

Pavilion-REIT poised for a strong 4Q showing

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PETALING JAYA: [Pavilion Real Estate Investment Trust](#) (Pavilion-REIT) is poised for a stronger fourth quarter (4Q25), supported by year-end festive spending and the narrowing of losses at its Easyhome Mall in Subang Jaya, Selangor.

CIMB Research said in a report that Pavilion-REIT's 4Q25 core net profit is likely to strengthen quarter-on-quarter, driven by seasonal spending and improved performance at Easyhome Mall following its handover to Easyhome International (M) Sdn Bhd on Oct 1.

“With the asset now under a master-lease arrangement, where all operating costs are borne by the tenant, Pavilion-REIT gains income visibility and reduced downside risk,” the research house noted.

For the first nine months of this year (9M25), Pavilion-REIT recorded core net profit of RM263.7mil, making up 72% of CIMB Research’s full-year forecast and 70% of consensus estimates.

The REIT declared a third interim distribution per unit (DPU) of 2.49 sen in 3Q25 versus 2.38 sen in 3Q24, bringing its 9M25 DPU to 7.46 sen versus 6.91 sen in 9M24.

The research house said this was within expectations at between 77% and 75% of full-year estimates, translating to a payout ratio of about 98%.

Pavilion-REIT’s net property income (NPI) for 9M25 rose 7.8% year-on-year (y-o-y), thanks to a stronger performance at the Pavilion Bukit Jalil mall, where the occupancy rate improved alongside higher bookings for its exhibition centre.

According to the research house , additional support came from the recent acquisitions of Pavilion Hotel Kuala Lumpur and Banyan Tree Kuala Lumpur, which began contributing on June 20.

In 3Q25 alone, the REIT’s NPI rose 12.1% quarter-on-quarter and 10.3% y-o-y to RM145.4mil, boosted by higher advertising revenue following an upgrade to the Elite Pavilion Mall and full-quarter contributions from hotel assets, which accounted for 5.4% of total NPI.

On a y-o-y basis, CIMB Research said the REIT’s performance improved across most assets, although Pavilion Kuala Lumpur saw softer NPI due to higher operating expenses related to chiller replacement works.

It maintained a “buy” call on the REIT with a target price of RM2.04, supported by projected distribution yields of between 5.2% and 5.7% from this year to 2027.

“The REIT’s current 12-month forward distribution yield spread over the 10-year Malaysian Government Securities stands at 1.9%, in line with its 10-year historical average,” the research house added.