b>54,272</b>	<b>47,803</b>	<b>54,272</b>	<b>47,803</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>54,272</b>	<b>47,803</b>	<b>54,272</b>	<b>47,803</b>
Income after taxation comprises the followings:-				
Realised	54,272	47,803	54,272	47,803
Unrealised	-	-	-	-
	<u>54,272</u>	<u>47,803</u>	<u>54,272</u>	<u>47,803</u>
Earnings per unit - basic (sen) #	1.81	1.59	1.81	1.59
Earnings per unit – diluted (sen) #	1.81	1.59	1.81	1.59

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

# Earnings per unit is derived based on income after taxation divided by the weighted average number of units in issue.

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	Current Quarter 31 March		Year to Date 31 March	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Total comprehensive income for the period</b>	<b>54,272</b>	<b>47,803</b>	<b>54,272</b>	<b>47,803</b>
Distribution adjustments <sup>2</sup>	1,739	2,764	1,739	2,764
<b>Distributable income</b>	<b>56,011</b>	<b>50,567</b>	<b>56,011</b>	<b>50,567</b>

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

	Current Quarter 31 March		Year to Date 31 March	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of borrowing transaction costs	306	309	306	309
Depreciation	165	163	165	163
Manager's management fee payable in units	1,268	2,292	1,268	2,292
	<b>1,739</b>	<b>2,764</b>	<b>1,739</b>	<b>2,764</b>

**PAVILION REAL ESTATE INVESTMENT TRUST  
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**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Income / (Deficit)	Total Funds
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 1 January 2012</b>	<b>2,868,742</b>	<b>(764)</b>	<b>2,867,978</b>
Total comprehensive income for the period	-	47,803	47,803
<b>Unitholders' transactions</b>			
- Issue of new units <sup>3</sup>			
- Manager's management fee paid in units	620	-	620
- Distribution to unitholders	-	(50,567)	(50,567)
Increase in net assets resulting from unitholders' transactions	620	(50,567)	(49,947)
<b>As at 31 March 2012 (unaudited)</b>	<b>2,869,362</b>	<b>(3,528)</b>	<b>2,865,834</b>
<b>As at 1 January 2013</b>	2,873,992	423,118	3,297,110
Total comprehensive income for the period	-	54,272	54,272
<b>Unitholders' transactions</b>			
- Issue of new units <sup>3</sup>			
- Manager's management fee paid in units	5,389	-	5,389
- Distribution payable to unitholders	-	-	-
Increase in net assets resulting from unitholders' transactions	5,389	-	5,389
<b>As at 31 March 2013 (unaudited)</b>	<b>2,879,381</b>	<b>477,390</b>	<b>3,356,771</b>

The unaudited condensed statement of changes in net asset value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

<sup>3</sup> Issue of new units consists of the followings:-

	31 March 2012	
	Units 000	Amount RM'000
Issuance of new units pursuant to 50% Manager's management fee paid in units :-		
- at RM1.0919 per unit for entitlement for the period ended 31 December 2011	567	620
Total Manager's fee paid	<u>567</u>	<u>620</u>

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	31 March 2013	
	Units <b>000</b>	Amount <b>RM'000</b>
Issuance of new units pursuant to 50% Manager's management fee paid in units :-		
- at RM1.4534 per unit for entitlement for the 6 months period ended 31 December 2012	3,708	5,389
Total Manager's fee paid	<u>3,708</u>	<u>5,389</u>

