

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017 (UNAUDITED)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2017 (Unaudited) <b>RM'000</b>	As at 31 December 2016 (Audited) <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	1,932	1,958
Investment properties	5,230,113	5,229,000
Total non-current assets	<u>5,232,045</u>	<u>5,230,958</u>
Inventories	1,395	1,315
Trade and other receivables	36,609	43,074
Cash and bank balances	235,436	317,071
Total current assets	<u>273,440</u>	<u>361,460</u>
<b>TOTAL ASSETS</b>	<b>5,505,485</b>	<b>5,592,418</b>
<b>LIABILITIES</b>		
Borrowings	1,413,134	1,412,351
Payables and accruals	68,307	65,398
Total non-current liabilities	<u>1,481,441</u>	<u>1,477,749</u>
Payables and accruals	162,837	193,820
Total current liabilities	<u>162,837</u>	<u>193,820</u>
<b>TOTAL LIABILITIES</b>	<b>1,644,278</b>	<b>1,671,569</b>
<b>NET ASSET VALUE</b>	<b><u>3,861,207</u></b>	<b><u>3,920,849</u></b>
<b>FINANCED BY</b>		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	2,907,364	2,900,708
Accumulated income	953,843	1,020,141
<b>TOTAL UNITHOLDERS' FUND</b>	<b><u>3,861,207</u></b>	<b><u>3,920,849</u></b>
Number of units in circulation ('000 units)	3,026,284	3,022,525
Net asset value per unit (RM)		
- Before income distribution	1.2759	1.2972
- After income distribution	1.2759	1.2972

The unaudited condensed statement of financial position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**PAVILION REAL ESTATE INVESTMENT TRUST**  
**FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017 (UNAUDITED)**

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

	Current Quarter 31 March		Year to Date 31 March	
	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000
Rental Income	97,341	89,439	97,341	89,439
Other Income	21,600	17,249	21,600	17,249
<b>GROSS REVENUE</b>	<b>118,941</b>	<b>106,688</b>	<b>118,941</b>	<b>106,688</b>
Utilities	(14,527)	(11,774)	(14,527)	(11,774)
Maintenance	(10,942)	(9,193)	(10,942)	(9,193)
Property Taxes	(3,211)	(2,802)	(3,211)	(2,802)
Other operating expenses	(11,288)	(7,278)	(11,288)	(7,278)
<b>PROPERTY OPERATING EXPENSES</b>	<b>(39,968)</b>	<b>(31,047)</b>	<b>(39,968)</b>	<b>(31,047)</b>
<b>NET PROPERTY INCOME</b>	<b>78,973</b>	<b>75,641</b>	<b>78,973</b>	<b>75,641</b>
Interest income	2,193	1,736	2,193	1,736
Change in fair value of investment properties	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>81,166</b>	<b>77,377</b>	<b>81,166</b>	<b>77,377</b>
Manager's management fee	(6,442)	(5,839)	(6,442)	(5,839)
Trustee's fee	(116)	(107)	(116)	(107)
Other trust expenses	(309)	(249)	(309)	(249)
Borrowings cost	(17,278)	(9,711)	(17,278)	(9,711)
<b>TOTAL TRUST EXPENDITURE</b>	<b>(24,145)</b>	<b>(15,906)</b>	<b>(24,145)</b>	<b>(15,906)</b>
<b>INCOME BEFORE TAXATION</b>	<b>57,021</b>	<b>61,471</b>	<b>57,021</b>	<b>61,471</b>
Taxation	-	-	-	-
<b>INCOME AFTER TAXATION / TOTAL COMPREHENSIVE INCOME</b>	<b>57,021</b>	<b>61,471</b>	<b>57,021</b>	<b>61,471</b>
Income after taxation comprises the followings:-				
Realised	57,021	61,471	57,021	61,471
Unrealised	-	-	-	-
	<u>57,021</u>	<u>61,471</u>	<u>57,021</u>	<u>61,471</u>
Earnings per unit – basic (sen) #	1.89	2.04	1.89	2.04
Earnings per unit – diluted (sen) #	1.89	2.04	1.89	2.04

