

QUARTERLY REPORT

On the consolidated results for the first quarter ended 31 March 2023

The Directors hereby announce the following:

Unaudited Condensed Consolidated Statement of Profit or Loss Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 31 March 2023	2022 Restated	% +/(-)
Revenue	A8	685,332	480,327	42.7
Cost of sales		(482,336)	(347,083)	
Gross profit		202,996	133,244	52.3
Selling and marketing expenses		(29,328)	(11,923)	
Administrative expenses		(60,078)	(50,814)	
Other (expenses)/income		(45)	1,585	
Operating profit		113,545	72,092	
Share of results of joint ventures		(27,619)	536	
Share of results of associates		228	882	
Other gains		5,144	10,192	
Profit before interest and tax	A7	91,298	83,702	9.1
Finance income		28,063	24,166	
Finance costs		(21,425)	(24,697)	
Profit before tax		97,936	83,171	17.8
Tax expense	B6	(36,741)	(26,991)	
Profit for the period		61,195	56,180	8.9
Attributable to:				
- owners of the Company		60,672	51,837	17.0
- non-controlling interests		523	4,343	
Profit for the period		61,195	56,180	8.9
Basic and diluted earnings per share attributable to owners of the Company (sen)	B10	0.9	0.8	17.0

The unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

Unaudited Condensed Consolidated Statement of Comprehensive Income
Amounts in RM thousand unless otherwise stated

	Quarter ended 31 March		%
	2023	2022	+ / (-)
Profit for the period	<u>61,195</u>	<u>56,180</u>	8.9
Other comprehensive income:			
Items which will subsequently be reclassified to profit or loss (net of tax):			
Currency translation differences	56,207	(47,181)	
Reclassified to profit or loss:			
Currency translation differences on repayment of net investment	(839)	-	
Currency translation differences on disposal of a subsidiary	-	(1,654)	
Items which will not subsequently be reclassified to profit or loss (net of tax):			
Share of other comprehensive (loss)/income of an associate	(1,332)	1,828	
Net changes in fair value of investment at fair value through other comprehensive income ("FVOCI")	<u>1,309</u>	<u>-</u>	
Other comprehensive income/(loss) for the period	<u>55,345</u>	<u>(47,007)</u>	217.7
Total comprehensive income for the period	<u>116,540</u>	<u>9,173</u>	1,170.5
Attributable to:			
- owners of the Company	116,047	4,836	2,299.6
- non-controlling interests	<u>493</u>	<u>4,337</u>	
Total comprehensive income for the period	<u>116,540</u>	<u>9,173</u>	1,170.5

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

Unaudited Condensed Consolidated Statement of Financial Position
Amounts in RM thousand unless otherwise stated

	Note	Unaudited As at 31 March 2023	Audited As at 31 December 2022
<u>Non-current assets</u>			
Property, plant and equipment		587,025	586,343
Investment properties		1,090,962	1,085,200
Inventories (Note 1)		3,957,295	4,016,559
Joint ventures		2,884,263	2,885,238
Associates		147,452	148,557
Investments		48,633	48,633
Intangible assets		5,315	6,577
Deferred tax assets		585,562	601,790
Receivables		132,083	102,718
Contract assets		1,155,364	1,199,242
		10,593,954	10,680,857
<u>Current assets</u>			
Inventories (Note 1)		1,538,110	1,527,278
Receivables		599,254	862,615
Contract assets		1,176,679	1,154,273
Prepayment		13,528	12,002
Tax recoverable		62,304	40,367
Cash held under Housing Development Accounts		432,045	386,092
Bank balances, deposits and cash		512,950	599,225
		4,334,870	4,581,852
Total assets	A7	14,928,824	15,262,709
<u>Equity</u>			
Share capital		6,800,839	6,800,839
Fair value reserve		33,953	33,976
Exchange reserve		17,680	(37,718)
Retained profits		2,715,285	2,722,621
Attributable to owners of the Company		9,567,757	9,519,718
Non-controlling interests		125,571	125,078
Total equity		9,693,328	9,644,796
<u>Non-current liabilities</u>			
Payables		71,109	72,134
Borrowings	B8	2,142,998	2,283,984
Lease liabilities		24,408	24,149
Provisions		158,909	152,565
Contract liabilities		257,273	253,164
Deferred tax liabilities		315,075	316,650
		2,969,772	3,102,646
<u>Current liabilities</u>			
Payables		1,120,148	1,296,619
Borrowings	B8	739,058	753,861
Lease liabilities		20,557	21,447
Provisions		86,025	82,530
Contract liabilities		275,738	332,895
Tax provision		24,198	27,915
		2,265,724	2,515,267
Total liabilities		5,235,496	5,617,913
Total equity and liabilities		14,928,824	15,262,709
Net assets per share attributable to owners of the Company (RM)		1.41	1.40