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**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 31 March 2013 RM'000	Preceding Year to Date 31 March 2012 RM'000
<b>Cash Flows From Operating Activities</b>		
Income before taxation	54,272	47,803
<i>Adjustments for :-</i>		
Borrowing cost	7,721	8,300
Interest income	(1,440)	(892)
Depreciation	165	163
Loss on disposal of plant and equipment	3	-
Plant and equipment written off	1	-
Impairment loss on trade receivables	256	-
Fair value gain of investment properties	-	-
<b>Operating income before changes in working capital</b>	<b>60,978</b>	<b>55,374</b>
Inventories	20	(32)
Trade and other receivables	(3,446)	(5,271)
Trade and other payables	(1,539)	(684)
Tenants deposits	1,252	2,394
<b>Net cash from operating activities</b>	<b>57,265</b>	<b>51,781</b>
<b>Cash Flow From Investing Activities</b>		
Interest received	1,440	892
Payment for enhancement of investment properties	-	(18)
Pledged deposit	(131)	-
Proceed from disposal of plant and equipment	2	-
Purchase of plant and equipment	-	(88)
Tenants' deposits assumed	-	-
<b>Net cash from investing activities</b>	<b>1,311</b>	<b>786</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(105,444)	(11,945)
Interest paid	(7,415)	(7,942)
Payment of financing expenses	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash used in financing activities</b>	<b>(112,859)</b>	<b>(19,887)</b>
Net (decrease)/increase in cash and cash equivalents	(54,283)	32,680
Cash and cash equivalents as at the beginning of the year	179,315	95,566
Cash and cash equivalents as at the end of the period	125,032	128,246
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	2,993	(3,463)
Deposits placed with licensed banks	139,721	148,738
	142,714	145,275
Pledged deposit	(17,682)	(17,029)
	125,032	128,246

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013 (UNAUDITED)**

**Part A – Disclosure Requirement Pursuant to Malaysian Financial Reporting Standard (MFRS) 134 and International Accounting Standard (IAS) 34**

**A1 Basis of Preparation**

The condensed interim financial statements as at and for the three months ended 31 March 2013 comprise Pavilion REIT and its subsidiary. The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Listing Requirements of Bursa Securities, provision of the trust deed dated 13 October 2011 (“the Trust Deed”) and the Securities Commission’s Guidelines on Real Estate Investment Trusts (“the REITs Guidelines”). They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**A2 Audit Report of Preceding Financial Year**

There was no qualification to the Pavilion REIT’s audit report for the preceding financial year ended 31 December 2012, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**A3 Significant accounting policies**

The accounting policies applied in these condensed interim financial statements are the same as those applied in its consolidated annual financial statements as at and for the year ended 31 December 2012.

**A4 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the Manager in applying the accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2012, except as disclosed below.

The accounting policy of investment properties as adopted by Pavilion REIT requires investments properties to be stated at fair value. In estimating the fair value of the investment properties, the managers will rely on professionally qualified valuers at annual reporting dates. However, for interim financial reporting, the fair values of the investment properties are not updated. Asset improvement initiatives undertaken by the management, the economic environment and other factors may change the fair values of the investment properties. When the fair values are updated as at 31 December 2013, the fair values could be materially different from the current carrying value.

**A5 Seasonality or Cyclicity of Operations**

The business operations of Pavilion REIT are not affected by material seasonal or cyclical factors.

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**A6 Exceptional or Unusual Item**

There were no exceptional or unusual items to be disclosed for the quarter under review.

**A7 Changes in Estimates**

There were no changes in estimates that have had material effect in the current quarter.

**A8 Debt and Equity Securities**

There were no issuance, cancellation, repurchase, sale and payment of debt and equity securities for the current quarter and year to date except for payment of 50% Manager's management fee paid in Pavilion REIT units, with details as disclosed below.

Units issued	Price per Unit	Listed on Main Market of Bursa Securities on	Remark
3,707,929	RM1.4534	7 February 2013	Based on the 5-day volume weighted average price of the units up to but excluding 18 January 2013

**A9 Segmental Reporting**

Segmental results for the period ended 31 March 2013 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	91,709	3,042	94,751
Net Property Income	64,170	2,120	66,290
Interest Income			1,440
Net Investment Income			67,730
Trust Expenses			(5,737)
Borrowings Cost			(7,721)
Income Before Taxation			54,272
Taxation			-
Income After Taxation			54,272
Segment assets	4,019,602	132,918	4,152,520
Other non-allocated assets			17,682
			4,170,202
Segment liabilities	783,116	30,058	813,174
Other non-allocated liabilities			257
			813,431



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A10 Valuation of Investment Properties

The investment properties are to be valued annually based on valuation by independent registered valuer. Any differences between the valuation and the book value of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. For investment properties acquired under equity-settled share-based payment transactions, the investment properties are initially measured at fair value, with corresponding increase in equity.

A11 Material Events Subsequent to Period End

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited interim financial statement.

