



IOI PROPERTIES
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IOI PROPERTIES GROUP BERHAD 201301005964 (1035807-A)
(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 June 2022

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/22	30/06/21	30/06/22	30/06/21
	RM'000	RM'000	RM'000	RM'000
Revenue	715,942	658,645	2,590,332	2,488,611
Cost of sales	(379,005)	(424,880)	(1,345,869)	(1,303,327)
Gross profit	336,937	233,765	1,244,463	1,185,284
Other operating income	24,508	21,337	173,368	64,711
Marketing and selling expenses	(15,385)	(14,747)	(60,745)	(46,960)
Administrative expenses	(47,972)	(41,328)	(179,122)	(155,961)
Other operating expenses	(32,649)	(24,241)	(138,137)	(152,973)
Operating profit	265,439	174,786	1,039,827	894,101
Share of result of an associate	572	602	2,124	34,973
Share of results of joint ventures	48,307	174,317	164,741	249,581
Profit before interest and taxation	314,318	349,705	1,206,692	1,178,655
Interest income	7,948	9,999	42,962	34,729
Interest expenses	(19,576)	(168)	(34,602)	(300)
Property development costs written down	(60,184)	(108,852)	(171,215)	(108,852)
Fair value gain/(loss) on investment properties	147,336	(71,061)	48,924	(71,061)
Net foreign currency translation (loss)/gain on:				
- foreign denominated borrowings	(15)	4,761	4,273	46,122
- foreign denominated deposits	4,231	(78)	5,739	(1,293)
Profit before taxation	394,058	184,306	1,102,773	1,078,000
Taxation	(99,822)	(64,882)	(414,704)	(414,687)
Profit for the period	294,236	119,424	688,069	663,313
Attributable to:				
Owners of the Company	292,480	118,372	686,735	660,209
Non-controlling interests	1,756	1,052	1,334	3,104
	294,236	119,424	688,069	663,313
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	5.31	2.15	12.47	11.99
Diluted	5.31	2.15	12.47	11.99

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/22	30/06/21	30/06/22	30/06/21
	RM'000	RM'000	RM'000	RM'000
Profit for the period	294,236	119,424	688,069	663,313
Other comprehensive income that will be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations, net of tax	106,822	26,632	186,662	106,908
Net change in cash flow hedge reserve	29,577	12,524	131,154	91,662
Other comprehensive income for the period, net of tax	136,399	39,156	317,816	198,570
Total comprehensive income for the period	430,635	158,580	1,005,885	861,883
Total comprehensive income attributable to:				
Owners of the Company	428,812	157,517	1,004,366	858,743
Non-controlling interests	1,823	1,063	1,519	3,140
	430,635	158,580	1,005,885	861,883

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Financial Position

	As at 30/06/22 RM'000	As at 30/06/21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,054,120	1,530,672
Land held for property development	9,076,819	5,170,325
Investment properties	15,778,422	14,895,545
Goodwill on consolidation	11,472	11,472
Interest in an associate	53,673	51,549
Interests in joint ventures	4,390,152	4,434,207
Deferred tax assets	197,614	209,016
	32,562,272	26,302,786
Current assets		
Property development costs	568,462	2,223,706
Inventories	3,051,666	2,412,152
Derivative financial assets	7,785	-
Trade and other receivables	722,777	412,495
Contract assets	177,756	162,723
Amount due from a joint venture	-	23,369
Current tax assets	59,130	47,467
Short term funds	735,444	263,698
Deposits with financial institutions	510,576	277,082
Cash and bank balances	1,105,064	1,307,428
	6,938,660	7,130,120
TOTAL ASSETS	39,500,932	33,432,906



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Condensed Consolidated Statement of Financial Position (Continued)