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Unaudited Condensed Consolidated Statement of Financial Position (continued)
Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 March 2023	Audited As at 31 December 2022
Note:		
1. Inventories		
Ongoing development	1,263,346	1,249,389
Completed development units	274,140	277,249
Others	624	640
	1,538,110	1,527,278
Not within normal operating cycle	3,957,295	4,016,559
	5,495,405	5,543,837

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

SIME DARBY PROPERTY BERHAD
Registration No: 197301002148 (15631-P)

Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM thousand unless otherwise stated

	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
Quarter ended 31 March 2023							
At 1 January 2023	6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796
Profit for the period	–	–	–	60,672	60,672	523	61,195
Other comprehensive (loss)/income	–	(23)	55,398	–	55,375	(30)	55,345
Total other comprehensive (loss)/income for the period	–	(23)	55,398	60,672	116,047	493	116,540
Transaction with owners:							
- dividend paid	–	–	–	(68,008)	(68,008)	–	(68,008)
At 31 March 2023	6,800,839	33,953	17,680	2,715,285	9,567,757	125,571	9,693,328
Quarter ended 31 March 2022							
At 1 January 2022	6,800,839	31,718	105,045	2,498,982	9,436,584	189,664	9,626,248
Profit for the period	–	–	–	51,837	51,837	4,343	56,180
Other comprehensive income/(loss)	–	1,828	(48,829)	–	(47,001)	(6)	(47,007)
Total comprehensive income/(loss) for the period	–	1,828	(48,829)	51,837	4,836	4,337	9,173
Transaction with owners:							
- disposal of a subsidiary	–	–	–	–	–	(1,904)	(1,904)
At 31 March 2022	6,800,839	33,546	56,216	2,550,819	9,441,420	192,097	9,633,517

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

SIME DARBY PROPERTY BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows
Amounts in RM thousand unless otherwise stated

	Quarter ended 31 March	
	2023	2022
Cash flow from operating activities		
Profit for the period	61,195	56,180
Adjustments for:		
Share of results of joint ventures and associates	27,391	(1,418)
Depreciation and amortisation	8,071	8,452
Net changes in fair value on investment properties	1,940	3,173
Net (reversal of impairment)/impairment losses	(64)	764
Gain on disposal of a subsidiary	-	(8,948)
Provisions	4,307	-
Finance income	(28,063)	(24,166)
Finance costs	21,425	24,697
Tax expense	36,741	26,991
Net foreign exchange gain	(5,156)	(310)
Others	12	(969)
	<u>127,799</u>	<u>84,446</u>
Changes in working capital:		
- inventories, receivables and other assets	219,881	108,674
- payables, provisions and other liabilities	(234,349)	(25,448)
Cash from operations	<u>113,331</u>	<u>167,672</u>
Tax paid	(46,929)	(32,393)
Net cash from operating activities	<u>66,402</u>	<u>135,279</u>
Cash flow from investing activities		
Finance income received	6,093	1,912
Net cash inflow from disposal of subsidiaries	-	9,714
Proceeds from sale of investment properties	2,888	-
Additions of:		
- property, plant and equipment	(4,500)	(2,219)
- investment properties	(11,863)	(894)
- intangible assets	(64)	(919)
Subscription of additional interests in joint ventures	(4,374)	(132,669)
Capital repayment from a joint venture	163,986	-
Capital repayment from an investment	1,309	-
Advances to an associate	-	(5,856)
Dividends received from a joint venture and an investment	1,000	153
Net cash from/(used in) investing activities	<u>154,475</u>	<u>(130,778)</u>
Cash flow from financing activities		
Finance costs paid	(23,943)	(23,181)
Net repayments of borrowings	(171,033)	(30,185)
Repayments of lease liabilities	(2,077)	(4,849)
Dividend paid on ordinary shares	(68,008)	-
Net cash used in financing activities	<u>(265,061)</u>	<u>(58,215)</u>
Net changes in cash and cash equivalents	<u>(44,184)</u>	<u>(53,714)</u>
Foreign exchange differences	3,862	(195)
Cash and cash equivalents at beginning of the year	<u>985,317</u>	<u>909,664</u>
Cash and cash equivalents at end of the period	<u><u>944,995</u></u>	<u><u>855,755</u></u>

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)
Amounts in RM thousand unless otherwise stated

Quarter ended
31 March
2023 **2022**

For the purpose of the Condensed Consolidated Statement of Cash Flows,
cash and cash equivalents comprised the following:

Cash held under Housing Development Accounts	432,045	300,342
Bank balances, deposits and cash	512,950	555,413
	<u>944,995</u>	<u>855,755</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022.

