IOI Properties Group Berhad

(5249 | IOIPG MK) Main | Property

FTSE4Good | ESG 4 Stars | SHARIAH Compliant

Upgrade to **BUY**

(from NEUTRAL)

Revised Target Price **RM4.64**

(from RM3.52)

Corporate Update

Value Unlocking Underway

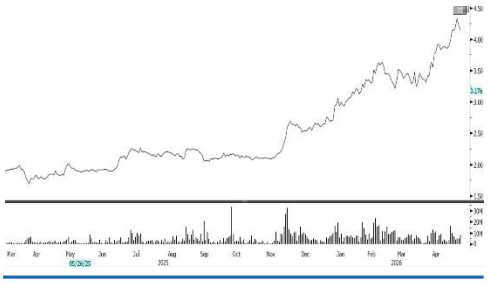
We upgrade IOI Properties Group to BUY from NEUTRAL with a revised TP of RM4.64 from RM3.52. We update our RNAV valuation and derive TP for IOI Properties Group based on a narrower RNAV discount of 18% from 35% previously as we see value crystallization from land monetization and development of high-value projects on its land bank. We make no changes to earnings forecast. IOI Properties Group has initiated the land value unlocking process to realise the potential of its land bank. Besides, its latest crown jewel project, IOI Rio City in Puchong is a strategically valuable development with significant upside potential. We also see the listing of IOIPG REIT which is expected to complete in 3Q/4Q to crystallize value of its investment properties.

Value unlocking via active land monetisation. IOI Properties is maintaining active land monetisation strategy despite sealing few land deals recently. Recall that IOI Properties has accelerated land monetisation across Banting, Kulai and Jalan Ampang, unlocking value of its non-core landbank. IOI Properties is looking to monetize approximately 3,200 acres of land bank with no development plans, particularly land in Malacca, Kulai and the remaining land in Banting. We are positive on the land monetisation as IOI Properties has been sitting on huge land bank with low acquisition cost. The land monetisation allows IOI Properties to convert underutilized land into cash, realising value of its land bank and strengthening its balance sheet. Note that net gearing of IOI Properties Group is expected to climb from 0.9x in 2QFY26 to 1.03x after the acquisition of the Asia Square Tower 2 and listing of IOIPG REIT. The active land monetisation helps in capital recycling and reducing the net gearing of IOI Properties Group.

IOI Rio City the crown jewel in Puchong. IOI Rio City is IOI Properties Group's latest signature 100-acre integrated development in Bandar Puteri Puchong. IOI Rio City comprises of IOI Rio Mall, service apartment, lifestyle communities retail, 5-Star hotel, Grade A office towers and potentially a medical center. Total GDV of IOI Rio City is RM12b with a 12-year development period. IOI Rio City will also be integrated with 11-acres town park. Note that IOI Rio Mall which has a NLA of 1m sq ft is a new-generation integrated township mall, designed with a modern, experiential retail concept. The mall is under construction and is expected to be completed in 2030. We are upbeat on the development of IOI Rio City as it unlocks significant land value potential in Puchong with a unique integrated township that combines lifestyle retail, commercial hubs and residential growth.

RETURN STATISTICS	
Price @ 7th May 2026 (RM)	4.15
Expected share price return (%)	+11.8
Expected dividend yield (%)	+1.9
Expected total return (%)	+13.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	25.4	19.5
3months	25.0	26.6
12 months	128.0	100.9

INVESTMENT STATISTICS

FYE June	2026E	2027F	2028F
Revenue	3,573	3,858	3,962
Operating Profit	1,062	1,130	1,188
Profit Before Tax	744	807	860
Core PATAMI	576	625	666
Core EPS	10.40	11.28	12.01
DPS	8.00	8.00	8.00
Dividend Yield	1.9%	1.9%	1.9%

KEY STATISTICS	
FBM KLCI	1,758.85
Issue shares (m)	5506.15
Estimated free float (%)	30.91
Market Capitalisation (RM'm)	22,850
52-wk price range	RM1.8 – RM4.35
3-mth average daily volume (m)	7.57
3-mth average daily value (RM'm)	26.92
Top Shareholders (%)	
Vertical Capacity Sdn Bhd	65.68
EPF	7.04

Analyst

Jessica Low Jze Tieng

jessica.lowjt@mbsb.com

03-2173 8391

REIT listing drives value crystallization. IOI Properties Group had earlier announced in April 2026 its plan to list IOIPG REIT which will be completed by 2026. The combined asset value of IOIPG REIT is RM7.58b. Assets that will be injected into IOIPG REIT are IOI City Mall, Putrajaya Marriott Hotel, Le Meridien Putrajaya, Moxy Putrajaya, Four Points by Sheraton Puchong, W Kuala Lumpur, Courtyard by Marriott Penang, IOI City Towers 1 and 2 and Puchong Financial Corporate Centre. The listing of IOIPG REIT is a major milestone in value unlocking of investment properties of IOI Properties Group. Going forward, we may see more value unlocking of its investment properties through injection of existing or new investment properties into IOIPG REIT. Besides, the potential listing of its investment properties in Singapore namely IOI Central Boulevard, its landmark Grade A office tower in Marina Bay will also crystalize the value of the property.

