

QUARTERLY REPORT

On the consolidated results for the second quarter ended 30 June 2024

The Directors hereby announce the following:

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

	Note	Quarter ended 30 June		%	Six (6) months ended 30 June		%
		2024	2023		2024	2023	
Revenue	A8	1,203,184	688,918	74.6	2,181,875	1,374,250	58.8
Cost of sales		(770,864)	(502,233)		(1,445,950)	(984,569)	
Gross profit		432,320	186,685	131.6	735,925	389,681	88.9
Marketing and selling expenses		(31,621)	(37,825)		(69,698)	(67,153)	
Administrative expenses		(68,389)	(46,965)		(138,421)	(107,043)	
Other operating income		3,328	14,396		4,412	14,351	
Operating profit		335,638	116,291		532,218	229,836	
Share of results of joint ventures		(87,892)	(21,882)		(111,521)	(49,501)	
Share of results of associates		1,285	2,579		1,507	2,807	
Other gains		4,398	3,988		3,995	9,132	
Profit before interest and tax	A7	253,429	100,976	151.0	426,199	192,274	121.7
Finance income		25,883	29,789		50,788	57,852	
Finance costs		(13,772)	(16,478)		(30,648)	(37,903)	
Profit before tax		265,540	114,287	132.3	446,339	212,223	110.3
Tax expense	B6	(99,811)	(35,448)		(153,270)	(72,189)	
Profit for the period		165,729	78,839	110.2	293,069	140,034	109.3
Attributable to:							
- owners of the Company		161,959	71,068	127.9	285,541	131,740	116.7
- non-controlling interests		3,770	7,771		7,528	8,294	
Profit for the period		165,729	78,839	110.2	293,069	140,034	109.3
Basic and diluted earnings per share attributable to owners of the Company (sen)	B11	2.4	1.0	127.9	4.2	1.9	116.7

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 2023.

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		% +/(-)	Six (6) months ended		% +/(-)
	30 June 2024	2023		30 June 2024	2023	
Profit for the period	165,729	78,839	110.2	293,069	140,034	109.3
Other comprehensive income/(loss):						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences	817	203,854		39,254	260,061	
Reclassified to profit or loss:						
Currency translation differences on repayment of net investment	-	-		-	(839)	
Items which will not subsequently be reclassified to profit or loss (net of tax):						
Share of other comprehensive loss of an associate	(1,092)	(1,034)		(518)	(2,366)	
Net changes in fair value of investment at fair value through other comprehensive income ("FVOCI")	-	542		-	1,851	
Other comprehensive (loss)/income for the period	(275)	203,362	(100.1)	38,736	258,707	(85.0)
Total comprehensive income for the period	165,454	282,201	(41.4)	331,805	398,741	(16.8)
Attributable to:						
- owners of the Company	161,683	274,532	(41.1)	324,293	390,579	(17.0)
- non-controlling interests	3,771	7,669		7,512	8,162	
Total comprehensive income for the period	165,454	282,201	(41.4)	331,805	398,741	(16.8)

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 2023.

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 30 June 2024	Audited As at 31 December 2023
<u>Non-current assets</u>			
Property, plant and equipment		586,356	593,345
Investment properties		1,258,928	1,201,105
Inventories (Note 1)		4,485,158	4,450,388
Joint ventures		2,994,044	3,135,789
Associates		137,331	136,322
Investments		43,132	43,132
Intangible assets		6,006	6,168
Deferred tax assets		527,256	549,156
Receivables		90,678	99,342
Contract assets		1,079,584	1,110,987
		<u>11,208,473</u>	<u>11,325,734</u>
<u>Current assets</u>			
Inventories (Note 1)		2,158,313	2,044,587
Receivables		1,141,452	689,748
Contract assets		1,189,882	1,138,868
Prepayment		13,906	10,232
Tax recoverable		29,528	48,144
Cash held under Housing Development Accounts		357,262	325,946
Bank balances, deposits and cash		246,395	276,635
		<u>5,136,738</u>	<u>4,534,160</u>
Assets held for sale		50,000	68,850
Total assets	A7	<u>16,395,211</u>	<u>15,928,744</u>
<u>Equity</u>			
Share capital		6,800,839	6,800,839
Fair value reserve		19,862	20,380
Exchange reserve		251,663	212,393
Retained profits		3,207,012	3,023,484
Attributable to owners of the Company		<u>10,279,376</u>	<u>10,057,096</u>
Non-controlling interests		227,328	226,416
Total equity		<u>10,506,704</u>	<u>10,283,512</u>
<u>Non-current liabilities</u>			
Payables		65,768	68,037
Borrowings	B8	2,315,879	2,480,664
Lease liabilities		23,983	23,976
Provisions		177,858	171,115
Contract liabilities		262,353	262,591
Deferred tax liabilities		304,951	306,353
		<u>3,150,792</u>	<u>3,312,736</u>
<u>Current liabilities</u>			
Payables		1,507,402	1,542,493
Borrowings	B8	586,672	413,358
Lease liabilities		20,596	21,458
Provisions		66,027	67,911
Contract liabilities		455,315	235,674
Tax provision		101,703	51,602
		<u>2,737,715</u>	<u>2,332,496</u>
Total liabilities		<u>5,888,507</u>	<u>5,645,232</u>
Total equity and liabilities		<u>16,395,211</u>	<u>15,928,744</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.51</u>	<u>1.48</u>

