

02 March 2026

# IOI Properties Group

## Ripe for Some Profit Taking

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IOIPG's 1HFY26 core net earnings (+84%) met expectation. Going forward, IOIPG's earnings are expected to be helmed by stronger property investment returns from its Singapore assets (namely IOI CBT, JW Marriott Hotel). Post briefing, we are more optimistic on the group's operating margins with property development benefiting from a better product mix while its investments and hospitality assets report stronger profitability. We thereby raise our FY26F/FY27F earnings by 20%/15% and lift our TP to RM3.00 (from RM2.81) on improved project NPVs. Following IOIPG's 31%-YTD price rally, we downgrade it from MP to UP as risk-reward could be unfavourably skewed amid IOIPG's sensitivity to SORA rates which may normalise from current low base. Meanwhile, the less encouraging take-up rate of W Residence Singapore (c.18% of total project NPV) may limit property development revenue growth in the near-term.

**Within expectations.** Adjusting for collective fair value and JV remeasurement gains of RM1b, IOIPG's 1HFY26 core net profit of RM303.2m made up 49% of our full-year forecast but was below consensus full-year estimate (making up 40%).

**YoY,** 1HFY26 revenue rose by 42% following significantly stronger performance across the board, with: (i) property development (+33%) reporting higher sales in both Malaysia and China, (ii) stronger property investment (+39%) after gaining full control of South Beach (in Dec 2025) and higher occupancy rates from IOI Central Boulevard Towers (IOICBT) in Singapore, and (iii) hospitality & leisure segments (+77%) registering higher income from the newly acquired JW Marriott Singapore South Beach and the newly opened Sheraton Grand Xiamen Jimel.

Excluding the combined fair value gains of RM1.07b in 1HFY26, its core net profit still expanded by 85%, thanks to the higher top line and better sales mix from property development that drove operating margin higher (+2.4 ppts), further boosted by lower interest rates enjoyed from declining SORA rates during the period.

**QoQ,** 2QFY26 core net profit fell 12% largely led by higher effective taxes (+4.6 ppts). Apart from that, the group's completed inventories in China were reduced by 21% on continuous marketing initiatives.

**Outlook.** IOIPG will continue to steer the development of W Residences Singapore, Marina View, the development of IOI Industrial Park Series, the construction of IOI City Mall Phase 3 and IOI Mall Rio, and the value unlocking of its investment properties through the ongoing REIT listing preparation. Its property development pipeline looks to introduce more industrial products into its portfolio, albeit still within a preferred mix of 70:30 residential and non-residential products.

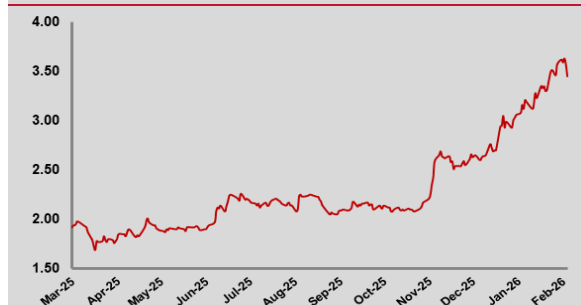
Meanwhile, its unsold inventories continued to see a healthy declining trend with the group keeping its RM2b sales target for FY26 intact, fuelled by its core township developments in Puchong and IOI Resort City.

On property investment, the group's completed consolidation of Scottsdale Properties (from a 49.9%-stake) further supplements its Singaporean investment asset portfolio with the inclusion of South Beach Tower. Meanwhile, IOI Central Boulevard Towers continue to see improvements to its committed occupancy, now at 96% which would translate to stronger rental income in the year ahead.

**UNDERPERFORM** ↓

Price : **RM3.45**  
Target Price : **RM3.00** ↑

### Share Price Performance



KLCI	1,716.61
YTD KLCI chg	2.2%
YTD stock price chg	30.7%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IOIPG MK EQUITY
Market Cap (RM m)	18,996.2
Shares Outstanding	5506.145375
52-week range (H)	3.72
52-week range (L)	1.63
3-mth avg. daily vol.	8,887,499
Free Float	31%
Beta	1.1