	As at 30/06/22 RM'000	As at 30/06/21 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	18,514,233	18,514,233
Reserves	145,885	(171,746)
Retained earnings	10,232,209	9,656,034
Reorganisation debit balance	<u>(8,440,152)</u>	<u>(8,440,152)</u>
Equity attributable to equity owners of the Company	20,452,175	19,558,369
Non-controlling interests	<u>157,958</u>	<u>160,339</u>
Total equity	<u>20,610,133</u>	<u>19,718,708</u>
Non-current liabilities		
Borrowings	3,330,735	10,676,108
Lease liabilities	1,882	740
Derivative financial liabilities	-	45,426
Trade and other payables	55,936	38,903
Deferred tax liabilities	<u>668,428</u>	<u>662,264</u>
	4,056,981	11,423,441
Current liabilities		
Borrowings	13,485,923	334,003
Lease liabilities	1,257	1,629
Derivative financial liabilities	-	81,534
Trade and other payables	1,116,533	1,080,865
Contract liabilities	101,999	186,682
Current tax liabilities	<u>128,106</u>	<u>606,044</u>
	14,833,818	2,290,757
Total liabilities	<u>18,890,799</u>	<u>13,714,198</u>
TOTAL EQUITY AND LIABILITIES	<u>39,500,932</u>	<u>33,432,906</u>
Net assets per share attributable to owners of the Company (RM)	3.71	3.55

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Cash Flows

	12 Months Ended 30/06/22 RM'000	12 Months Ended 30/06/21 RM'000
Operating Activities		
Profit before taxation	1,102,773	1,078,000
Adjustments for:		
Property development costs written down	171,215	108,852
Depreciation and amortisation	49,742	42,464
Interest expenses	34,602	300
Share of result of an associate	(2,124)	(34,973)
Foreign currency translation gain	(5,170)	(45,128)
Interest income	(42,962)	(34,729)
Fair value (gain)/loss on investment properties	(48,924)	71,061
Gain on disposal of a subsidiary	(85,982)	-
Share of results of joint ventures	(164,741)	(249,581)
Other non-cash items	1,468	3,758
Operating profit before working capital changes	<u>1,009,897</u>	<u>940,024</u>
Inventories	942,184	422,891
Receivables and other assets	(331,674)	215,498
Payables and other liabilities	<u>(34,549)</u>	<u>(182,934)</u>
Cash generated from operations	1,585,858	1,395,479
Tax paid	(922,137)	(379,577)
Tax refunded	<u>28,550</u>	<u>2,850</u>
Net cash inflow from operating activities	<u>692,271</u>	<u>1,018,752</u>
Investing Activities		
Redemption of redeemable preference shares of a joint venture	194,309	163,070
Repayments from joint ventures	180,952	34,817
Proceeds from disposal of a subsidiary	101,592	-
Interest received	33,600	28,405
Proceeds from disposal of property, plant and equipment	77	304
Advances to a joint venture	(37,467)	-
Additions to investment properties	(406,476)	(431,267)
Additions to property, plant and equipment	(1,522,618)	(123,108)
Additions to land held for property development	(3,788,663)	(61,543)
Redemption of cumulative redeemable preference shares of an associate	-	47,838
Dividend received from an associate	-	45,109
Deposit received from disposal of a subsidiary	-	7,902
Proceeds from disposal of investment properties	-	1,092
Net cash outflow from investing activities	<u>(5,244,694)</u>	<u>(287,381)</u>
Financing Activities		
Drawdown of borrowings	5,900,661	605,029
Proceeds from issuance of redeemable preference shares to non-controlling interests in subsidiaries	1,746	17,485
Payment of lease liabilities	(1,075)	(1,714)
Dividend paid to non-controlling interests	(3,489)	(5,596)
Banking facilities fees paid	(16,599)	(5,493)
Dividend paid	(110,123)	(82,592)
Repayment of borrowings	(357,297)	(577,516)
Interest paid	(375,357)	(337,206)
Acquisition of additional shares from non-controlling interests	-	(10,091)
Net cash inflow/(outflow) from financing activities	<u>5,038,467</u>	<u>(397,694)</u>
Net increase in cash and cash equivalents	486,044	333,677
Cash and cash equivalents at beginning of financial period	1,848,208	1,471,985
Effect of exchange rate changes	16,832	42,546
Cash and cash equivalents at end of financial period	<u>2,351,084</u>	<u>1,848,208</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Changes in Equity
(RM'000)

