

# Pavilion-REIT to acquire two iconic KL hotels


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The acquisition of the two hospitality assets in Kuala Lumpur is valued at RM480mil..

PETALING JAYA: [Pavilion Real Estate Investment Trust](#)  (Pavilion-REIT) is proposing to acquire two prestigious hospitality assets in Kuala Lumpur, the Banyan Tree Kuala Lumpur (BTKL) and Pavilion Hotel Kuala Lumpur (PHKL), in a transaction worth RM480mil.

The acquisition of BTKL is valued at a purchase consideration of RM140mil, while the acquisition of PHKL is at a purchase consideration of RM340mil.

Datuk Philip Ho, chief executive officer of Pavilion REIT Management Sdn Bhd, pointed out that the deal is in tandem with the investment manager's strategy, one which contributes positively to the overall portfolio and future growth for the REIT, besides generating stable and sustainable income for unitholders.

Pavilion REIT Management is the manager of Pavilion-REIT. “Acquiring these iconic hospitality assets reinforces our commitment to delivering premium offerings while capitalising on synergistic opportunities with Pavilion Kuala Lumpur Mall,” Ho said.

The respective vendors of the deal for BTKL and PHKL are Lumayan Indah Sdn Bhd and Harmoni Perkasa Sdn Bhd.

In a filing with Bursa Malaysia yesterday, Pavilion-REIT said the acquisitions will be funded through a combination of debt and/or equity, with the group proposing a private placement of new units to raise gross proceeds of between RM264mil and RM552mil. In addition, it is also proposing to issue up to RM246.5mil worth of units in the REIT as part settlement 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.

Notably, the hotels are operated and managed by Banyan Tree Hotels & Resorts Pte Ltd since opening their doors in 2018.

Also 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 RM33.5mil for the first five years.