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## **Minimal Impact of US Tariffs on Malaysia's Construction Sector, Says MIDF**

MIDF Amanah Investment Bank Bhd reports that the 24% reciprocal tariff on Malaysian imports to the US, set to take effect on April 9, 2025, will have a minimal impact on Malaysia's construction sector. The sector mainly focuses on the domestic market and has limited exposure to the US.

While there may be some indirect effects, such as rising global material costs—particularly for steel and cement—due to potential supply chain disruptions, the overall impact on local construction companies is expected to be minimal.

Companies like Malaysian Resources Corporation Bhd, WCT Holdings Bhd, Malayan Cement Bhd, Cahya Mata Sarawak Bhd, Gamuda Bhd, and Sunway Construction Group Bhd (SunCon) have little or no significant exposure to the US market. Even IJM Corporation Bhd, which has limited exports to the US, is not expected to see any substantial impact.

In summary, the construction sector remains resilient, with the tariff likely to have only a modest effect.



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## **Kerjaya Prospek Secures RM291.43 Million Contract for Pulau Andaman Development**

Kerjaya Prospek Group Bhd has secured a RM291.43 million contract for a 50-storey service apartment project on Pulau Andaman, Penang. The contract was awarded to its wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, by Persada Mentari Sdn Bhd (PMSB), a company indirectly owned by Eastern & Oriental Bhd (E&O). Both Kerjaya Prospek and E&O are controlled by Datuk Seri Tee Eng Ho.

The construction, which includes 516 units, car parks, and facilities, is set to begin on June 23 and is expected to take 38 months to complete. This is the fourth contract secured by Kerjaya Prospek in 2025, bringing its total order book to over RM4.6 billion, which is expected to generate additional revenue and strengthen its financial position.

Despite the positive contract award, Kerjaya Prospek's shares fell by nearly 9% to RM1.83 following the announcement.



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## **Al-Aqar Healthcare REIT Faces Earnings Pressure Amid Lease Renewals**

Al-Aqar Healthcare Real Estate Investment Trust (REIT) may experience a decline in earnings due to proposed lease renewals for five key properties, including KPJ Penang and KPJ Seremban Specialist Hospitals. CIMB Securities estimates new yields between 6.0%-6.1%, down from 6.0%-7.3% in 2023, giving a slightly negative outlook on the renewals.

KPJ Healthcare Bhd plans to inject two hospitals into Al-Aqar for RM241 million via a sale-and-leaseback arrangement. However, this may not fully offset the projected 3.7% decline in 2026 earnings. The trust's distribution yield is expected to fall to 5.9% by 2026.

Further, Al-Aqar's gearing level could rise to 48% by 2026 if the acquisition is funded by borrowings, approaching the regulatory limit of 50%. Despite these challenges, Al-Aqar's shares rose 0.8% to RM1.26, with the trust's value at RM1.06 billion.



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## **KPKT Takes Strong Action, Blacklists 109 Developers to Safeguard Homebuyers' Interests**

The Housing and Local Government Ministry (KPKT) has blacklisted 109 property developers for not meeting regulations to protect homebuyers. Minister Nga Kor Ming stated that in 2024, 471 notices and fines totaling RM9.03 million were issued, with 56 fines amounting to RM1.25 million in the first two months of 2025.

The violations mainly involved missing mandatory development updates and financial reports. Blacklisted developers are banned from applying for new licenses until fines are paid and cannot re-establish companies under new names. Ongoing projects will be their last to avoid impacting homebuyers.

Nga stressed that this action sends a strong message against non-compliance. The names of blacklisted developers will be published on KPKT's website, enabling potential buyers to check a developer's status before making a purchase.



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## **Black Group Invests RM331 Million to Enhance Malaysia's Healthcare and Hospitality Sectors**