	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Reorganisation debit balance	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
As at 1 July 2021	18,514,233	(51,088)	(120,658)	(8,440,152)	9,656,034	19,558,369	160,339	19,718,708
Profit for the financial period	-	-	-	-	686,735	686,735	1,334	688,069
Exchange differences on translation of foreign operations, net of tax	-	186,479	-	-	-	186,479	183	186,662
Net change in cash flow hedge reserve	-	-	131,152	-	-	131,152	2	131,154
Total comprehensive income	-	186,479	131,152	-	686,735	1,004,366	1,519	1,005,885
Transactions with owners								
Changes in equity interests in subsidiaries	-	-	-	-	-	-	(411)	(411)
Changes in equity interest in a joint venture	-	-	-	-	(437)	(437)	-	(437)
Dividend paid	-	-	-	-	(110,123)	(110,123)	(3,489)	(113,612)
As at 30 June 2022	18,514,233	135,391	10,494	(8,440,152)	10,232,209	20,452,175	157,958	20,610,133
As at 1 July 2020	18,514,233	(157,968)	(212,312)	(8,440,152)	9,078,417	18,782,218	155,401	18,937,619
Profit for the financial period	-	-	-	-	660,209	660,209	3,104	663,313
Exchange differences on translation of foreign operations, net of tax	-	106,880	-	-	-	106,880	28	106,908
Net change in cash flow hedge reserve	-	-	91,654	-	-	91,654	8	91,662
Total comprehensive income	-	106,880	91,654	-	660,209	858,743	3,140	861,883
Transactions with owners								
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	17,485	17,485
Changes in equity interests in a subsidiary	-	-	-	-	-	-	(10,091)	(10,091)
Dividend paid	-	-	-	-	(82,592)	(82,592)	(5,596)	(88,188)
As at 30 June 2021	18,514,233	(51,088)	(120,658)	(8,440,152)	9,656,034	19,558,369	160,339	19,718,708

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the accompanying notes attached to this quarterly financial report.)



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Explanatory Notes

a) Basis of Preparation

The quarterly financial report of the IOIPG Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021. Those explanatory notes attached to this quarterly financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

As at 30 June 2022, the Group's current liabilities exceeded its current assets by RM7.9 billion due to the classification of borrowings as current liabilities as the repayment is due within 12 months from the end of the current financial year.

In order to meet the repayment obligation in the next 12 months from the end of the current financial year, the Group has put in place certain financing plans and the Group has undrawn facilities of RM9.1 billion.

A cash flow forecast for the 12 months from the reporting date was prepared to assess and confirm the appropriateness of the going concern basis of preparation of the quarterly financial report of the Group.

b) Changes in Accounting Policies

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 30 June 2021, except for the adoption of the following new MFRSs, Amendments to MFRS and IC Interpretations that are effective for the Group.

Title

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 "Interest Rate Benchmark Reform Phased 2"
Amendments to MFRS 16 Leases – COVID-19 Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to MFRSs do not have any significant financial impact on the financial statements of the Group for the current financial period.

c) Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

d) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.

e) Material Changes in Estimates of Amounts Reported

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current financial quarter.

f) Details of Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-back, share cancellation, shares held as treasury shares and/or resale of treasury shares for the current financial period ended 30 June 2022.



