

HLIB, RHB Maintain 'buy' Ratings On Pavilion REIT

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KUALA LUMPUR, July 23 (Bernama) -- Hong Leong Investment Bank Bhd (HLIB) and RHB Investment Bank Bhd have reiterated their “Buy” calls on Pavilion Real Estate Investment Trust (REIT) following its second quarter ended June 30, 2025 (2Q25) results.

Pavilion REIT reported a 2Q25 core net profit of RM78.7 million, bringing its first-half (1H25) core earnings to RM169.1 million.

“The results were in line with both our and consensus expectations. The outlook for financial year 2025 (FY25) remains positive, supported by sustained tourism-led footfall at key malls such as Pavilion Kuala Lumpur and Pavilion Elite,” said Hong Leong Investment Bank Bhd, in a note today.

HLIB said these malls accounted for 67 per cent of 1H25 revenue.

“This, along with management’s low- to mid-single-digit rental reversion guidance, reinforces our view of a resilient FY25 performance,” it said.

HLIB maintained its “Buy” call with an unchanged target price of RM1.77.

It added that second-half earnings are expected to be stronger, backed by full-period contributions from Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, which were injected into the trust on June 20, 2025.

RHB Investment Bank Bhd said third-quarter retail sales are expected to remain soft due to the absence of festive spending, but should improve in the seasonally stronger fourth quarter.

“Looking beyond the near term, management is confident of achieving mid-single-digit rental reversions in FY25, supported by strong bargaining power from high occupancy levels despite the Sales and Service Tax (SST) expansion,” it said.

RHB noted that Pavilion Bukit Jalil is on track to reach 94 per cent occupancy by FY25, with a significant portion of space already committed.

“Meanwhile, Da Men Mall has signed a master lease agreement with Easyhome International and is expected to complete renovations by September 2025, which could turn the underperforming asset profitable,” it added.

RHB reaffirmed its “Buy” rating on the REIT, with a revised target price of RM2.00.

At 11.00 am, the counter was unchanged at RM1.71, with 190,400 shares traded.

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