### Major Shareholders

Vertical Capacity Sdn Bhd	65.7%
Employee Provident Fund Board	6.2%
AIA Bhd	2.2%

### Summary Earnings Table

FYE Jun (RM m)	2025A	2026F	2027F
Turnover	3,062	3,538	3,748
Operating Profit	1,847	1,817	1,361
Profit Before Tax	1,454	1,468	984
<b>Net Profit (NP)</b>	<b>1,064</b>	<b>1,244</b>	<b>785</b>
<b>Core NP</b>	<b>291</b>	<b>741</b>	<b>785</b>
Consensus (CNP)	-	757	777
Earnings Revision	-	+19.9%	+15.2%
Core EPS (sen)	5.3	13.5	14.3
Core EPS Growth (%)	-43.1	154.5	5.9
NDPS (sen)	8.0	6.0	7.0
BV/Share (RM)	4.44	4.60	4.68
Core PER (x)	65.2	25.6	24.2
Price/BV (x)	0.78	0.75	0.74
Net Gearing (x)	0.7	0.7	0.7
Dividend Yield (%)	2.3	1.7	2.0

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Meanwhile, the incorporation of its REITs subsidiary is still on track to be finalised by 2HCY26, which would help the group in paring down its debts and net gearing of 0.90x. Despite its high readings, the group appears comfortable to operate at such levels, thanks to a more favourable interest rate environment granted by a low SORA.

**Forecasts.** We raise our FY26F/FY27F earnings by 20%/15% as we account for: (i) stronger profit margins from IOIPG's property development unit, led by improving product mix, and (ii) improving outlook for its hospitality segment.

**Forecasts.** We raise our TP from RM2.81 to RM3.00 as we increase our NPV assumptions for IOIPG's outstanding property development projects by raising our net development margins from 8% to 12%. This is to reflect the benefits of its better product mix, on the back of unchanged RNAV discount of 45% for IOIPG. We downgrade the stock from **MARKET PERFORM** to **UNDERPERFORM** after its share price rallied by 31% YTD ahead of its planned REIT listing. In addition, the group may see earnings headwinds should interest costs rise from the normalisation of Singapore SORA, whereby 84% of its borrowings are Singapore-based. That said, we remain cautious that the latest slow take-up rate in its W Residence, Marina View, Singapore may partially hinder its near-term growth in the property development division.

**Risks to our call include:** (i) a stronger-than-expected recovery in the property market in China, (ii) easier mortgage rates, (iii) softer construction cost, and (iv) better-than-expected performances associated with Singapore operation.

### Result Highlights

	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Jun (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>1,040.8</b>	<b>968.7</b>	<b>7.4%</b>	<b>729.0</b>	<b>42.8%</b>	<b>2,009.5</b>	<b>1,416.9</b>	<b>41.8%</b>
Cost of Sales	-440.7	-480.5	-8.3%	-341.1	29.2%	-921.2	-704.9	30.7%
<b>Gross Profit</b>	<b>600.0</b>	<b>488.2</b>	<b>22.9%</b>	<b>387.9</b>	<b>54.7%</b>	<b>1,088.2</b>	<b>712.0</b>	<b>52.8%</b>
Operating Income	584.0	534.7	9.2%	28.8	1926.3%	1,118.7	75.8	1374.9%
Marketing and Selling Expenses	-45.0	-31.0	45.3%	-33.8	33.2%	-75.9	-62.9	20.8%
Administrative Expenses	-88.4	-94.2	-6.2%	-72.2	22.3%	-182.6	-137.5	32.7%
Other Operating Expenses	-100.3	-79.6	26.1%	-73.8	36.0%	-179.9	-128.9	39.5%
<b>Operating Profit</b>	<b>950.4</b>	<b>818.2</b>	<b>16.1%</b>	<b>237.0</b>	<b>301.0%</b>	<b>1,768.6</b>	<b>458.6</b>	<b>285.7%</b>
<b>Core Operating Profit</b>	<b>383.3</b>	<b>315.4</b>	<b>21.5%</b>	<b>237.0</b>	<b>61.7%</b>	<b>698.8</b>	<b>458.6</b>	<b>52.4%</b>
Associate Contribution	0.0	0.6	-97.7%	0.5	-97.2%	0.7	1.0	-35.7%
JV Contribution	2.1	14.6	-85.7%	14.3	-85.4%	16.7	23.1	-27.5%
Interest Income/(Expense)	-105.8	-79.9	32.5%	-101.0	4.7%	-185.7	-198.1	-6.3%
<b>Profit Before Tax</b>	<b>846.7</b>	<b>753.6</b>	<b>12.3%</b>	<b>150.8</b>	<b>461.4%</b>	<b>1,600.3</b>	<b>284.5</b>	<b>462.5%</b>
Taxation	-136.2	-86.7	57.1%	-54.3	150.9%	-222.9	-117.8	89.3%
Minority Interest	-1.7	-2.6	-33.8%	-1.7	-0.2%	-4.3	-2.8	55.1%
<b>Net Profit</b>	<b>708.7</b>	<b>664.3</b>	<b>6.7%</b>	<b>94.8</b>	<b>647.7%</b>	<b>1,373.0</b>	<b>163.9</b>	<b>737.5%</b>
Exceptional Items*	-567.1	-502.8	12.8%	0.0	N.M.	-1,069.8	0.0	N.M.
<b>Core Net Profit</b>	<b>141.7</b>	<b>161.5</b>	<b>-12.3%</b>	<b>94.8</b>	<b>49.5%</b>	<b>303.2</b>	<b>163.9</b>	<b>84.9%</b>
<b>Key Operating Metrics:</b>								
Gross Profit Margin	57.7%	50.4%		53.2%		54.2%	50.3%	
Core Operating Margin	36.8%	32.6%		32.5%		34.8%	32.4%	
Pretax Margin	81.4%	77.8%		20.7%		79.6%	20.1%	
Core Net Margin	13.6%	16.7%		13.0%		15.1%	11.6%	
Effective Tax Rate	-16.1%	-11.5%		-36.0%		-13.9%	-41.4%	