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

	Unaudited As at 30 June 2024	Audited As at 31 December 2023
Note:		
1. Inventories		
Ongoing development	1,827,059	1,800,201
Completed development units	330,275	243,366
Others	979	1,020
	2,158,313	2,044,587
Not within normal operating cycle	4,485,158	4,450,388
	6,643,471	6,494,975

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 2023.

SIME DARBY PROPERTY BERHAD
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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
Period ended 30 June 2024							
At 1 January 2024	6,800,839	20,380	212,393	3,023,484	10,057,096	226,416	10,283,512
Profit for the period	–	–	–	285,541	285,541	7,528	293,069
Other comprehensive (loss)/income	–	(518)	39,270	–	38,752	(16)	38,736
Total other comprehensive (loss)/income for the period	–	(518)	39,270	285,541	324,293	7,512	331,805
Transaction with owners:							
- dividends paid	–	–	–	(102,013)	(102,013)	(6,600)	(108,613)
At 30 June 2024	6,800,839	19,862	251,663	3,207,012	10,279,376	227,328	10,506,704
Period ended 30 June 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	–	–	–	131,740	131,740	8,294	140,034
Other comprehensive (loss)/income	–	(515)	259,354	–	258,839	(132)	258,707
Total comprehensive (loss)/income for the period	–	(515)	259,354	131,740	390,579	8,162	398,741
Transaction with owners:							
- dividends paid	–	–	–	(68,008)	(68,008)	(2,464)	(70,472)
At 30 June 2023	6,800,839	33,461	221,636	2,786,353	9,842,289	130,776	9,973,065

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 2023.

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

	Six (6) months ended 30 June	
	2024	2023
Cash flow from operating activities		
Profit for the period	293,069	140,034
Adjustments for:		
Share of results of joint ventures and associates	110,014	46,694
Depreciation and amortisation	21,120	15,785
Write-down of inventories	876	–
Write-off of inventories	206	542
Net changes in fair value of investment properties	–	949
Net impairment losses	2,755	149
Gain on dilution of interest in a joint venture	(10,233)	–
Provisions	7,628	3,731
Finance income	(50,788)	(57,852)
Finance costs	30,648	37,903
Tax expense	153,270	72,189
Net foreign exchange loss/(gains)	5,141	(7,391)
Others	12,328	5
	<u>576,034</u>	<u>252,738</u>
Changes in working capital:		
- inventories, receivables and other assets	(519,487)	(33,559)
- payables, provisions and other liabilities	144,216	(75,790)
Cash from operations	<u>200,763</u>	<u>143,389</u>
Tax paid	(62,201)	(75,217)
Net cash from operating activities	<u>138,562</u>	<u>68,172</u>
Cash flow from investing activities		
Finance income received	8,676	12,275
Proceeds from disposal of asset held for sale	16,977	–
Proceeds from sale of property, plant and equipment	–	7
Proceeds from sale of investment properties	–	2,888
Additions of:		
- property, plant and equipment	(15,262)	(10,886)
- investment properties	(45,371)	(17,652)
- intangible assets	(922)	(188)
Subscription of additional interests in joint ventures	(20,162)	(29,022)
Proceeds from dilution of interest in a joint venture	85,534	–
Capital repayment from a joint venture	–	163,986
Capital repayment from an investment	–	1,309
Dividend received from joint ventures	5,600	1,000
Net cash from investing activities	<u>35,070</u>	<u>123,717</u>
Cash flow from financing activities		
Finance costs paid	(70,300)	(62,806)
Net borrowings raised/(repaid)	7,286	(258,882)
Repayments of lease liabilities	(1,169)	(2,492)
Dividend paid on ordinary shares	(102,013)	(68,008)
Dividend paid to non-controlling interests	(6,600)	(2,464)
Net cash used in financing activities	<u>(172,796)</u>	<u>(394,652)</u>
Net changes in cash and cash equivalents	<u>836</u>	<u>(202,763)</u>
Foreign exchange differences	240	12,804
Cash and cash equivalents at beginning of the year	<u>602,581</u>	<u>985,317</u>
Cash and cash equivalents at end of the period	<u>603,657</u>	<u>795,358</u>