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Explanatory Notes

g) Dividend Paid

	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
Interim single tier dividend of 2.0 sen per ordinary share in respect of financial year ended 30 June 2021, paid on 24 September 2021	110,123	-
Interim single tier dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2020, paid on 23 October 2020	-	82,592
	110,123	82,592



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Quarterly Financial Report For The Financial Period Ended 30 June 2022

(The figures have not been audited)

Explanatory Notes

h) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
i) 3 Months Ended 30/06/22						
REVENUE						
External	561,147	108,765	42,379	3,651	-	715,942
Inter-segment	-	1,517	-	34,308	(35,825)	-
Total revenue	<u>561,147</u>	<u>110,282</u>	<u>42,379</u>	<u>37,959</u>	<u>(35,825)</u>	<u>715,942</u>
RESULT						
Segment operating profit/(loss)	228,145	38,153	(5,324)	4,465	-	265,439
Fair value gain on investment properties	-	147,336	-	-	-	147,336
Property development costs written down	(60,184)	-	-	-	-	(60,184)
Share of result of an associate	572	-	-	-	-	572
Share of results of joint ventures	18,084	33,688	(3,465)	-	-	48,307
Segment PBIT	<u>186,617</u>	<u>219,177</u>	<u>(8,789)</u>	<u>4,465</u>	<u>-</u>	<u>401,470</u>
Interest income						7,948
Interest expenses						(19,576)
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(15)
- foreign denominated deposits						4,231
Profit before taxation						<u>394,058</u>
Taxation						<u>(99,822)</u>
Profit for the period						<u>294,236</u>
3 Months Ended 30/06/21						
REVENUE						
External	579,758	57,479	18,932	2,476	-	658,645
Inter-segment	-	1,230	-	42,314	(43,544)	-
Total revenue	<u>579,758</u>	<u>58,709</u>	<u>18,932</u>	<u>44,790</u>	<u>(43,544)</u>	<u>658,645</u>
RESULT						
Segment operating profit/(loss)	166,071	18,279	(11,314)	1,750	-	174,786
Fair value loss on investment properties	-	(71,061)	-	-	-	(71,061)
Property development costs written down	(108,852)	-	-	-	-	(108,852)
Share of result of an associate	602	-	-	-	-	602
Share of results of joint ventures	180,188	1,843	(7,714)	-	-	174,317
Segment PBIT	<u>238,009</u>	<u>(50,939)</u>	<u>(19,028)</u>	<u>1,750</u>	<u>-</u>	<u>169,792</u>
Interest income						9,999
Interest expenses						(168)
Net foreign currency translation gain/(loss) on:						
- foreign denominated borrowings						4,761
- foreign denominated deposits						(78)
Profit before taxation						<u>184,306</u>
Taxation						<u>(64,882)</u>
Profit for the period						<u>119,424</u>

Other operations consist mainly of project and building services management and other activities unrelated to any of the abovementioned major operation segments.



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Explanatory Notes

h) Segment Revenue & Results (Continued)

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
ii) 12 Months Ended 30/06/22						
REVENUE						
External	2,101,915	364,247	113,094	11,076	-	2,590,332
Inter-segment	-	6,059	-	140,662	(146,721)	-
Total revenue	<u>2,101,915</u>	<u>370,306</u>	<u>113,094</u>	<u>151,738</u>	<u>(146,721)</u>	<u>2,590,332</u>
RESULT						
Segment operating profit/(loss)	901,803	160,929	(29,194)	6,289	-	1,039,827
Fair value gain on investment properties	-	48,924	-	-	-	48,924
Property development costs written down	(171,215)	-	-	-	-	(171,215)
Share of result of an associate	2,124	-	-	-	-	2,124
Share of results of joint ventures	115,806	72,227	(23,292)	-	-	164,741
Segment PBIT	<u>848,518</u>	<u>282,080</u>	<u>(52,486)</u>	<u>6,289</u>	<u>-</u>	<u>1,084,401</u>
Interest income						42,962
Interest expenses						(34,602)
Net foreign currency translation gain on:						
- foreign denominated borrowings						4,273
- foreign denominated deposits						5,739
Profit before taxation						<u>1,102,773</u>
Taxation						<u>(414,704)</u>
Profit for the period						<u>688,069</u>
12 Months Ended 30/06/21						
REVENUE						
External	2,109,585	286,690	83,565	8,771	-	2,488,611
Inter-segment	-	4,224	-	135,080	(139,304)	-
Total revenue	<u>2,109,585</u>	<u>290,914</u>	<u>83,565</u>	<u>143,851</u>	<u>(139,304)</u>	<u>2,488,611</u>
RESULT						
Segment operating profit/(loss)	790,063	129,512	(29,815)	4,341	-	894,101
Fair value loss on investment properties	-	(71,061)	-	-	-	(71,061)
Property development costs written down	(108,852)	-	-	-	-	(108,852)
Share of result of an associate	34,973	-	-	-	-	34,973
Share of results of joint ventures	243,360	36,441	(30,220)	-	-	249,581
Segment PBIT	<u>959,544</u>	<u>94,892</u>	<u>(60,035)</u>	<u>4,341</u>	<u>-</u>	<u>998,742</u>
Interest income						34,729
Interest expenses						(300)
Net foreign currency translation gain/(loss) on:						
- foreign denominated borrowings						46,122
- foreign denominated deposits						(1,293)
Profit before taxation						<u>1,078,000</u>
Taxation						<u>(414,687)</u>
Profit for the period						<u>663,313</u>