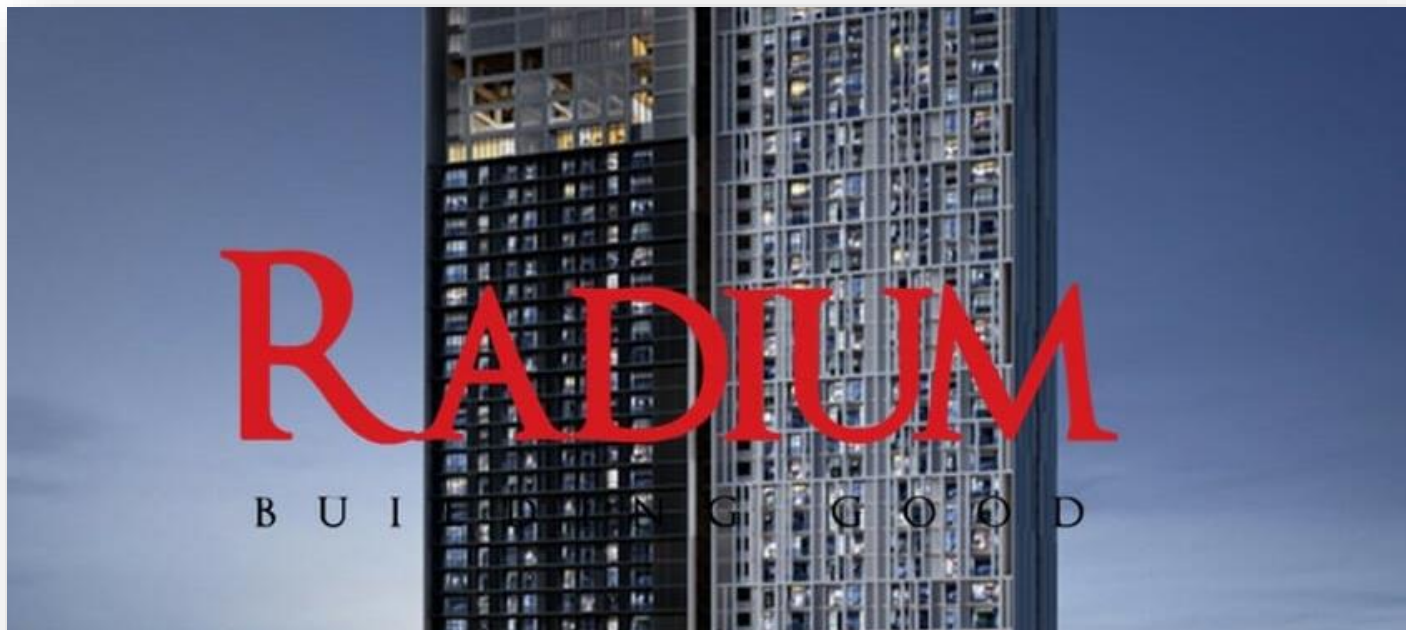
Singapore-based Black Group Investment Holding will invest S\$100 million (RM331 million) in a medical and hospitality facility in Kuala Lumpur. Named Meditel, the facility will focus on hiring local talent, creating 1,000 direct and indirect jobs across healthcare, hospitality, real estate, and biotechnology. The company will work with Malaysian educational institutions to provide training and upskilling programs for these sectors.

This investment is expected to positively impact the local economy, supporting SMEs in construction, retail, and supply chain services. The project is part of Malaysia's goal to become a global healthcare destination, combining high-quality medical care with luxury hospitality. The facility, located in Kuala Lumpur's Golden Triangle, is well-positioned to take advantage of the area's infrastructure and business environment.

Black Group plans to set new standards in integrated healthcare and luxury wellness services, with plans for further expansion across Malaysia.



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## **Radium Development Expands into Healthcare with New Hospital in Malacca**

Radium Development Bhd has announced its entry into the healthcare sector with plans to build a 140-bed hospital in Malacca. The hospital will be developed by its wholly owned unit, A Famosa Specialist Hospital (Malacca) Sdn Bhd, on a 7.11-acre site in Bukit Katil. Radium signed a sale agreement to purchase the land for RM25.5 million, with construction expected to begin in the second half of 2025.

The company is in talks with a potential partner for the healthcare venture, which will cover hospital operations, medical services, and facility development. Funding will come from internal funds and bank borrowings. The hospital is slated to open in the first half of 2028, but no profit contribution is expected in the next three years.

Radium sees healthcare as a growing sector that can provide stable, long-term revenue through recurring income. Radium shares closed at 49.5 sen, with a market cap of RM1.72 billion.



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## **Tuju Setia Wins RM264 Million Contract for Cheras Serviced Apartments**

Tuju Setia Bhd has secured a RM264.07 million contract for the construction of serviced apartments in Cheras, Selangor. The project involves building four apartment blocks ranging from 30 to 37 storeys and one five-storey podium with shop offices. The contract was awarded by Danau Saujana Sdn Bhd, a subsidiary of MKH Bhd, and is expected to be completed within 34 months.

The project is expected to positively impact Tuju Setia's earnings and net assets from the financial year ending December 31, 2025, until completion. The company's stock remained steady at 24.5 sen, valuing the company at RM85 million.

This contract highlights Tuju Setia's continued growth in the property development sector, with a significant contribution to its long-term financial performance.



