

# BUSINESS

2025 TRANSFORMATION

## SIME PROPERTY INCOME PLAN ON TRACK

It is focusing on investment and asset management, industrial and logistics development, says group MD

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**B**Y 2025, Sime Darby Property Bhd (Sime Property), the country's largest developer by landbank, would have morphed into a real estate company from a pure-play property developer.

The journey to diversify its operating income to a 70:30 ratio of property development and non-property development/recurring income kicked off during the Covid-19 pandemic. Currently, the ratio stands at 90:10.

Group managing director Datuk Azmir Merican said the pandemic provides an opportunity for Sime Property to start with a clean slate, with the focus on unlocking and creating value despite the various challenges.

Sime Property aims to broaden its income streams by focusing on strengthening the master developer model, investment and asset management (I&AM) as well as industrial and logistics development, he said.

"In addition to industrial clusters, the expected continuous expansion of retail businesses will be long-term catalytic placemak-

ing components in our townships beyond our first wholly owned mall, the KL East Mall.

"This is coupled with plans for landbank management and monetisation exercise to accelerate the unlocking of land value and converting it to the overall growth of Sime Property. We ensure that clear monetisation plans are in place for existing and newly acquired land," he told the *New Straits Times*.

Sime Property holds about 6,475ha of land (gross acreage) across Malaysia with a gross development value of more than RM100 billion.

It has some 2,023ha of industrial land for future developments in its six major townships, namely City of Elmina, Bandar Bukit Raja and Serenia City in Selangor, Hamilton Nilai and Nilai Impian in Negri Sembilan, and Bandar Universiti Pagoh in Johor.

Sime Property is optimistic about the growth potential of its industrial and logistics development segment.

Azmir said the company will continue to benefit from the sub-themes of logistics and warehousing, e-commerce and a shift in consumer preference aided by



An artist's impression of the Elmina Business Park in Selangor, one of Sime Darby Property Bhd's industrial developments.

high Internet and mobile phone penetration.

"This segment offers potential for the company to diversify and grow our income mix beyond residential and retail/commercial, which also allows for recurring income. We also have the capability to form partnerships in new ventures to add value to the company's business."

One of Sime Property's strategic moves to boost the I&AM business was through a joint venture with the Logos Property Group of Australia to establish its first industrial development fund last year.

Contribution is expected in the form of new recurring income streams such as fund management, developmental service fees and leasing income.

"To provide you with an indication of the type of growth that we are targeting within the I&AM business through fund management, the inaugural fund with a target capital commitment of up to RM1 billion is on track for first close in the first half of financial year 2022, and we expect new in-

come streams to accrue to the group in financial year 2022 itself," Azmir said.

Sime Property currently has about five million sq ft in net lettable area (NLA) in Malaysia, Singapore and the United Kingdom in residential, commercial, retail, industrial and logistics, education and healthcare assets.

Azmir said the inaugural industrial and logistics development in Bandar Bukit Raja, via its partnership with Logos Property, will expand its current NLA by about eight million sq ft to 13 million sq ft in the coming years.

"This will contribute to the growth of the company's I&AM business and complement our property development business."

Azmir said Sime Property wants to attract major industrial and logistics players to the Bandar Bukit Raja Industrial Gateway by providing total solutions through end-to-end development services.

These include built-to-suit facilities that are equipped with sustainable building features and long-term leasing solutions.

Azmir said Sime Property's industrial and logistics products are located close to major ports, highways and other key hubs in manufacturing and logistics.

"We expect the industrial and logistics segment to continue being a key catalyst in our transformation."

Azmir said Sime Property has also seen interest from global logistics and supply chain companies across all its developments.

He says small and medium enterprises may be keen to upgrade their facilities to well-planned developments with better accessibility and connectivity, ready infrastructure and utilities as well as sustainable building features.

"We are also leveraging digital platforms to reach out to customers through our virtual reality marketing initiatives, among others.

"These digital initiatives have enabled us to expand our reach to potential clients and disseminate critical information required by clients, seamlessly and instantaneously," he said.



Sime Darby Property Bhd group managing director Datuk Azmir Merican says it is leveraging digital platforms to reach out to customers.