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Kerjaya Prospek Property taking it slow and steady

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BY KANG SIEW LI

Kerjaya Prospek Property Bhd (KL:KPPROP) is in no rush to launch new large-scale projects, preferring instead to take it slow and steady. The property developer has lined up two projects to be launched in the financial year ending March 31, 2025 (FY2025), but is cautioning investors of a modest drop in net profit and revenue this financial year before a rebound.

Executive chairperson Datin Seri Toh Siew Chuan says the two projects to be launched in FY2025 will have a combined gross development value (GDV) of RM550 million.

"With smaller project launches planned, we would expect net profit and revenue to come in slightly lower in FY2025 versus the prior year," she tells *The Edge* in an interview.

Still, Kerjaya Prospek Property is hoping to nearly double its property sales this financial year to RM100 million from RM52 million in FY2024. It has unbilled sales of RM133 million from its existing projects as at end-March 2024 that will be recognised in FY2025.

The projections come as the group saw a 2% increase in net profit to RM93.15 million for FY2024, compared with RM91.51 million in the previous financial year, aided by cost optimisation measures. However, revenue for FY2024 fell 9% year on year to RM337.06 million from RM370.62 million due to lower progressive recognition from ongoing development projects.

The first project to be launched in September or October features a 52-storey serviced apartment block consisting of 587 units in Jalan Sentul Pasar, Kuala Lumpur, with a GDV of RM300 million. The project spans 2.3 acres.

This will be followed by the launch of a 39-storey serviced apartment block, comprising 479 units and 14 retail units, at Seksyen 15 in Shah Alam, Selangor, in the first quarter of 2025. The project spans 2.2 acres and has a GDV of RM250 million.

Toh says Kerjaya Prospek Property's earnings will be driven by its hospitality division, such as Bloomsvale shopping centre and offices and a four-star Courtyard by Marriott KL South hotel in Jalan Puchong, KL, and the Swiss-Garden Hotel, The Shore Hotel and Residences and the Mio Boutique Hotel

Kerjaya Prospek Property Bhd's financial performance

FOR YEAR ENDED MARCH 31	2020	2021	2022	2023	2024
Revenue (RM mil)	214.08	301.99	270.89	370.62	337.06
Net profit/(loss) (RM mil)	21.24	63.09	73.29	91.51	93.15
Dividend per share (sen)	-	-	-	3.00	3.00



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in Melaka over the next two financial years, given its recurring income stream.

"We expect higher contributions from the hospitality division in FY2025 and FY2026. From FY2027, the property development business will be high again as we launch bigger projects. After all, we are a developer," she adds. In FY2024, the property development division accounted for 85% of the group's overall revenue and 15% from the hospitality division. Previously, the hospitality segment represented 10% of total revenue.

"Ideally, we hope the property development division will contribute 70% to 80% to the group's overall revenue and the remaining 20% to 30% [to come] from recurring income," says Toh.

Growth poised to resume in FY2026

Toh is confident that the group's net profit and revenue will regain momentum from FY2026, as the group launches new projects with an accumulated GDV of more than RM1 billion each year.

The group targets to launch two projects in FY2026, with GDV totalling RM1.2 billion. These comprise a condominium project in Damansara Damai, Selangor, on 6.5 acres of land with a GDV of RM500 million and a small-sized serviced apartment project in Batu Kawan, Penang, worth RM700 million in GDV.

In May, Kerjaya Prospek Property teamed up with Aspen Vision City Sdn Bhd to jointly develop a six-acre piece of land in Batu Kawan into a mixed-use development comprising hotel, residences, serviced apartments, retail units and/or office blocks. Kerjaya Prospek Property is taking the lead in the joint venture, holding a 70% stake in the special-purpose vehicle while Aspen holds the remaining 30%.

With a land bank of 61 acres in Selangor, KL, Penang and Melaka that provides RM3.5 billion in potential GDV until 2027, Kerjaya Prospek Property has started scouting for more land to build up its land bank.

"We will not stop looking for land. But now, land costs are very expensive. The Klang Valley will be our top priority because of its high population. We may continue to buy [land] in Batu Kawan, but it will depend on the [selling] price and demand.

"We will continue to look for small pockets of land because acquiring land for township developments is not easy. It would need quite a lot of money. Kerjaya Prospek Property will not go into township developments at the moment. But if there is a piece of land that is reasonably priced, maybe we will go there one day," Toh says, adding that Kerjaya Prospek Property positions itself as a medium to high-end developer with a focus on high-rise properties.

Kerjaya Prospek Property's cash and equivalents stood at RM90.7 million as at

end-March 2024, while borrowings totalled RM217.95 million, leading to a net debt of RM127.25 million. It has a net gearing ratio of 0.18 times.

Toh says the group still has room to increase its gearing ratio to 0.4 times to 0.5 times. "For the moment, we don't see any need to raise funds."

She notes that Kerjaya Prospek Property would be open to evaluating acquisitions if options arise in the property sector. "We will always be open to considering M&A opportunities. We will grow organically for now."

Toh is bullish about the country's property market, pointing to the ringgit's recent performance against the greenback, where it significantly outperformed most other regional currencies supported by robust economic fundamentals and renewed foreign interest in the domestic equity market.

She also believes the Malaysia My Second Home (MM2H) programme's new requirement for foreign participants to buy a property in Malaysia worth between RM600,000 and RM2 million, depending on which visa category they apply for, will help to stimulate the property market.

Toh says challenges facing Kerjaya Prospek Property are the rising cost of materials and inexperienced foreign workers. "The price of properties does not rise in tandem with rising costs of materials such as concrete and copper wire. Still, it will not affect existing [construction] contracts that have already been awarded, but we foresee that upcoming construction contracts will increase due to the cost increase."

Kerjaya Prospek Property does not have a dividend payout policy. Its dividend per share stood at three sen for FY2024, translating into a payout ratio of 15%.

Kerjaya Prospek Property is controlled by Toh, her spouse Datuk Seri Tee Eng Ho and her brother-in-law Datuk Tee Eng Seng, who is an executive director of the group, through their private vehicle Javawana Sdn Bhd, which holds 72.07% of the group's shares. Eng Ho is the non-executive chairman of builder Kerjaya Prospek Group Bhd (KL:KERJAYA) and the executive chairman of premium property developer Eastern & Oriental Bhd (KL:E&O).

Shares in Kerjaya Prospek Property have risen 8% year to date to close at 81 sen last Thursday, giving the group a market capitalisation of RM443.6 million with a price-earnings ratio of 3.42 times.



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SUMMARIES

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