A12 Changes in the Composition of Pavilion REIT

The movement to the composition of Pavilion REIT during the year is as follows:-

	Units
Balance as at 1 January 2013	3,004,114,665
Units issued as payment of Manager's management fee	3,707,929
Total units issued	<u>3,007,822,594</u>

A13 Contingent Liabilities or Contingent Assets

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

A14 Capital Commitments

	RM'000
Authorised but not provided for	20,881
Contracted but not provided for	-

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**Part B – Additional Information Pursuant to Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad**

B1 Review of Performance

	Current Quarter 31 Mar			Year to Date 31 Mar		
	2013	2012	Change	2013	2012	Change
	(Unaudited) RM'000	(Unaudited) RM'000	%	(Unaudited) RM'000	(Unaudited) RM'000	%
<b>Gross Revenue</b>						
Retail	91,709	83,215	10.2%	91,709	83,215	10.2%
Office	3,042	2,118	43.6%	3,042	2,118	43.6%
<b>Total Gross Revenue</b>	<u>94,751</u>	<u>85,333</u>	<u>11.0%</u>	<u>94,751</u>	<u>85,333</u>	<u>11.0%</u>
<b>Property Operating Expenses</b>						
Retail	27,539	23,968	-14.9%	27,539	23,968	-14.9%
Office	922	828	-11.4%	922	828	-11.4%
<b>Total Property Operating Expenses</b>	<u>28,461</u>	<u>24,796</u>	<u>-14.8%</u>	<u>28,461</u>	<u>24,796</u>	<u>-14.8%</u>
<b>Net Property Income</b>						
Retail	64,170	59,247	8.3%	64,170	59,247	8.3%
Office	2,120	1,290	64.3%	2,120	1,290	64.3%
<b>Total Net Property Income</b>	<u>66,290</u>	<u>60,537</u>	<u>9.5%</u>	<u>66,290</u>	<u>60,537</u>	<u>9.5%</u>
Interest Income	1,440	892	61.4%	1,440	892	61.4%
<b>Net Investment Income</b>	<u>67,730</u>	<u>61,429</u>	<u>10.3%</u>	<u>67,730</u>	<u>61,429</u>	<u>10.3%</u>
Manager's Management Fee	5,073	4,590	-10.5%	5,073	4,590	-10.5%
Other Trust Expenses	664	736	9.8%	664	736	9.8%
Borrowings Cost	7,721	8,300	7.0%	7,721	8,300	7.0%
<b>Total Trust Expenses</b>	<u>13,458</u>	<u>13,626</u>	<u>1.2%</u>	<u>13,458</u>	<u>13,626</u>	<u>1.2%</u>
<b>Income Before Taxation</b>	<u>54,272</u>	<u>47,803</u>	<u>13.5%</u>	<u>54,272</u>	<u>47,803</u>	<u>13.5%</u>
Taxation	-	-	-	-	-	-
<b>Income After Taxation</b>	<u>54,272</u>	<u>47,803</u>	<u>13.5%</u>	<u>54,272</u>	<u>47,803</u>	<u>13.5%</u>
Distribution Adjustments	1,739	2,764	-37.1%	1,739	2,764	-37.1%
<b>Distributable Income</b>	<u>56,011</u>	<u>50,567</u>	<u>10.8%</u>	<u>56,011</u>	<u>50,567</u>	<u>10.8%</u>

Review of Quarterly / Year to Date Results

Pavilion REIT recognised total gross revenue of RM94.7 million in Q1 2013, higher by RM9.4 million or 11% compared to Q1 2012 of RM85.3 million. The increase was mainly contributed by Retail rental from Fashion Avenue which commenced in Q3 2012 and Pavilion Office Tower being fully tenanted from Q3 2012. Total property operating expenses was higher by RM3.7 million or 15% compared to Q1 2012 mainly due to incurrence of scheduled progressive preventive maintenance works. These have resulted in higher total net property income by RM5.7 million or 10% in Q1 2013 compared to Q1 2012.

Higher Manager's management fee for the current quarter by RM0.5 million was in line with the higher achievement of net property income and increased in total asset value. Borrowing cost incurred during the quarter of RM7.7 million was lower by RM0.6 million compared to Q1 2012 due to the interest saving from conversion of its long term debts from floating rate to fixed rate.

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Income before tax for the quarter under review was RM54.3 million, RM6.5 million or 14% higher than Q1 2012 mainly due to higher net property income and lower finance cost.

