

Unitholders give green light to Pavilion REIT's RM480 mil hotel acquisitions

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May 7, 2025



Pavilion Real Estate Investment Trust's unitholders gave the go-ahead for the REIT to acquire Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur for RM480 million which it believe will strengthen its long-term performance and reinforce its presence within Bukit Bintang.

KUALA LUMPUR (May 7): Pavilion Real Estate Investment Trust (KL:[PAVREIT](#)) has received its unitholders' approval to acquire two hospitality assets, namely Banyan Tree Kuala Lumpur (BTKL) and Pavilion Hotel Kuala Lumpur (PHKL), for RM480 million.

Post-acquisition, the hotels will comprise approximately 5.5% of Pavilion REIT's enlarged total asset under management. As a result, Pavilion Kuala Lumpur Mall's share of the portfolio will decrease from 61.8% to 58.5%.

Prior to this acquisition, the REIT had six properties consisting of five retail malls — namely Pavilion Kuala Lumpur Mall, Elite Pavilion Mall, Pavilion Bukit Jalil, Intermark Mall and DA MEN Mall — as well as office building Pavilion Tower.

Pavilion REIT believes that the deals will strengthen its long-term performance and reinforce its presence within Bukit Bintang.

The transactions are deemed related-party as the vendors Lumayan Indah Sdn Bhd and Harmoni Perkasa Sdn Bhd are indirectly wholly owned by Pavilion REIT major unitholder Tan Sri Lim Siew Choon, who owns 23.07% of Pavilion REIT.

The acquisitions will be funded through a combination of debt and or equity, including the issuance of up to 172.4 million new units to the vendors and a private placement of up to 386 million new units to raise between RM264 million and RM552 million.

Under the transaction structure, the hotels will be leased to Harmoni Perkasa, for an initial 10-year term with renewal options of up to 20 years. The lease guarantees a fixed annual rental of RM33.5 million for the first five years, or a gross yield of approximately 7%.

“We are pleased with the strong support from our unitholders. These hotels are highly synergistic with Pavilion Kuala Lumpur Mall and Elite Pavilion Mall, allowing for an elevated visitor and hotel guest experience,” said Pavilion REIT Management Sdn Bhd chief executive officer Datuk Philip Ho in a statement on Wednesday.

He added that Pavilion REIT remains focused on owning and managing high-performing retail-led assets, especially super-regional and integrated developments, and this acquisition presents a value-aligned opportunity within the REIT’s existing footprint in Bukit Bintang.

BTKL and PHKL had average occupancy rates of 82.1% and 81.5% for the financial year ended Dec 31, 2024 (FY2024), respectively.

Pavilion REIT’s net property income grew 14% to RM522.77 million in FY2024 from RM459.11 million in FY2023, driven by higher rental income from Pavilion Bukit Jalil and Pavilion Kuala Lumpur malls.

On Wednesday, Pavilion REIT’s units closed one sen or 0.7% higher at RM1.45, giving it a market capitalisation of RM5.32 billion.

Edited By Lee Weng Khuen