Other operations consist mainly of project and building services management and other activities unrelated to any of the abovementioned major operation segments.



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Explanatory Notes

i) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the financial period.

j) Changes in the Composition of the Group

During the current quarter under review, Mergui Development Pte Ltd, a 59.99% owned joint venture of the Company had received a notification on 7 April 2022 from Accounting and Corporate Regulatory Authority ("ACRA") informing that the name of the company had been struck off from the register of ACRA with effect from 7 April 2022.

k) Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 June 2022.

l) Capital Commitments

Capital commitments not provided for in the quarterly financial report as at the end of the financial period are as follows:

Contracted	RM'000
Additions of land held for property development	81,359
Additions of property, plant and equipment	177,354
Additions of investment properties	1,197,192
	<u>1,455,905</u>



Quarterly Financial Report For The Financial Period Ended 30 June 2022

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

1) Review of Group's Performance

(a) Performance of the current year quarter against the preceding year corresponding quarter

The Group recorded revenue of RM715.9 million for the current year quarter, which is RM57.3 million or 9% higher than the preceding year corresponding quarter of RM658.6 million. The increase in revenue is mainly contributed by all business segments other than property development segment which underwent a decrease of 3%.

In the current year quarter, the Group recognised property development costs written down of RM60.2 million attributable to the development projects in IOI Palm International Parkhouse, Xiang'An and fair value gain on investment properties of RM147.3 million mainly attributable to the retail malls in Malaysia operations. Excluding property development costs written down, fair value gain on investment properties and net foreign currency translation gain on foreign denominated borrowings and deposits, the Group's underlying profit before taxation ("PBT") of RM302.8 million for the current year quarter is RM56.8 million or 16% lower than the preceding year corresponding quarter of RM359.6 million. The decrease in underlying PBT is mainly attributable to lower share of results of joint ventures in the current year quarter as preceding year corresponding quarter share of joint ventures had included an amount of RM136.2 million which arose from the reversal of write down value of Cape Royale in Singapore.

The financial performance is analysed as follows:-

	Revenue				Underlying PBT/(LBT)			
	Q4 FY2022	Q4 FY2021	+/-		Q4 FY2022	Q4 FY2021	+/-	
	RM'mil	RM'mil	RM'mil	%	RM'mil	RM'mil	RM'mil	%
Property development segment	561.1	579.8	(18.7)	-3%	228.1	166.1	62.0	+37%
Property investment segment	108.8	57.5	51.3	+89%	38.2	18.3	19.9	+109%
Hospitality & leisure segment	42.4	18.9	23.5	+124%	(5.3)	(11.3)	6.0	-53%
Other operations	3.6	2.4	1.2	+50%	4.5	1.8	2.7	+150%
Share of results of joint ventures and associate	-	-	-	-	48.9	174.9	(126.0)	-72%
Net interest (expenses) / income	-	-	-	-	(11.6)	9.8	(21.4)	-218%
	715.9	658.6	57.3	+9%	302.8	359.6	(56.8)	-16%