Distributable income for the quarter under review is RM56 million or 1.86 sen per unit, consisting of income before tax of RM54.3 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.3 million and 25% of manager's management fee payable in units amounting to RM1.3 million.

**B2 Material Changes in Quarterly Results**

Excluding fair value gain of RM435.6 million arising from valuation last year, the income before taxation for the current quarter was higher by RM3.9 million compared to the last immediate quarter. This was mainly due to higher advertising income and income from turnover rent as well as higher Manager's management fee for last immediate quarter which was in line with the increased total assets value after the valuation done. The marketing expenses incurred in current quarter were higher due to festive decoration, contribution and promotional events.

**B3 Prospects**

The Manager is confident to maintain its current performance for the coming quarters until year end as its retail mall continues to attract quality shopping traffic besides participating in the aggressive tourism efforts by the government to establish Malaysia as a retail haven. However, with the potential softening in demand of office space due to new supply being projected to come on stream exceeding demand, retention of good tenants would be preferred to revenue growth.

**B4 Investment Objectives**

The Manager's key objective is to provide unitholders with regular and stable distributions and achieve long term growth in net asset value per unit, while maintaining an appropriate capital structure.

**B5 Strategies and Policies**

The Manager's strategies and policies as reported in the latest annual report remain unchanged, ie to increase the income and consequently, the value of its investment properties and continue Pavilion REIT's growth through the following strategies:-

- a) proactively managing its investment properties and implementing asset enhancement strategies;
- b) actively pursuing acquisition opportunities in accordance with the authorised investments of Pavilion REIT stated in the Trust Deed; and
- c) pursuing an efficient capital management strategy.

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**B6 Income Distribution**

Pursuant to Section 61A of the Income Tax Act 1967, the withholding tax rate applicable on the recipients of income distribution is as follows :-

*Resident Unitholder*

- |   |   |
|---|---|
| a) Resident company :                       | Tax flow through, thus no withholding tax |
| b) Unitholder other than resident company : | Withholding tax at 10%                    |

*Non-Resident Unitholder*

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

Distribution of 3.51 sen per unit earned for 2<sup>nd</sup> half of 2012 was paid on 28 February 2013.

As per the distribution policy stated in the Trust Deed, the Manager intends to distribute at least 90% of Pavilion REIT distributable income on a half yearly basis. As such, no income distribution is proposed for the current quarter. For the financial year ending 31 December 2013, Pavilion REIT proposes to distribute 100% of its distributable income.

**B7 Portfolio Composition**

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

**B8 Taxation**

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 (“Act”), income of Pavilion REIT will be exempted from tax provided that at least 90% of its total income (as defined in the Act) is distributed to the investors in the basis period of Pavilion REIT for that year of assessment within two months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of Pavilion REIT financial year which forms the basis period for a year of assessment, Pavilion REIT will be subject to income tax at the prevailing tax rate on its total income. Income which has been taxed at the Pavilion REIT level will have tax credits attached when subsequently distributed to unitholders.

As Pavilion REIT proposes to declare 100% of its distributable income to its unitholders for the financial year ending 31 December 2013, no provision for taxation has been made for the current quarter.

**B9 Status of Corporate Proposal**

There were no corporate proposals announced but not completed as at the latest practicable date from the issuance of this report.

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B10 Borrowings and Debt Securities

	As at 31 March 2013 RM'000
Long term borrowings	
Secured Revolving Term Loan	709,701
Less: Unamortised Borrowings Transaction Cost	(3,953)
	705,748

B11 Off Balance Sheet Financial Instruments

Pavilion REIT does not have any financial instruments with off balance sheet risk as at the latest practicable date from the issuance of this report.

B12 Material Litigation

There is no pending material litigation as at the latest practicable date from the date of issuance of this report.

B13 Soft Commission Received

There was no soft commission received by the Manager and / or its delegates during the period under review.

