

29 May 2026

# IOI Properties Group

## Landbank Value Realisation

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IOIPG's 9MFY26 core net earnings (+103%) met expectations, with earnings growth attributed to better overall performance across divisions in addition to a land sale recognized in 3QFY26. We keep our FY26F earnings but raise FY27F earnings by 6% to reflect improved actual occupancy from its Singapore office assets and better margins from its property investment segment. Meanwhile, we fine-tune our SoTP valuation by assigning a NAV component to its investment properties which was previously parked in property development. This is to better reflect IOIPG's property development RNAV potential which we gather to have an increasing commercial and industrial component. With a reviewed pure property development RNAV discount of 50% (from 40%) and higher property investment value at 1.2x NAV, we raise our TP to RM4.01 (from RM3.70). **Maintain MARKET PERFORM.**

**Within expectations.** Excluding fair value gains of RM1.07b, IOIPG's 9MFY26 core net profit of RM561.3m made up 76% of our full-year forecast and 79% of consensus estimate.

**YoY**, 9MFY26 revenue rose by 41% following: (i) stronger performance from property development (+28%) driven by higher launches of RM4.3b in addition to a RM130m land sale in Malacca recognised; and (ii) higher contribution from its property investment segment (+41%) after gaining full control of South Beach (in Sep 2025) alongside rising occupancy rates at 75% from IOI Central Boulevard Towers (IOICBT) in Singapore.

Excluding the combined fair value gains of RM1.07b, its core net profit surged by 103%, attributable to the Malacca land sales gain of RM119m alongside margin improvements from a better property development product mix. Also supporting earnings was lower interest rates enjoyed from declining SORA rates during the period.

**QoQ**, while its 3QFY26 turnover was flattish, its core net profit was 82% higher largely led by the abovementioned Malacca land sales gain. In view of the Middle East geopolitical conflict, it was noted that the group's construction cost has increased by about 5%, in line with its property developer peers.

**Outlook.** We observed the group's commercial and industrial product mix in 9MFY26 rising to approximately 62%, versus c.17% in the preceding year, which has turned us more positive on its medium-term prospects given the generally stronger margins from these product types. That being said, 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.

Meanwhile, its unsold inventories continued to see a healthy declining trend with a much higher unbilled sale of RM2.1b as at 3QFY26 versus RM853m in 2QFY26.

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, IOICBT continue to see improvements to its committed occupancy, now at 98% which would translate to stronger rental income in the year ahead.

## MARKET PERFORM ↔

**Price :** RM4.21  
**Target Price :** RM4.01 ↑

### Share Price Performance



KLCI	1,684.93
YTD KLCI chg	0.3%
YTD stock price chg	59.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IOIPG MK Equity
Market Cap (RM m)	23,180.9
Shares Outstanding	5,506.1
52-week range (H)	4.48
52-week range (L)	1.87
3-mth avg. daily vol.	7,218,954
Free Float	30%
Beta	1.09

### Major Shareholders

Vertical Capacity Sdn Bhd	65.7%
Employee Provident Fund Board	6.6%
Lee Yeow Seng	3.3%

### Summary Earnings Table

FYE Jun (RM m)	2025A	2026F	2027F
Turnover	3,062	3,538	3,792
Operating Profit	1,847	1,817	1,421
Profit Before Tax	1,454	1,468	1,043
<b>Net Profit (NP)</b>	<b>1,064</b>	<b>1,244</b>	<b>832</b>
<b>Core NP</b>	<b>291</b>	<b>741</b>	<b>832</b>
Consensus (CNP)	-	711	902
Earnings Revision	-	-	+6.0%
Core EPS (sen)	5.3	13.5	15.1
Core EPS Growth (%)	-43.1	154.5	12.3
NDPS (sen)	8.0	6.0	7.0
BV/Share (RM)	4.44	4.60	4.68
Core PER (x)	79.6	31.3	27.9
Price/BV (x)	0.95	0.91	0.90
Net Gearing (x)	0.7	0.7	0.7
Dividend Yield (%)	1.9	1.4	1.7

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The establishment of its REITs subsidiary is still on track to materialize by 2HCY26, which would help the group in paring down its debts and net gearing of 0.86x. Despite its high gearing, the group appears comfortable to operate at such levels, thanks to a more favourable interest rate environment granted by a low SORA.

**Forecasts.** We keep our FY26F earnings but raise FY27F earnings by 6% as we account for: (i) improved actual occupancy from its Singapore office assets and better operating margins from its property investment segment.

**Valuation.** In light of the group's increasing commercial and industrial component in its property development segment, which we opine to be off higher margin with a faster turnaround, we reviewed our SoTP valuation components to better reflect its core segments.

