

Pavilion-REIT sees jump in 2Q net income

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The Star

July 23, 2026



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PETALING JAYA: [Pavilion Real Estate Investment Trust](#)  (Pavilion-REIT) expects tourism and retail activity around Kuala Lumpur to remain resilient despite ongoing geopolitical uncertainties and softer retail sales expectations, after reporting a 13.2% increase in second-quarter (2Q26) net income.

In a filing with Bursa Malaysia, Pavilion-REIT said tourism activities are expected to remain resilient, with visitations to shopping malls and hotel occupancy around Kuala Lumpur likely to pick up, supported by Visit Malaysia Year 2026 (VM2026).

"Pavilion-REIT will continue to build momentum with a diverse line-up of experiential and cultural activations to sustain shoppers' engagement as well as to support VM2026," it noted.

"Management will continue to monitor costs associated with upkeep and improvements to its properties."

The REIT noted that Retail Group Malaysia had revised its 2026 retail sales growth forecast to 3.8% from 4% after 1Q26 retail sales fell short of expectations and amid concerns over the impact of the Middle East conflict on consumers' purchasing power.

Nevertheless, it pointed out that Malaysia recorded 17.5 million international visitor arrivals between January and May 2026, up 3.4% from the same period last year.

For 2Q26, Pavilion-REIT's revenue rose 3.6% to RM221.02mil from RM213.34mil a year earlier, while net income increased 13.2% to RM89.04mil from RM78.66mil.

The REIT attributed the stronger performance mainly to rental income from Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, which were acquired in June 2025, as well as Pavilion Bukit Jalil, supported by sustained occupancy levels.

This was partially offset by a marginal decline in rental income from Pavilion Kuala Lumpur Mall due to the ongoing reconfiguration of retail space on Level 3.

Pavilion-REIT said property operating expenses fell 6% or RM4.8mil from a year earlier, mainly due to lower electricity costs following the implementation of [Tenaga Nasional Bhd](#)  's new electricity tariff structure on July 1, 2025.

Still, this was partly offset by higher maintenance costs arising from scheduled security system upgrades, as well as roof and lighting improvement works.

As a result, net property income increased 10% or RM12.5mil during the quarter. For the first half ended June 30, 2026 (1H26), revenue rose 5.8% to RM466.91mil from RM441.52mil, while net income climbed 15.2% to RM194.84mil from RM169.08mil.

Net property income for the six-month period increased 11% or RM28.6mil from the corresponding period last year.

Pavilion-REIT reported distributable income of RM203mil, equivalent to 5.17 sen per unit, for 1H26.

During the period, it incurred capital expenditure of approximately RM8.2mil, mainly for the reconfiguration of part of Level 3 at Pavilion Kuala Lumpur Mall.