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Explanatory Notes on the Quarterly Report – 31 March 2023
Amounts in RM thousand unless otherwise stated

EXPLANATORY NOTES

This interim financial report is prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complied with the requirements of the Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting and other MFRS issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report is unaudited and should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2022.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 December 2022 except as described below.

- a. Accounting pronouncements that have been newly adopted for this interim financial period:

MFRS 17 and related amendments	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above did not result in any significant changes to the Group’s results and financial position for this interim financial period.

- b. Accounting pronouncements that are not yet effective are set out below:

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

- c. Accounting pronouncement where the effective date has been deferred to a date to be determined by the MASB is set out below:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

- d. Reclassification of comparative financial results

The Group had effected a reclassification of net changes in fair value on investment properties from “other gains/(losses)” to “other income/(expenses)”. The net changes in fair value is now included as part of segment results. The reclassification allows for a comprehensive reflection of the segments’ performances. The reclassification had no effect on (1) the profit for the current and previous financial period; (2) retained earnings; (3) statement of financial position; and (4) statement of cash flows.

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Explanatory Notes on the Quarterly Report – 31 March 2023
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A1. Basis of Preparation (continued)

d. Reclassification of comparative financial results (continued)

The effect of the reclassification of net changes in fair value on investment properties are as follows:

(i) Reconciliation of statement of profit or loss for the quarter ended 31 March 2022

	As previously stated	Reclassification	As restated
Revenue	480,327	–	480,327
Cost of sales	(347,083)	–	(347,083)
Gross profit	133,244	–	133,244
Selling and marketing expenses	(11,923)	–	(11,923)
Administrative expenses	(50,814)	–	(50,814)
Other income	4,758	(3,173)	1,585
Operating profit	75,265	(3,173)	72,092
Share of results of joint ventures	536	–	536
Share of results of associates	882	–	882
Other gains	7,019	3,173	10,192
Profit before interest and tax	83,702	–	83,702
Finance income	24,166	–	24,166
Finance costs	(24,697)	–	(24,697)
Profit before tax	83,171	–	83,171
Tax expense	(26,991)	–	(26,991)
Profit for the period	56,180	–	56,180
Attributable to:			
- owners of the Company	51,837	–	51,837
- non-controlling interests	4,343	–	4,343
Profit for the period	56,180	–	56,180
Basic and diluted earnings per share attributable to owners of the Company (sen)	0.8	–	0.8

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Explanatory Notes on the Quarterly Report – 31 March 2023
Amounts in RM thousand unless otherwise stated

A2. Seasonal or Cyclical Factors

The Group's operations are not affected by seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no material unusual items affecting the Group's assets, liabilities, equity, net income, or cash flows during the financial period under review.

A4. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in prior financial years that have a material effect on the results for the current period under review.

A5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

The Company has 6,800,839,377 ordinary shares in issue as at 31 March 2023.

A6. Dividend Paid

The second single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share, amounting to RM68.0 million was paid on 28 March 2023.

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Explanatory Notes on the Quarterly Report – 31 March 2023
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A7. Segment Information

The Group has three reportable business segments - property development, investment and asset management and leisure. The senior management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

a. Segment results

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Quarter ended 31 March 2023					
Revenue:					
External	636,764	26,240	22,328	–	685,332
Inter-segment	17,607	1,999	333	(19,939)	–
	<u>654,371</u>	<u>28,239</u>	<u>22,661</u>	<u>(19,939)</u>	<u>685,332</u>
Cost of sales	(472,388)	(15,459)	(11,192)	16,703	(482,336)
Gross profit	181,983	12,780	11,469	(3,236)	202,996
Selling and marketing expenses	(28,781)	(446)	(101)	–	(29,328)
Administrative expenses	(47,100)	(5,767)	(9,689)	2,478	(60,078)
Other income/(expenses)	1,037	(1,054)	20	(48)	(45)
Operating profit	107,139	5,513	1,699	(806)	113,545
Share of results of joint ventures and associates	(16,119)	(8,364)	–	(2,908)	(27,391)
Segment results	91,020	(2,851)	1,699	(3,714)	86,154
Other gains/(losses)	5,255	(111)	–	–	5,144
Profit/(Loss) before interest and tax	96,275	(2,962)	1,699	(3,714)	91,298
Finance income	8,077	21,504	514	(2,032)	28,063
Finance costs	(8,249)	(14,935)	(273)	2,032	(21,425)
Profit before tax	96,103	3,607	1,940	(3,714)	97,936
Tax expense	(33,564)	(3,257)	–	80	(36,741)
Profit for the period	<u>62,539</u>	<u>350</u>	<u>1,940</u>	<u>(3,634)</u>	<u>61,195</u>