\* Core Adjustments account for: (i) fair value gains/(losses) on investment properties; (ii) one-off impairments; and (iii) one-off write downs

Source: Company, Kenanga Research

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**Segmental Breakdown**

FYE Jun (RM m)	2Q FY26	1Q FY26	QoQ Chg	2Q FY25	YoY Chg	6M FY26	6M FY25	YoY Chg
<b>Revenue</b>								
Property Development	451.6	519.3	-13.0%	375.7	20.2%	970.9	730.1	33.0%
Property Investment	340.7	287.2	18.6%	233.8	45.7%	627.9	452.5	38.8%
Hospitality	242.4	159.0	52.5%	115.9	109.2%	401.4	226.6	77.1%
Other Operations	6.0	3.2	86.0%	3.6	67.5%	9.3	7.7	21.0%
<b>Total Revenue</b>	<b>1,040.8</b>	<b>968.7</b>	<b>7.4%</b>	<b>729.0</b>	<b>42.8%</b>	<b>2,009.5</b>	<b>1,416.9</b>	<b>41.8%</b>
<b>Core Operating Profit</b>								
Property Development	151.5	155.0	-2.3%	97.0	56.1%	306.4	172.3	77.8%
Property Investment	194.8	149.7	30.1%	129.9	50.0%	344.6	263.3	30.8%
Hospitality	27.8	4.3	548.8%	1.8	1484.6%	32.1	7.7	315.7%
Other Operations	9.2	6.5	42.3%	8.3	10.0%	15.6	15.2	3.1%
<b>Total Core Operating Profit</b>	<b>383.3</b>	<b>315.4</b>	<b>21.5%</b>	<b>237.0</b>	<b>61.7%</b>	<b>698.8</b>	<b>458.6</b>	<b>52.4%</b>
<b>Operating Margin</b>								
Property Development	33.5%	29.8%		25.8%		31.6%	23.6%	
Property Investment	57.2%	52.1%		55.6%		54.9%	58.2%	
Hospitality	11.5%	2.7%		1.5%		8.0%	3.4%	
Other Operations	152.2%	199.0%		231.6%		168.5%	197.8%	
<b>Total Operating Margin</b>	<b>36.8%</b>	<b>32.6%</b>		<b>32.5%</b>		<b>34.8%</b>	<b>32.4%</b>	

