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Eksons plans new property project to drive earnings

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TIMBER outfit Eksons Corp Bhd is planning its next property project in the Klang Valley to drive up earnings, its director Tang Seng Fatt said.

Currently, contribution from property projects to the group is less than 5 per cent and it expects this to hit 20 per cent next year, Tang said.

The potential growth is attributed to its on going joint venture project, The Atmosphere, a RM850 million mixed commercial development in Seri Kembangan, Selangor.

"The project is being developed in phases, so we will have RM40 million to RM50 million coming in every year," Tang told Business Times at a media briefing on the project in Kuala Lumpur yesterday.

For the year ended March 31 2010, Eksons posted a net profit of RM28 million on revenue of RM279.1 million.

The Atmosphere is the first commercial development in South Klang Valley to be certified with the coveted BCA Green Mark Certification (provisional).

The 21ha leasehold project is being developed in three phases and it is expected to be completed within 5 to 8 years.

Eksons' stake in the project, launched in August last year is 60 per cent. Tempo Properties Sdn Bhd holds 40 per cent.

"We will continue to work with Tempo as joint venture partners and project managers. We are looking for land in the Klang

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Director, Eksons Corp Bhd

Valley and will ink a deal soon," Tang said.

Tempo, though not part of Eksons, is deemed a related party to the group, given certain common shareholdings between both companies.

Tempo chief executive officer Khoo Boo Hian said it is eyeing land in Ampang and Mont Kiara.

He also said the company expects a return on investment of up to 25 per cent over the next three to four years from The Atmosphere.

Upcoming properties at The Atmosphere include retail and small office/home office (SOHO) units. They are due for launch by early next year.

By end-2011 or early 2012, works on a five-star hotel, serviced apartments, office suites and an entertainment hub will commence.

Khoo said the joint venture will invest an additional RM2 million or more in green technology to value-add the development.