Figure 1: Location of IOI Rio City



Source: Company

Figure 2: Masterplan of IOI Rio City



Source: Company

Figure 3: Artist Impression of IOI Mall Rio



Source: Company

Figure 4: Construction site of IOI Mall Rio



Source: MBSB Research

IOI Properties Group RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Klang Valley Projects				
16 Sierra, South Puchong	100%	5600	10%	650
Bandar Puchong Jaya, Puchong	100%	500	10%	147
Bandar Puteri, Puchong	100%	12000	10%	1331
IOI Resort City, Putrajaya	100%	14900	10%	1019
Bandar Puteri Bangi, Selangor	100%	5400	10%	470
Bandar Puteri Warisan, Sepang	100%	3400	10%	354
Banting Industrial Park	100%	1631	10%	263
Johor Projects				
Bandar Putra Kulai, Johor	100%	5400	10%	379
Bandar IOI Segamat, Johor	100%	500	10%	65
Taman Lagenda Putra, Kulai, Johor	100%	100	10%	8
Taman Kempas Utama, Johor Bahru, Johor	100%	800	10%	95
i-Synergy, Senai, Kulai, Johor	100%	1800	10%	204
Other States Projects				
Bandar IOI, Bahau, Negeri Sembilan	100%	200	10%	17
Singapore Projects				
Cape Royale @ Sentosa Cove, Singapore	65%	4760	10%	202
Seascape @ Sentosa Cove	50%	1020	10%	66
Marina View	100%	11749	10%	1322
Unbilled sales		853		108
Subtotal				6,700
Total				**6,700**
Shareholder Funds				24,428.8
Total RNAV				31,129
Enlarged share base				5,506.0
RNAV per share (RM)				5.65
Discount				18%
Target Price (RM)				**4.64**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	2,940	3,062	3,573	3,858	3,962
EBIT	703	957	1,062	1,130	1,188
PBT	776	687	744	807	860
Net Income	541	1,064	576	625	666
Core Net Income	541	297	576	625	666
Core EPS (sen)	9.8	5.4	10.4	11.3	12.0
Core PER (x)	42.2	77.0	39.9	36.8	34.5
NTA/share	4.38	4.40	4.53	4.70	4.87
P/NTA	0.95	0.94	0.92	0.88	0.85

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Property, plant and equipment	3,848	4,359	7,933	8,100	8,221
Land held for property development	5,549	5,725	5,650	5,577	5,504
Total non-current assets	35,269	36,116	42,978	43,451	44,363
Property development costs	5,738	6,167	6,559	7,249	7,452
Inventories	1,920	1,272	1,297	1,323	1,350
Cash and bank balances	2,050	1,902	1,942	2,002	2,064
Other assets	1,101	1,459	519	636	1,081
Total Assets	**46,078**	**46,915**	**53,295**	**54,661**	**56,310**
Long Term Borrowings	18,684	16,926	17,519	17,922	18,334
Short-term Borrowings	483	2,663	8,310	8,493	8,679
Other Liabilities	2,636	2,804	2,257	2,111	2,179
Total Liability	21,803	22,393	28,086	28,525	29,192
Share capital	18,514	18,514	18,514	18,514	18,514
Other Equity	5,760	6,008	6,696	7,621	8,604
Total Equity	24,275	24,522	25,210	26,135	27,118
Equity + Liability	**46,078**	**46,915**	**53,295**	**54,661**	**56,310**

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	2296	1464	744	807	860
Net cash from operating activities	1464	1060	355	434	504
Cash flows from investing activities					
Net cash used in investing activities	-1911	-833	-190	-200	-207
Cash flows from financing activities					
Drawdown of borrowings	16825	2048	-218	63	136
Net cash from/(used in) financing activities	-47	86	-656	-374	-300
Net increase/(decrease) in cash and cash equivalents	-494	313	-491	-140	-3
Cash and cash equivalent at 1 January	2711	2224	2474	1989	1855
Cash and cash equivalent on 1 December	2194	2474	1989	1855	1859

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
EBIT margin	23.9%	31.3%	29.7%	29.3%	30.0%
PBT margin	26.4%	22.4%	20.8%	20.9%	21.7%
PAT margin	18.4%	34.7%	16.1%	16.2%	16.8%
Core PATAMI margin	18.4%	9.7%	16.1%	16.2%	16.8%
ROE	2.3%	1.2%	2.3%	2.4%	2.5%
ROA	1.2%	0.6%	1.1%	1.1%	1.2%

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)
197501002077 (24878-X)
(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.
The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.
While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.
The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.
The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.
The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.
This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology