

Shareholders approve Pavilion REIT's RM2.2bil Bukit Jalil Pavilion acquisition

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KUALA LUMPUR: Pavilion Real Estate Investment Trust (Pavilion REIT) says its proposed acquisition of Pavilion Bukit Jalil Mall (PBJ Mall) for RM2.2 billion has been approved by its non-interested unitholders.

Pavilion REIT said the acquisition, initially announced last Nov 22 would see MTrustee Bhd, as the trustee of Pavilion REIT, acquiring PBJ Mall and all related assets and rights from Regal Path Sdn Bhd (Regal Path), a wholly-owned subsidiary of Malton Bhd.

"This acquisition is expected to increase the portfolio base of the company to RM8.3 billion from RM 6.0 billion and provide future growth opportunities for the trust," it said.

Pavilion REIT manager and chief executive officer Datuk Philip Ho said its unitholders believed in its strategy to grow Pavilion REIT in a sustainable, resilient manner and diversify its income base.

Ho said the acquisition was 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," he added.

According to the Pavilion REIT's filing with Bursa Malaysia on Wednesday, the endorsement by unitholders also saw the approval of two private placements to partly fund the acquisition.

This is spread between the first tranche of RM720 million, scheduled to be completed in the 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 per cent as at Dec 31 2022 to 36.8 per cent upon completion of both tranches of the placements.

This remains comfortably under the gearing limit of 50.0 per cent as permitted under the listed REIT guidelines which would still allow Pavilion REIT head-room to explore potential acquisitions.

Pavilion REIT said post-private placement of both tranches, unitholders would see a dilution in the unitholdings of its major unitholders which would 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 RM 1.32 on Wednesday, valuing the REIT at RM 4.04 billion.

