ProsperCap Corporation Limited

19 Mar 2025

Non-Rated

BBG	PROCAP SP
Market Cap	S$160.6m
Price (19 Mar 2025)	S$0.10
52-week range	S$0.10 - 0.205
Shares Outstanding	1.606 m
Free Float	15.15%
Major Shareholder	DTGO Corporation 84.85%

Source: Company Data, Bloomberg, SAC Capital

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Exposure to UK Domestic Travel

ProsperCap Corporation Limited is a real estate investment and property management firm specialising in hospitality assets across the UK. As of 19 March 2025, the company operates 17 hotels with a combined total of 3,383 rooms under international franchises such as Hilton, Marriott and IHG. These assets are located in key regional cities in the United Kingdom, aligning with the company's strategy to leverage high-demand markets. In 1H2024, ProsperCap completed a Reverse Takeover ("RTO") of 3Cnergy Limited, marking its transition into a publicly-listed company on SGX.

Business Model. ProsperCap employs a unique franchise and management model: while it franchises from global brands, the company utilizes a third-party specialist management firm, Valor Hospitality Europe, to oversee operations. This model allows ProsperCap to benefit from highly skilled management resources available on-demand, maximizing efficiency and operational effectiveness. ProsperCap is led by CEO Mr. Iqbal Jamabhoy, a seasoned industry executive with extensive experience in hospitality and real estate development.

Financial Highlights. In FY2024, ProsperCap reported revenue of S$246.9 million, a 1.9% yoy growth, primarily driven by foreign exchange gains from a stronger GBP. The temporary closure of Crowne Plaza Stratford-Upon-Avon (May–Aug 2024) resulted in lost revenue but was fully covered by insurance claims, with S$12.5 million recognised. Gross profit remained stable at S$133.8 million (-0.2% yoy) due to higher UK payroll costs following a 9.8% statutory wage increase. Gross profit margin decreased slightly to 54.2% in FY2024 from 55.3% in FY2023. The company reported a net loss of S$40.5m in FY2024, a decline of 194.0% yoy from a net profit of S$43.1m in FY2024. Excluding non-recurring items*, ProsperCap's normalised loss after tax improved by 38.4% yoy from S$23.9m to S$14.7m.

Refinancing Secured. ProsperCap successfully refinanced GBP 310 million in term and CAPEX loan facilities, extending debt maturities and strengthening financial stability. A share pledge covering 83.74% of issued shares was executed to secure THB 2 billion (approximately S$77.9m) in loans. As of 31 December 2024, the company is in the net debt of S$505.7 million and a net gearing ratio of 213.0%, a slight improvement from 254.0% in FY2023.

Operational Metrics ProsperCap's hotel portfolio maintained stable, with occupancy at 79.7%, a 0.2% yoy increase, driven by a 2.1% increase in Average Daily Rate to £101.50 and a 2.3% increase in Revenue per Available Room to £80.85. Compared against adjusted figures for FY2023 that exclude Crowne Plaza Stratford's temporary closure, revenue and gross operating income would have grown 3.0% and 2.6% yoy, respectively.

**one-off deemed listing expenses, insurance claims for compensation of damages relating to buildings, machinery, inventory and claim preparation fees, fair value loss on derivative financial assets at FVTPL, impairment loss on land and buildings, reversal of impairment loss on land and buildings*