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 2016 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	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (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>57,021</b>	<b>61,471</b>	<b>57,021</b>	<b>61,471</b>
Distribution adjustments <sup>1</sup>	4,181	1,997	4,181	1,997
<b>Distributable income</b>	<b>61,202</b>	<b>63,468</b>	<b>61,202</b>	<b>63,468</b>

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

	Current Quarter 31 March		Year to Date 31 March	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of borrowing transaction costs	847	382	847	382
Depreciation	113	155	113	155
Manager's management fee payable in units	3,221	1,460	3,221	1,460
	<b>4,181</b>	<b>1,997</b>	<b>4,181</b>	<b>1,997</b>

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**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

	Unitholders' Capital	Income / (Deficit)	Total Funds
	RM'000	RM'000	RM'000
<b>As at 1 January 2016</b>	2,893,046	958,561	3,851,607
Total comprehensive income for the period	-	61,471	61,471
<b>Unitholders' transactions</b>			
- Issue of new units <sup>2</sup>			
- Manager's management fee paid in units	2,939	-	2,939
- Distribution to unitholders	-	(124,938)	(124,938)
Increase/(Decrease) in net assets resulting from unitholders' transactions	2,939	(124,938)	(121,999)
<b>As at 31 March 2016 (unaudited)</b>	<b>2,895,985</b>	<b>895,094</b>	<b>3,791,079</b>
<b>As at 1 January 2017</b>	2,900,708	1,020,141	3,920,849
Total comprehensive income for the period	-	57,021	57,021
<b>Unitholders' transactions</b>			
- Issue of new units <sup>2</sup>			
- Manager's management fee paid in units	6,656	-	6,656
- Distribution to unitholders	-	(123,319)	(123,319)
Increase/(Decrease) in net assets resulting from unitholders' transactions	6,656	(123,319)	(116,663)
<b>As at 31 March 2017 (unaudited)</b>	<b>2,907,364</b>	<b>953,843</b>	<b>3,861,207</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

<sup>2</sup> Issue of new units consists of the followings:-

	31 March 2016	
	Units 000	Amount RM'000
Issuance of new units pursuant to 25% Manager's management fee paid in units :-		
- at RM1.4970 per unit for entitlement for the 6 months period ended 31 December 2015	1,963	2,939
Total Manager's fee paid	1,963	2,939

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	31 March 2017	
	Units	Amount
	<b>000</b>	<b>RM'000</b>
Issuance of new units pursuant to 50% Manager's management fee paid in units :-		
at RM1.7707 per unit for entitlement for the 6 months period ended 31 December 2016	3,759	6,656
Total Manager's fee paid	<u>3,759</u>	<u>6,656</u>

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**CONDENSED STATEMENT OF CASH FLOWS**

	Current Year to Date 31 March 2017 RM'000	Preceding Year to Date 31 March 2016 RM'000
<b>Cash Flows From Operating Activities</b>		
Income before taxation	57,021	61,471
<i>Adjustments for :-</i>		
Borrowing cost	17,278	9,711
Interest income	(2,193)	(1,736)
Depreciation	113	155
Loss on disposal of plant and equipment	-	9
Plant and equipment written off	-	2
Impairment loss on trade receivables	209	-
<b>Operating income before changes in working capital</b>	<b>72,428</b>	<b>69,612</b>
Inventories	(80)	84
Trade and other receivables	6,256	(49,385)
Trade and other payables	(22,331)	7,319
Tenants deposits	913	14,009
<b>Net cash from operating activities</b>	<b>57,186</b>	<b>41,639</b>
<b>Cash Flow From Investing Activities</b>		
Acquisition of investment properties	-	(492,438)
Interest received	2,193	1,736
Payment for enhancement of investment properties	(1,113)	(4,130)
Pledged deposit	(330)	(15,662)
Purchase of plant and equipment	(87)	(60)
<b>Net cash from/(used in) investing activities</b>	<b>663</b>	<b>(510,554)</b>
<b>Cash Flow from Financing Activities</b>		
Distribution to unitholders	(123,319)	(124,938)
Interest paid	(16,431)	(9,329)
Payment of financing expenses	(64)	(5,791)
Proceeds from borrowings	-	645,574
<b>Net cash used in financing activities</b>	<b>(139,814)</b>	<b>(505,516)</b>
Net (decrease)/increase in cash and cash equivalents	(81,965)	36,601
Cash and cash equivalents as at the beginning of the year	277,353	164,730
Cash and cash equivalents as at the end of the period	195,388	201,331
Cash and cash equivalents as at the end of the period comprise :-		
Cash and bank balances	18,426	3,753
Deposits placed with licensed banks	217,010	232,516
	235,436	236,269
Pledged deposit	(40,048)	(34,938)
	195,388	201,331

