

IOI Properties Group

Solidifying Presence in Singapore

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IOIPG hosted a site-visit at its Singapore developments, showcasing IOI Central Boulevard Towers, JW Marriott Hotel and office tower at South Beach Avenue as well as the recently launched W Residences Marina View. Said office tower recorded a robust committed occupancy rate of 95%-96%. However, the sales of its ultra-luxury W Residences (RM11b GDV) fell short of expectations with only 5% take-up rate from its first phase of 100 units, likely due to its above-market premium pricing, further weighed by the increase in the “Additional Buyer Stamp Duty” (ABSD) to 60% from 30% since 2023 by the Singaporean government as a measure to cool the property market. Meanwhile, as we make a hypothetical assumption of RM8b in asset size for its upcoming REIT, we reassess the potential upside in its valuation which prompted a reduction in our blended RNAV discount from 55% to 45% ahead of the listing scheduled for 2HCY26. We maintain our forecasts, raise our TP to RM2.81 from RM2.30 (+22%) while maintaining our MARKET PERFORM call.

We came away from a site-visit to IOIPG’s developments in Singapore last Friday on 9 January 2026, namely IOI Central Boulevard Towers (CBT), South Beach Office Towers, JW Marriott Hotel South Beach and W Residences Marina View, hosted by the company with a group of over 40 participants. Below are notable key-takeaways with photos attached in Exhibit 1.

1. IOI CBT

IOI CBT is a one-year-old premier Grade-A office development with total NLA of c.1.26m sq ft and floor plates of c.23k–25k sq ft. Its committed occupancy stands at c.96%, while actual occupancy is c.75%. The group targets for actual occupancy to reach above 90% by end-CY26) as tenants move in progressively. The East Tower (16 floors) is fully leased to Amazon, while the 48-storey West Tower predominantly houses MNC tenants, including Morgan Stanley, financial institutions and several international law firms on an average rent of c.SGD13 psf. We opine at full-capacity, the monthly rental revenue from IOI CBT could amount to SGD16.4m/mth (or RM51.8m/mth).

Typical lease tenures are observed to be around five years with a 2–3 months’ rent-free incentives for renovation. The asset benefits from its prime CBD location adjacent to Lau Pa Sat, the Singapore Exchange, and the CapitaSpring Tower, complemented by an underground sheltered pedestrian network linking major surrounding buildings.

2. South Beach Office Towers and JW Marriot Hotel

The South Beach Office Towers are approximately 10 years old, with committed occupancy of c.95% and actual occupancy of c.74%, following the earlier departure of an anchor tenant. The group is confident of replacing the vacant space in CY26. Average rents are c.SGD11 psf with historically constant positive rental reversions recorded. The broader South Beach development was undertaken in collaboration with CDL since CY08, which IOIPG has acquired full ownership in CY25.

The development integrates offices, retail, and hospitality, anchored by the 5-star JW Marriott Hotel Singapore South Beach, which operates across six buildings offering retail & entertainment activities within the precinct. The hotel records an average room rate of c.SGD480 per

MARKET PERFORM ↔

Price : **RM2.70**
Target Price : **RM2.81** ↑

Share Price Performance



KLCI	1,686.54
YTD KLCI chg	0.4%
YTD stock price chg	2.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IOIPG MK EQUITY
Market Cap (RM m)	14,866.6
Shares Outstanding	5506.145375
52-week range (H)	2.81
52-week range (L)	1.63
3-mth avg. daily vol:	6,288,352
Free Float	25%
Beta	1.0

Major Shareholders

Vertical Capacity Sdn Bhd	65.7%
Employee Provident Fund Board	6.0%
AIA Bhd	3.9%

Summary Earnings Table

FYE Jun (RM m)	2025A	2026F	2027F
Turnover	3,062	3,595	3,715
Operating Profit	1,847	1,672	1,233
Profit Before Tax	1,454	1,323	854
Net Profit (NP)	1,064	1,121	681
Core NP	291	618	681
Consensus (CNP)	-	401	669
Earnings Revision	-	-	-
Core EPS (sen)	5.3	11.2	12.4
Core EPS Growth (%)	-43.1	112.2	10.1
NDPS (sen)	8.0	5.0	5.5
BV/Share (RM)	4.44	4.59	4.66
Core PER (x)	41.6	19.6	17.8
Price/BV (x)	0.50	0.48	0.47
Net Gearing (x)	0.7	0.7	0.7
Dividend Yield (%)	3.6	2.3	2.5

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night (within market average of its adjacent hospitality competitors), c.75% occupancy on average and a diversified guest mix, supported by strong connectivity and proximity to three shopping malls within walking distance.

