

Headline : Salcon teams up with Exsim to build serviced apartments in JB
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KUALA LUMPUR (March 24): Salcon Bhd, via its indirect wholly- owned subsidiary Nusantara Megajuta Sdn Bhd, has entered into a joint venture agreement (JVA) with Exsim Kebun Teh Sdn Bhd to develop serviced apartments and retail units on two parcels of land measuring a total 51,476.2 sq m (12.72 acres) of leasehold land.

In a bourse filing on Friday, Salcon said the land, which is currently charged to HSBC Bank Malaysia Bhd, has a net book value of RM108.83 million based on its latest audited financial statements as at Dec 31, 2021, while its usage is for multi-storey commercial buildings.

The conditions precedent for the JVA to be fulfilled include the securing of development approvals, as well as the agreement of Salcon shareholders to enter into the agreement with Exsim.

Under the terms of the JVA, Exsim will pay RM140 million as landowner's entitlement to Salcon within either 46 months of the first payment of RM10 million after the conditions are fulfilled, or 37 months from the issuance of the advertising permit and developer's licence, whichever is earlier.

According to Salcon, it will use 20% of the proceeds to repay a bank loan, with the rest to be used as working capital. The amount is expected to be fully utilised within 12 months from the last collection date, it said.

"The joint venture would allow Salcon to unlock the value of the development lands by tapping on the skills, track record and experience of the developer who provides property development services ranging from the inception to the completion of a portfolio for commercial and industrial projects.

"This would enable the Salcon group to have greater financial flexibility to pursue future potential business opportunities

"The joint venture is expected to be completed within the second quarter of 2028 and will contribute positively to the earnings and the earnings per share of the Salcon Group for the financial year ending Dec 31, 2024 onwards," it said.

The project is expected to realise a net gain attributable to owners of the company of around RM31.17 million.

Salcon closed up half a sen or 2.56% at 20 sen, for a market capitalisation of RM202.48 million.