

Operational and Financial Matters

- Q1. The Hospitality & Leisure business segment (“H&L”) recorded higher occupancy rates of 41-77% in the financial year ended 2023 (“FY2023”) as compared to 16-53% occupancy rates in the financial year ended 2022 (“FY2022”).**

Although H&L business unit recorded higher occupancy rates, the business segment still recorded a lower segment loss of RM22.7 million in FY2023 as compared to a segment loss of RM29.2 million in FY2022. [Page 14 of the Integrated Annual Report 2023 (“IAR”)]

- (a) Please provide the reasons why H&L business unit still suffered losses in FY2023 as there were improvements in the occupancy rates.**

The H&L segment suffered an operating loss in FY 2023 primarily due to a provision of RM14.1 million for the late completion of Sheraton Grand Hotel in Xiamen and the amortisation of leasehold land of RM7.2 million relating to Marina View land which is earmarked for a hotel development, acquired in the last financial year.

- (b) Which business unit, hotels, resorts, golf course or amusement park recorded the lowest occupancy rate and highest segment loss in FY2023?**

The occupancy rates ranging from 41% to 77% relate to the hotel operations. As a result of ongoing refurbishments at Putrajaya Marriott Hotel and Palm Garden Hotel, they recorded the lowest occupancy rates.

- (c) What is the outlook of each business unit within the H&L business segment in FY2024?**

For FY 2024, we anticipate that the contribution in revenue and profit from the H&L segment to increase further. This optimistic outlook is underpinned by the introduction of new income streams from the two new hotels namely, the Moxy Hotel in Putrajaya and Sheraton Grand Hotel in Xiamen. Moreover, the Group also expects an improvement in the overall performance from the refurbished hotels.

The leisure segment has a promising outlook with the recent addition of edutainment exhibition space IOI Grand, IOI City Farm and the indoor sports centre, IOI Sports Centre. These additions along with the existing attractions like D21 and ice rink will further elevate the income of the leisure segment.

- Q2. The Other Operations (“OO”) business segment recorded a slightly higher revenue of RM12.9 million in FY2023 as compared to RM11.1 million in FY2022, its segment operating profit however was substantially higher at RM28.7 million in FY2023 as compared to RM6.3 million in FY2022, an increase of RM22.4 million or 355.6%. (Page 14 of IAR)**

- (a) Please provide the reasons why the OO business segment recorded a much higher profit in FY2023.**

In FY 2023, our other operations have recorded increased profit, primarily attributable to higher fair value gain on short term funds due to the increased placements of unit trust during the FY 2023. It is worth noting that underlying investment of these unit trusts is in the money markets and the accounting standards mandate the use of the fair value model for the valuation of this investment..

- (b) Which two business units within the OO business segment recorded the highest operating profit in FY2023 as compared to FY2022?**

The other operations segments are driven by project and building services management and centralised treasury functions.

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- (c) Will OO business segment continue to record higher operating profit in FY2024 and if so, what are the reasons to support the higher operating profit?

The operating profit of our other operations may fluctuate on a year-to-year basis since the income generated is incidental to our core business units.

- Q3. In April 2023, the Singapore government increased the Additional Buyer's Stamp Duty ("ABSD") rate as a cooling measure to moderate growth. The measure was targeted to promote a sustainable property market and to prioritise housing for owner occupiers. (Page 67 of IAR)**

- (a) What was the impact of the ABSD to the Group's sales of new properties as compared to prior to the introduction of ABSD in terms of units and value sold?

Currently, we have not witnessed any significant impact resulting from the rise in additional buyers' stamp duty (ABSD). ABSD primarily affects a certain group of foreign buyers and those foreign nationalities who are exempted from ABSD are still buying apartments within Central Core Region. Overall, the residential property sales is still largely supported by local buyers and high net worth individuals.

- (b) Will the ABSD have an impact on the sales of the Marina View Residences?

Marina View Residence comprises a balanced mix of small units (85%) and larger units (15%). Typically, Singaporeans and Permanent Residents tend to purchase smaller units, which are less affected by the ABSD. Suited for couples or families who are working in the CBD and looking to stay nearer to their work place. Nonetheless, as the project has yet to launch, we will continue to monitor the market closely.