Included in other income/(expenses) are:

Net changes in fair value on investment properties	(743)	(1,197)	–	–	(1,940)
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Included in other gains/(losses) are:

Net foreign exchange gain/(loss)	5,266	(110)	–	–	5,156
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Explanatory Notes on the Quarterly Report – 31 March 2023
Amounts in RM thousand unless otherwise stated

A7. Segment Information (continued)

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Quarter ended 31 March 2022					
Restated					
Revenue:					
External	435,747	25,244	19,336	–	480,327
Inter-segment	83	1,999	1,211	(3,293)	–
	<u>435,830</u>	<u>27,243</u>	<u>20,547</u>	<u>(3,293)</u>	<u>480,327</u>
Cost of sales	(324,895)	(12,783)	(10,307)	902	(347,083)
Gross profit	110,935	14,460	10,240	(2,391)	133,244
Selling and marketing expenses	(11,567)	(208)	(148)	–	(11,923)
Administrative expenses	(37,322)	(4,967)	(10,980)	2,455	(50,814)
Other income/(expenses)	4,717	(3,142)	74	(64)	1,585
Operating profit/(loss)	66,763	6,143	(814)	–	72,092
Share of results of joint ventures and associates*	(1,384)	2,802	–	–	1,418
Segment results	65,379	8,945	(814)	–	73,510
Other gains	196	934	9,062	–	10,192
Profit before interest and tax	65,575	9,879	8,248	–	83,702
Finance income	2,367	23,059	151	(1,411)	24,166
Finance costs	(10,064)	(15,760)	(284)	1,411	(24,697)
Profit before tax	57,878	17,178	8,115	–	83,171
Tax expense	(22,149)	(3,707)	(1,135)	–	(26,991)
Profit for the period	<u>35,729</u>	<u>13,471</u>	<u>6,980</u>	<u>–</u>	<u>56,180</u>

Included in other income/(expenses) are:

Net changes in fair value on investment properties	–	(3,173)	–	–	(3,173)
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Included in other gains are:

Gain on disposal of a subsidiary	–	–	8,948	–	8,948
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* The share of results of joint ventures and associates was re-presented to segregate the share of results into Property Development and Investment and Asset Management segment respectively to reflect how the senior management of the Group reviews the operations and performance on a regular basis.

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A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 31 March 2023					
Operating assets	8,957,056	2,567,491	552,164	(827,468)	11,249,243
Joint ventures and associates	2,678,767	427,741	–	(74,793)	3,031,715
	<u>11,635,823</u>	<u>2,995,232</u>	<u>552,164</u>	<u>(902,261)</u>	<u>14,280,958</u>
Tax assets					647,866
Total assets					<u><u>14,928,824</u></u>
As at 31 December 2022					
Restated					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates*	2,660,592	444,304	–	(71,101)	3,033,795
	<u>11,955,918</u>	<u>2,980,152</u>	<u>539,439</u>	<u>(854,957)</u>	<u>14,620,552</u>
Tax assets					642,157
Total assets					<u><u>15,262,709</u></u>

* The segment assets of joint ventures and associates was re-presented to segregate the assets into Property Development and Investment and Asset Management segment respectively to reflect how the senior management of the Group reviews the operations and performance on a regular basis.