The unaudited condensed statement of cash flows should be read in conjunction with the Audited Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**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 2017 comprise Pavilion REIT and its subsidiaries. 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 2016 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 2016, 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 2016.

**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 2016, except as disclosed below.

The accounting policy of investment properties as adopted by Pavilion REIT requires investment properties to be stated at fair value. In estimating the fair value of the investment properties, the Manager 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 2017, 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
3,758,861	RM1.7707	10 February 2017	Based on the 5-day volume weighted average price of the units up to but excluding 19 January 2017

A9 Segmental Reporting

Segmental results for the period ended 31 March 2017 is as follows:-

Business Segment	Retail RM'000	Office RM'000	Total RM'000
Gross Revenue	115,905	3,036	118,941
Net Property Income	76,993	1,980	78,973
Interest Income			2,193
Net Investment Income			81,166
Trust Expenses			(6,867)
Borrowings Cost			(17,278)
Income Before Taxation			57,021
Taxation			-
Income After Taxation			57,021
Segment assets	5,343,935	133,885	5,477,820
Other non-allocated assets			27,665
			5,505,485
Segment liabilities	1,613,903	30,201	1,644,104
Other non-allocated liabilities			174
			1,644,278

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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 period is as follows:-

	Units
Balance as at 1 January 2017	3,022,525,269
Units issued as payment of Manager's management fee	3,758,861
Total units issued	<u>3,026,284,130</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 contract for	23,495
Contracted but not provided for	3,412

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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		Year to Date	
	31 Mar		31 Mar	
	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000
<b>Gross Revenue</b>				
Retail:				
Pavilion Kuala Lumpur Mall	100,499	102,514	100,499	102,514
Intermark Mall	6,059	366	6,059	366
DA MEN Mall	9,347	755	9,347	755
	<u>115,905</u>	<u>103,635</u>	<u>115,905</u>	<u>103,635</u>
Office:				
Pavilion Tower	3,036	3,053	3,036	3,053
<b>Total Gross Revenue</b>	<u>118,941</u>	<u>106,688</u>	<u>118,941</u>	<u>106,688</u>
<b>Property Operating Expenses</b>				
Retail:				
Pavilion Kuala Lumpur Mall	29,894	29,743	29,894	29,743
Intermark Mall	3,267	116	3,267	116
DA MEN Mall	5,751	304	5,751	304
	<u>38,912</u>	<u>30,163</u>	<u>38,912</u>	<u>30,163</u>
Office:				
Pavilion Tower	1,056	884	1,056	884
<b>Total Property Operating Expenses</b>	<u>39,968</u>	<u>31,047</u>	<u>39,968</u>	<u>31,047</u>
<b>Net Property Income</b>				
Retail:				
Pavilion Kuala Lumpur Mall	70,605	72,771	70,605	72,771
Intermark Mall	2,792	250	2,792	250
DA MEN Mall	3,596	451	3,596	451
	<u>76,993</u>	<u>73,472</u>	<u>76,993</u>	<u>73,472</u>
Office:				
Pavilion Tower	1,980	2,169	1,980	2,169
<b>Total Net Property Income</b>	<u>78,973</u>	<u>75,641</u>	<u>78,973</u>	<u>75,641</u>

