GuocoLand Malaysia
A Member of the Hong Leong Group
Registration No. 192001000022 (300-K)

Summary of the key matters discussed at the Ninety-ninth Annual General Meeting of GuocoLand (Malaysia) Berhad ("GLM" or "Company") held at Wau Bulan Ballroom, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Friday, 10 November 2023 at 3.00 p.m.

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1. We note that there is a change of new senior management. What are the plans and strategies for GLM under the new management?

Response

- The GLM Group's business was adversely affected by the Covid-19 pandemic in the past 3 years. We are cautiously optimistic on the outlook of the property market. We expect the property market outlook to remain challenging in the coming years due to cost pressures from high interest rates, inflation and minimum wage increases. We also expect the imbalances of supply and demand in property market to continue. Nevertheless, we believe there will be demand for properties in prime location with good accessibility to amenities.

- We will continue to take proactive plans to improve the businesses of the GLM Group. This involves monitoring the development project progress to meet the project delivery timeline, implementing asset enhancement programmes and rationalising building maintenance costs.

- GLM Group is also looking forward to launch more projects in the near future, while carefully evaluating potential developments within our existing landbank based on prevailing market conditions.

- We have been prudent in managing our funds for land acquisition. GLM Group has been utilising funds to repay its borrowings while sourcing for suitable land with strategic location and attractive yields. In the past 4 years, GLM Group has managed to reduce its debts leverage to a comfortable level despite the hike of interest rates. The total borrowings of GLM Group have reduced approximately by 50% to RM602 million in financial year 2023.

2. We note that Pavilion Damansara Heights ("Pavilion") has completed most of its integrated development in Damansara Heights. How does GLM Group manage the competition?

Pavilion is expected to enhance the value of surrounding neighbourhoods. The integrated development will attract visitors and increase traffic in the Damansara City area. We believe that new interest in this area will benefit Sofitel Hotel and DC Mall. Therefore, Pavilion is viewed as a fellow partner that complements Damansara City instead of a competitor to GLM Group as the positioning of our offerings are different and distinctive.

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3. It was noted that GLM has an average staff turnover rate of about 20% in these 2 years. What are the plans for retaining the talented staff?

Response

The high staff turnover rate could be due to the economic conditions and challenges in the property sector.

The Company has been providing relevant training opportunities to its employees. This can lead to greater job satisfaction and retention. GLM Group has several property developments, including high-rise buildings, integrated developments and investment properties, which provide employees with a diverse array of exposures and experiences.

4. What is the plan of the new management? Will there be any change to the management?

Response

GLM is currently in the process of rebuilding the management team. Puan Noorbaizura has assumed the position of Managing Director in May 2023 and has been in the GLM Group for less than 3 years. She needs time to understand the businesses of GLM Group and to rebuild the management team.

5. What is the estimated Gross Development Value ("GDV") for new launches next year?

Response

Our estimated GDV for next year would be in the region of RM1 billion. We target to complete and hand over about 1,000 units next year.

6. Is there any plan for including DC Mall or Sofitel Hotel into the Tower Real Estate Investment Trust ("Tower REIT")'s portfolio?

Response

Management has no immediate plans for injecting these assets into Tower REIT as the priority now is to improve their performances post Covid-19 pandemic.

7. For the Sofitel Hotel, what is the occupancy rate for the year?

Response

Since the reopening of the boarders after Covid-19 pandemic, the hotel's occupancy has increased to about 70% and the average room rates have improved materially.

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8. What are the plans to clear unsold inventories which are worth above RM300 million in the books of GLM?

Response

The completed inventories of GLM Group mainly consist of the unsold inventories from The Oval KL and DC Residensi. GLM Group has been undertaking marketing efforts to sell the inventories in Malaysia and overseas as well. As a result, sales of the unsold inventories are improving.

We continue to engage reputable overseas real estate consultants with good track record in marketing our unsold inventories. We will also offer attractive sales package with the objective to nurture demand for the properties.