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'BUY' CALL PLACED ON PAVILION REIT

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RM2.04 TARGET PRICE

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Quarterly earnings to benefit from recovery in retail performance

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CIMB SECURITIES SDN BHD

KUALA LUMPUR

PAVILION Real Estate Investment Trust (Pavilion Reit) is expected to record stronger net profit for the third quarter of 2025.

CIMB Securities Sdn Bhd said in a note that quarterly earnings should benefit from the recovery in retail performance following the seasonally softer second quarter, which was affected by post-festive spending patterns.

Utilities cost, which makes up about 30 per cent of the Pavilion Reit's total operating expenses, is also expected to decline due to Tenaga Nasional Bhd's automatic fuel adjustment mechanism.

"We project earnings growth of 4.1 per cent to 6.4 per cent over financial years 2025 to 2027, underpinned by steady mid-single-digit rental reversions, improving portfolio occupancy and in-

cremental contributions from its hotel assets," CIMB Securities said, adding that Pavilion Reit benefited from higher tourist arrivals in the third quarter of 2025 at Pavilion Kuala Lumpur and its newly acquired hotel assets, which contributed a full quarter of earnings for the first time.

Occupancy at Pavilion Bukit Jalil is expected to rise to 93 per cent by the end of the fourth quarter, supported by new tenant openings ahead of major festive periods.

"We forecast the third quarter net profit to strengthen, driven primarily by the full-quarter contribution from the hotel segment," CIMB Securities said.

It resumed coverage on Pavilion Reit with a "buy" rating and a target price of RM2.04.