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	Current Quarter		Year to Date	
	31 Mar		31 Mar	
	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000	2017 (Unaudited) RM'000	2016 (Unaudited) RM'000
<b>Total Net Property Income</b>	78,973	75,641	78,973	75,641
Interest Income	2,193	1,736	2,193	1,736
<b>Net Investment Income</b>	<u>81,166</u>	<u>77,377</u>	<u>81,166</u>	<u>77,377</u>
Manager's Management Fee	6,442	5,839	6,442	5,839
Other Trust Expenses	425	356	425	356
Borrowings Cost	17,278	9,711	17,278	9,711
Total Trust Expenses	<u>24,145</u>	<u>15,906</u>	<u>24,145</u>	<u>15,906</u>
<b>Income Before Taxation</b>	57,021	61,471	57,021	61,471
Taxation	-	-	-	-
<b>Income After Taxation</b>	<u>57,021</u>	<u>61,471</u>	<u>57,021</u>	<u>61,471</u>
Distribution Adjustments	4,181	1,997	4,181	1,997
<b>Distributable Income</b>	<u><u>61,202</u></u>	<u><u>63,468</u></u>	<u><u>61,202</u></u>	<u><u>63,468</u></u>

**Quarterly/Year to Date Results**

Pavilion REIT recognised total gross revenue of RM118.9 million in Q1 2017, an increase of RM12.2 million or 11% compared to Q1 2016 of RM106.7 million. The increase was mainly contributed by rental income from the two new properties, DA MEN Mall and Intermark Mall that were acquired at the end of March 2016. Lower gross revenue for Pavilion Kuala Lumpur Mall was mainly due to repositioning of its tenants.

Total property operating expenses was higher by RM8.9 million or 29% compared to Q1 2016 mainly due to the routine operating expenses incurred for the two new properties and the replacement of lift and escalator parts due to wear and tear at the Intermark Mall.

These have resulted in higher total net property income by RM3.3 million or 4% in Q1 2017 compared to Q1 2016.

Manager's management fee incurred for the Q1 2017 was higher by RM0.6 million compared to Q1 2016. This was in line with the increased in total asset value and net property income. Borrowing cost incurred during the quarter was higher by RM7.6 million compared to Q1 2016 mainly due to the higher borrowing cost incurred for acquiring the two new properties and working capital.

Income before taxation for the current quarter under review was lower by RM4.5 million or 7% compared to Q1 2016 mainly due to higher borrowing cost.

Distributable income for the quarter under review was RM61.2 million or 2.02 sen per unit, consisting of income after tax of RM57.0 million and non-cash adjustments for depreciation of RM0.1 million, amortisation of borrowings transaction cost of RM0.8 million and 50% of Manager's management fee payable in units amounting to RM3.2 million.

Pavilion REIT has expended approximately RM1.1 million of its capital commitment during the year, mainly for the continuous toilet upgrading works in Pavilion Kuala Lumpur Mall, improvements of tenancy lots and creation of additional food and beverages kiosks at the Intermark Mall.

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**B2 Material Changes in Quarterly Results**

There is no material change in the income before taxation for the current quarter under review as compared to the last immediate quarter excluding the fair value gain of RM76.9 million arising from valuation in December 2016.

**B3 Prospects**

The retail environment continues to be challenging due to weak consumer confidence and inflationary pressures. Leasing will continue to enhance the required tenant mix that is relevant to the properties under Pavilion REIT portfolio. Marketing efforts will persist to drive traffic to retail malls and encourage spending. Operation efficiency will also help drive cost down, leading to sustainable profitability.

**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.

**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 24% |
| b) Non-resident institutional investor:                          | Withholding tax at 10% |
| c) Non-resident, other than company and institutional investors: | Withholding tax at 10% |

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. For the financial year ending 31 December 2017, Pavilion REIT proposes to distribute 100% of its distributable income.

Distribution of 4.08 sen per unit or RM123.3 million earned for 2<sup>nd</sup> half of 2016 was distributed on 28 February 2017.

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**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, Pavilion Tower, DA MEN Mall and Intermark Mall.