3. W Residences Marina View

W Residences Marina View (estimated GDV of SGD3.5b or RM11b) is an ultra-luxury hybrid development in collaboration with Marriott International under the W brand, comprising 360 hotel rooms and 683 residential units. The project offers panoramic views of Marina Bay, and Sentosa Island, with accessibility to five MRT stations within walking distance. The first launch phase in Oct 2025 saw 100 units released, but take-up has been rather slow at c.5% which fell short of the management's expectation. This was likely due to its above-market premium pricing amid a softer foreign-buyer environment following the increase in ABSD from 30% to 60% to curb excessive price hikes. Prices range from c.SGD3.2k psf to above SGD4.0k psf, slightly above market averages of SGD3.2k, with indicative absolute prices from c.SGD1.7m for a 550 sq ft unit to c.SGD11m for a 2,800 sq ft unit. The development is currently under construction, with targeted completion in CY29.

All in, while we remain confident to see steady performance in its offices and hotel in Singapore underpinned by the prime location within the CBD area, we are cautious on its W hotel residence on softer-than-expected sales traction post launches.

Meanwhile, we reassess IOIPG's valuation for its upcoming Malaysia REIT by separately valuing these assets. For now, we express as a discount to RNAV.

Pending finalization by the group, our estimate is for RM8b of such reit-able assets to trade at 1.0x PBV (in line with the average of big-cap MREITs), i.e. without discount. Assuming a 55% discount is still applied elsewhere else, our blended discount is c.45% translating to a market valuation of RM15.5b. This explains our 51 sen increase in TP to RM2.81.

Valuations. While we believe the group may continue to see a relatively slower property development turnaround as opposed to other developers and significantly higher gearing of 0.95x (vs. peers' average of c.0.4x), investors may be more supportive of the group, thanks to its focus in boosting its property investment divisions, propping up its looming REIT listing which is scheduled for 2HCY26. That said, we are mindful that the group may see earnings headwinds should interest costs rise from the normalisation of Singapore SORA, whereby 84% of its borrowings are Singapore-based.

Investment case. We like IOIPG due to: (i) its focus on high-value products in matured townships with its well diversified products, (ii) its expanding investment property portfolio with steady recurring incomes that bodes well with its upcoming REIT listing, and (iii) its presence in the vibrant property sector in Singapore prime locations.

Risks to our call include: (i) lower-than-expected valuations for its REIT listing, and (ii) softer-than-expected performance from new launches.

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Exhibit 1: Photos of IOIPG's assets in Singapore



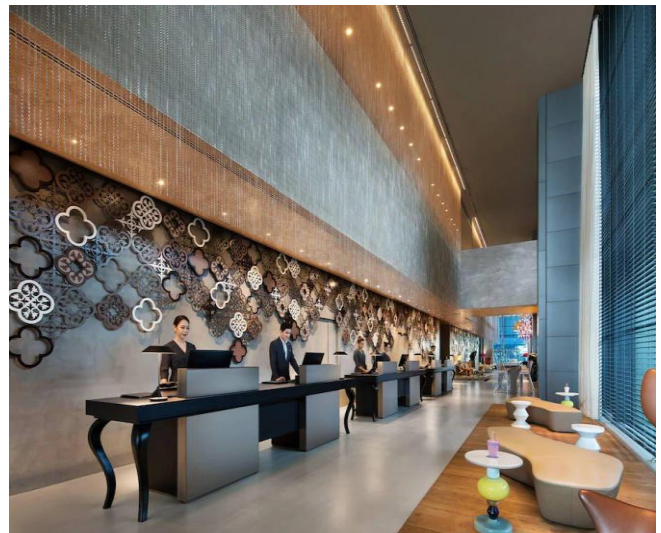
IOI Central Boulevard Office Tower



IOI South Beach Office Tower



W Residence Marina View (Illustrative image)