Property Development Segment

The property development segment recorded revenue of RM561.1 million in the current year quarter, which is RM18.7 million or 3% lower than the preceding year corresponding quarter. The drop in revenue in the current year quarter is mainly attributable to lower sales of properties from People's Republic of China when compared to preceding year corresponding quarter. Operating profit for the current year quarter of RM228.1 million is RM62 million or 37% higher than the preceding year corresponding quarter. The increase in operating profit is mainly contributed by higher sales of commercial properties in Malaysia operations and higher profit contribution from IOI Palm City, Xiamen.

Property Investment Segment

The property investment segment recorded revenue and operating profit of RM108.8 million and RM38.2 million respectively for the current year quarter. It is RM51.3 million or 89% and RM19.9 million or 109% respectively higher than the preceding year corresponding quarter. Higher financial performance in the current year quarter is mainly due to commencement of recurring leasing income from IOI Mall, Xiamen following its business commencement on 28 October 2021 and improvement in mall traffic in Malaysia operations following the reopening of the economy and international borders to Malaysia coupled with festive seasons in the current quarter under review.

Hospitality and Leisure Segment

The hospitality and leisure segment revenue increased by 124% from RM18.9 million to RM42.4 million and operating loss decreased by 53% from RM11.3 million to RM5.3 million. The higher financial performance is mainly due to robust domestic demand pursuant to the relaxation of travel restrictions and reopening of international borders coupled with festive season during the current quarter under review.



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(b) Performance of the current year to date against the preceding year corresponding period

The Group recorded revenue of RM2.6 billion, which is RM101.7 million or 4% higher than the preceding year corresponding period. This is mainly supported by the commencement of recurring lease income from IOI Mall, Xiamen as well as strong recovery in the Malaysia mall operations and hospitality and leisure segment arising from relaxation of travel restrictions and opening of international borders. The Group's underlying PBT of RM1.2 billion (after excluding net foreign currency translation gain on foreign denominated borrowings and deposits, fair value gain on investment properties and property development costs written down) in the current year to date, is RM2 million or 1% higher than the preceding year corresponding period. The Group recorded higher underlying PBT mainly due to better financial performance from property development and property investment segments but was mitigated by higher share of associate and joint ventures profit arising from a sale of land of an associate and reversal of inventories written down of Cape Royale in Singapore during the preceding year corresponding period.

2) Material Change in Profit Before Taxation ("PBT") for the Current Quarter as Compared with the Immediate Preceding Quarter

The Group recorded underlying PBT of RM302.8 million (excluding fair value gain on investment properties, foreign currency translation loss on foreign denominated borrowings and deposits and property development costs written down) for the current quarter, which is RM21.9 million or 7% lower than the immediate preceding quarter of RM324.7 million (excluding foreign currency translation loss on foreign denominated borrowings and deposits and property development costs written down). Lower financial performance in the current quarter is mainly due to lower operating profit contribution from property development segment and higher interest expenses expensed to profit or loss following the completion of the construction of IOI Mall, Xiamen. This is partly offset by higher share of results of joint ventures in the current year quarter arising from fair value gain on South Beach office towers in Singapore.



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3) Prospects

Malaysia's gross domestic product registered a stronger growth of 8.9% in the second quarter of 2022 compared to the first quarter of 2022 at 5.0%. The strong recovery was underpinned by robust domestic consumption, steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of the normalizing economic activities as the country moved towards endemicity and reopening of international borders. While Malaysia's economy is expected to expand further in 2022, the rising inflationary pressures and global supply chain disruptions could hamper the economic recovery in the near term.

