

Questions and Answers at the Fourteenth Annual General Meeting
of Pavilion Real Estate Investment Trust (“Pavilion REIT”) held on 12 May 2026 at 10.00 a.m.

No.	Comments/Questions Raised by Unitholders/Proxyholders	Responses/Answers from the Chairman/Chief Executive Officer
1.	I notice that many companies tend to prioritise answering questions submitted online. I hope Pavilion REIT will prioritise questions raised in the hall, as attendees have come to the Annual General Meeting (“AGM”) in-person specifically for direct engagement, unlike those attending virtually.	The AGM is not being conducted online. As it is a fully physical, in-person AGM, attendees present in the hall naturally have priority.
2.	I hope Pavilion REIT will consider providing complimentary parking by giving a RM25.00 Touch ‘n Go card to everyone who attended the meeting, regardless of whether they commuted by car or public transport. Finding parking in Kuala Lumpur can be quite difficult.	All attendees at today’s AGM are entitled to free parking, provided their parking tickets are validated. Attendees are advised to proceed to the counter located outside the hall for parking validation.
3.	With the inclusion of the newly acquired hotel assets, Pavilion REIT’s gearing ratio stands at approximately 40.1%. Given the potentially ‘higher-for-longer’ interest rate environment, how does Management plan to optimise the capital structure to address the 76% floating-rate debt and protect the 10 sen distribution per unit (DPU)?	<p>The loan-to-value ratio had actually decreased from 41.5% for the financial year ended 31 December 2024 to 40.1% for the financial year ended 31 December 2025. This is considered a comfortable level, as the regulatory maximum threshold is 50%.</p> <p>The current average cost of debt stands at 4.6%. Based on ongoing discussions with bankers, Management does not foresee Bank Negara Malaysia increasing the overnight policy rate (OPR) in the near term. While there have been efforts to negotiate fixed rates, financial institutions are generally hesitant and typically attach a premium for longer term fixed-rate borrowings.</p> <p>At present, Pavilion REIT’s primary funding mechanism relies on Medium Term Notes (“MTN”), which offer a slightly lower rate in the lower 4% range.</p>
4.	<p>First of all, thank you for another year of good results.</p> <p>It is noted from the AGM presentation today that Level 3 of Parkson at Pavilion Kuala Lumpur Mall will be taken back for conversion into smaller tenancy units. Will this initiative result in higher rental income?</p>	<p>You are welcome.</p> <p>Yes, the conversion into smaller units would yield higher rental income per square foot.</p>

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5.	Can you share what the rental reversion rate was for year 2025?	The rental reversion rate for Pavilion Kuala Lumpur Mall was approximately 3% to 5% for the financial year 2025.
6.	Does the crisis in Iran have any impact on Pavilion Kuala Lumpur Mall, considering that tourists comprise a notable portion of the mall’s visitors?	<p>The performance of Pavilion Kuala Lumpur Mall in the first quarter 2026 was influenced by two key factors:</p> <ul style="list-style-type: none"> (a) Normally, when the Christmas, Chinese New Year, and Hari Raya festivals are more spaced out, first-quarter financial results tend to be stronger. (b) The Middle Eastern crisis, which began on 28 February 2026, has negatively impacted international tourist arrivals. The crisis continues to affect market sentiment, fuel and food pricing, and general inflation. While foot traffic remains steady, shoppers are displaying a more cautious or lower spending behaviour. <p>Management will be able to further assess the ongoing impact of the Middle Eastern crisis once the second-quarter results for 2026 are finalised, keeping in mind that the retail industry is typically quieter during the second quarter of the year.</p>
7.	Please confirm if there were around 115 tenants that moved in to Pavilion Bukit Jalil.	<p>Since the acquisition of Pavilion Bukit Jalil, the asset has demonstrated robust double-digit growth for years 2024 & 2025. In 2024, revenue and profit increased by 11.9% and 22.1% respectively. In 2025, occupancy rate was 92% against 2024 occupancy of 90%.</p> <p>Management anticipates occupancy rate to reach 94% or 95% by the third quarter or fourth quarter of this year.</p>

