

QUESTION RAISED BY MSWG RELATING TO EIGHTH ANNUAL GENERAL MEETING OF IOI PROPERTIES GROUP BERHAD

Strategic and Financial Matters

- Q1. GLM Emerald Industrial Park (Jasin) Sdn Bhd, (“GLMEIP”), a 32% associate of the Group reported a much higher profit and total comprehensive income of RM61.3 million as compared to its revenue of RM14.1 million in FY 2020. The profit and total comprehensive income and revenue for FY 2019 was RM6.3 million and RM13.5 million respectively. (Page 238 of Annual Report)**

What is the reason GLMEP’s profit is 4 times higher than its revenue in FY 2020?

The higher profit and total comprehensive income against revenue for FY2020 was due to the recognition of one-off profit from disposal of land held for property development amounting to RM79.4 million (after tax amount was RM60.34 million) as other income.

- Q2. The Group’s joint venture company, Scottsdale Properties Pte Ltd (“SPPL”) recorded a much higher revenue of RM1,597 million in FY 2020 as compared to RM1,504 million in FY 2018, an increase of RM93 million.**

However, SPPL’s profit was lower at RM172 million in FY 2020 as compared to RM247 million in FY 2019. (Page 242 of Annual Report)

What is the reason for the SPPL’s lower profit despite the higher revenue in FY 2020 as compared to FY 2019?

The lower profit by SPPL for FY 2020 was mainly contributed to the recognition of a fair value loss of RM21.48 million from South Beach Office Tower and retails, against a fair value gain of RM60.20 million recorded in FY 2019. The adjustment was mainly due to the major changes in and disruption to economic activities impacted by COVID-19 pandemic.

- Q3. The Group has written down the development costs of RM24.8 million in FY 2020 as compared to a nil amount in FY 2019. (Page 249 of Annual Report)**

- (a) What is the reason for the write down of the development costs?**
(b) To which property projects do the write down of the development costs relate to?
(c) Is there a likelihood that the written down development costs can be written back in the future? If not, why?

The property development costs write down of RM24.8 million was in relation to our development project in IOI Palm International Parkhouse, in Xiamen. The development project had been written down to its estimated net realisable value. The written down amount will be reversed if and when there is clear evidence of increase in net realisable value due to change of economic circumstances in the future.

- Q4. The Group paid RM2.774 million as a deposit for new land acquisition. (Page 251 of Annual Report)**

(a) Where is the location of the land and what is the land size?

The deposit paid for the new land acquisition of RM2.774 million was for a parcel of commercial land measuring approximately 7.1 acres in Puchong Jaya. The land is earmarked for mixed development.

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(b) What is the purchase consideration of the land?

The purchase consideration of the land comprised both the sharing of sales proceeds and return in kind in the form of provisions of Park and Ride facilities.

(c) When is the Group expected to complete the purchase of the land as the deposit paid has been shown in FY 2019 as well?

The completion of the purchase of the land is pending a series of approvals from the authorities for the development.

Q5. The Group recorded fair value loss on investment properties and impairment loss on investment properties amounting to RM54.4 million and RM50.4 million respectively in FY 2020 (Page 293 of the Annual Report).

The fair value loss on investment properties is in respect of freehold land and buildings while the impairment loss on investment properties is in respect on leasehold land and buildings (Page 229 of Annual Report).

To which investment properties do the fair value loss and impairment loss relate to?

The fair value loss on investment properties of RM54.4 million is mainly attributable to the office buildings in IOI Resort City. As for the impairment loss of RM50.4 million, it is attributable to Central Boulevard in Singapore.

Q6. The Group's overseas property projects are located in Xiamen and Singapore.

(a) Does the Group have any plan to expand the China property project to other major cities of the People's Republic of China? If yes, why?

The Group takes a long-term view on our overseas operations and may consider expanding to other cities in the People's Republic of China if it provides the Group the opportunity to enhance shareholders' value. It will also allow the Group to apply its experiences and expertise from managing the Xiamen operations.

(b) Does the Group intend to expand to other Asean countries? If yes, please provide the name of the country and why?

Except for Singapore where we already have our presence, the Group do not have any intention to expand to other Asean countries for the moment. However, we do not rule out the possibility in the future, as undertaking development in differing countries allows the Group to capitalise on the advantages of geographical diversification.