We continue to see a strong recovery in the retail and hospitality segments in Malaysia since the full withdrawal of movement restrictions which augurs well for the Group. The Group is expecting higher recurring lease income from the opening of IOI City Mall Phase 2 scheduled for end August 2022 as it sets to be the largest mall in Malaysia with a net lettable area of 2.5 million square feet. Along with the addition of more than 300 retail outlets, IOI City Mall will have over 700 retail outlets in total. Meanwhile, with the refurbishment of two hotels, Putrajaya Marriott Hotel and Palm Garden Hotel, Putrajaya, the Group is well poised to meet any increase in international and domestic tourism.

On the property development front, the Group recorded sales of RM1.9 billion in FY2022. Whilst the Klang Valley recorded a decrease of 8% due to the high base effect, the region still accounted for 48% of total group sales achieved in the current financial year. Overall sales from Malaysia contributed the largest share at 77% of total group sales with the highest percentage increase of 44% from the Johor region.

Whilst the Board acknowledges that there are ongoing macroeconomic and sectoral concerns caused by rising inflation, supply chain disruptions and interest rate hikes, it remains optimistic that IOIPG is strongly positioned to ride out the storm. For the coming financial year, the Group will focus on enhancing value with the aim of improving profitability by launching products with higher margins corresponding with the maturity of its landbank and infrastructure of its integrated developments.

In China, the resurgence of Covid-19 outbreaks and subsequent lockdowns combined with further escalation of the property sector crisis has curtailed economic activities and diminished confidence in the property market, delaying a recovery and causing ripple effects through the domestic Chinese economy. In an aid to end a property downturn that played a big role in hampering growth in the second quarter, the Central Bank of China has announced a series of easing policies to support the sluggish property market. Our marketing campaign in conjunction with these new financial policies is anticipated to drive sales of our completed development in Xiamen. Separately, in response to the current challenges arising from the strict operating procedures and movement control which have affected our mall operations in Xiamen, we continue to adopt pragmatic tenant retention strategy to maintain occupancy rates and to support our tenants as business partners.

Down south in Singapore, IOI Central Boulevard Towers, a Grade A commercial development slated for completion in second half of 2023 has secured an international anchor tenant which is expected to promote a strong tenant mix for this exciting development. This development has dedicated over 120,000 square feet to green landscaping with building designs that bolster ample natural lighting, double-glazed glass façade that keeps the heat at bay while still allowing daylight to stream in. The building also incorporates a slew of other green features to reduce overall carbon footprint. With regard to our site at Marina Bay acquired at the end of FY2021, the Group is in the midst of planning a mixed development.

The Board acknowledges that going forward into FY2023, the operating environment both within and outside Malaysia will continue to face substantial headwinds. Our on-going projects and new planned launches in the pipeline will provide us with a strong foundation to assure the earnings sustainability of the Group.

4) Achievability of Forecast Results

Not applicable.

5) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.



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6) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	YEAR TO	CORRESPONDING
	QUARTER	QUARTER	DATE	PERIOD
	RM'000	RM'000	RM'000	RM'000
The tax expense comprises the following:				
Current taxation	60,875	536,998	397,326	822,449
Deferred taxation	38,947	(472,116)	17,378	(407,762)
	<u>99,822</u>	<u>64,882</u>	<u>414,704</u>	<u>414,687</u>

The effective tax rate of the Group for the current year quarter is 25%. After excluding the fair value loss on investment properties that are subject to real property gain tax and non-deductible property development costs written down in value, the effective tax rate of the Group for current year quarter of 33% is higher than the prevailing statutory tax rate of 24%. The higher effective tax rate is mainly due to higher tax rate in the People's Republic of China.

7) Corporate Proposal

There was no outstanding corporate proposal for the current quarter under review.