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## **Iskandar Waterfront City Granted Six-Month Extension to Submit Regularisation Plan**

Iskandar Waterfront City Bhd (IWCity) has been granted a six-month extension until September 23 to submit its regularisation plan. This follows a request by the company to extend the original deadline of March 24, which was approved by Bursa Malaysia Securities. However, the extension does not protect the company from potential suspension or delisting if conditions, such as failure to meet the new deadline or secure necessary approvals, are not met.

IWCity plans to address its financial challenges by issuing new shares, conducting a private placement, and reducing its share capital. It has reached an agreement with Rampai Fokus Sdn Bhd, a subsidiary of its major shareholder, to convert RM268.4 million in debts into shares, making Rampai Fokus its largest shareholder. Additionally, IWCity plans to raise up to RM34.1 million through a placement to independent investors.

The company also intends to cancel RM120 million of its share capital to offset accumulated losses. IWCity's shares closed at 32.5 sen, giving it a market cap of RM299.37 million.



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## **Residents Oppose 70-Acre Coastal Reclamation for Jelutong Landfill Rehab**

Residents of Karpal Singh Drive, Penang, have urged the state government to stop a proposed 70-acre coastal reclamation project, part of the Jelutong landfill rehabilitation. They argue that reclaiming land for recycling machinery is unnecessary and goes against scientific practices. The Protect Karpal Singh Drive Action Committee points out that Phase 1 of the project can be done within the current 90-acre landfill, questioning the need for additional land.

The committee suggests extending the rehabilitation period to 5-10 years to allow phased processing, eliminating the need for coastal reclamation. They also recommend alternative methods like landfill mining and modular recycling. The committee calls for consultations with experts to find a solution that protects both the environment and development.

The 70-acre reclamation is part of the Penang South Reclamation project, which aims to create three new islands off the southern coast of Penang Island.



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## **Ho Hup to Sell Two Floors in Ho Hup Tower for RM13 Million**

Ho Hup Construction Company Bhd is selling two floors in Ho Hup Tower, Plaza Bukit Jalil, to its substantial shareholder Insas Bhd for RM13 million. The properties, located on the fifth and sixth floors, will be sold to Insas' wholly-owned units, Premium Realty Sdn Bhd and Sensecube Sdn Bhd. The sale proceeds will be used to repay borrowings and support general working capital.

The properties were originally acquired in 2016, but their titles have not yet been issued. The disposals, which require consent from the developer, are expected to result in a RM600,000 loss for Ho Hup. The transactions are anticipated to be completed by the third quarter of 2025.

Ho Hup's executive director Datuk Wong Gian Kui and major Insas shareholder Datuk Seri Thong Kok Khee have both abstained from discussions and voting due to conflicts of interest in this related party transaction.



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## **Ho Hup Ordered to Pay RM7.37 Million in Contractor Dispute**

Ho Hup Construction Co Bhd's subsidiary, Bukit Jalil Development Sdn Bhd (BJD), has been ordered to pay RM7.37 million to Geopancar Sdn Bhd following an adjudication decision over payment claims for substructure works at the Flex @ Bukit Jalil City project. BJD had previously aborted the project and sold the land in January.

Although BJD did not participate in the adjudication proceedings, believing the dispute would be settled amicably, negotiations later failed. Ho Hup stated that the claim from Geopancar is disputed, unsecured, and has no recourse on the company.

BJD plans to apply to the High Court to set aside and stay all proceedings related to the adjudication decision. Following the news, Ho Hup's shares dropped 9.09%, closing at 15 sen, giving the company a market value of RM77.74 million.



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## **IJM Corporation Secures 20-Year Lease with Simmons & Simmons for 25 Finsbury Circus**

IJM Corporation Bhd has secured a 20-year lease with international law firm Simmons & Simmons for its commercial property, 25 Finsbury Circus, located in London's central business district. The firm will occupy 62% of the property across multiple floors, with an option to expand tenancy to 80%. This agreement supports the firm's goal to enhance its London presence with flexible office layouts and wellness-focused areas.

The office space will feature amenities like bicycle storage, showers, wellness rooms, and lockers to encourage healthier commuting. IJM's chief executive, Datuk Lee Chun Fai, emphasized that the long-term lease highlights the value of the asset and fits with the company's strategy to build a strong international portfolio with steady recurring income.

Acquired for £72.5 million in February 2025, 25 Finsbury Circus is undergoing a £150 million refurbishment, which will expand its footprint by 26%. The project is expected to be completed within 36 months, with a projected development value of £420 million.



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