

Pavilion REIT To Acquire Banyan Tree, Pavilion Hotel For RM480 Million

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Pavilion Real Estate Investment Trust has announced its proposed acquisitions of two prestigious hospitality assets in Kuala Lumpur, the Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, in a landmark deal worth RM480 million.

The acquisition of BTKL at a purchase consideration of RM140 million while the acquisition of PHKL is at a purchase consideration of RM340 million.

Both properties are located in the bustling Bukit Bintang area, at the heart of Kuala Lumpur's Golden Triangle. Dato' Philip Ho, Chief Executive Officer of Pavilion REIT Management Sdn Bhd, which is the manager of Pavilion REIT said, "The acquisitions align with Pavilion REIT's strategy which contributes positively to the overall portfolio and future growth, while also generating stable and sustainable income for unitholders." "Acquiring these iconic hospitality assets reinforces our commitment to delivering premium offerings while capitalising on synergistic opportunities with Pavilion Kuala Lumpur Mall", he added.

Pavilion REIT said the acquisitions will be funded via a combination of debt and/or equity, with the group proposing a private placement of new units to raise gross proceeds between RM264 million and RM552

million. Alternatively, it added that it may issue up to RM246.5 million worth of units to settle part of the purchase consideration.

The transaction is expected to enhance portfolio diversification by reducing Pavilion Kuala Lumpur Mall's contribution to Pavilion REIT's total asset value from 61.4% to 58.0% via exposure to the hospitality sector.

The hotels are operated and managed by Banyan Tree Hotels & Resorts Pte Ltd since their openings in 2018. Banyan Tree Hotels & Resorts Pte Ltd is part of Singapore-listed Banyan Tree Holdings Limited, a global hospitality group renowned for its luxury offerings and award-winning services.

As part of the deal, the hotels will be leased back to the current operator for an initial 10-year term, with the option to renew for up to 20 additional years. The fixed annual rental income will commence at RM33.5 million for the first five years, generating an approximate annual gross yield of 7.0%. T