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

Six (6) months ended
30 June
2024 **2023**

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

Cash held under Housing Development Accounts	357,262	353,840
Bank balances, deposits and cash	246,395	441,518
	<u>603,657</u>	<u>795,358</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 2023.

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Explanatory Notes on the Quarterly Report – 30 June 2024
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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 2023.

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 2023 except as described below.

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

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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.

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 30 June 2024.

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A6. Dividend Paid

The second single tier dividend in respect of the financial year ended 31 December 2023 of 1.5 sen per ordinary share, amounting to RM102.0 million was paid on 8 May 2024.

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
Six (6) months ended 30 June 2024					
Revenue:					
External	2,073,227	58,103	50,545	-	2,181,875
Inter-segment	165	3,997	2,372	(6,534)	-
	2,073,392	62,100	52,917	(6,534)	2,181,875
Cost of sales	(1,382,026)	(35,756)	(28,302)	134	(1,445,950)
Gross profit	691,366	26,344	24,615	(6,400)	735,925
Marketing and selling expenses	(68,818)	(527)	(353)	-	(69,698)
Administrative expenses	(107,750)	(12,363)	(24,852)	6,544	(138,421)
Other operating income	3,821	326	409	(144)	4,412
Operating profit/(loss)	518,619	13,780	(181)	-	532,218
Share of results of joint ventures and associates	(37,821)	(72,193)	-	-	(110,014)
Segment results	480,798	(58,413)	(181)	-	422,204
Other (losses)/gains	(5,180)	10,231	(1,056)	-	3,995
Profit/(Loss) before interest and tax	475,618	(48,182)	(1,237)	-	426,199
Finance income	11,170	40,951	1,637	(2,970)	50,788
Finance costs	(10,820)	(22,271)	(527)	2,970	(30,648)
Profit/(Loss) before tax	475,968	(29,502)	(127)	-	446,339
Tax expense	(141,213)	(11,898)	(159)	-	(153,270)
Profit/(Loss) for the period	334,755	(41,400)	(286)	-	293,069

Included in other (losses)/gains are:

Net foreign exchange loss	(5,138)	(2)	(1)	-	(5,141)
Gain on dilution of interest in a joint venture	-	10,233	-	-	10,233
Impairment loss on property, plant and equipment	-	-	(1,055)	-	(1,055)

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Explanatory Notes on the Quarterly Report – 30 June 2024
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A7. Segment Information (continued)

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Six (6) months ended 30 June 2023					
Revenue:					
External	1,276,504	52,496	45,250	–	1,374,250
Inter-segment	17,690	3,997	1,395	(23,082)	–
	<u>1,294,194</u>	<u>56,493</u>	<u>46,645</u>	<u>(23,082)</u>	<u>1,374,250</u>
Cost of sales	(943,393)	(32,278)	(25,787)	16,889	(984,569)
Gross profit	350,801	24,215	20,858	(6,193)	389,681
Marketing and selling expenses	(66,334)	(572)	(247)	–	(67,153)
Administrative expenses	(78,546)	(13,159)	(20,774)	5,436	(107,043)
Other operating income/(expenses)	14,351	(1,097)	46	1,051	14,351
Operating profit/(loss)	220,272	9,387	(117)	294	229,836
Share of results of joint ventures and associates	(26,165)	(15,376)	–	(5,153)	(46,694)
Segment results	194,107	(5,989)	(117)	(4,859)	183,142
Other gains/(losses)	9,242	(110)	–	–	9,132
Profit before interest and tax	203,349	(6,099)	(117)	(4,859)	192,274
Finance income	17,692	43,248	1,222	(4,310)	57,852
Finance costs	(12,021)	(29,661)	(531)	4,310	(37,903)
Profit before tax	209,020	7,488	574	(4,859)	212,223
Tax expense	(66,273)	(6,645)	758	(29)	(72,189)
Profit for the period	<u>142,747</u>	<u>843</u>	<u>1,332</u>	<u>(4,888)</u>	<u>140,034</u>
Included in other operating income/(expenses) are:					
Net changes in fair value on investment properties	(743)	(1,304)	–	1,098	(949)
Included in other gains/(losses) are:					
Net foreign exchange gain/(loss)	7,501	(110)	–	–	7,391

