



05 AUG, 2024

Kerjaya Prospek Property

The Edge, Malaysia

Kerjaya Prospek Property



Never resting on its laurels

BY EMIR ZAINUL

OVER THE PAST few years, the Malaysian property sector has faced various challenges influenced by economic conditions, government policies and market demand. Navigating these challenges required property developers to be proactive and adaptable, to plan strategically and to operate efficiently while leveraging market insights to sustain growth and profitability in a competitive landscape.

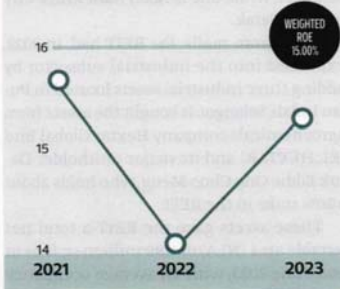
Kerjaya Prospek Property Bhd (KL: KPPROP) proved it managed to weather those challenges well and made good use of the monies that investors put into the group to deliver a commendable return on equity (ROE) of 15.7% in 2021, 14% in 2022 and 15.3% in 2023, bringing its three-year weighted ROE to 15% based on the computation methodology of *The Edge Malaysia* Centurion Club Corporate Awards 2024.

The consistently strong ROE returns bagged Kerjaya Prospek Property the award for Highest Return on Equity Over Three Years for the second consecutive year under the property sector, after winning the same in 2023.

This came as the group's earnings trended upwards, with net profit rising from RM21.2 million in FY2020 to RM63.1 million in FY2021, which grew to RM73.3 million in FY2022, and further to RM91.5 million in FY2023, as revenue grew.

In FY2023, the group's property development segment continued to be its major revenue contributor. "The better performance in FY2023, as compared to FY2022, was primarily due to higher progressive recognition from ongoing development — Bloomsvale @ Old Klang Road, Kuala Lumpur — as well as sales of completed

ROE (%)



properties, particularly Straits Residences at Seri Tanjung Pinang, Penang," the group said in its latest annual report.

The continued recovery of its hospitality segment, which reported revenue rising from RM24.3 million in FY2022 to RM42.7 million in FY2023 due to higher room occupancy and average room rates, and increased business volume resulting from the reopening of international borders, also lifted its earnings.

For FY2024, which ended on March 31 this year, Kerjaya Prospek Property managed to continue to push its net profit up to RM93.31 million from RM91.52 million, despite revenue slipping by 9.1% to RM337.06 million from RM370.62 million, mainly through cost optimisation following a budget review.

Reflecting its optimism for the Malaysian property sector, Kerjaya Prospek Property is poised to launch its latest projects in Sentul and Shah Alam this year, with a total estimated gross development value (GDV) of RM395 million. The two projects are expected to provide earnings visibil-

ity for up to four years. The GDV of the group's ongoing and upcoming property developments stood at RM3.5 billion as at July last year.

In May 2024, Kerjaya Prospek Property entered into a joint venture (JV) agreement with Aspen Vision City Sdn Bhd to develop a piece of freehold land measuring 221,198 sq ft in Batu Kawan, Penang. The 70:30 JV it leads is anticipated to "strengthen our core business in property development by adding to the group's future project pipeline, thereby enhancing earnings visibility", it said.

Furthermore, the group has just opened its first retail mall — Bloomsvale Shopping Gallery — which also houses a 278-room four-star hotel, Courtyard by Marriott KL South. This development, Kerjaya Prospek Property said, promises significant prospects for the group, boosting its recurring earnings visibility and overall financial performance.

Bloomsvale Shopping Gallery comprises 320,000 sq ft of gross floor area and houses 100 retail units across four levels, with 230,000 sq ft of net lettable area. By its June launch, the mall had achieved an 85% occupancy rate. The mall's anchor tenants include the MeMi ZoooZooo grocer, Mr DIY, Sport Planet sportswear store and Believe Fitness gym and fitness centre.

Meanwhile, Kerjaya Prospek Property is seeking to expand its land bank and has begun scouting for large land parcels around the country. The group currently has 61 acres, providing RM3.5 billion in potential GDV over the next three to five years.

Evidently, the group will not rest on its laurels and has meticulously planned for further improvement in its earnings in the future to ensure continuous good returns for its shareholders.





05 AUG, 2024

Kerjaya Prospek Property

The Edge, Malaysia

Page 2 of 2

SUMMARIES

Never resting on its laurels

OVER THE PAST few years, the Malaysian property sector has faced various challenges influenced by economic conditions, government policies and market demand.