

QUARTERLY REPORT

On the consolidated results for the third quarter ended 30 September 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 September		% +/(-)	Nine (9) months ended 30 September		% +/(-)
		2024	2023		2024	2023	
Revenue	A8	1,091,876	1,049,995	4.0	3,273,751	2,424,245	35.0
Cost of sales		(750,835)	(706,886)		(2,196,785)	(1,691,455)	
Gross profit		341,041	343,109	(0.6)	1,076,966	732,790	47.0
Marketing and selling expenses		(40,559)	(37,008)		(110,257)	(104,161)	
Administrative expenses		(102,659)	(58,495)		(241,080)	(165,538)	
Other operating (expenses)/ income		(510)	6,510		3,902	20,861	
Operating profit		197,313	254,116		729,531	483,952	
Share of results of joint ventures		(46,838)	(22,769)		(158,359)	(72,270)	
Share of results of associates		387	2,064		1,894	4,871	
Other gains/(losses)		26,339	(6,129)		30,334	3,003	
Profit before interest and tax	A7	177,201	227,282	(22.0)	603,400	419,556	43.8
Finance income		26,004	27,911		76,792	85,763	
Finance costs		(12,778)	(26,672)		(43,426)	(64,575)	
Profit before tax		190,427	228,521	(16.7)	636,766	440,744	44.5
Tax expense	B6	(57,888)	(84,244)		(211,158)	(156,433)	
Profit for the period		132,539	144,277	(8.1)	425,608	284,311	49.7
Attributable to:							
- owners of the Company		128,255	144,915	(11.5)	413,796	276,655	49.6
- non-controlling interests		4,284	(638)		11,812	7,656	
Profit for the period		132,539	144,277	(8.1)	425,608	284,311	49.7
Basic and diluted earnings per share attributable to owners of the Company (sen)	B10	1.9	2.1	(11.5)	6.1	4.1	49.6

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		%	Nine (9) months ended		%
	30 September	30 September	+ / (-)	30 September	2023	+ / (-)
	2024	2023		2024		
Profit for the period	132,539	144,277	(8.1)	425,608	284,311	49.7
Other comprehensive (loss)/income:						
Items which will subsequently be reclassified to profit or loss (net of tax):						
Currency translation differences	(206,497)	(72,206)		(167,243)	187,855	
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 income/(loss) of an associate	804	484		286	(1,882)	
Net changes in fair value of investment at fair value through other comprehensive income ("FVOCI")	-	-		-	1,851	
Other comprehensive (loss)/income for the period	(205,693)	(71,722)	186.8	(166,957)	186,985	(189.3)
Total comprehensive (loss)/income for the period	(73,154)	72,555	(200.8)	258,651	471,296	(45.1)
Attributable to:						
- owners of the Company	(77,538)	73,155	(206.0)	246,755	463,734	(46.8)
- non-controlling interests	4,384	(600)		11,896	7,562	
Total comprehensive (loss)/income for the period	(73,154)	72,555	(200.8)	258,651	471,296	(45.1)