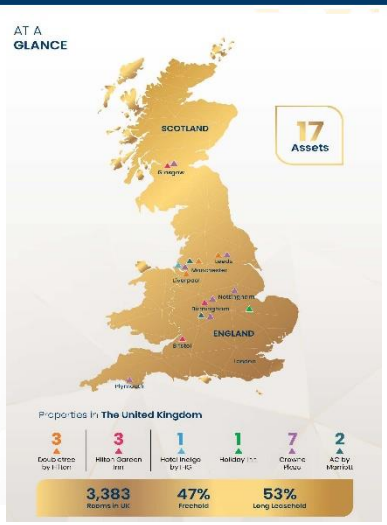
KEY FINANCIAL HIGHLIGHTS

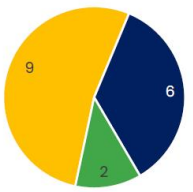
Year ended Dec (S$'m)	**FY22**	**FY23**	**FY24**
Revenue	208.6	242.4	246.9
Net profit / (loss)	(46.6)	43.1	(40.5)
EPS (S$ cents)	(2.9)	6.5	(2.7)
Valuation			
Gross profit margin (%)	53.4%	55.3%	54.2%
Net profit margin (%)	-22.4%	17.8%	-16.4%
P/E (x)	n.m.	1.5	n.m.
P/B (x)	n.m.	0.6	0.7
ROE (%)	16.5%	20.2%	-17.1%

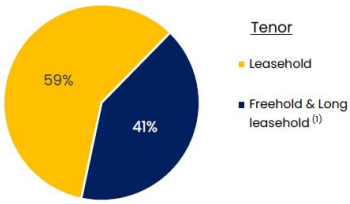
UK Hospitality Outlook. The UK hospitality industry is projected to grow steadily between 2024 and 2029, with the market size expected to reach USD 57.4b in 2024 and expand at a CAGR of 2.53% to USD 65.0b by 2029. Despite headwinds such as inflation and higher interest rates in 2023, improved market sentiment and stabilizing economic conditions create a favourable outlook for continued growth. With rising disposable incomes among both domestic and international consumers, demand for hospitality services in the UK are expected to rise. ProsperCap is well-positioned to capitalise on this growth, leveraging its domain expertise in the UK market to expand its hospitality portfolio further.

DTGO Partnership. ProsperCap benefits from its partnership with DTGO Corporation Limited (DTGO), a major shareholder with a broad global network and an established presence across various commercial sectors. This relationship provides ProsperCap with strategic advantages, including access to DTGO's business ecosystem, resources, and potential collaboration opportunities to further strengthen its operational and market reach.

Portfolio Review





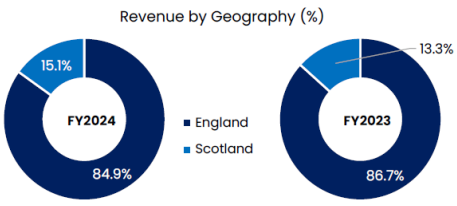


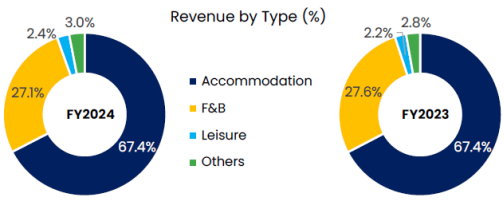
Hotel Management Structure

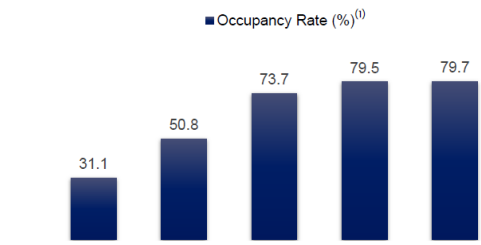
- ProsperCap operates its 17 hotels under franchise agreements with renowned international hotel brands such as IHG, Hilton and Marriot, to leverage their brand equity, standards and distribution channels.
- The hotels are managed by Valor Hospitality Europe, which provides expertise in:
  - hotel operations management, including human resource management
  - revenue management
  - adherence to franchisor's branding standards

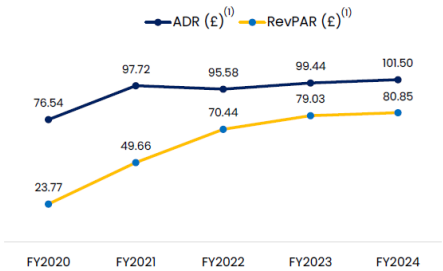
(1) Long leasehold refers to a lease term of 199 years or more.

