

21 April 2026

IOI Properties Group

Expanding Footprint in Singapore

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IOIPG has entered into an agreement to purchase Asia Square Tower 2, a Grade-A office asset in the heart of Marina area adjacent to its IOI Central Boulevard Towers for SGD2.48b or (RM7.7b) from CICT. The asset offers an NPI yield of 3.3%, translating to a c.6% increase to our FY27F earnings but would raise net gearing from 0.76x to 1.03x. We adopt a slightly cautious stance on this deal, as it raises the gearing ratio above 1.0x while delivering less than 1% ROA earnings, implying heightened sensitivity to SORA rate fluctuations. We lift our FY27 earnings forecast by 6%, maintain our SoTP-based TP at RM3.70 and a MARKET PERFORM call.

Expanding its presence in Singapore. IOIPG has entered into an agreement to acquire Asia Square Tower 2, a Grade-A office asset in Singapore's core CBD for SGD2.48b or (RM7.7b) from CICT. Post acquisition, the group's total asset under management in Singapore will be more than SGD9b (or RM28b) out of the group's total asset size of RM42.5b (as of Dec 2025), expanding its footprint in the Singapore office market.

3.3% asset yield. Located in the Marina Bay area, the 773k sq ft NLA office building comes with 95% occupancy level as of Dec 2025. Its gross rental revenue income in FY25 at SGD104.3m (or RM324m) translates to a 3.3% NPI yield, in line with market average of 3% to 4%. Anchor tenants include KPMG and MIZUHO.

Financial impact. The acquisition will be funded via internally generated funds and bank borrowings at an estimated ~2.3% interest cost, which will hypothetically increase its FY27F net earnings by c.6%. Meanwhile, its net gearing will be raised from 0.76x to 1.03x.

Rationale: Strategically, IOIPG is leveraging low SORA rates to acquire high-quality CBD asset. Being in adjacent and connected to the group's existing IOI Central Boulevard Office Tower, in addition to its South Beach office, they collectively add up to a total combined NLA of about 2.6m sq ft. This scale could unlock economies of scale and enhance bargaining power with tenants and service providers.

View: We are slightly cautious on this acquisition which raises its gearing ratio above 1.0x while delivering less than 1% ROA earnings, implying heightened sensitivity to SORA rate fluctuations.

Forecast. The deal is targeted to be completed by 3QCY26. We keep our FY26F earnings unchanged but revise our FY27F earnings upwards by 6%.

Valuation. Maintain our SoTP-based TP at RM3.70 and MARKET PERFORM call.

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.

MARKET PERFORM ↔

Price : **RM3.83**
Target Price : **RM3.70** ↔

Share Price Performance



KLCI	1,702.30
YTD KLCI chg	1.3%
YTD stock price chg	45.1%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IOIPG MK Equity
Market Cap (RM m)	21,088.5
Shares Outstanding	5,506.1
52-week range (H)	3.92
52-week range (L)	1.76
3-mth avg. daily vol:	7,812,331
Free Float	31%
Beta	1.09

Major Shareholders

Vertical Capacity Sdn Bhd	65.7%
Employee Provident Fund Board	6.8%
Lee Yeow Seng	2.7%

Summary Earnings Table

FYE Jun (RM m)	2025A	2026F	2027F
Turnover	3,062	3,538	4,075
Operating Profit	1,847	1,817	1,570
Profit Before Tax	1,454	1,468	1,042
Net Profit (NP)	1,064	1,244	831
Core NP	291	741	831
Consensus (CNP)	-	701	885
Earnings Revision	-	-	+6%
Core EPS (sen)	5.3	13.5	15.1
Core EPS Growth (%)	-43.1	154.5	12.2
NDPS (sen)	8.0	6.0	7.0
BV/Share (RM)	4.44	4.60	4.68
Core PER (x)	68.4	26.9	24.0
Price/BV (x)	0.82	0.79	0.77
Net Gearing (x)	0.7	0.7	1.0
Dividend Yield (%)	2.2	1.7	1.9

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IOIPG's SoTP

SOTP (RNAV + REIT)	Remark	Value (RM m)
RNAV		
On-going projects	NPV	5,325
Unbilled Sales	NPV	55
Shareholders' funds		22,000
		27,380
Discount		40%
Sub-Total		16,428
IOIPG REIT		
Ownership of REIT at 60%	60% x Hypothetical market cap of the REIT at RM6.6b (based on 6% dividend yield from an estimated annual earnings)	3,960
Total		20,388
Number of shares (m)		5,510
Target Price (RM)		3.70

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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	2.07	2.35	13.5%	6,668.8	Y	10/2026	17.9	18.1	28.9%	1.4%	11.6	11.4	1.0	8.6%	8.0	3.9%				
IOI PROPERTIES GROUP BHD	MP	3.83	3.70	-3.4%	21,088.5	Y	06/2026	13.5	15.1	154.5%	12.2%	28.5	25.4	0.8	5.0%	6.0	1.6%				
LBS BINA BHD	OP	0.495	0.640	29.3%	763.1	Y	12/2026	8.1	8.8	15.1%	8.3%	6.1	5.6	0.4	6.9%	3.3	6.7%				
MAH SING GROUP BHD	OP	1.06	1.78	67.9%	2,713.7	Y	12/2026	10.9	11.7	7.0%	7.3%	9.8	9.1	0.6	6.7%	5.5	5.2%				
MALAYSIAN RESOURCES CORP BHD	MP	0.295	0.560	89.8%	1,317.9	Y	12/2026	1.8	1.4	19.2%	-18.9%	41.5	22.3	0.3	1.7%	1.0	3.4%				
PARAMOUNT CORPORATION BHD	OP	1.01	1.47	45.5%	629.0	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.6	0.4	7.8%	7.5	7.4%				
S P SETIA BHD	OP	0.900	1.43	58.9%	4,503.0	Y	12/2026	6.1	7.3	-33.3%	18.9%	14.8	12.4	0.3	2.4%	2.0	2.2%				
SIME DARBY PROPERTY BHD	OP	1.30	1.97	51.5%	8,841.1	Y	12/2026	8.2	9.2	8.0%	11.4%	15.8	14.2	0.8	5.1%	3.3	2.5%				
SUNWAY BHD	UP	5.35	5.32	-0.6%	36,168.3	Y	12/2026	20.5	19.4	7.8%	-5.4%	26.1	27.6	2.0	7.8%	6.5	1.2%				
UOA DEVELOPMENT BHD	OP	1.85	1.91	3.2%	4,911.8	Y	12/2026	13.7	14.5	18.1%	6.0%	13.5	12.7	0.8	5.8%	12.0	6.5%				
SECTOR AGGREGATE					87,605.2					23.5%	4.4%	19.6	18.8	0.7	5.8%		4.1%				

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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