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Explanatory Notes on the Quarterly Report – 30 June 2024
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A7. Segment Information (continued)

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 30 June 2024					
Operating assets	10,235,641	2,780,795	550,997	(910,381)	12,657,052
Joint ventures and associates	2,738,698	399,510	–	(6,833)	3,131,375
Asset held for sale	50,000	–	–	–	50,000
	<u>13,024,339</u>	<u>3,180,305</u>	<u>550,997</u>	<u>(917,214)</u>	<u>15,838,427</u>
Tax assets					556,784
Total assets					<u>16,395,211</u>
As at 31 December 2023					
Operating assets	9,523,515	2,670,211	548,867	(752,110)	11,990,483
Joint ventures and associates	2,777,468	502,961	–	(8,318)	3,272,111
Assets held for sale	68,850	–	–	–	68,850
	<u>12,369,833</u>	<u>3,173,172</u>	<u>548,867</u>	<u>(760,428)</u>	<u>15,331,444</u>
Tax assets					597,300
Total assets					<u>15,928,744</u>

A8. Revenue

	Six (6) months ended 30 June	
	2024	2023
Revenue comprise the following:		
Revenue from contracts with customers	2,141,401	1,340,699
Revenue from rental income	40,474	33,551
	<u>2,181,875</u>	<u>1,374,250</u>
Disaggregation of the Group's revenue from contracts with customers:		
Geographical market		
- Malaysia	<u>2,141,401</u>	<u>1,340,699</u>
Timing of revenue recognition		
- over time	1,857,140	1,247,128
- at point in time	284,261	93,571
	<u>2,141,401</u>	<u>1,340,699</u>

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A10. Significant Related Party Transactions (continued)

Significant related party transactions during the financial period ended 30 June 2024 are as follows:
(continued)

	Six (6) months ended 30 June	
	2024	2023
b. Transaction with associate		
<u>Yayasan Sime Darby</u>		
Donation expense to Yayasan Sime Darby	<u>(6,119)</u>	<u>(4,738)</u>

c. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 56.3% as at 30 June 2024 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:

	Six (6) months ended 30 June	
	2024	2023
(i) <u>Sime Darby Plantation Berhad group</u>		
Rental income	<u>6,340</u>	<u>4,695</u>

d. Transactions with a Director, key management personnel and their close family members:

	Six (6) months ended 30 June	
	2024	2023
Sale of properties to key management personnel and their close family members	<u>2,686</u>	<u>2,328</u>

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

There was no material event subsequent to the end of the current period under review to 15 August 2024, being a date not earlier than 7 days from 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 30 June 2024, other than as disclosed below:

a. Incorporation of subsidiaries and formation of joint ventures

- (i) On 8 January 2024, the Group incorporated Seed Homes Lagenda Sdn Bhd (“SHL”). The principal activity of the company is property development and investment holding. On 28 February 2024, SHL became a 50%-owned joint venture of the Group following the allotment of share to its joint venture partner, Lagenda Properties Berhad, for an affordable housing project.
- (ii) On 9 January 2024, the Group incorporated Sime Darby Property Solar Energy (Holding) Sdn Bhd (“Solar Holding”). The principal activity of the company is investment holding. On 12 January 2024, the Group incorporated Sime Darby Property (Rooftop Solar Solutions) Sdn Bhd (“Rooftop Solar Solutions”), as a wholly-owned subsidiary of Solar Holding. The principal activity of Rooftop Solar Solutions is the operation of generation facilities for the production and sale of electricity.

On 13 May 2024, Solar Holding, Rooftop Solar Solutions and GSPARX Sdn Bhd, a subsidiary of Tenaga Nasional Berhad, entered into an agreement to set up a joint venture to promote renewable energy initiatives in Malaysia (“Agreement”). The joint venture will focus on financing, developing, and operating rooftop solar generation projects throughout the Group’s asset portfolio and townships. Accordingly, pursuant to the Agreement and following the allotment of shares to GSPARX Sdn Bhd on 30 May 2024, Rooftop Solar Solutions ceased to be a wholly-owned subsidiary and became a 51%-owned joint venture of the Group.

b. Incorporation of other wholly-owned subsidiaries

On 24 January 2024, the Group incorporated Sime Darby Property (Senada Mall Power) Sdn Bhd. The principal activity of the company is distribution and sales of electricity.