Source: Company, Kenanga Research

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**IOIPG's RNAV**

Project	Remaining Land Bank (acres)	Outstanding GDV (RM b)	NPV of profit (RM m)
<b><u>On-going projects</u></b>			
Bandar Puchong Jaya	13	1.10	109.62
IOI Resort City	293	15.65	952.10
Bandar Putra Kulai	3,390	3.82	319.06
Bandar IOI Segamat	71	0.48	50.30
Bandar Puteri Puchong	138	13.43	880.66
Taman Legenda Putra	16	0.06	5.83
Taman Kempas Utama	26	0.74	73.91
16 Sierra Puchong	150	6.56	446.77
IOI Palm City, Xiamen, PRC (RMB)	0	0.00	0.00
Bandar IOI, Bahau, Negeri Sembilan	18	0.14	12.74
Bandar Puteri Bangi, Selangor	197	4.74	450.66
Warisan Puteri Sepang, Selangor	147	3.16	300.50
i-Synergy, Senai, Kulai, Johor	230	1.67	182.18
IOI Palm International Parkhouse, Xiamen, PRC	0	0.00	0.00
IOI Industrial Park, Banting	325	1.63	162.24
Marina View	1	11.76	981.39
<b><u>Completed joint-ventures</u></b>			
Seascape @ Sentosa Cove	0	0.99	98.88
Cape Royale @ Sentosa Cove	0	3.08	293.09
PJ Midtown	0	0.05	5.89
<b>Total</b>	<b>5,015</b>	<b>69.07</b>	<b>5,325.82</b>
<b>Unbilled Sales (as of 2QFY26)</b>			45.74
		853.00	
Shareholders Fund (4QFY25)			24,542
<b>Total RNAV</b>			<b>29,914</b>
Number of shares (m shares)			5,506
RNAV/share (RM)			<b>5.43</b>
Discount to RNAV (%)			45%
<b>TP (RM)</b>			<b>3.00</b>

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.		
<b>PROPERTY DEVELOPERS</b>																					
ECO WORLD DEVELOPMENT GROUP	OP	2.25	2.24	-0.4%	7,240.9	Y	10/2026	15.9	16.2	14.9%	1.5%	14.1	13.9	1.1	7.7%	7.5	3.3%				
IOI PROPERTIES GROUP BHD	UP	3.45	3.00	-13.0%	18,996.2	Y	06/2026	13.5	14.3	154.5%	5.9%	25.6	24.2	0.7	5.0%	6.0	1.7%				
LBS BINA BHD	OP	0.470	0.640	36.2%	719.8	Y	12/2026	7.1	8.1	66.7%	15.1%	6.7	5.8	0.4	6.1%	3.3	7.0%				
MAH SING GROUP BHD	OP	1.17	1.78	52.1%	2,995.4	Y	12/2026	10.5	11.0	12.0%	4.7%	11.2	10.7	0.7	6.4%	5.0	4.3%				
MALAYSIAN RESOURCES CORP BHD	MP	0.310	0.560	80.6%	1,384.9	Y	12/2026	1.8	1.4	19.2%	-18.9%	43.7	23.5	0.3	1.7%	1.0	3.2%				
PARAMOUNT CORPORATION BHD	OP	1.08	1.47	36.1%	672.6	Y	12/2026	21.0	22.0	82.8%	4.7%	5.1	4.9	0.4	8.6%	9.0	8.3%				
S P SETIA BHD	OP	0.915	1.43	56.3%	4,578.0	Y	12/2026	12.6	12.6	0.0%	0.0%	7.3	7.3	0.3	2.9%	2.5	2.7%				
SIME DARBY PROPERTY BHD	OP	1.45	1.97	35.9%	9,861.2	Y	12/2026	8.2	9.2	8.0%	11.4%	17.6	15.8	0.9	5.1%	3.3	2.3%				
SUNWAY BHD	UP	5.86	4.98	-15.0%	39,616.1	Y	12/2026	20.5	19.4	7.8%	-5.4%	28.5	30.2	2.2	7.8%	6.5	1.1%				
UOA DEVELOPMENT BHD	OP	1.89	1.91	1.1%	5,018.0	Y	12/2026	13.7	14.5	18.1%	6.0%	13.8	13.0	0.8	5.8%	12.0	6.3%				
<b>SECTOR AGGREGATE</b>					<b>91,083.1</b>					<b>27.7%</b>	<b>1.7%</b>	<b>21.4</b>	<b>21.0</b>	<b>0.7</b>	<b>5.5%</b>		<b>4.1%</b>				

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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