A8. Revenue

	Quarter ended 31 March	
	2023	2022
Revenue comprise the following:		
Revenue from contracts with customers	667,979	458,942
Revenue from rental income	17,353	21,385
	<u>685,332</u>	<u>480,327</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	<u>667,979</u>	<u>458,942</u>
Timing of revenue recognition		
- over time	615,093	409,018
- at point in time	52,886	49,924
	<u>667,979</u>	<u>458,942</u>

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Explanatory Notes on the Quarterly Report – 31 March 2023
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A9. Capital Commitments

	As at 31 March 2023	As at 31 December 2022
Contracted capital commitments:		
- investment properties	68,417	79,618
- property, plant and equipment	26,522	28,731
- intangible assets	1,163	462
	<u>96,102</u>	<u>108,811</u>

In addition, the Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures, and/or as approved by the Board of Directors are as follows:

	As at 31 March 2023	As at 31 December 2022
Joint ventures:		
- Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP	166,619	168,568
- Sime Darby Property MIT Development Sdn Bhd	43,400	45,800
	<u>210,019</u>	<u>214,368</u>

A10. Significant Related Party Transactions

Significant related party transactions during the financial period ended 31 March 2023 are as follows:

	Quarter ended 31 March	
	2023	2022
a. Transactions between subsidiaries and their owners of non-controlling interests		
Turnkey works rendered by Brunfield Engineering Sdn Bhd to Sime Darby Brunfield Holding Sdn Bhd group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders	(4,358)	(13,205)
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	<u>(3,756)</u>	<u>(3,756)</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the financial period ended 31 March 2023 are as follows:
(continued)

	Quarter ended 31 March	
	2023	2022
b. Transactions with joint ventures and associates		
<u>Aster Real Estate Investment Trust 1</u>		
Rental expense	(1,802)	(4,749)
<u>Yayasan Sime Darby</u>		
Contribution to Yayasan Sime Darby*	<u>–</u>	<u>(10,000)</u>

* The donation agreement between the Group and Yayasan Sime Darby had expired on 29 November 2022 and the renewal of the agreement is being finalised.

c. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 58.0% as at 31 March 2023 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra (“YPB”). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government’s controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

All the transactions entered by the Group with shareholders and related parties are conducted in the ordinary course of the Group’s businesses.

Significant transactions entered with shareholders and government-related entities during the financial period include:

	Quarter ended 31 March	
	2023	2022
(i) <u>Sime Darby Berhad group</u>		
Rental income [#]	1,310	3,448
(ii) <u>Sime Darby Plantation Berhad group</u>		
Rental income	<u>2,313</u>	<u>3,490</u>

[#] The rental agreement between Sime Darby Property Singapore Limited, a wholly-owned subsidiary of the Group and Performance Motors Limited, a wholly-owned subsidiary of Sime Darby Berhad was terminated as at 31 January 2023.

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A10. Significant Related Party Transactions (continued)

c. Transactions with shareholders and Government (continued)

- (iii) Sime Darby Property (Bukit Tunku) Sdn Bhd (“SDPBT”), a wholly-owned subsidiary of the Group had on 1 December 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Sime Darby Plantation Berhad (“SD Plantation”) to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.826 acres located in Mukim Kapar, District of Klang, Selangor (“Kapar Land”) for a total cash consideration of RM618.0 million.

The proposed Kapar Land acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting (“EGM”) held on 24 May 2023.

The completion of the proposed Kapar Land acquisition is subject to amongst others, the delivery of vacant possession of the Kapar land and settlement of the balance purchase price.

A11. Material Events Subsequent to the End of the Financial Period

Other than disclosed in Note A10 (c)(iii) above, there was no material event subsequent to the end of the current financial period under review as at the date of issue of the quarterly report.

A12. Effect of Significant Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 31 March 2023.

A13. Contingent Liabilities - unsecured

	As at 31 March 2023	As at 31 December 2022
Claims pending against the Group	<u>82,009</u>	<u>82,009</u>

A14. Financial Instruments

The carrying amounts of financial instruments measured at amortised cost approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair values of financial instruments measured at Fair Value through Other Comprehensive Income (“FVOCI”) are as follows:

	As at 31 March 2023	As at 31 December 2022
Investments - unquoted shares	<u>48,633</u>	<u>48,633</u>

Unquoted shares are measured at FVOCI at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

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B. EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

	Quarter ended 31 March		% +/(–)
	2023	2022 Restated	
Segment revenue:			
Property development	636,764	435,747	46.1
Investment and asset management	26,240	25,244	3.9
Leisure	22,328	19,336	15.5
Revenue	685,332	480,327	42.7
Segment results:			
Property development	87,306	65,379	33.5
Investment and asset management	(2,851)	8,945	(131.9)
Leisure	1,699	(814)	308.7
	86,154	73,510	17.2
Other gains	5,144	10,192	
Profit before interest and tax	91,298	83,702	9.1
Finance income	28,063	24,166	
Finance costs	(21,425)	(24,697)	
Profit before tax (“PBT”)	97,936	83,171	17.8
Tax expense	(36,741)	(26,991)	
Profit for the period	61,195	56,180	8.9
Attributable to:			
- owners of the Company	60,672	51,837	17.0
- non-controlling interests	523	4,343	
Profit for the period	61,195	56,180	8.9

In financial period ended 31 March 2023, the Group’s revenue registered a significant increase of 42.7% to RM685.3 million as compared to corresponding period of the previous year. Similarly, the Group’s PBT also saw an improvement of 17.8% from RM83.2 million in the same period a year ago to RM97.9 million. The improved performance in the current quarter was mainly contributed by the property development segment.