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 September 2024	Audited As at 31 December 2023
<u>Non-current assets</u>			
Property, plant and equipment		572,801	593,345
Investment properties		1,541,426	1,201,105
Inventories (Note 1)		4,448,097	4,450,388
Joint ventures		2,731,344	3,135,789
Associates		138,546	136,322
Investments		43,132	43,132
Intangible assets		6,067	6,168
Deferred tax assets		548,973	549,156
Receivables		123,215	99,342
Contract assets		1,063,882	1,110,987
		<u>11,217,483</u>	<u>11,325,734</u>
<u>Current assets</u>			
Inventories (Note 1)		2,115,914	2,044,587
Receivables		719,766	689,748
Contract assets		1,236,885	1,138,868
Prepayment		15,959	10,232
Tax recoverable		22,331	48,144
Cash held under Housing Development Accounts		408,025	325,946
Bank balances, deposits and cash		382,695	276,635
		<u>4,901,575</u>	<u>4,534,160</u>
Assets held for sale		–	68,850
Total assets	A7	<u>16,119,058</u>	<u>15,928,744</u>
<u>Equity</u>			
Share capital		6,800,839	6,800,839
Fair value reserve		20,666	20,380
Exchange reserve		45,066	212,393
Retained profits		3,233,254	3,023,484
Attributable to owners of the Company		<u>10,099,825</u>	<u>10,057,096</u>
Non-controlling interests		229,952	226,416
Total equity		<u>10,329,777</u>	<u>10,283,512</u>
<u>Non-current liabilities</u>			
Payables		65,880	68,037
Borrowings	B8	2,302,132	2,480,664
Lease liabilities		23,872	23,976
Provisions		157,440	171,115
Contract liabilities		273,136	262,591
Deferred tax liabilities		301,491	306,353
		<u>3,123,951</u>	<u>3,312,736</u>
<u>Current liabilities</u>			
Payables		1,584,403	1,542,493
Borrowings	B8	461,351	413,358
Lease liabilities		18,709	21,458
Provisions		79,442	67,911
Contract liabilities		282,794	235,674
Tax provision		136,618	51,602
Dividend payable		102,013	–
		<u>2,665,330</u>	<u>2,332,496</u>
Total liabilities		<u>5,789,281</u>	<u>5,645,232</u>
Total equity and liabilities		<u>16,119,058</u>	<u>15,928,744</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.49</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 September 2024	Audited As at 31 December 2023
Note:		
1. Inventories		
Ongoing development	1,929,102	1,800,201
Completed development units	185,490	243,366
Others	1,322	1,020
	2,115,914	2,044,587
Not within normal operating cycle	4,448,097	4,450,388
	6,564,011	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
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
Period ended 30 September 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	–	–	–	413,796	413,796	11,812	425,608
Other comprehensive income/(loss)	–	286	(167,327)	–	(167,041)	84	(166,957)
Total other comprehensive income/(loss) for the period	–	286	(167,327)	413,796	246,755	11,896	258,651
Transaction with owners:							
- dividends paid	–	–	–	(102,013)	(102,013)	(8,360)	(110,373)
- dividend payable	–	–	–	(102,013)	(102,013)	–	(102,013)
At 30 September 2024	6,800,839	20,666	45,066	3,233,254	10,099,825	229,952	10,329,777
Period ended 30 September 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	–	–	–	276,655	276,655	7,656	284,311
Other comprehensive (loss)/income	–	(31)	187,110	–	187,079	(94)	186,985
Total comprehensive (loss)/income for the period	–	(31)	187,110	276,655	463,734	7,562	471,296
Transfer upon liquidation and de-recognition of an investment carried at fair value through other comprehensive income (“FVOCI”)	–	(7,373)	–	7,373	–	–	–
Transaction with owners:							
- dividends paid	–	–	–	(68,008)	(68,008)	(3,784)	(71,792)
- dividend payable	–	–	–	(68,008)	(68,008)	–	(68,008)
At 30 September 2023	6,800,839	26,572	149,392	2,870,633	9,847,436	128,856	9,976,292

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

	Nine (9) months ended	
	30 September	
	2024	2023
Cash flow from operating activities		
Profit for the period	425,608	284,311
Adjustments for:		
Share of results of joint ventures and associates	156,465	67,399
Depreciation and amortisation	54,963	23,634
Net changes in fair value of investment properties	4,756	949
Net impairment losses/(reversal of impairment)	16,357	(3,751)
Write-down of inventories	9,904	2,496
Write-off of:		
- inventories	3,690	3,142
- property, plant and equipment	32	-
Gain on dilution of interest in a joint venture	(10,233)	-
Loss on disposal of properties	42	2
Provisions	15,743	11,629
Finance income	(76,792)	(85,763)
Finance costs	43,426	64,575
Tax expense	211,158	156,433
Net foreign exchange gain	(21,389)	(3,003)
Amortisation of contract cost assets	20,412	16,162
Bad debts recovered	(10)	-
	854,132	538,215
Changes in working capital:		
- inventories, receivables and other assets	(198,706)	(908,262)
- payables, provisions and other liabilities	(898)	16,736
Cash from operations	654,528	(353,311)
Tax paid	(103,028)	(77,304)
Net cash from/(used in) operating activities	551,500	(430,615)
Cash flow from investing activities		
Finance income received	13,786	19,895
Proceeds from disposal of:		
- investment properties	-	2,888
- property, plant and equipment	-	10
- asset held for sale	16,977	-
Additions of:		
- investment properties	(113,237)	(148,004)
- property, plant and equipment	(30,062)	(21,258)
- intangible assets	(1,533)	(1,029)
Subscription of additional interests in joint ventures	(20,162)	(47,724)
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
Repayment from an associate	-	12,857
Dividend received from joint ventures and an investment	20,350	1,000
Net cash used in investing activities	(28,347)	(16,070)
Cash flow from financing activities		
Finance costs paid	(101,300)	(87,953)
Net borrowings (repaid)/raised	(120,336)	276,564
Repayments of lease liabilities	(1,729)	(2,951)
Dividend paid on ordinary shares	(102,013)	(68,008)
Dividend paid to non-controlling interests	(8,360)	(3,784)
Net cash (used in)/from financing activities	(333,738)	113,868

