PROPERTY

# IOIProp likely to list REIT in 2H26

## Rising occupancy and new launches to fuel income

**PETALING JAYA:** IOI Properties Group Bhd (IOIProp) may list its real estate investment trust (REIT) in the second half of financial year 2026 (2H26) since it needs to ease its debt level.

UOB Kay Hian (UOBKH) Research said the group which has been on an acquisition trail since its financial year 2024 (FY24), has lifted net gearing to 0.75 times as of the end of its second quarter of FY25.

"To manage gearing position, IOIProp has accelerated cash-generating strategies such as industrial land monetisation and the clearance of completed inventories.

"The company has recently selected the adviser for the proposed REIT listing, with a potential asset size of RM6bil to RM8bil including IOI City Mall Phases 1 & 2, hotels and office assets in Malaysia.

"This will be part of its deleveraging strategy," UOBKH Research added.

The research house expects further growth in property investment income in 2H25. This will likely be led by the inclusion of new IOI Mall Damansara and rising occupancy at the IOI Central Boulevard Towers (IOICB).

"As of end-March 2025, IOICB's tenant commitment rate has reached 80% (versus 75% as of end-January 2025), though actual occupancy remains at 50%.

"With interest rate estimated 3.8%, profit breakeven is likely at 70% to 75% occupancy rate, which we believe is achievable by FY26," it said.

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>
> UOB Kay Hian Research

"Meanwhile, in Malaysia, a turnaround for IOI Mall Damansara is likely in FY26, underpinned by ongoing asset enhancement initiatives, including tenant reconfigurations, relocations, and increased marketing efforts," it added.

This may result in an anticipated improvement in footfall which should support a rental catch-up, as it is now asking for a below-market rental rate of RM5 per sq ft.

Meanwhile, UOBKH Research expects IOIProp to achieve its FY25 sales target of RM2bil, supported by new property launches, continuous efforts in clearing completed inventories and the finalisation of industrial sales.

The company had received two letters of intent on land purchase back in November 2024, and UOBKH Research said the group targets to sign one land deal by June this year. It estimates this deal could potentially generate a sale of RM500mil.

Its upcoming W Residences – Marina View project launch is slated for an end-April 25 launch.

"While the residential project's average selling price is guided at S$5,000 per sq ft, we gather that the initial launch price has been priced at S$3,500 per sq ft to test the market, with step-ups in subsequent phases," it said.

Even if there are market concerns over the take-up rate amid macroeconomic uncertainty linked to global tariffs, UOBKH Research said it believes the pricing strategy could attract early buyers which may drive initial uptake.

"IOIProp continues to guide for a 30% take-up rate within the first year of launch," it noted.

It maintained its "buy" call with a lower target price of RM2.54 from RM2.83, based on a 50% revised net asset value of RM5.07 from a previous discount of 45% to reflect higher risk premiums.

It implies a FY25 to FY27 forecast price to book ratio of 0.5 times, largely in line with a 10-year historical mean of 0.5 times.