

Pavilion-REIT gets nod to acquire hotels for RM480mil

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The Star Online

8 May 2025



PETALING JAYA: Pavilion Real Estate Investment Trust  (Pavilion-REIT) has received unitholder approval to acquire Banyan Tree Kuala Lumpur (BTKL) and Pavilion Hotel Kuala Lumpur (PHKL) for RM480mil, a move expected to enhance its long-term performance and reinforce its presence in Bukit Bintang.

Pavilion-REIT, in a statement, said the resolutions passed at the unitholders' meeting will allow MTrustee Bhd, on behalf of the REIT, to proceed with the acquisition of the properties from Lumayan Indah Sdn Bhd and Harmoni Perkasa Sdn Bhd.

"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," Pavilion REIT Management Sdn Bhd chief executive officer Datuk Philip Ho said.

The two properties are 5-star hotels operated and managed by Banyan Tree Hotels & Resorts Pte Ltd, and achieved occupancy rates of 82.1% (BTKL) and 81.5% (PHKL) for the financial year ended Dec 31, 2024.

Pavilion-REIT said the acquisition 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/or their nominees, and a private placement of up to 386 million new units to raise between RM264mil and RM552mil.

The hotels will be leased to Harmoni Perkasa for an initial 10-year term, with renewal options extending up to 20 years.

The lease guarantees a fixed annual rental of RM33.5mil for the first five years, offering a gross yield of about 7%.