

# Pavilion REIT Posts 13% Rise In Q2 Income To RM89 Million On Hotel Contribution

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By Editor

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Pavilion Real Estate Investment Trust (Pavilion REIT) reported higher earnings for the second quarter ended June 30, 2026, supported by contributions from newly acquired hospitality assets, resilient occupancy at Pavilion Bukit Jalil and lower electricity costs.

The REIT recorded gross revenue of RM221.0 million in the second quarter, up 4% from RM213.3 million a year earlier.

The growth was primarily driven by rental income from Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, which were acquired in June 2025, as well as sustained occupancy levels at Pavilion Bukit Jalil.

The positive contributions were partially offset by a marginal decline in rental income from Pavilion Kuala Lumpur Mall, where retail space reconfiguration works at Level 3 are currently underway.

Property operating expenses fell 6% year-on-year to reflect savings from lower electricity costs following the implementation of Tenaga Nasional Berhad's new electricity tariff structure on July 1, 2025.

The reduction in utility expenses was partially offset by higher maintenance costs arising from scheduled upgrades to security systems, as well as roof and lighting improvement works across its properties.

As a result, net property income increased 10%, or RM12.5 million, compared with the corresponding quarter last year.

Income before taxation rose 13% year-on-year, increasing by RM10.4 million, despite higher management fees linked to the REIT's larger asset base and improved net property income, as well as increased trust expenses following the expansion of Malaysia's service tax to financial services.

For the quarter, Pavilion REIT recorded distributable income of RM92.6 million, equivalent to 2.37 sen per unit.

The distributable income comprised RM89.0 million in profit after tax, adjusted for non-cash items including depreciation, amortisation of borrowing transaction costs, management fees payable in units and deferred income accounting adjustments.

The latest quarterly performance reflects the earnings contribution from the REIT's expanded portfolio, with hospitality assets complementing its retail properties while lower operating costs helped improve profitability.