

Pavilion REIT seeks nod for RM2.2bil mall acquisition

freemalaysiatoday.com/category/business/2023/03/07/pavilion-reit-seeks-the-nod-for-rm2-2bil-mall-acquisition

March 7, 2023

Mall to enlarge REIT's portfolio base to RM8.3bil from RM6bil, contributing positively to future growth, says CEO.

FMT Business - 07 Mar 2023, 6:05pm



The addition of Pavilion Bukit Jalil Mall to the Pavilion REIT portfolio will contribute to future growth, says CEO Philip Ho. (Facebook pic)

PETALING JAYA: Pavilion Real Estate Investment Trust (Pavilion REIT) is seeking the approval of its unit-holders for a RM2.2 billion acquisition of the Pavilion Bukit Jalil Mall (PBJ Mall).

Apart from the shopping mall, the strategic link bridges, underpasses, tenancies, car park bays, utilities and ancillary components are included in the acquisition plan.

An EGM has been tentatively scheduled for March 22 for unit-holders to consider the proposal.

Also to be decided at the EGM is the proposed placement of units to the Employees Provident Fund (EPF), which holds 9.9% of all the units in issue.

On Nov 22, 2022, MTrustee Bhd, the trustee of Pavilion REIT, signed a conditional sale and purchase agreement to acquire the property with all its related assets from Regal Path Sdn Bhd.

Regal Path is a wholly-owned subsidiary of Malton Bhd.

The purchase price of RM2.2 billion is to be paid in two tranches. The first tranche of RM1.65 billion is to be paid upon the completion date of the transaction subject to several conditions.

These include a requirement that at least 80% of the mall's total net lettable area has already been rented out at not less than RM9.50 per sq ft per month.

This is to ensure that PBJ Mall achieves an occupancy level that will yield accretive to Pavilion REIT.

In a media statement issued today, Pavilion REIT said that over the past six months, PBJ Mall had recorded an average of 1.4 million footfalls every month.

As of Feb 28, 2023, the occupancy rate for PBJ Mall was approximately 81.4%.

The remaining RM550 million will be paid to Regal Path on completion of rectification of defects and upon receipt of the strata title, which is expected to take place by Dec 31, 2023.

Pavilion REIT will fund the acquisition through a combination of borrowings, internal funds, proceeds from proposed placements and/or issuance of consideration units.

In a filing to Bursa Malaysia, Pavilion REIT said the book-building exercise for the proposed placements might involve the participation of EPF, which was a major unit-holder when the SPA was signed.

A maximum of 341 million placement units will be allocated to EPF.

Manager and CEO of Pavilion REIT Philip Ho said this acquisition of PBJ Mall is expected to contribute positively to its future growth, enlarging its portfolio base to RM8.3 billion from RM6 billion.