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8.	<p>For the acquisition of Pavilion Bukit Jalil, the Targeted Net Property Income ("NPI") was RM146 million by June 2025. However, the achieved NPI was only RM134 million, representing a shortfall of 9%. Given that there was a retention sum of RM400 million for this purpose, please confirm whether the balance purchase consideration has been paid off without any adjustment.</p>	<p>Since the Targeted NPI was not achieved, a valuation was undertaken in accordance with the terms in the sale and purchase agreement.</p> <p>An independent valuer assessed Pavilion Bukit Jalil at RM2.21 billion (as of 30 May 2025). Because this valuation exceeded the purchase consideration of RM2.20 billion, no adjustment was made to the purchase price, and the final balance payment of RM400 million was released to the vendor.</p> <p>The primary factors that led to the shortfall in the Targeted NPI were as follows:</p> <ul style="list-style-type: none"> (a) Adjustment of electricity tariff by Tenaga Nasional Berhad. Increasing electricity costs remain a critical challenge for all malls moving forward. (b) The Malaysian government increased the minimum wage from RM1,200.00 to RM1,500.00 effective 1 May 2022, and raised it further to RM1,700.00 effective 1 February 2025. (c) The Employment Act was amended to make employees earning RM4,000.00 per month or less legally entitled to overtime pay effective 1 January 2023. Before the amendment, employees earning RM2,000.00 per month or less were entitled to overtime pay. <p>We would like to assure unitholders that the balance payment was handled strictly in accordance with the terms of the sale and purchase agreement. We would also like to further highlight that Pavilion REIT benefited from Pavilion Bukit Jalil's earnings even before the balance payment was fully settled. Hence, overall, it was a good deal, and is positively reflected in the overall performance of Pavilion REIT.</p>

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	<p>It would have been an even better deal for Pavilion REIT if the balance purchase consideration had been adjusted downward since the Targeted NPI was not achieved.</p> <p>While the explanation regarding uncontrollable external factors is understood, these risks should have been factored into the purchase price, especially given the premium paid.</p> <p>Protecting unitholder interests is paramount, so it is surprising that the asset's valuation actually increased despite the NPI shortfall.</p>	
9.	<p>It is noted that Easyhome International (M) Sdn Bhd ("Easyhome") has taken over DA MEN Mall. Last year, the mall's revenue dropped, although its losses narrowed slightly.</p> <p>I visited the mall one or two months ago and noticed there were still a significant number of vacant lots. Has Easyhome fully moved in, or are they still in the process of doing so?</p>	<p>Easyhome took over the master tenancy and operational expenditures of the entire DA MEN Mall from October 2025. They required a few months to carry out renovations and secure new tenants. The official opening ceremony was held on 26 April 2026, with 50% of the tenants commencing operations.</p> <p>In our profit and loss forecast for this year, DA MEN Mall is expected to break even or post a minor loss, marking a significant improvement from last year's loss of approximately RM5 million. Furthermore, if Easyhome performs well, Pavilion REIT will benefit from a profit-sharing arrangement with them.</p>
10.	<p>It is noted that the preferential 10% withholding tax rate for REIT distributions is no longer applicable.</p> <p>Do the major unitholders of Pavilion REIT now pay a 24% tax rate for distributions received instead of the 10% withholding tax rate, resulting in a substantial increase in their tax liability? If they have reached a higher tax bracket, will that result in any changes?</p>	<p>Certain institutions such as the Employees Provident Fund and pension funds, are exempted from the 10% withholding tax.</p> <p>For individuals whose overall dividend or distribution income falls below a certain threshold, they will not be subject to tax. For individuals whose dividend or distribution income exceeds that threshold, they will be subject to tax. Generally, the final tax liability depends entirely on the specific tax bracket of the individual unitholder.</p> <p>Consequently, unitholders will experience increase in their tax liability if their total income places them in a higher progressive tax bracket.</p>

