

# Pavilion REIT's 3Q Profit Slips 2% To RM92 Million

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By Editor

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Pavilion Real Estate Investment Trust (Pavilion REIT) recorded a 4% increase in revenue to RM694.2 million for the nine months ended Sept 30, 2026, supported by contributions from two newly acquired hotels and sustained occupancy levels at Pavilion Bukit Jalil.

The retail-focused real estate investment trust said revenue increased by RM24.8 million compared with the corresponding nine-month period in 2025, reflecting the contribution of its expanded property portfolio.

Net property income (NPI) rose 7% year-on-year, or RM28.7 million, supported by higher rental income and lower property operating expenses.

Distributable income for the nine-month period stood at RM299.5 million, equivalent to 7.62 sen per unit, while income after tax amounted to RM287.7 million.

The trust also reported a 9% increase in income before taxation, representing an improvement of RM24.1 million from the corresponding period last year.

Pavilion REIT attributed its stronger nine-month revenue performance primarily to rental contributions from two hotels acquired on June 20, 2025, alongside sustained occupancy at Pavilion Bukit Jalil.

For the third quarter ended Sept 30, 2026, Pavilion REIT recorded gross revenue of RM227.3 million, a marginal 0.3% decline from RM227.9 million in the corresponding quarter last year.

The decrease was primarily attributed to lower advertising income at Elite Pavilion Mall.

However, property operating expenses declined by RM700,000, or 0.8%, mainly due to lower setup costs associated with advertising activities.

The savings were partially offset by higher electricity expenses following an increase in Tenaga Nasional Bhd's Automatic Fuel Adjustment (AFA) rate, reflecting elevated global fuel prices.

As a result, third-quarter NPI edged up by RM100,000, or 0.1%, compared with the same period in 2025.

Income after taxation declined by 2% to RM92 million, partly reflecting higher borrowing costs and trust expenses.

Despite the marginal revenue decline, Pavilion REIT recorded quarterly distributable income of RM96.5 million, equivalent to 2.45 sen per unit.

The amount comprised RM92.9 million in income after tax, together with non-cash adjustments relating to depreciation, borrowing transaction costs, management fees payable in units and deferred income.