

# Pavillion REIT to pay RM480m for Banyan Tree, Pavilion Hotel

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**PAVILION** Real Estate Investment Trust (REIT) has announced the proposed acquisitions of two hospitality assets in Kuala Lumpur, the Banyan Tree Kuala Lumpur (BTKL) and Pavilion Hotel Kuala Lumpur (PHKL), for RM480 million.

MTrustee Bhd, acting for and on behalf of Pavilion REIT, entered into conditional sale and purchase agreements with Lumayan Indah Sdn Bhd for the acquisition of BTKL for RM140 million, and with Harmoni Perkasa Sdn Bhd for the acquisition of PHKL for RM340 million, according to its statement released today.

The deals are deemed related-party in lieu of the presence of property tycoon Tan Sri Desmond Lim Siew Choon. Lim is a major unitholder and one of the ultimate shareholders of the Pavilion REIT.

He is also an indirect major shareholder of Lumayan Indah and Harmoni Perkasa that own the 5-star hotels located in the bustling Bukit Bintang area, at the heart of Kuala Lumpur's Golden Triangle.

"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," said Datuk Philip Ho, CEO of Pavilion REIT Management Sdn Bhd, which is the manager of Pavilion REIT.

The acquisitions will be funded via a combination of debt and/or equity, with Pavilion REIT proposing a private placement of new units to raise gross proceeds between RM264 million and RM552 million. Alternatively, it may issue up to RM246.5 million worth of units to settle part of the purchase consideration, according to the statement released to the local stock exchange.

Since its openings in 2018, the hotels are operated and managed by Banyan Tree Hotels & Resorts Pte Ltd, which is part of Singapore-listed Banyan Tree Holdings Ltd.

As part of the deal, the statement noted that 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%.

In another move, Pavilion REIT is proposing a placement in which it will issue new units to raise gross proceeds of between RM264 million and RM552 million by way of bookbuilding. — **TMR**