


# Pavilion REIT's 3Q net profit rises to RM70.6mil

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PETALING JAYA: Pavilion Real Estate Investment Trust  (Pavilion REIT) expects retail sales to normalise moving forward, due to moderation in spending after a robust recovery in 2022 as well as concerns of higher cost of living.

In a filing with Bursa Malaysia, Pavilion REIT said it expects malls to continue to elevate retail mix, create immersive experiences and encourage shoppers' interaction with targeted campaigns.

For the third quarter ended Sept 30, 2023, Pavilion REIT's net profit rose to RM70.59mil from RM61.17mil in the previous corresponding period, while revenue in the third quarter grew to RM199.21mil from RM138.94mil a year earlier.

Basic earnings per share stood at 1.91 sen versus 2.00 sen previously.

Pavilion REIT said the increase in revenue during the quarter was mainly contributed by income from new property, Pavilion Bukit Jalil, which was acquired on June 1, 2023.

The group said revenue was also bolstered by higher occupancy rates and higher revenue rent from existing retail malls.

“Income from advertising and marketing events also increased as compared to the third quarter of 2022,” it said.

Pavilion REIT added that total property operating expenses were higher by RM29.1mil or 60%, as compared to the third quarter of 2022.

The group said this was mainly due to operating expenses incurred for its new property and increase of electricity tariff surcharge by the government from 3.7 sen to 17 sen per kilowatt hour from July 1, 2023.

“These have resulted in higher net property income by RM31.1mil or 35% in the third quarter of 2023.

For the nine-months period ended Sept 30, 2023, Pavilion REIT’s net profit improved to RM203.53mil from RM181.38mil in the previous corresponding period, while revenue improved to RM515.59mil from RM410.22mil previously.

Going forward, Pavilion REIT said Malaysia's economy is expected to remain resilient and will continue to be supportive moving into 2024, anchored by domestic activities and recovery in exports with gross domestic product growth of between 4% and 5%.

“Retail Group Malaysia has revised Malaysia’s annual retail industry growth rate for 2023 from 4.8% to 2.7% due to weaker results from the second quarter of lower sales during the Hari Raya period and high base effect.

“Consumer confidence in the second quarter of 2023 averaged 90.8, a drop from 99.2 in the first quarter of 2023 and the lowest consumer confidence since the second quarter of 2022.

However, citing the Statistics Department, Pavilion REIT noted that shopping had contributed about RM25bil to local tourism receipts total of RM64bil recorded in 2022.