- Q4. In the PRC, challenges remain for the property market primarily due to the concerns over the liquidity issues of the Chinese developers. (Page 67 of IAR)**

- (a) How many units (and value) of the IOI Palm City and IOI Palm International Parkhouse in Xiamen respectively has the Group sold in FY2023 as compared to FY2022?

The details of sales from PRC are as follows:-

	FY23		FY22	
	Unit No	Value RM('mil)	Unit No	Value RM('mil)
IOI Palm City	11	101	34	339
IOI International Parkhouse	68	145	48	101
Total	79	246	82	440

- (b) What are the remaining units and values of IOI Palm City and IOI Palm International Parkhouse in Xiamen that remain unsold as of FY2023 respectively?

The remaining unsold inventories from PRC operations are as follows:-

	FY23	
	Unit No	Value RM('mil)
IOI Palm City	87	678
IOI International Parkhouse	401	1,005
Total	488	1,683

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- (c) What are the strategies the Group has implemented to clear the remaining unsold completed properties at IOI Palm City and IOI Palm International Parkhouse in Xiamen?

In PRC, the government has introduced initiatives aimed at expediting property transactions for buyers, including the removal of restrictions on purchasers for second homes. We intend to capitalise on these measures by constructing various types of show units to showcase our properties. Additionally, we are enhancing the sales agent incentives to further encourage property sales in Xiamen.

- (d) Has the Group identified any country to expand its property projects to? If so, what are the reasons to support the expansion?

The Group remains open to the prospect of overseas expansion, which is aligned with our long-term growth strategy. The Group will continue to build on its portfolio of investment assets with recurring income.

- Q5. The property development business segment achieved a significant reduction of RM637.88 million in FY2023, representing 21% of the Group's FY2022 total inventory balance of completed properties. This brings the total outstanding inventory as at 30 June 2023 to RM2.41 billion. (Page 72 of IAR)**

- (a) What is the Group's targeted reduction of the inventory of completed properties in FY2024 in terms of units and value?

The Group aims to clear more than 30% of its unsold inventories in FY 2024.

- (b) How did the Group manage to bring down the completed properties inventories by 21% in FY2023?

The effort to reduce inventory by 21% in FY 2023 was supported by various sales and marketing initiatives including the introduction of Buy With Tenant program which provided investors with the opportunity to purchase commercial properties with existing tenants at reasonable yields. Moreover, various value-added collaborations such as homeownership financing packages also helped to spur the sales of unsold inventories.

- (c) Please provide a breakdown of the completed properties sold in FY2023 by the location of the property projects in terms of units and values respectively?

Out of the total sales achieved of RM1.96 billion in FY 2023, the completed properties sold by location is as follows:-

Region	Sales (Unit)	Sales (RM'million)
Malaysia	1,746	924.9
China	72	246.4
Singapore	3	44.0
Total	1,821	1,215.3

- Q6. Specifically in Xiamen, PRC where IOI Mall Xiamen is located, consumer spending levels were affected by the local economic situation and employment which had yet to recover to pre-pandemic levels. (Page 79 of IAR)**

- (a) What were the occupancy rates of the IOI Mall Xiamen in FY2022 and FY2023?

The occupancy rate of IOI Mall Xiamen for FY 2023 is 92% (FY 2022: 89%).

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- (b) What were the gross and net rental yields from IOI Mall Xiamen in FY2022 and FY2023?**

The gross rental yield of IOI Mall Xiamen for FY 2023 is 2% (FY 2022: 4%); and the net rental yield of IOI Mall Xiamen for FY 2023 is -3% (FY 2022:1%). The IOI Mall Xiamen commenced operations in October 2021 in the middle of the challenging and constantly shifting conditions of the Covid-19 pandemic, which had affected footfall to the mall. As the mall is only in operation for nearly two years, the rental yields are still relatively modest.

- Q7. When does the Group expect IOI Mall Xiamen's tenancy rates to improve given the current weak local economic situation and high unemployment amongst the youth?**

Despite the ongoing economic challenges in China, we anticipate that the occupancy rate for IOI Mall Xiamen will improve overtime and is expected to maintain at a level above 90% throughout FY 2024. The Group is committed to pursuing various strategies, including ongoing promotional activities, the expansion of thematic and experimental marketing efforts to boost footfall. Additionally, we will continue to provide tenants with the necessary support to help them retain and expand their presence at the mall.