

## Nod to Kerjaya Prospek's TBD stake buy

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PETALING JAYA: Kerjaya Prospek Group Bhd's move to consolidate its property development portfolio by acquiring the remaining 40% equity interest in Tanjung Bungah Development Sdn Bhd (TBD) from Aspen Vision Tanjung Sdn Bhd is viewed positively by analysts.

BIMB Research noted that the transaction effectively turns TBD into a wholly-owned subsidiary, allowing Kerjaya Prospek to take full control of a high-potential development project on Penang Island.

The research house added that by removing the joint venture structure, Kerjaya Prospek will now retain 100% of future earnings from the Tanjung Bungah mixed development.

The project, spanning 4.5 acres of freehold land, carries an estimated gross development value (GDV) of RM830mil.

Notably, Kerjaya Prospek is paying a nominal RM80 for the TBD shares, but will reimburse Aspen RM60mil for initial land costs and development expenditures.

"As development works have yet to commence, Aspen is effectively exiting the project at cost, rather than monetising the asset at a premium," the research house stated in its latest report on Kerjaya Prospek.

It said based on the implied land cost-to-GDV ratio of 14.1%, the proposed development compares favourably with industry benchmarks and opined that the land was acquired at a reasonable cost relative to its development potential.

Phillip Capital Research noted that while Kerjaya Prospek will assume RM104mil of guarantee commitments, it saw limited financial impact given the company's healthy net cash position of RM485mil as at the end of the first quarter.

"We expect the Tanjung Bungah development to be launched in 2027, with earnings contribution kicking in from financial year 2027 onwards," it stated.

The research house made no changes to its earnings forecast.

Moreover, it maintained a "buy" rating on the stock with a 12-month target price (TP) of RM3.05 a share.

BIMB Research explained that Tanjung Bungah is one of four strategic landbank developments for Kerjaya Prospek alongside projects in Batu Kawan, Seberang Perai Tengah, and Jalan Puchong.

By consolidating ownership, the company is demonstrating high confidence in the Penang property market and its own ability to execute large-scale residential developments

BIMB Research also did not make any changes to Kerjaya Prospek's valuation and maintained its "buy" recommendation on the stock at an unchanged TP of RM2.73 a share.