On 5 March 2024, the Group incorporated Sime Darby Property (BBR3 Asset I) Sdn Bhd. The principal activity of the company is property investment.

On 9 April 2024, the Group incorporated Sime Darby Property (LSS) Sdn Bhd. The principal activity of the company is investment holding.

On 9 May 2024, the Group incorporated Sime Darby Property (Management Services) Sdn Bhd. The principal activity of the company is provision of management services.

On 27 May 2024, the Group incorporated Sime Darby Property Pasir Gudang (Holdco) Sdn Bhd. The principal activity of the company is investment holding.

On 30 May 2024, the Group incorporated Sime Darby Property Pasir Gudang (Lot 1) Sdn Bhd and Sime Darby Property Pasir Gudang (Lot 2) Sdn Bhd. The principal activities of the companies are property investment.

On 6 June 2024, the Group incorporated Sime Darby Property Sepang DC (Holdco) Sdn Bhd. The principal activity of the Company is investment holding.

On 10 June 2024, the Group incorporated Sime Darby Property Sepang DC (Lot 1) Sdn Bhd. The principal activity of the Company is property investment.

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A12. Effect of Significant Changes in the Composition of the Group (continued)

There were no significant changes in the composition of the Group for the financial period ended 30 June 2024, other than as disclosed below: (continued)

c. Winding up of a subsidiary

On 26 January 2024, The Glengowrie Rubber Company Sdn Berhad, a 78.72% owned subsidiary of the Group, received a court order for winding-up proceedings from the High Court of Malaya at Shah Alam subsequent to it presenting a winding-up petition in the High Court of Malaya on 8 May 2023.

d. Dilution of interest in a joint venture

On 30 January 2024 and 30 April 2024, Sime Darby Property - LOGOS Property Industrial Development Fund 1 ("IDF"), a joint venture of the Group, held its second and final closing, respectively. With additional commitments totalling RM305.5 million from new limited partners, IDF has reached its target fund size of RM1.0 billion. Accordingly, the Group's interest in IDF was diluted from 55.0% to 27.4%. The Group recorded a gain on dilution of interest in a joint venture of RM10.2 million during the financial period.

A13. Contingent Liabilities – unsecured

	As at 30 June 2024	As at 31 December 2023 Restated
Claims pending against the Group	<u>44,355</u>	<u>44,355</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 30 June 2024	As at 31 December 2023
Investments – unquoted shares	<u>43,132</u>	<u>43,132</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

	Six (6) months ended 30 June		%
	2024	2023	+/(-)
Segment revenue:			
Property development	2,073,227	1,276,504	62.4
Investment and asset management	58,103	52,496	10.7
Leisure	50,545	45,250	11.7
Revenue	<u>2,181,875</u>	<u>1,374,250</u>	58.8
Segment results:			
Property development	480,798	189,248	154.1
Investment and asset management	(58,413)	(5,989)	(875.3)
Leisure	(181)	(117)	(54.7)
	<u>422,204</u>	<u>183,142</u>	130.5
Other gains	3,995	9,132	
Profit before interest and tax	426,199	192,274	121.7
Finance income	50,788	57,852	
Finance costs	(30,648)	(37,903)	
Profit before tax ("PBT")	<u>446,339</u>	<u>212,223</u>	110.3
Tax expense	(153,270)	(72,189)	
Profit for the period	<u>293,069</u>	<u>140,034</u>	109.3
Attributable to:			
- owners of the Company	285,541	131,740	116.7
- non-controlling interests	7,528	8,294	
Profit for the period	<u>293,069</u>	<u>140,034</u>	109.3

The Group's revenue surged by 58.8% to RM2,181.9 million as compared to the corresponding period in the previous year, with all segments registering an increase in revenue year-on-year. The growth was primarily driven by the property development segment, showing a 62.4% increase, followed by the leisure segment and investment and asset management segment, which grew by 11.7% and 10.7% respectively.

The Group's PBT more than doubled from RM212.2 million in the same period a year ago to RM446.3 million. This substantial growth was driven by strong overall topline contribution and higher segment profit from property development segment, despite higher share of losses from joint ventures.

The results of each business segment are analysed below:

a) Property development

The property development segment remained the major contributor to the Group's revenue, accounting for 95.0% of the Group's total. Revenue exceeded RM2.0 billion in H1 for the first time since demerger, marking a 62.4% increase from RM1,276.5 million in the corresponding period in the previous year. The outstanding revenue is supported by material land sales in City of Elmina and Lembah Acob, Selangor.