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

	Nine (9) months ended	
	30 September	
	2024	2023
Net changes in cash and cash equivalents	189,415	(332,817)
Foreign exchange differences	(1,275)	9,363
Cash and cash equivalents at beginning of the year	602,580	985,317
Cash and cash equivalents at end of the period	790,720	661,863

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

Cash held under Housing Development Accounts	408,025	326,201
Bank balances, deposits and cash	382,695	335,662
	790,720	661,863

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 September 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 September 2024.

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A6. Dividend Paid

No dividend was paid during the third quarter ended 30 September 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
Nine (9) months ended 30 September 2024					
Revenue:					
External	3,103,598	95,833	74,320	-	3,273,751
Inter-segment	247	6,115	3,630	(9,992)	-
	3,103,845	101,948	77,950	(9,992)	3,273,751
Cost of sales	(2,097,317)	(56,897)	(42,911)	340	(2,196,785)
Gross profit	1,006,528	45,051	35,039	(9,652)	1,076,966
Marketing and selling expenses	(108,559)	(1,135)	(563)	-	(110,257)
Administrative expenses	(167,534)	(22,338)	(61,069)	9,861	(241,080)
Other operating income/(expenses)	19,801	(16,133)	443	(209)	3,902
Operating profit/(loss)	750,236	5,445	(26,150)	-	729,531
Share of results of joint ventures and associates	(75,839)	(80,626)	-	-	(156,465)
Segment results	674,397	(75,181)	(26,150)	-	573,066
Other gains/(losses)	21,352	10,230	(1,248)	-	30,334
Profit/(Loss) before interest and tax	695,749	(64,951)	(27,398)	-	603,400
Finance income	17,515	62,238	2,535	(5,496)	76,792
Finance costs	(17,832)	(30,275)	(815)	5,496	(43,426)
Profit/(Loss) before tax	695,432	(32,988)	(25,678)	-	636,766
Tax expense	(195,111)	(15,675)	(372)	-	(211,158)
Profit/(Loss) for the period	500,321	(48,663)	(26,050)	-	425,608
Included in other operating income/(expenses):					
Net changes in fair value on investment properties	11,805	(16,561)	-	-	(4,756)
Included in other gains/(losses):					
Gain on dilution of interest in a joint venture	-	10,233	-	-	10,233

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

a. Segment results (continued)