Portfolio Operating Performance









Source: Company

Income Statement

FYE Dec (S$'m)	FY23	FY24
Revenue	**242.4**	**246.9**
Cost of sales	(108.3)	(113.1)
Gross profit	**134.1**	**133.8**
Other operating income	94.7	17.5
Administrative expenses	(110.3)	(121.7)
Other expenses	(15.0)	(12.4)
One-off deemed listing expenses	-	(10.0)
Results from operating activities	103.5	7.1
Finance income	12.6	15.6
Finance costs	(69.6)	(60.1)
Net finance costs	(57.0)	(44.4)
(Loss)/Profit before tax	**46.5**	**(37.3)**
Income tax expense	(3.3)	(3.2)
(Loss)/Profit for the year/period	**43.1**	**(40.5)**

Balance Sheet

FYE Dec (S$'m)	FY23	FY24
Assets		
Property, plant and equipment	784.8	772.9
Investment in subsidiaries	-	-
Amount due from subsidiary	-	-
Derivative financial assets	-	9.8
Deferred tax assets	30.5	27.9
Non-current assets	**815.3**	**810.7**
Derivative financial assets	12.5	-
Inventories	2.0	2.5
Trade and other receivables	13.8	16.9
Cash and cash equivalents	31.6	6.4
Current assets	**59.9**	**25.7**
Total assets	**875.3**	**836.4**
Liabilities		
Loans and borrowings	0.0	494.1
Lease liabilities	9.5	12.2
Deferred tax liabilities	16.1	11.9
Non-current liabilities	**25.6**	**518.2**
Loans and borrowings	488.2	0.0
Trade and other payables	148.4	80.4
Provision for reinstatement cost	-	0.1
Convertible loan	-	-
Lease liabilities	0.1	0.2
Current liabilities	**636.7**	**80.7**
Total liabilities	**662.2**	**598.9**
Equity		
Share capital	376.5	452.9
Reserves	95.4	83.9
Accumulated losses	(258.8)	(299.4)
Equity attributable to owners of the Company	**213.0**	**237.4**
Total equity and liabilities	**875.3**	**836.4**

Cash Flow Statement

Cash flows from operating activities	FY23	FY24
(Loss)/Profit before tax	**46.5**	**(37.3)**
Adjustments for:	0.0	0.0
Bad debt written off	0.1	0.1
Depreciation of property, plant and equipment	21.0	25.5
One-off deemed listing expenses	-	10.0
Property, plant and equipment written off	-	0.4
Reversal of expected credit loss ("ECL") on trade receivables	(0.3)	(0.0)
Impairment loss on property, plant and equipment	13.9	10.5
Reversal of impairment losses on property, plant and equipment	(93.4)	(4.6)
Finance income	(12.6)	(15.6)
Finance costs	69.6	60.1
Unrealised foreign exchange differences	(0.0)	0.3
	44.9	49.4
Changes in working capital:		
Inventories	(0.5)	(0.4)
Trade and other receivables	(0.7)	(3.0)
Trade and other payables	6.9	(6.4)
Net cash generated from operating activities	**50.6**	**39.5**
Cash flows from investing activities		
Purchase of property, plant and equipment	(28.3)	(27.1)
Interest received	0.8	0.3
Bank charges paid	0.0	0.0
Net cash inflow from reverse acquisition	-	0.6
Net cash used in investing activities	**(27.5)**	**(26.2)**
Cash flows from financing activities		
Interest paid on secured bank loans	(40.1)	(42.6)
Income from derivative financial assets received	11.9	15.0
Payment of lease liabilities	(0.8)	(1.1)
Payment of debt financing transaction costs	-	(11.0)
Proceeds from loan from an immediate holding company	20.1	-
Purchase of forward interest rate caps premium	-	(7.6)
Proceeds from secured bank loans	-	505.4
Repayment of secured bank loans	(28.4)	(496.3)
Repayment of loan from an immediate holding company	(1.8)	(67.4)
Net proceeds from issuance of new ordinary shares (compliance placement)	-	66.4
Net cash used in financing activities	**(39.2)**	**(39.1)**
Net decrease in cash and cash equivalents	**(16.1)**	**(25.8)**
Effects of foreign currency exchange rate on cash held	**1.6**	**0.5**
Cash and cash equivalents at 1 January	**46.1**	**31.6**
Cash and cash equivalents at 31 December	**31.6**	**6.4**

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