The segment's remarkable profit of RM480.8 million reflects a 1.5 times increase in earnings compared to the corresponding period in the previous year. Apart from land sales, the growth is attributed to an increasingly diversified product mix with greater contributions from both industrial and high-rise residential products. The strong performance in current period was also driven by higher sales and on-site development activities in Bandar Bukit Raja, Serenia City, City of Elmina, KLGCC Resort, Elmina Business Park and Ara Damansara townships.

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 saw an increase in revenue by 10.7% to RM58.1 million, as compared to RM52.5 million a year ago. Revenue growth was mainly driven by the retail sub-segment, which was supported by an increase in the KL East Mall occupancy rate to 96% in the period under review (from 86% previously), and higher rental rates resulting from tenant rental renewals.

The segment recorded higher profit of RM13.8 million prior to share of results of joint ventures and associates, mainly attributed to the revenue growth from the retail sub-segment. However, the segment's results turned to a loss of RM58.4 million after share of results of joint ventures and associates. This share of loss from the joint venture was predominantly caused by negative accounting impact from MFRS 17 "Insurance Contract" in relation to a 5-year rental guarantee with potential price adjustments on the disposal of properties by the joint venture, and higher finance costs incurred.

c) Leisure

The leisure segment recorded higher revenue with contributions from banqueting and food and beverages, as well as membership activities, rising by 11.7% to RM50.5 million, up from RM45.3 million in the corresponding period last year.

Despite this growth, the segment continues to report a marginal loss of RM0.2 million for the current financial period. The loss was mainly due to higher depreciation arising from asset review exercise which commenced in the preceding quarter and will be completed in stages over the remaining financial year.

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

	Quarter ended		%
	30 June 2024	31 March 2024	+/(–)
Segment revenue:			
Property development	1,147,609	925,618	24.0
Investment and asset management	29,045	29,058	0.0
Leisure	26,530	24,015	10.5
Revenue	<u>1,203,184</u>	<u>978,691</u>	22.9
Segment results:			
Property development	303,793	177,005	71.6
Investment and asset management	(56,320)	(2,093)	(2,590.9)
Leisure	1,558	(1,739)	189.6
	<u>249,031</u>	<u>173,173</u>	43.8
Other gains/(losses)	4,398	(403)	
Profit before interest and tax	253,429	172,770	46.7
Finance income	25,883	24,905	
Finance costs	(13,772)	(16,876)	
Profit before tax (“PBT”)	<u>265,540</u>	<u>180,799</u>	46.9
Tax expense	(99,811)	(53,459)	
Profit for the period	<u>165,729</u>	<u>127,340</u>	30.1
Attributable to:			
- owners of the Company	161,959	123,582	31.1
- non-controlling interests	3,770	3,758	
Profit for the period	<u>165,729</u>	<u>127,340</u>	30.1

The Group’s revenue for the current quarter outperformed the preceding quarter by 22.9% at RM1,203.2 million. PBT of the Group for the current quarter rose to RM265.5 million as compared to RM180.8 million in the preceding quarter. This improvement was driven by strong segment results from property development segment and a turnaround in the leisure segment from a loss in preceding quarter to a profit in current period. However, investment and asset management segment loss widened in the current quarter due to higher share of losses from joint ventures.

The results of each business segment are analysed below:

a) Property development

Revenue from property development rose by 24.0% from RM925.6 million to RM1,147.6 million in the current quarter, while segment profit saw a significant growth of 71.6% to RM303.8 million compared to RM177.0 million in the preceding quarter. The growth was enhanced by material land sales in City of Elmina and Lembah Acob, Selangor, boosting both revenue and segment profit in the quarter under review.

The segment results remained strong with contribution from increased sales in industrial and high-rise residential products and on-site development activities in City of Elmina, KLGCC Resort, Bandar Bukit Raja, Serenia City and Elmina Business Park townships.

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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's total revenue of RM29.0 million is on par with the preceding quarter. The retail sub-segment, KL East Mall's occupancy rate reached 96% as at 30 June 2024, as compared to 90% in the preceding quarter.

Segment loss increased significantly to RM56.3 million from RM2.1 million in the previous quarter, which was primarily due to higher share of loss from joint ventures. The loss was mainly attributed to the negative accounting impact from MFRS 17 "Insurance Contract" and higher finance costs incurred by a joint venture.

c) Leisure

The leisure segment registered revenue growth of 10.5% to RM26.5 million and with a segment profit of RM1.6 million, turning around from loss of RM1.7 million in the preceding quarter. The segment loss in previous quarter was mainly attributed to depreciation arising from an asset review exercise. Additionally, higher sales in food and beverages and banqueting contributed to the profit in current quarter.