Previously, we had narrowed our applied property development RNAV discount from 55% to 40% to capture the value of the group's investment property portfolio. We now opt to separate IOIPG's net investment properties as a standalone valuation component, leaving the remaining RNAV base to reflect only its core property development business. Accordingly, we narrow the development RNAV discount to 50%, reflecting the group's improving product mix going forward together with a proactive non-core landbank assets monetisation strategy. That said, this still remains more conservative than SIMEPROP's 45% discount under our coverage.

Separately, we believe a 1.2x valuation multiple is justified for IOIPG's investment property portfolio, supported by: (i) the continued growth trajectory of its investment assets, underpinned by ongoing asset maturation and healthy rental reversions; and (ii) REIT sector benchmarks, where owners of high-quality investment assets typically trade above NTA, often exceeding 1.0x P/B, supporting our assigned 1.2x NAV multiple.

Taking these revisions into account, our refreshed SoTP valuation increases to RM4.03 (from RM3.70). Maintain a **MARKET PERFORM** call.

**Risks to our call include:** (i) higher-than-expected SORA rates, and (ii) prolonged elevated construction cost.

### Result Highlights

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Jun (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
Revenue	1,047.3	1,040.8	0.6%	755.2	38.7%	3,056.7	2,172.0	40.7%
Cost of Sales	-402.8	-440.7	-8.6%	-396.4	1.6%	-1,324.0	-1,101.2	20.2%
<b>Gross Profit</b>	<b>644.5</b>	<b>600.0</b>	<b>7.4%</b>	<b>358.8</b>	<b>79.6%</b>	<b>1,732.7</b>	<b>1,070.8</b>	<b>61.8%</b>
Operating Income	25.0	584.0	-95.7%	29.2	-14.5%	1,143.7	105.1	988.4%
Marketing and Selling Expenses	-37.3	-45.0	-17.1%	-27.0	38.1%	-113.2	-89.8	26.0%
Administrative Expenses	-106.9	-88.4	21.0%	-74.6	43.4%	-289.5	-212.1	36.5%
Other Operating Expenses	-85.6	-100.3	-14.6%	-61.4	39.5%	-265.5	-190.3	39.5%
<b>Operating Profit</b>	<b>439.6</b>	<b>950.4</b>	<b>-53.7%</b>	<b>225.1</b>	<b>95.3%</b>	<b>2,208.3</b>	<b>683.7</b>	<b>223.0%</b>
<b>Core Operating Profit</b>	<b>439.6</b>	<b>383.3</b>	<b>14.7%</b>	<b>261.8</b>	<b>67.9%</b>	<b>1,138.4</b>	<b>720.3</b>	<b>58.0%</b>
Associate Contribution	0.2	0.0	1014.9%	0.2	-6.2%	0.8	1.2	-31.4%
JV Contribution	5.8	2.1	177.2%	22.0	-73.6%	22.5	45.0	-50.0%
Interest Income/(Expense)	-97.6	-105.8	-7.7%	-100.8	-3.2%	-283.3	-299.0	-5.3%
<b>Profit Before Tax</b>	<b>348.0</b>	<b>846.7</b>	<b>-58.9%</b>	<b>146.4</b>	<b>137.7%</b>	<b>1,948.3</b>	<b>430.9</b>	<b>352.1%</b>
Taxation	-89.4	-136.2	-34.4%	-68.7	30.2%	-312.4	-186.4	67.5%
Minority Interest	-0.5	-1.7	-72.5%	-1.6	-70.3%	-4.8	-4.4	9.5%
<b>Net Profit</b>	<b>258.1</b>	<b>708.7</b>	<b>-63.6%</b>	<b>76.1</b>	<b>239.0%</b>	<b>1,631.2</b>	<b>240.1</b>	<b>579.4%</b>
Exceptional Items*	0.0	-567.1	-100.0%	36.7	-100.0%	-1,069.8	36.7	-3016.5%
<b>Core Net Profit</b>	<b>258.1</b>	<b>141.7</b>	<b>82.2%</b>	<b>112.8</b>	<b>128.8%</b>	<b>561.3</b>	<b>276.8</b>	<b>102.8%</b>
<b>Key Operating Metrics:</b>								
Gross Profit Margin	61.5%	57.7%		47.5%		56.7%	49.3%	
Core Operating Margin	42.0%	36.8%		34.7%		37.2%	33.2%	
Pretax Margin	33.2%	81.4%		19.4%		63.7%	19.8%	
Core Net Margin	24.6%	13.6%		14.9%		18.4%	12.7%	
Effective Tax Rate	-25.7%	-16.1%		-46.9%		-16.0%	-43.3%	