B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2013 RM'000	Immediate preceding quarter ended 31 December 2012 RM'000
Number of units in issue (units)	3,007,822,594	3,004,114,665
Net Asset Value ("NAV")	3,356,771	3,297,110
NAV per unit (RM)	1.1160	1.0975
Total comprehensive income (current quarter / preceding quarter)	54,272	485,898
Weighted average number of units in issue – year to date (units)	3,006,298,223	3,001,694,156
Earnings per Unit after Manager's management fee (sen)	1.81	16.17
Proposes / Declared Distribution per Unit (sen) ("DPU")	1.86	1.79
Market Price (RM)	1.59	1.39
Distribution Yield (%) <sup>5</sup>	4.74	4.94

<sup>5</sup> Distribution yield of DPU divided by the Market Price (as at the end of the period) has been annualised.

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**B15 Manager's Management Fee**

The Manager's fee for the current quarter and year to date is as follows:-

Type RM'000	Current Quarter 31 March 2013	Year to Date 31 March 2013	Basis
Base Fee	3,085	3,085	0.3% per annum on total asset value
Performance Fee	1,988	1,988	3% per annum on net property income
<b>Total</b>	<b>5,073</b>	<b>5,073</b>	

25% of the total Manager's management fee would be payable in units.

**B16 Trustee's Fees**

In accordance to the Trust Deed, an annual trusteeship fee of up to 0.05% per annum of NAV is to be paid to the Trustee.

**B17 Significant related party transactions**

Significant related party transactions, other than Manager's management fee for the quarter ended 31 March 2013 is as follows:-

Companies related to the Manager / director's interest	Nature of Transactions	Transaction Value Year to Date: 31 Mar		Balance Outstanding As at	
		2013 RM'000	2012 RM'000	31 Mar 2013 RM'000	31 Dec 2012 RM'000
Pavilion REIT Management Sdn Bhd	Rental income and its related charges	98	98	-	-
Malton Berhad group #	Rental income and its related charges	555	556	-	-
Crabtree & Evelyn (Malaysia) Sdn Bhd *	Rental income and its related charges	369	-	3	13
	Purchase of product	361	-	260	60
Lumayan Indah Sdn Bhd ^	Rental income and its related charges	239	214	9	8
Kuala Lumpur Pavilion Sdn Bhd ∞	Property management fees and charges payable	4,246	3,537	1,547	2,840

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- # Malton Berhad group are deemed parties related to the Manager by virtue of the directorship and interest of Datuk Lim Siew Choon and Datin Tan Kewi Yong, his spouse, in Malton Berhad.
- \* Crabtree & Evelyn (Malaysia) Sdn Bhd is deemed parties related to the Manager by virtue of Datuk Lim Siew Choon and Datin Tan Kewi Yong's effective interest in Crabtree & Evelyn (Malaysia) Sdn Bhd.
- ^ Omer Abdulaziz H A Al-Marwani, Mohd Nasser A M Al-Humaidi and Navid Chamdia as directors in the Manager also holds directorship in Lumayan Indah Sdn Bhd, a company that is currently leasing a retail space at Pavilion Kuala Lumpur.
- ∞ Datuk Lim Siew Choon, Datin Tan Kewi Yong and Dato' Lee Tuck Fook are directors of Kuala Lumpur Pavilion Sdn Bhd. Datuk Lim Siew Choon and Datin Tan Kewi Yong holds the entire issued and paid up share capital of Kuala Lumpur Pavilion Sdn Bhd.

**B18 Update on the Actions Taken to Rectify the Reconfiguration of the Net Lettable Area and Status of the Application**

An application dated 6 June 2011 has been submitted by Urusharta Cemerlang Sdn Bhd, the sponsor of Pavilion REIT to the relevant authority to seek the requisite approval for the new lettable area created along passageways / walkways within Pavilion Kuala Lumpur mall which does not form part of the delineated lettable areas in the approved building plans.

As at 31 March 2013, the Manager had followed up on this matter which is still pending the relevant authority's approval.

**B19 Responsibility Statement**

In the opinion of the Directors of the Manager, this quarterly financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*, and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Pavilion REIT as at 31 March 2013 and of its financial performance and cash flows for the period ended on that date and duly authorised for release on 24 April 2013 by the Board of the Manager.

**BY ORDER OF THE BOARD**

Pavilion REIT Management Sdn Bhd (939490-H)  
(as the Manager of Pavilion Real Estate Investment Trust)

Lim Mei Yoong  
Company Secretary (Licensed Secretary Number: LS 02201)

Kuala Lumpur  
24 April 2013