B3. Prospects

Malaysia's Gross Domestic Product ("GDP") expanded by 5.9% in Q2 FY2024, marking the highest growth since Q4 FY2022, according to Bank Negara Malaysia ("BNM"). This growth is driven by strong domestic demand and exports, contributing to a positive outlook for the remainder of the year. BNM maintained the Overnight Policy Rate ("OPR") at 3.0% in July 2024, supporting sustainable economic growth. Despite expected moderation in the second half, GDP growth is projected to remain between 4.0% to 5.0%, per BNM forecasts.

The Group sustained its growth momentum in Q2 FY2024 and achieved RM2.1 billion in sales for the first half of FY2024. This represents 60% of the revised FY2024 sales target of RM3.5 billion, a 17% increase from the previous target of RM3.0 billion. The strong sales performance is supported by healthy bookings of RM2.2 billion (as of 11 August 2024) and unbilled sales of RM3.7 billion, providing visibility of the Group's future earnings. As of 30 June 2024, the Group maintains a cash reserve of RM603.7 million, and a net gearing ratio of 22.3%, demonstrating financial strength to support its growth strategy.

Group is on track to meet its FY2024 targets, bolstered by a strong first half performance. Transitioning into the second half of the year, the Group will continue to launch a diverse range of products across its townships to capitalise on growing market demand. The Group remains agile, ensuring sustained growth in execution of its SHIFT25 strategy.

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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 30 June		Six (6) months ended 30 June	
	2024	2023	2024	2023
Included in operating profit are:				
Depreciation and amortisation	(9,717)	(7,714)	(21,120)	(15,785)
Net changes in fair value on investment properties	–	991	–	(949)
Impairment of receivables (net)	(988)	(213)	(1,700)	(149)
Write-down of inventories	–	–	(876)	–
Write-off of inventories	–	(542)	(206)	(542)
	<u>–</u>	<u>(542)</u>	<u>(206)</u>	<u>(542)</u>
Included in other gains/(losses) are:				
Gain on dilution of interest in a joint venture	4,630	–	10,233	–
Gain/(Loss) on disposal of investment property	–	7	–	(5)
Impairment of property, plant and equipment	(499)	–	(1,055)	–
Net foreign exchange (loss)/gain	309	2,235	(5,141)	7,391
	<u>309</u>	<u>2,235</u>	<u>(5,141)</u>	<u>7,391</u>

B6. Tax Expense

	Quarter ended 30 June		Six (6) months ended 30 June	
	2024	2023	2024	2023
In respect of the current period:				
- current tax	87,461	25,916	132,350	45,693
- deferred tax	2,567	9,197	11,139	23,958
	<u>90,028</u>	<u>35,113</u>	<u>143,489</u>	<u>69,651</u>
In respect of prior years:				
- current tax	441	(598)	441	900
- deferred tax	9,342	933	9,340	1,638
	<u>99,811</u>	<u>35,448</u>	<u>153,270</u>	<u>72,189</u>

The effective tax rate for the current quarter ended and for the six (6) months ended 30 June 2024 of 28.3% and 27.5% respectively are higher than statutory tax rate of 24% due to non-deductible expenses, deferred tax asset not recognised for losses incurred by certain subsidiaries and reversal of deferred tax assets during the period.

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B7. Status of Corporate Proposals

There are no corporate proposals announced and not completed as at the date of issue of the quarterly report except for the following:

a) Proposed Internal Reorganisation of Sime Darby Property Berhad (“the Company”)

On 6 June 2024, the Company announced a Proposed Internal Reorganisation involving the transfer of the Company’s property development and management services business to its selected wholly-owned subsidiaries, by way of a members’ scheme of arrangement pursuant to Sections 366 and 370 of the Companies Act, 2016. On the same date, the Company has entered into 6 reorganisation agreements with the following six wholly-owned subsidiaries (“the Transferees”) respectively:

- (i) Sime Darby Property (Bukit Jelutong) Sdn Bhd
- (ii) Sime Darby Property (City of Elmina) Sdn Bhd
- (iii) Sime Darby Property (Lagong) Sdn Bhd
- (iv) MVV Holdings Sdn Bhd
- (v) Sime Darby Property (H&L) Sdn Bhd
- (vi) Sime Darby Property (Management Services) Sdn Bhd

The Proposed Internal Reorganisation aims to streamline the structure of the Company into separately identifiable business streams, to achieve a leaner corporate structure and enhance operational efficiency. This will allow the Company to operate purely as an investment holding company of the Group, while the property development and management services businesses will be transferred to the respective Transferees.

