

Operations
Review

Property Development

Through our Property Development segment, we develop and sell various properties, with a focus on landed-residential and high-rise products, as well as industrial themed developments. We currently have approximately 9,093 acres of developable land and another 3,522 acres of future developable land, located mainly in the Klang Valley, as well as in Negeri Sembilan and Johor.





TOWNSHIP AND INTEGRATED DEVELOPMENT

The Group has a 50-year track record of delivering landed and high-rise properties covering residential, commercial and industrial development. Our broad product spectrum – from affordable to luxury homes, malls, eco-parks, office buildings, shop lots and industrial business parks – captures various market segments and caters to different lifestyle preferences, affordability and business needs.

➔ Community Park, City of Elmina



➔ XME Business Park, Nilai Impian

INDUSTRIAL DEVELOPMENT

As part of our product diversification efforts, Sime Darby Property has expanded its industrial development through projects at Elmina Business Park in Shah Alam, Bandar Bukit Raja in Klang, Serenia City in Sepang, as well as Hamilton Nilai City and Nilai Impian in Negeri Sembilan. We are also involved in a joint initiative with the Malaysian Government and the Johor State Government to develop the Pagoh Special Economic Zone (“PSEZ”), which is aimed at spurring the economic and industrial growth in northern Johor.

BATTERSEA POWER STATION

The Battersea Power Station, one of London’s most iconic landmarks, opened during the year under review following an eight-year restorative and transformational development led by a consortium comprising Sime Darby Property, SP Setia Berhad and the Employees Provident Fund (“EPF”). The mixed commercial development features approximately 3.5 million sq. ft. of shops, restaurants, cafes, leisure facilities and office space, combined with over 4,000 homes together with 19 acres of public space including a six-acre public park and a town square, named Malaysia Square.



➔ Battersea Power Station, located in the heart of Central London

Overview of Sime Darby Property

Key Messages

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KEY FOCUS AREAS

- Maximising and sustaining revenue growth.
- Managing cost to ensure consistency of healthy profit margin.
- Innovative initiatives to increase operational efficiency.
- Enhance placemaking and commercial components.

OVERVIEW

Despite various headwinds affecting property development, such as the increase in cost of materials and labour shortage, Sime Darby Property leveraged the economic rebound to launch a total of 31 projects during the year, with a combined GDV of RM2.6 billion, which attracted a total take-up rate of 82%.

Catering to market demand, as well as the Group's product diversification strategy, 15 launches were industrial products

carrying a total GDV of RM1.2 billion, making up 46% of total GDV launch. Six developments achieved 100% take-up rates in Elmina Business Park, XME Business Park in Nilai Impian, and Bandar Bukit Raja.

The remaining launches were mainly residential products, with two launches being high-rise development - Serenade in Putra Heights and Park One in Melawati. The landed residential products launched comprises a total GDV of RM1.1 billion and attracted a take-up rate of 89%. Notable launches include Ilham Residence 2 in City of Elmina, Anira 1 in Serenia City, East 57 in KL East, Dayana 2 (Phase 2) in Nilai Impian, and Anggun 2 in Bandar Ainsdale, which were fully sold by year end.

KEY INITIATIVE

Broaden income streams via product diversification through the launch of premium/high-value products to optimise margins.

RESULTS AND ACHIEVEMENTS

- Launch of Aqila, the first semi-detached residential product in Serenia City.
- Launch of superlink product, East 57 in KL East, an integrated development consisting of high-rise products.



➔ Artist's impression of Aqila, Serenia City

KEY INITIATIVE

Increase industrial launches to take advantage of market demand.

RESULTS AND ACHIEVEMENTS

- Accelerated the activation of new industrial phases in Bandar Bukit Raja and Serenia City.

KEY INITIATIVE

Ensure the right product with the right pricing tailored to market demand.

RESULTS AND ACHIEVEMENTS

- Registered over 90% take-up rates from the following launches:
- Ilham Residence 2, City of Elmina.
 - Elmina Green Six, City of Elmina.
 - Nadira, Bandar Bukit Raja.
 - Anira, Serenia City.
 - Dayana 2 (Phase 2), Nilai Impian.
 - Anggun 2, Bandar Ainsdale.
 - East 57, KL East.