**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 2017, 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.

**B10 Borrowings and Debt Securities**

	As at 31 March 2017 RM'000
Long term borrowings	
Secured Revolving Term Loan	1,121,888
Unrated Medium Term Notes	300,000
Less: Unamortised Borrowings Transaction Cost	(8,754)
	1,413,134

**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.

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B14 Summary of DPU, EPU, NAV and Market Price

	Current quarter ended 31 March 2017	Immediate preceding quarter ended 31 December 2016
Number of units in issue (units)	3,026,284,130	3,022,525,269
Net Asset Value ("NAV") (RM'000)	3,861,207	3,920,849
NAV per unit (RM)	1.2759	1.2972
Total comprehensive income (RM'000)	57,021	131,729
Weighted average number of units in issue – year to date (units)	3,024,613,525	3,020,648,551
Earnings per Unit after Manager's management fee (Sen)	1.89	4.36
Proposes/Declared Distribution per Unit ("DPU") (Sen)	2.02	2.02
Market Price (RM)	1.74	1.90
Distribution Yield (%) <sup>3</sup>	4.71	4.34

<sup>3</sup> Distribution yield of year to date DPU divided by the Market Price (as at the end of the period) has been annualised.

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 2017	Year to Date 31 March 2017	Basis
Base Fee	4,073	4,073	0.3% per annum on total asset value
Performance Fee	2,369	2,369	3.0% per annum on net property income
Total	6,442	6,442	

50% 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.

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B17 Significant related party transactions

Significant related party transactions, other than Manager's management fee for the quarter ended 31 March 2016 is as follows:-

Companies related to the Manger/director's interest	Nature of Transactions	Transaction Value Year to Date: 31 March		Balance Outstanding As at	
		2017 RM'000	2016 RM'000	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Pavilion REIT Management Sdn Bhd	Rental income and its related charges	112	119	-	4
Malton Berhad group #	Rental income and its related charges	763	764	7	12
Crabtree & Evelyn (Malaysia) Sdn Bhd *	Rental income and its related charges	289	300	-	191
	Purchase of product	117	27	12	6
Lumayan Indah Sdn Bhd ^	Rental income and its related charges	-	3	-	-
Impian Ekspresi Sdn Bhd ◇	Rental income and its related charges	191	78	64	196
Urusharta Cemerlang (KL) Sdn Bhd α	Rental income and its related charges	194	190	-	3

# Malton Berhad group are deemed parties related to the Manager by virtue of the directorship and interest of Tan Sri Lim Siew Choon and Puan Sri Tan Kewi Yong, his spouse, in Malton Berhad.

\* Crabtree & Evelyn (Malaysia) Sdn Bhd is deemed party related to the Manager by virtue of Tan Sri Lim Siew Choon's interest in Crabtree & Evelyn (Malaysia) Sdn Bhd and his spouse, Puan Sri Tan Kewi Yong.

^ Ahmad Mohammed F Q Al-Khanji, Mohd Abdulrazzaq A A Al-Hashmi and Navid Chamdia are directors of the Manager and Lumayan Indah Sdn Bhd.

◇ Impian Ekspresi Sdn Bhd is deemed party related to the Manager by virtue of Tan Sri Lim Siew Choon's directorship and deemed interest in Impian Ekspresi Sdn Bhd and his spouse, Puan Sri Tan Kewi Yong.

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- α Tan Sri Lim Siew Choon, Ahmad Mohammed F Q Al-Khanji, Mohd Abdulrazzaq A A Al-Hashmi and Navid Chamdia are directors of the Manager and Urusharta Cemerlang (KL) Sdn Bhd (“UCKL”).

Tan Sri Lim Siew Choon is deemed interested in UCKL through his interest in the ultimate holding company and Puan Sri Tan Kewi Yong is his spouse.

Ahmad Mohammed F Q Al-Khanji and Mohd Abdulrazzaq A A Al-Hashmi are also directors of a substantial shareholder of the holding company of UCKL.

**B18 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 2017 and of its financial performance and cash flows for the period ended on that date and duly authorised for release 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  
27 April 2017