The results of each business segment are analysed below:

a) Property development

The property development segment remained to be the top contributor to the Group’s revenue at RM636.8 million or 92.9% of the Group’s total; with revenue growth of 46.1% from RM435.7 million in the corresponding period of the previous year.

The segment’s commendable profit of RM87.3 million was backed by strong sales of industrial and residential products in prior year along with increased on-site development activities in Bandar Bukit Raja, City of Elmina, Nilai Impian, Elmina Business Park and Hamilton Nilai City townships. Site progress and financial results in prior year’s corresponding period was adversely impacted by labour shortage, a situation which had gradually alleviated but remains to be monitored in the current period.

In the current period, the segment’s profit was impacted by higher share of loss from joint ventures of RM16.1 million, as compared to RM1.4 million in the corresponding period last year. The increase was primarily due to higher losses from the Battersea Power Station project, as a result of escalating operating and selling costs.

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B1. Review of Group Performance (continued)

The results of each business segment are analysed below: (continued)

b) Investment and asset management

The investment and asset management segment registered a 3.9% increase in revenue from RM25.2 million to RM26.2 million in the current financial year, mainly driven by the retail sub-segment. The growth in retail sub-segment's revenue was supported by an increase in the occupancy rate from 79% to 85% and rise in footfall in KL East Mall.

However, the segment's result for the current financial period decreased from a profit of RM8.9 million to a loss of RM2.9 million. This was mainly due to recognition of share of loss of RM8.4 million from joint ventures and associates, compared to a share of profit of RM2.8 million in the corresponding period last year. Additionally, the segment also saw a margin compression due to higher operating costs compared to the corresponding period last year.

c) Leisure

The leisure segment showed continued resilience, with revenue growing by 15.5% to RM22.3 million compared to RM19.3 million in the corresponding period last year. Accordingly, the segment has also turned around from a loss of RM0.8 million to a profit of RM1.7 million. This growth was attributed to improvements in revenue contributions from events and functions, food and beverages, and golfing activities.

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B2. Material Changes in Profit for the Current Quarter as Compared to the Preceding Quarter

	Quarter ended		%
	31 March 2023	31 December 2022 Restated	+/(–)
Segment revenue:			
Property development	636,764	906,387	(29.7)
Investment and asset management	26,240	28,632	(8.4)
Leisure	22,328	21,877	2.1
Revenue	685,332	956,896	(28.4)
Segment results:			
Property development	87,306	139,690	(37.5)
Investment and asset management	(2,851)	1,862	(253.1)
Leisure	1,699	511	232.5
	86,154	142,063	(39.4)
Other gains/(losses)	5,144	(13,685)	
Profit before interest and tax	91,298	128,378	(28.9)
Finance income	28,063	29,596	
Finance costs	(21,425)	(22,227)	
Profit before tax (“PBT”)	97,936	135,747	(27.9)
Tax expense	(36,741)	(39,762)	
Profit for the period	61,195	95,985	(36.2)
Attributable to:			
- owners of the Company	60,672	103,151	(41.2)
- non-controlling interests	523	(7,166)	
Profit for the period	61,195	95,985	(36.2)

The Group’s revenue for the current quarter of RM685.3 million was 28.4% lower than the preceding quarter. Accordingly, PBT has decreased by 27.9% from RM135.7 million in the preceding quarter to RM97.9 million in the current quarter.

“Other gains” contributed positively to the current quarter which comprise mainly exchange gains, whereas previous quarter’s “Other losses” included lease adjustments on investment properties of RM12.8 million.

The results of each business segment are analysed below:

a) Property development

The property development segment’s strong performance in the preceding quarter was attributable to increased on-site development activities towards end of the preceding quarter and robust property sales momentum from KLGCC Resort, City of Elmina, Ara Damansara, Subang Jaya City Centre and Hamilton Nilai City townships.