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
Nine (9) months ended 30 September 2023					
Revenue:					
External	2,278,995	78,583	66,667	–	2,424,245
Inter-segment	40,271	5,996	2,000	(48,267)	–
	2,319,266	84,579	68,667	(48,267)	2,424,245
Cost of sales	(1,642,791)	(46,428)	(41,663)	39,427	(1,691,455)
Gross profit	676,475	38,151	27,004	(8,840)	732,790
Marketing and selling expenses	(102,340)	(695)	(1,126)	–	(104,161)
Administrative expenses	(126,645)	(15,520)	(31,552)	8,179	(165,538)
Other operating income/(expenses)	18,119	(945)	2,732	955	20,861
Operating profit/(loss)	465,609	20,991	(2,942)	294	483,952
Share of results of joint ventures and associates	(38,127)	(24,119)	–	(5,153)	(67,399)
Segment results	427,482	(3,128)	(2,942)	(4,859)	416,553
Other gains/(losses)	3,114	(111)	–	–	3,003
Profit before interest and tax	430,596	(3,239)	(2,942)	(4,859)	419,556
Finance income	25,005	65,002	1,990	(6,234)	85,763
Finance costs	(26,189)	(43,826)	(794)	6,234	(64,575)
Profit/(Loss) before tax	429,412	17,937	(1,746)	(4,859)	440,744
Tax expense	(145,273)	(11,776)	645	(29)	(156,433)
Profit/(Loss) for the period	284,139	6,161	(1,101)	(4,888)	284,311
Included in other operating income/(expenses):					
Net changes in fair value on investment properties	(743)	(1,304)	–	1,098	(949)

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

b. Segment assets

	Property Development	Investment and Asset Management	Leisure	Elimination	Total
As at 30 September 2024					
Operating assets	9,942,976	3,092,455	528,067	(885,634)	12,677,864
Joint ventures and associates	2,477,554	399,197	–	(6,861)	2,869,890
	<u>12,420,530</u>	<u>3,491,652</u>	<u>528,067</u>	<u>(892,495)</u>	<u>15,547,754</u>
Tax assets					571,304
Total assets					<u>16,119,058</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

**Nine (9) months ended
30 September
2024 2023**

Revenue comprise the following:

Revenue from contracts with customers	3,208,379	2,375,387
Revenue from rental income	65,372	48,858
	<u>3,273,751</u>	<u>2,424,245</u>

Disaggregation of the Group's revenue from contracts with customers:

Geographical market		
- Malaysia	<u>3,208,379</u>	<u>2,375,387</u>
Timing of revenue recognition		
- over time	2,818,316	2,138,951
- at point in time	390,063	236,436
	<u>3,208,379</u>	<u>2,375,387</u>

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A9. Capital Commitments

	As at 30 September 2024	As at 31 December 2023
Contracted capital commitments:		
- investment properties	815,933	54,052
- property, plant and equipment	2,232	26,889
- intangible assets	695	641
	<u>818,860</u>	<u>81,582</u>

A10. Significant Related Party Transactions

Significant related party transactions during the financial period ended 30 September 2024 are as follows:

	Nine (9) months ended 30 September 2024	2023
a. Transactions between subsidiaries and their owners of non-controlling interests		
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	(11,521)	(11,268)
Turnkey works rendered by Brunsfield Engineering Sdn Bhd ("BESB") to Sime Darby Property Oasis (Holding) Sdn Bhd (previously known as Sime Darby Brunsfield Holding Sdn Bhd) group, companies in which Tan Sri Dato' Ir Gan Thian Leong and Encik Mohamad Hassan Zakaria are substantial shareholders		
BESB ceased to be a related party of the Group as of 8 December 2023.	<u>-</u>	<u>(6,154)</u>
	Nine (9) months ended 30 September 2024	2023
b. Transaction with associate		
<u>Yayasan Sime Darby</u> Donation expense to Yayasan Sime Darby	<u>(9,178)</u>	<u>(9,476)</u>

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A10. Significant Related Party Transactions (continued)

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

c. Transactions with shareholders and Government

Permodalan Nasional Berhad (“PNB”) and the funds managed by its subsidiary, Amanah Saham Nasional Berhad (“ASNB”), together own 53.6% as at 30 September 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:

	Nine (9) months ended 30 September	
	2024	2023
<u>Sime Darby Plantation Berhad group</u>		
Rental income	8,974	6,752
Land acquisition	–	(808,200)

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

	Nine (9) months ended 30 September	
	2024	2023
Sale of properties to key management personnel and their close family members	2,686	3,957

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Explanatory Notes on the Quarterly Report – 30 September 2024
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A11. Material Events Subsequent to the End of the Financial Period

On 16 October 2024, the sales and purchase agreement in relation to the investment properties classified as assets held for sale, pertaining to land in Kedah, was terminated due to the non-fulfilment of the agreed-upon conditions precedent. Consequently, the assets no longer meet the criteria as assets held for sale and have been reclassified to investment properties as of 30 September 2024.