On 5 August 2024, the Proposed Internal Reorganisation was approved by the shareholders of the Company at a Court-Convened Meeting (“CCM”) held by an order of the High Court of Malaya (“Court”). The completion of the Proposed Internal Reorganisation is subject to the approval of the Court, including the grant of a vesting order by the Court, and such other relevant approvals and/or consents, where required.

The Proposed Internal Reorganisation, including the transfer of the businesses and settlement of the consideration by the Transferees, is targeted to be completed by 31 December 2024.

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B8. Group Borrowings

The breakdown of the borrowings as at 30 June 2024 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	208,989	–	208,989
Islamic financing	376,417	–	376,417
Syndicated Islamic financing	331,298	–	331,298
Islamic medium-term notes	–	1,399,175	1,399,175
	<u>916,704</u>	<u>1,399,175</u>	<u>2,315,879</u>
<u>Short-term borrowings</u>			
Term loans due within one year	29,985	–	29,985
Islamic financing due within one year	123,886	–	123,886
Syndicated Islamic financing	83,228	–	83,228
Islamic medium-term notes	–	10,792	10,792
Revolving credits	–	338,781	338,781
	<u>237,099</u>	<u>349,573</u>	<u>586,672</u>
Total borrowings	<u>1,153,803</u>	<u>1,748,748</u>	<u>2,902,551</u>

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

	Secured	Unsecured	Total
Borrowings			
- principal	1,149,969	1,737,733	2,887,702
- interest	3,834	11,015	14,849
Total borrowings	<u>1,153,803</u>	<u>1,748,748</u>	<u>2,902,551</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,315,879	447,984	2,763,863
Sterling Pound	–	138,688	138,688
Total borrowings	<u>2,315,879</u>	<u>586,672</u>	<u>2,902,551</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 15 August 2024, being a date not earlier than 7 days from 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 72 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 27 trial dates were fixed between April 2018 to July 2024 and further trial dates have been fixed in November 2024.

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 with SDPKE (“Respondent”) to arbitration by issuing a notice of arbitration on 20 September 2018.

The Claimant is claiming for specific damages of approximately RM42.0 million. The Respondent had disputed the claims by the Claimant and had counterclaimed for an approximate sum of RM40.0 million relating to incomplete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments.

The hearing has concluded on 2 July 2024. As part of the course of the arbitral proceedings, both Claimant and Respondent are now in the process of complying with the Tribunal’s post hearing directions, which includes the exchange of submissions between the parties. Respondent shall put forward its position with regards to the claims and cross-claims in the arbitration. The oral submissions, if required, shall be called upon by the Tribunal in the third quarter of 2025. Thereafter, the matter shall be determined by the Tribunal.

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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 15 August 2024, being a date not earlier than 7 days from 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”).

Stemming from LLM’s appeal against the First High Court Decision, LLM’s land reference was remitted by the Court of Appeal to the High Court to be re-heard before a new Judge (“Re-Hearing”). The Re-Hearing which was initially fixed for July 2023 has been postponed in view of LLM’s application to the High Court (“LLM’s Application”) to adduce Additional Affidavit in Reply and/or Additional Rebuttal. The LLM’s Application was subsequently dismissed by the High Court. On 3 October 2023, LLM filed an appeal to the Court of Appeal against the High Court’s dismissal of LLM’s Application (“LLM’s New Appeal”). LLM’s New Appeal is now fixed for hearing on 12 September 2024 and the Re-Hearing is now fixed for further case management on 18 September 2024 pending the outcome of LLM’s New Appeal.

Subject to the outcome of LLM’s New Appeal, SDP Klang’s solicitors 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 at this juncture.

B10. Dividend

A first single tier dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2024, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 has been declared and will be paid on 6 November 2024. The entitlement date for the dividend payment is 15 October 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred into the depositor’s securities account before 4.30 pm on 15 October 2024 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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B11. Earnings Per Share

	Quarter ended		Six (6) months ended	
	30 June		30 June	
	2024	2023	2024	2023
Basic earnings per share attributable to owners of the Company are computed as follows:				
Profit for the financial period attributable to the owners of the Company	<u>161,959</u>	<u>71,068</u>	<u>285,541</u>	<u>131,740</u>
Number of ordinary shares in issue (thousand)	<u>6,800,839</u>	<u>6,800,839</u>	<u>6,800,839</u>	<u>6,800,839</u>
Basic earnings per share (sen)	<u>2.4</u>	<u>1.0</u>	<u>4.2</u>	<u>1.9</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
22 August 2024

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