JW Marriott Hotel Lobby, South Beach



W Sales Gallery Entrance



Investor Briefing at W Sales Gallery



Construction Progress of W Residence



View from IOI Central Boulevard Office Tower

Source: Company, Kenanga

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IOIPG's RNAV

Project	Remaining Land Bank (acres)	Outstanding GDV (RM b)	NPV of profit (RM m)
<u>On-going projects</u>			
Bandar Puchong Jaya	13	1.10	73.08
IOI Resort City	293	15.65	634.73
Bandar Putra Kulai	3,390	3.82	212.71
Bandar IOI Segamat	71	0.48	33.53
Bandar Puteri Puchong	138	13.43	587.11
Taman Lagenda Putra	16	0.06	3.89
Taman Kempas Utama	26	0.74	49.27
16 Sierra Puchong	150	6.56	297.85
IOI Palm City, Xiamen, PRC (RMB)	0	0.00	0.00
Bandar IOI, Bahau, Negeri Sembilan	18	0.14	8.49
Bandar Puteri Bangi, Selangor	197	4.74	300.44
Warisan Puteri Sepang, Selangor	147	3.16	200.34
i-Synergy, Senai, Kulai, Johor	230	1.67	121.45
IOI Palm International Parkhouse, Xiamen, PRC	0	0.00	0.00
IOI Industrial Park, Banting	325	1.63	108.16
Marina View	1	11.76	654.26
<u>Completed joint-ventures</u>			
Seascape @ Sentosa Cove	0	0.99	65.92
Cape Royale @ Sentosa Cove	0	3.08	195.39
PJ Midtown	0	0.05	3.93
Total	5,015	69.07	3,550.55
Unbilled Sales (as of 4QFY25)		780.00	41.82
Shareholders Fund (4QFY25)			24,542
Total RNAV			28,135
Number of shares (m shares)			5,506
RNAV/share (RM)			5.11
Discount to RNAV (%)			45
TP (RM)			2.81

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)		Net Div Yld	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
PROPERTY DEVELOPERS																					
ECO WORLD DEVELOPMENT GROUP	OP	2.16	2.24	3.7%	6,938.9	Y	10/2026	15.9	16.2	14.9%	1.5%	13.6	13.4	1.0	7.7%	7.5	3.5%				
IOI PROPERTIES GROUP BHD	MP	2.70	2.81	4.1%	14,866.6	Y	06/2026	11.2	12.4	112.3%	10.1%	24.1	21.8	0.6	4.5%	5.0	1.9%				
LBS BINA BHD	OP	0.405	0.640	58.0%	621.5	Y	12/2025	6.2	7.6	45.7%	23.3%	6.6	5.3	0.3	5.4%	2.3	5.7%				
MAH SING GROUP BHD	OP	1.09	1.78	63.3%	2,790.6	Y	12/2025	10.5	11.0	12.0%	4.7%	10.4	9.9	0.7	6.4%	5.0	4.6%				
MALAYSIAN RESOURCES CORP BHD	MP	0.400	0.560	40.0%	1,787.0	Y	12/2025	1.8	1.4	19.2%	-18.9%	56.3	30.3	0.4	1.7%	1.0	2.5%				
PARAMOUNT CORPORATION BHD	OP	1.04	1.49	43.3%	647.7	Y	12/2025	17.9	21.3	8.6%	19.2%	5.8	4.9	0.4	7.5%	8.5	8.2%				
S P SETIA BHD	OP	0.840	1.43	70.2%	4,202.8	Y	12/2025	6.1	7.3	-33.3%	18.9%	13.8	11.6	0.2	2.4%	2.0	2.4%				
SIME DARBY PROPERTY BHD	OP	1.41	1.97	39.7%	9,589.2	Y	12/2025	8.3	8.6	11.9%	4.6%	17.1	16.3	0.9	5.3%	3.0	2.1%				
SUNWAY BHD	UP	5.60	4.73	-15.5%	37,858.4	Y	12/2025	25.0	20.3	66.6%	-18.5%	22.4	27.5	2.2	10.1%	6.5	1.2%				
UOA DEVELOPMENT BHD	OP	1.87	1.94	3.7%	4,964.9	Y	12/2025	14.5	15.3	59.0%	5.4%	12.9	12.2	0.9	6.8%	13.0	7.0%				
SECTOR AGGREGATE					84,267.5					45.1%	-2.6%	20.7	21.2	0.7	5.6%		3.9%				

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	☆		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★		
	Green Building	★	★	★		
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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