

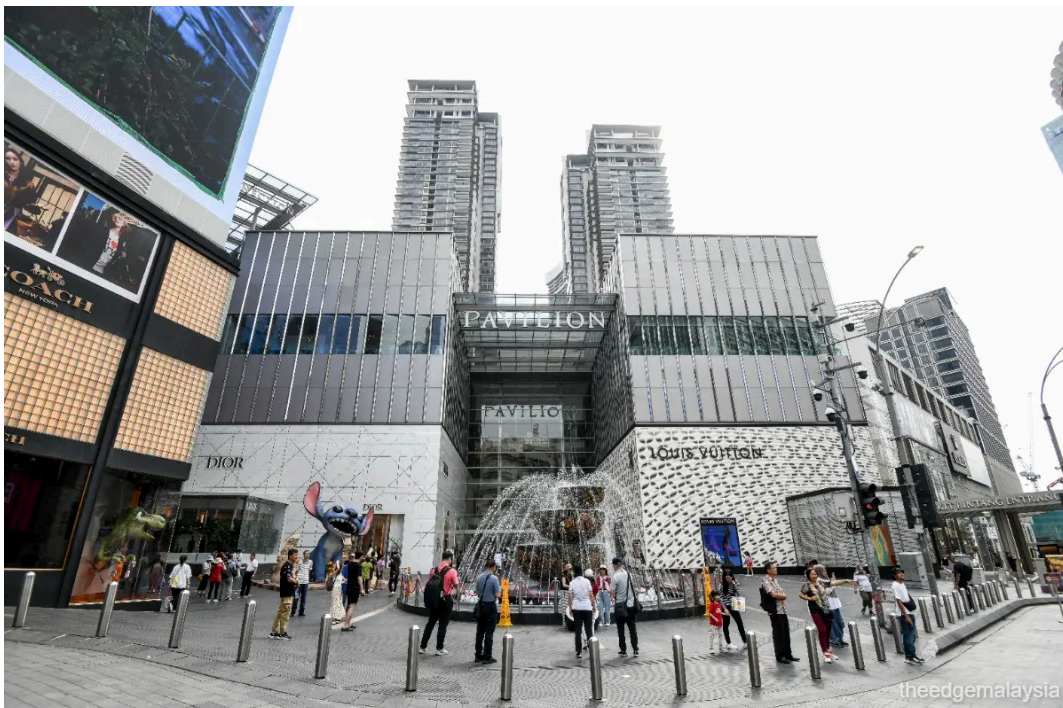
Pavilion REIT sees domestic demand supporting growth amid Mideast conflict, posts 11% rise in 1Q property income

 theedgemaalaysia.com/node/802722

May 7, 2026

Pavilion REIT sees domestic demand supporting growth amid Mideast conflict, posts 11% rise in 1Q property income

07 May 2026, 06:41 pm



A view of the Pavilion Kuala Lumpur mall. (Photo by Shahrill Basri/The Edge)

KUALA LUMPUR (May 7): Pavilion Real Estate Investment Trust (KL:PAVREIT) said resilient domestic consumption and tourism activity are expected to continue supporting its growth despite external cost pressures arising from the conflict in West Asia.

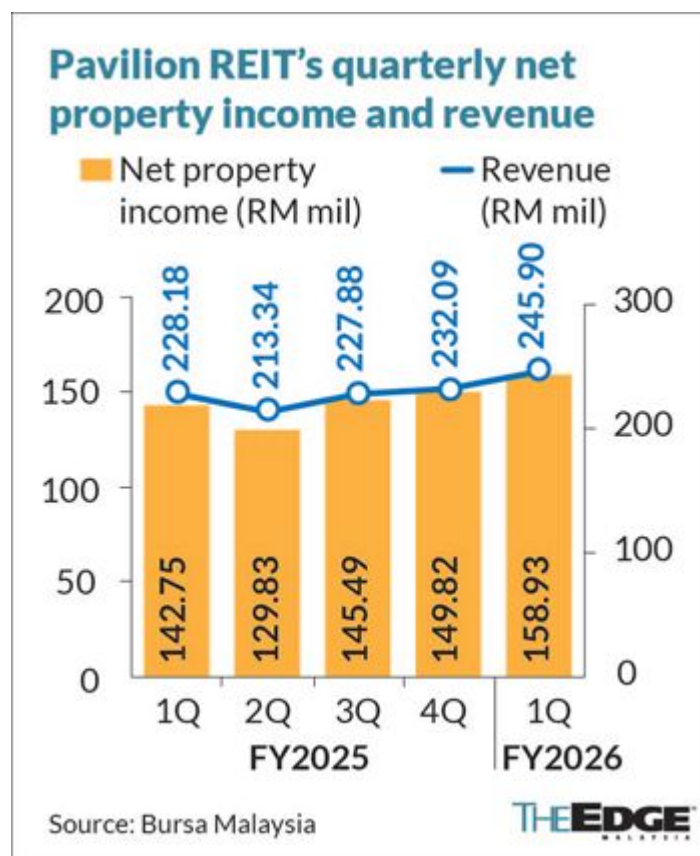
The REIT said ongoing tourism campaigns, cultural activations and public events are expected to continue driving visitor traffic and retail activity, particularly at its flagship Pavilion Kuala Lumpur mall.

“While we remain mindful of external cost pressures and a still-evolving global environment, Pavilion REIT has successfully navigated various market cycles over the years and we continue to focus on operational

execution, tenant curation and maintaining the competitiveness of our assets,” Pavilion REIT Management Sdn Bhd chief executive officer Datuk Philip Ho said in a statement on Thursday.

While acknowledging that the ongoing Middle East conflict has begun affecting spending confidence and inbound tourism demand, Pavilion REIT said the Visit Malaysia 2026 campaign and festive spending during Chinese New Year and Hari Raya Aidilfitri had supported performance in the first quarter ended March 31, 2026 (1QFY2026).

In a filing with Bursa Malaysia, Pavilion REIT reported an 11.3% rise in net property income (NPI) to RM158.93 million in 1QFY2026 from RM142.75 million in 1QFY2025, driven by contributions from newly acquired hotel assets and stronger performance of its retail properties.



Gross revenue rose 7.8% to RM245.90 million from RM228.18 million, while distributable income grew 12.4% to RM110.33 million from RM98.16 million.

Distribution per unit improved to 2.80 sen from 2.68 sen in 1QFY2025, while the annualised distribution yield strengthened to 6.56% from 5.52%. The distribution for 1QFY2026 will be payable together with the distribution for the next quarter.

The stronger quarterly performance was mainly driven by rental income from Banyan Tree Kuala Lumpur and Pavilion Hotel Kuala Lumpur, which were acquired in June 2025, as well as stronger occupancy at Pavilion Bukit Jalil, which recorded a 6.4% increase in NPI contribution.

The REIT also cited higher advertising revenue from an upgraded LED screen at Elite Pavilion mall.

Property operating expenses increased marginally by 1.8% to RM86.96 million from RM85.42 million a year ago, mainly due to higher maintenance costs related to ongoing upkeep and enhancement works across selected assets.

Despite this, Pavilion REIT said it achieved stronger operating margins through operational efficiencies and tighter cost controls.

Pavilion REIT units closed up three sen or 1.6% at RM1.89 on Thursday, giving the trust a market capitalisation to RM7.42 billion.

Edited By S Kanagaraju