\* 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)	3Q FY26	2Q FY26	QoQ Chg	3Q FY25	YoY Chg	9M FY26	9M FY25	YoY Chg
<b>Revenue</b>								
Property Development	470.8	451.6	4.2%	394.9	19.2%	1,441.7	1,125.0	28.1%
Property Investment	365.3	340.7	7.2%	250.7	45.7%	993.1	703.1	41.2%
Hospitality	207.2	242.4	-14.5%	105.4	96.5%	608.6	332.0	83.3%
Other Operations	4.1	6.0	-32.8%	4.2	-2.3%	13.3	11.8	12.8%
<b>Total Revenue</b>	<b>1,047.3</b>	<b>1,040.8</b>	<b>0.6%</b>	<b>755.2</b>	<b>38.7%</b>	<b>3,056.7</b>	<b>2,172.0</b>	<b>40.7%</b>
<b>Core Operating Profit</b>								
Property Development	197.4	151.5	30.4%	131.1	50.5%	503.9	303.5	66.0%
Property Investment	233.3	194.8	19.8%	135.1	72.7%	577.9	398.5	45.0%
Hospitality	0.3	27.8	-99.1%	-11.4	-102.3%	32.4	-3.7	-976.0%
Other Operations	8.6	9.2	-6.3%	6.9	23.9%	24.2	22.1	9.6%
<b>Total Core Operating Profit</b>	<b>439.6</b>	<b>383.3</b>	<b>14.7%</b>	<b>261.8</b>	<b>67.9%</b>	<b>1,138.4</b>	<b>720.3</b>	<b>58.0%</b>
<b>Operating Margin</b>								
Property Development	41.9%	33.5%		33.2%		34.9%	27.0%	
Property Investment	63.9%	57.2%		53.9%		58.2%	56.7%	
Hospitality	0.1%	11.5%		-10.8%		5.3%	-1.1%	
Other Operations	212.3%	152.2%		167.4%		181.9%	187.1%	
<b>Total Operating Margin</b>	<b>42.0%</b>	<b>36.8%</b>		<b>34.7%</b>		<b>37.2%</b>	<b>33.2%</b>	

Source: Company, Kenanga Research

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**IOIPG's SoTP Vauation**

<b>SOTP (RNAV + PBV)</b>	Remark	Value (RM m)
<b>RNAV</b>		
On-going projects	NPV	5,325
Unbilled Sales	NPV	55
Shareholders funds (adjusted)		12,600
		17,980
Discount		50%
Sub-Total		8,990
<b>Investment Properties</b>	1.2x NAV of the estimated value of its remaining net investment assets at RM7.6b	9,120
<b>REIT Value</b>		
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		22,070
Number of shares (m)		5,510
<b>Target Price (RM)</b>		<b>4.01</b>

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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	2.03	2.35	15.8%	6,541.5	Y	10/2026	17.9	18.1	28.9%	1.4%	11.4	11.2	0.9	8.6%	8.0	3.9%				
IOI PROPERTIES GROUP BHD	MP	4.21	4.01	-4.8%	23,180.9	Y	06/2026	13.5	15.1	154.5%	12.3%	31.3	27.9	0.9	5.0%	6.0	1.4%				
LBS BINA BHD	OP	0.440	0.640	45.5%	678.3	Y	12/2026	8.1	8.8	15.1%	8.3%	5.4	5.0	0.3	6.9%	3.3	7.5%				
MAH SING GROUP BHD	OP	0.975	1.78	82.6%	2,496.1	Y	12/2026	10.9	11.7	7.0%	7.3%	9.0	8.4	0.6	6.7%	5.5	5.6%				
MALAYSIAN RESOURCES CORP BHD	MP	0.315	0.560	77.8%	1,407.3	Y	12/2026	1.8	1.4	19.2%	-18.9%	44.4	23.9	0.3	1.7%	1.0	3.2%				
PARAMOUNT CORPORATION BHD	OP	1.02	1.47	44.1%	635.2	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.7	0.4	7.8%	7.5	7.4%				
S P SETIA BHD	OP	0.980	1.43	45.9%	4,950.4	Y	12/2026	6.6	9.7	-47.5%	46.3%	14.8	10.2	0.3	2.4%	2.5	2.6%				
SIME DARBY PROPERTY BHD	OP	1.45	2.00	37.9%	9,861.2	Y	12/2026	8.5	9.5	11.2%	11.8%	17.1	15.3	0.9	5.3%	3.3	2.3%				
SUNWAY BHD	UP	5.30	5.32	0.4%	35,830.2	Y	12/2026	20.5	19.4	7.8%	-5.4%	25.8	27.3	2.0	7.8%	6.5	1.2%				
UOA DEVELOPMENT BHD	OP	1.80	1.91	6.1%	4,779.0	Y	12/2026	13.7	14.5	18.1%	6.0%	13.1	12.4	0.8	5.8%	12.0	6.7%				
<b>SECTOR AGGREGATE</b>					<b>90,360.2</b>					<b>18.7%</b>	<b>6.6%</b>	<b>19.9</b>	<b>18.7</b>	<b>0.7</b>	<b>5.8%</b>		<b>4.2%</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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