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11.	<p>118 Mall will be opening in August 2026. Based on my own observations and conversations with many people, the general view is that malls like The Exchange TRX, 118 Mall, and Suria KLCC hold a distinct advantage. They are located where a lot people work and shop, and they offer direct access to MRT or LRT stations, compared to Pavilion's malls.</p> <p>What advantages do Pavilion's malls have when compared to other malls operating with similar themes and brands?</p>	<p>118 Mall is expected to target a different market segment, specifically focusing on the mid-market and working-class demographic, and is not anticipated to compete in the luxury retail space. In contrast, Pavilion Kuala Lumpur Mall maintains a strong competitive edge by hosting top-tier luxury flagship brands (such as Louis Vuitton, Gucci, Prada, and Hermès) that will not be available at Merdeka 118.</p> <p>To reinforce its position as the premier preferred shopping destination, Management is actively undertaking a repositioning exercise. Pavilion Kuala Lumpur Mall stands out due to its extensive variety, housing over 800 retail units - comprising a strategic mix of international flagship, regional, and local brands.</p> <p>Additionally, as was mentioned earlier, Management is seizing the opportunity to reclaim and repurpose some of the space on Level 3 previously occupied by Parkson Elite to 38 new tenants. This exercise aims to accommodate more tenants, who previously could not be allocated space, thereby further expanding the mall's retail and lifestyle offerings.</p> <p>Management is mindful of the competition surrounding Pavilion REIT assets and will continue to monitor the situation to ensure our ongoing competitiveness.</p>
12.	<p>What is the current occupancy rate for Fahrenheit 88, and has it shown any improvement? Furthermore, what strategic plans are in place to establish Fahrenheit88 as a unique shopping destination rather than an average mall?</p>	<p>Fahrenheit88 is a privately owned asset and is not part of the Pavilion REIT investment portfolio. Therefore, Management is not in a position to comment on its operations.</p>
13.	<p>With next year marking the 20th anniversary of Pavilion Kuala Lumpur Mall, I would like to propose a special distribution income to 20 sen to unitholders, which includes a bonus distribution of 10 sen.</p>	<p>We are already distributing 100% of Pavilion REIT's distributable income.</p>
14.	<p>Tourists from China, the Middle East, and Europe are among the shoppers in Pavilion Kuala Lumpur Mall. Will the Hainan Free Trade Port affect the number of Chinese tourists to Pavilion Kuala Lumpur Mall?</p>	<p>We have observed that while the number of Middle Eastern shoppers has been slightly affected, we are still seeing a significant number of shoppers from China, Indonesia, and Thailand.</p>

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		European shoppers were fewer during the first few months of this year. However, we hope to see an increase during their summer holidays, especially in conjunction with Visit Malaysia Year 2026.
15.	Many small shops have closed down due to intense competition from shopping centres like Pavilion Kuala Lumpur Mall. I suggest that Pavilion consider acquiring some of these smaller shops and partnering with them. This could help revitalise Kuala Lumpur, and allow lower-income communities to access affordable goods and food there.	We apologise but this is beyond our purview.
16.	Any there any plans to develop the large open space facing JW Marriott Hotel Kuala Lumpur, at the main entrance of this building?	This area is a public pedestrian space mandated by Dewan Bandaraya Kuala Lumpur (“DBKL”). The pedestrian walkway is owned partially by DBKL and partially by Pavilion Kuala Lumpur Mall. Development over this pedestrian space is not permitted by law.
17.	I do not think it is necessary to print thick annual reports, given the high costs involved.	Pavilion REIT’s annual reports are becoming increasingly thick due to disclosure requirements. The latest being IFRS S1 and IFRS S2 Sustainability Reporting, which demand highly detailed, data-driven reporting on environmental governance and carbon emissions metrics. Furthermore, it is noted that some unitholders still prefer reading annual reports in hard copy.
18.	What are the current bank borrowings and cash in hand?	Pavilion REIT’s current bank borrowings stand at approximately RM4 billion. As at 31 December 2025, cash in hand was just over RM600 million. Cash is held primarily for distribution payments to unitholders.
19.	Are there any shopping vouchers for unitholders who attend the Annual General Meeting?	No, we do not provide shopping vouchers. Instead, we maximised returns by distributing 100% of our distributable income directly back to unitholders.