

Pavilion REIT unitholders approve RM2.2b acquisition of Pavilion Bukit Jalil Mall

thesundaily.my/business/pavilion-reit-unitholders-approve-rm22b-acquisition-of-pavilion-bukit-jalil-mall-JO10783468

22-03- 2023 10:13 PM

PAVILION

REAL ESTATE INVESTMENT TRUST

*Managed by
Pavilion REIT Management Sdn Bhd*

KUALA LUMPUR: Pavilion REIT, one of Malaysia's largest retail concentrated real estate investment trusts, said yesterday its non-interested unitholders have agreed to the acquisition of Pavilion Bukit Jalil Mall (PBJ Mall).

The acquisition, initially announced on Nov 22, 2022 will see MTrustee Bhd, as the trustee of Pavilion REIT, acquiring PBJ Mall and all related assets and rights from Regal Path Sdn Bhd, a wholly owned subsidiary of Malton Bhd, for RM2.2 billion.

This acquisition is expected to increase the portfolio base of Pavilion REIT to RM8.3 billion from RM6 billion and provide future growth opportunities for the trust.

Pavilion REIT Manager CEO Datuk Philip Ho said: "We are delighted that our unitholders believe in our strategy to grow Pavilion REIT in a sustainable, resilient manner and diversify its income base. This acquisition is also a testament to the quality of the asset and the strength of the Pavilion brand. It also demonstrates the confidence that Pavilion REIT's unitholders have in the long-term growth prospects of the Malaysian economy."

According to the REIT's filing with Bursa Malaysia yesterday, this endorsement by unitholders also saw the approval of two private placement exercises to partly fund the acquisition, spread between the first tranche of RM720 million, scheduled to be completed in second quarter of this year and a second tranche of RM550 million, to be completed latest by the second quarter of 2025.

The issue price for new units will also be determined later by way of a book-building exercise while the remainder of the acquisition consideration will be funded by bank borrowings.

Gearing for Pavilion REIT will increase from 33.8% as at Dec 31, 2022 to 36.8% upon completion of both tranches of the placements. This remains comfortably under the gearing limit of 50% as permitted under the listed REIT guidelines which would still allow Pavilion REIT headroom to explore potential acquisitions.

In addition, post-private placement of both tranches, unitholders will see a dilution in the unitholdings of its major unitholders which will improve trading liquidity and benefit retail investors.

Pavilion Bukit Jalil is a five-storey shopping mall that spans over 1.8 million square feet. The mall features a wide range of international and local retailers, including fashion, beauty, electronics, and home goods stores. It also boasts a large food court and a range of restaurants and cafes, making it a popular suburban destination for dining and entertainment.

Units of Pavilion REIT closed at RM1.32 yesterday, valuing the property trust at RM4.04 billion.