While the revenue recorded in the previous quarter was notably high, the current quarter’s revenue normalised and registered a drop of 29.7% to RM636.8 million as compared to the preceding quarter’s RM906.4 million. Accordingly, the segment profit for the current quarter decreased to RM87.3 million from RM139.7 million in the preceding quarter. Despite so, the current quarter results remained satisfactory and outperformed that of corresponding quarter in previous year with a gradual recovery of the foreign labour shortage and strong unbilled sales supporting revenue visibility of the Group.

B2. Material Changes in Profit for the Current Quarter as Compared to the Preceding Quarter (continued)

The results of each business segment are analysed below: (continued)

b) Investment and asset management

The investment and asset management segment recognised total revenue of RM26.2 million during the current period, a decrease of 8.4% from preceding quarter's revenue of RM28.6 million. The decrease was mainly attributed to the termination of a lease agreement for the Group's asset in Singapore.

Accordingly, the segment's results for the quarter dropped to a loss of RM2.9 million, in contrast to a profit of RM1.9 million in the previous quarter. The current quarter's segment results was also adversely affected by higher operating costs.

c) Leisure

The leisure segment registered better performance in the current quarter, with marginally higher revenue of RM22.3 million and a segment profit of RM1.7 million, compared to revenue of RM21.9 million and a marginal profit of RM0.5 million in the preceding quarter. The improved performance was mainly attributed to increased contributions from events and functions, food and beverages and golfing activities.

B3. Prospects

Malaysia charted its highest gross domestic product ("GDP") growth in 22 years, at 8.7%, in 2022. The Bank Negara Malaysia ("BNM") anticipates that the Malaysian economy will expand at a more moderate pace in 2023, ranging between 4.0% and 5.0%, on the back of challenging external environment. While BNM raised the Overnight Policy Rate ("OPR") by a further 25 basis points to 3% on 3rd May 2023, the OPR is expected to normalised to pre-pandemic range of 3% to 3.25% for the rest of 2023.

Notwithstanding market headwinds, the property market is expected to remain steady in 2023, with indications of healthy demand for landed residential and industrial products. The recovery of the foreign labour market bodes well for the Group's ability to sustain its robust momentum throughout FY2023.

In the first quarter, The Group has launched a diversified product mix amounting to RM1.0 billion GDV to-date across its established townships namely City of Elmina, Bandar Bukit Raja, Serenia City, Nilai Impian, Putra Heights and Bandar Universiti Pagoh. The Group is on track to reach its diverse launch pipeline goal of RM3.0 billion in GDV in 2023.

As of 31 March 2023, the Group has RM1.7 billion in bookings and maintained a healthy unbilled sales of RM3.6 billion, while net gearing ratio remains low at 20.4%.

The Group is delivering more than 4,000 units of vacant possession in 2023, as a result of robust performance in recent years. The Group will focus its efforts on product delivery, project execution and management, and prudent cost control. The Group is confident in its ability to achieve its operational and financial targets for the year.

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B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Profit Before Tax

	Quarter ended 31 March	
	2023	2022
Included in operating profit are:		
Depreciation and amortisation	(8,071)	(8,452)
Net changes in fair value on investment properties	(1,940)	(3,173)
Reversal of impairment/(Impairment) of receivables (net)	<u>64</u>	<u>(764)</u>
Included in other gains are:		
(Loss)/Gain on disposal of:		
- a subsidiary	-	8,948
- others	(12)	-
Net foreign exchange gain	<u>5,156</u>	<u>310</u>

B6. Tax Expense

	Quarter ended 31 March	
	2023	2022
In respect of the current period:		
- current tax	19,776	25,765
- deferred tax	<u>14,761</u>	<u>(1,315)</u>
	34,537	24,450
In respect of prior years:		
- current tax	1,498	756
- deferred tax	<u>706</u>	<u>1,785</u>
	<u>36,741</u>	<u>26,991</u>

The effective tax rate for the current quarter ended 31 March 2023 of 27.6% is higher than statutory tax rate of 24% due to non-deductible expenses and deferred tax asset not recognised for losses incurred by certain subsidiaries.

B7. Status of Corporate Proposal

Other than disclosed in Note A10 (c)(iii), there is no other corporate proposal announced but not completed as at the date of issue of the quarterly report.