KEY INITIATIVE

Further strengthen placemaking to attract convergence to Sime Darby Property's townships.

RESULTS AND ACHIEVEMENTS

- Activation of value-added amenities for the community:
 - Elmina Rainforest Knowledge Centre ("ERKC").
 - Malaysia's first inclusive playground in City of Elmina in partnership with UNICEF.
 - Town Park in Bandar Bukit Raja.
 - FIFA-certified football field and sports courts in Serenia City.
 - Lake Park in Bandar Ainsdale.
 - Bandar Universiti Pagoh Lake.
 - KL East Park in KL East.
- Retail/commercial placemaking:
 - Elmina Lakeside Mall (ongoing).
 - Serenia Cube (ongoing).

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FINANCIAL PERFORMANCE

The Property Development segment saw its revenue grow by 23.2% from RM2.1 billion to RM2.5 billion with PBT increasing by 66.4% from RM268.9 million to RM447.3 million. Revenue was driven by an increase in sales to RM3.7 billion from RM3.0 billion in FY2021. While site progress was better than in FY2021 – when a Full Movement Control Order (“FMCO”) was in place from June to August – Property Development also derived higher contributions from the activation of new phases in Nilai Impian, Bandar Bukit Raja, Hamilton Nilai City, City of Elmina and Serenia City.

Landed residential projects continued to contribute the most to sales, accounting for 42% of the total, mainly from Ilham Residence 2 in City of Elmina, Nadira 1 & 2 in Bandar Bukit Raja and Anira 1 & 2 in Serenia City. Nevertheless, the contribution from industrial developments grew from 18% in FY2021 to 25% in the year under review, mainly from Bandar Bukit Raja and Hamilton Nilai City. The residential high-rise sector, meanwhile, contributed 24% or RM871.3 million in sales achieved, driven by Jendela Residences in KLGCC Resort, Maya Ara in Ara Damansara, Park One in Melawati and The Serenade in Putra Heights.

HIGHLIGHTS



Platinum Award in the Property Development Category and the Putra Malaysia Marketer Award at the Putra Brand Awards 2022.

Top 10 Property Developer in Malaysia at The Edge Malaysia Top Property Developers Award 2022.

10 awards at the StarProperty Awards 2022, including All-Star Award and 8 Excellence Awards for Bandar Bukit Raja, Serenia City, KLGCC Resort, KL East and Putra Heights.



 A view of the park at Bandar Ainsdale






CHALLENGES & MITIGATION

CHALLENGES	MITIGATING ACTIONS
<p>Nationwide labour shortage disrupting the construction sector.</p> <p>Price increase in building materials affecting construction cost, impacting margins.</p>	<ul style="list-style-type: none"> • Explore new methods of construction and leverage technology to improve product and process efficiencies and reduce dependencies on labour. • Active cost control and financial discipline to manage margin compression.

OUTLOOK & PROSPECTS

Following a bullish economic growth in 2022, Malaysia’s economy is expected to moderate in 2023 in tandem with global uncertainties. Although most Malaysians are likely to adopt a wait-and-see approach to big-ticket purchases, all indicators point to continued demand for landed homes and industrial units, the very same areas that we focused on in 2022 with very promising results. As we continue to play to market demand, we will pay close attention to managing our costs in anticipation of continued high prices for building materials, at least in the first half of the year. At the same time, we will explore different channels to replenish our land bank in order to activate new townships for continued and increasingly diversified business growth.

OUR STRATEGIC PRIORITIES IN 2023 INCLUDE THE FOLLOWING:

 <p>Value multiplication towards achieving healthy revenue growth.</p>	 <p>Re-strategising and planning to create market-driven and sustainable launch pipeline.</p>	 <p>Prudent cost management for healthy profit margins.</p>	 <p>Enhance placemaking to elevate our township branding and positioning.</p>	 <p>Increased focus on sustainability and biodiversity agenda.</p>
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