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 June 2022 are as follows:

	As at 30/06/22	As at 30/06/21
	RM'000	RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	369,745	55,593
Denominated in USD (USD Nil) (2021: USD67 million)	-	273,269
Denominated in SGD (SGD3,765 million) (2021: SGD Nil)	12,043,204	-
Denominated in RMB (RMB1,639 million) (2021: RMB8 million)	<u>1,072,974</u>	<u>5,141</u>
	13,485,923	334,003
b) Long term borrowings		
Unsecured		
Denominated in RM	2,152,372	2,487,416
Denominated in SGD (SGD200 million) (2021: SGD2,232 million)	631,920	6,879,804
Denominated in RMB (RMB835 million) (2021: RMB2,040 million)	<u>546,443</u>	<u>1,308,888</u>
	3,330,735	10,676,108
Total borrowings	<u>16,816,658</u>	<u>11,010,111</u>



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9) Derivative Financial Instrument

(i) Details of derivative financial instrument outstanding as at 30 June 2022 are as follows:

Type of derivative	Fair value assets RM'000
Cash flow hedge derivative	
Interest rate swap	
<i>SGD denominated borrowing (RM5,125 million)*:</i>	
- less than one year	<u>7,785</u>
Total derivative financial assets	<u>7,785</u>

* represents notional amounts throughout the facility periods.

The above derivative was entered to hedge its long term floating rate borrowing that are denominated in foreign currency to fixed interest rate in order to minimise the exposure to the volatility of the interest rate.

The Group's derivative financial instrument is subject to market and credit risk as follows:

i. Market risk

Market risk on derivative is the potential fluctuation in the value of this contract arising from the change in price of the underlying items such as interest rates or other indices. The market risk to the Group is mitigated as the Group's SGD floating interest rate borrowing was swapped to fixed interest rate borrowing to serve as a cash flow hedge for the Group's interest settlement for the foreign currency borrowing obtained.

ii. Credit risk

Credit risk exposure arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and or the Bank has entered into. There is minimal credit risk to the Group as the swap was entered into with reputable financial institution which is governed by appropriate policies and procedures.

(i) Cash requirement of the derivative

There is no cash requirement for this derivative other than the repayment obligation for the underlying bank borrowing.

(ii) Related accounting policies

There have been no changes since the end of the previous financial year ended 30 June 2021 in respect of the accounting policies.



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10) Fair Value Changes of Financial Assets

As at 30 June 2022, the Group has recognised derivative financial asset of RM7.8 million in respect of interest rate swap, with the corresponding fair value gain of RM131.2 million in the cash flow hedge reserve for the current financial period under review.

The fair value gain is mainly due to the floating interest rate has moved favourably for the Group from the last measurement date.

The fair value of the abovementioned derivative is calculated based on the present value of estimated cash flow using an appropriate market-based yield curve.

11) Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit for the period has been arrived after (crediting)/charging:

	CURRENT YEAR QUARTER RM'000	CURRENT YEAR TO DATE RM'000
Depreciation and amortisation	18,421	49,742
Fair value gain on investment properties	(147,336)	(48,924)
Gain on disposal of a subsidiary	-	(85,982)
Impairment losses on receivables	400	3,585
Impairment losses on receivables written back	(440)	(2,297)
Interest expenses	19,576	34,602
Interest income	(7,948)	(42,962)
Net gain on foreign currency translation differences	(3,861)	(9,443)
Property development costs written down	60,184	171,215
Property, plant and equipment written off	26	94

Other than as per disclosed above, the Group does not have other material items that recognised as profit/loss in the consolidated statement of profit or loss and statement of other comprehensive income.

12) Material Litigation

There is no pending material litigation as at the date of this announcement.



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13) Dividends

The Board does not recommend any payment of dividend in respect of the current quarter ended 30 June 2022.

14) Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	292,480	118,372	686,735	660,209
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,145	5,506,145	5,506,145
Basic earnings per share (sen)	5.31	2.15	12.47	11.99

b) Diluted earnings per share

The Group has no dilution in its EPS for the financial period under review as there are no dilutive potential ordinary shares.

15) Audit Qualification

The audit report on the Group's preceding year's financial statements is not qualified.

By Order of the Board

Chee Ban Tuck
Company Secretary

Putrajaya
22 August 2022