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B8. Group Borrowings

The breakdown of the borrowings as at 31 March 2023 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	258,530	–	258,530
Islamic financing	396,275	–	396,275
Syndicated Islamic financing	452,176	–	452,176
Islamic medium-term notes	–	799,294	799,294
Amounts due to non-controlling interests	–	236,723	236,723
	<u>1,106,981</u>	<u>1,036,017</u>	<u>2,142,998</u>
<u>Short-term borrowings</u>			
Term loans due within one year	191,696	–	191,696
Islamic financing due within one year	163,040	–	163,040
Syndicated Islamic financing	83,754	–	83,754
Islamic medium-term notes	–	8,648	8,648
Revolving credits	–	291,920	291,920
	<u>438,490</u>	<u>300,568</u>	<u>739,058</u>
Total borrowings	<u>1,545,471</u>	<u>1,336,585</u>	<u>2,882,056</u>

The breakdown of borrowings between the principal and interest portion are as follows:

	Secured	Unsecured	Total
Borrowings			
- principal	1,539,598	1,327,551	2,867,149
- interest	5,873	9,034	14,907
Total borrowings	<u>1,545,471</u>	<u>1,336,585</u>	<u>2,882,056</u>

The Group borrowings in RM equivalent analysed by currency are as follows:

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,142,998	447,138	2,590,136
Sterling Pound	–	291,920	291,920
Total borrowings	<u>2,142,998</u>	<u>739,058</u>	<u>2,882,056</u>

Certain borrowings are secured by fixed and floating charges over property, plant and equipment, investment property and other assets of certain subsidiaries.

B9. Material Litigations

Changes in material litigations since the date of the last audited annual statement of financial position up to the date of issue of the quarterly report are as follows:

a) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd (“SDPAD”)

A civil suit was commenced by 71 purchasers of Ara Hill (“Plaintiffs”) against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD’s alleged breaches of the terms of the sale and purchase agreements (“SPAs”) and the provisions of various statutes.

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs’ application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 7 trial dates were fixed between April 2018 to April 2023 and new trial dates have been fixed in June 2023.

The Plaintiffs’ claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD’s potential liability to the Plaintiffs in respect of this civil suit.

b) Arbitration between Bumimetro Construction Sdn Bhd (“BCSB”) v Sime Darby Property (KL East) Sdn Bhd (“SDPKE”)

BCSB (“Claimant”), the main contractor of a development in Melawati, Kuala Lumpur (“Project”) has referred disputes arising from the Project and the construction contract (“Contract”) with SDPKE (“Respondent”) to arbitration by issuing a notice of arbitration (“Notice”) on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice (“Response”) on 22 October 2018.

On 22 April 2019, the Respondent filed its Defence and Counterclaim and had counterclaimed for an approximate sum of RM36.0 million relating to incomplete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments. On 19 June 2020, the counterclaim figure was amended to an approximate sum of RM40.0 million.

On 3 March 2021, the Claimant had also amended its claim for specific damages to approximately RM42.0 million.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued for another 58 days on various dates between June 2020 to April 2023. Further hearing dates have been fixed in August, October and November 2023.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof.

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B9. Material Litigations (continued)

Changes in material litigations since the date of the last audited annual statement of financial position up to the date of issue of the quarterly report are as follows: (continued)

c) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd (“SDP Klang”)

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million by the Land Administrator (“Respondent”) in respect of the acquisition by Lembaga Lebuhraya Malaysia (“LLM”) of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor (“Lands”) which consists of the aggregate compensation for market value of the Lands of RM90.7 million and the aggregate compensation for severance and injurious affection (“IA”) of RM78.6 million (“IA Award”).

Dissatisfied with the IA Award, on 6 August 2015, LLM lodged their objection to the High Court. On 22 March 2017, the High Court held, inter alia, that the IA Award is to be reduced to RM72.9 million (“First High Court Decision”).

LLM appealed against the First High Court Decision and on 22 October 2018, the Court of Appeal remitted the case to the High Court to be re-heard before a new Judge (“Re-Hearing”). The hearing date for the Re-Hearing has been set on 24 to 27 July 2023.

At this juncture, the solicitors for SDP Klang are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision as the First High Court Decision.

B10. Earnings Per Share

	Quarter ended 31 March	
	2023	2022
Basic earnings per share attributable to owners of the Company are computed as follows:		
Profit for the period	<u>60,672</u>	<u>51,837</u>
Number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>6,800,839</u>
Basic earnings per share (sen)	<u>0.9</u>	<u>0.8</u>

The basic and diluted earnings per share are the same as there is no potential ordinary shares in issue as at the end of the financial period.

Selangor Darul Ehsan
25 May 2023

By Order of the Board
Noreen Melini Muzamli
LS0008290
Group Company Secretary