Apart from the above, there was no material events subsequent to the end of the current period under review to 13 November 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 September 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. 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.

c. 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.

d. Disposal of shares in an associate

On 1 April 2024, Sime Darby Property (Sabah) Sdn Bhd had entered into a Share Sale Agreement to dispose 203,400 ordinary shares held in an associate, Mostyn Development Sdn Bhd to the other shareholder namely, Sabaland Construction Sdn Bhd, The disposal had been completed on 22 July 2024.

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A13. Contingent Liabilities – unsecured

	As at 30 September 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 September 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

	Nine (9) months ended 30 September		%
	2024	2023	
Segment revenue:			
Property development	3,103,598	2,278,995	36.2
Investment and asset management	95,833	78,583	22.0
Leisure	74,320	66,667	11.5
Revenue	3,273,751	2,424,245	35.0
Segment results:			
Property development	674,397	422,623	59.6
Investment and asset management	(75,181)	(3,128)	(2,303.5)
Leisure	(26,150)	(2,942)	(788.9)
	573,066	416,553	37.6
Other gains	30,334	3,003	
Profit before interest and tax	603,400	419,556	43.8
Finance income	76,792	85,763	
Finance costs	(43,426)	(64,575)	
Profit before tax (“PBT”)	636,766	440,744	44.5
Tax expense	(211,158)	(156,433)	
Profit for the period	425,608	284,311	49.7
Attributable to:			
- owners of the Company	413,796	276,655	49.6
- non-controlling interests	11,812	7,656	
Profit for the period	425,608	284,311	49.7

The Group’s revenue for the nine months ended 30 September 2024 (“9MFY24”) grew by 35.0% to RM3,273.8 million, compared to RM2,424.2 million in the same period last year. All segments reported growth in revenue, with the property development segment leading with a 36.2% increase. The investment and asset management segment achieved a 22.0% growth, while the leisure segment grew by 11.5%.

The Group’s PBT rose by 44.5% to RM636.8 million, up from RM440.7 million a year ago. The strong growth was primarily driven by the property development segment, and foreign exchange gains resulting from the strengthening of the Malaysian Ringgit (MYR) currency which were included under other gains, despite a higher share of losses from joint ventures.

The results of each business segment are analysed below:

a) Property development

The property development segment remains as the Group’s primary revenue driver, accounting for 94.8% of the Group’s total revenue. For the first time since the demerger, the segment’s revenue exceeded RM3.0 billion over the 9-month period, marking a year-on-year growth of 36.2% from RM2,279.0 million in the same period the previous year.

The segment reported a robust profit of RM674.4 million, marking an increase of 59.6% compared to the corresponding period in the previous year. The growth is attributed to a healthy contribution from a diversified product mix, including both industrial and residential products. The strong performance in the current period was further driven by higher sales and increased on-site development activities across townships in Bandar Bukit Raja, Serenia City, KLGCC Resort, Nilai Impian and Elmina Business Park, coupled with contributions from non-core land sales.

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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 recorded a 22.0% increase in revenue to RM95.8 million, compared to RM78.6 million a year ago. Revenue growth was primarily driven by the retail sub-segment, with KL East Mall achieving 98% occupancy rate in current financial period, up from 89% previously and the opening of Elmina Lakeside Mall in August 2024. The strong occupancy rate coupled with improved rental rates from tenant rental renewals, further enhanced the segment's revenue.

Despite revenue growth, the segment's result turned to a loss of RM75.2 million, mainly due to losses from joint ventures and fair value loss on investment properties. Share of loss from joint venture was predominantly caused by the 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 saw an increase in revenue, driven by higher contributions from banqueting, food and beverages, as well as membership activities, rising by 11.5% to RM74.3 million, compared to RM66.7 million in the corresponding period last year.

Despite the revenue uptick, the segment reported a higher loss of RM26.2 million for 9MFY24, compared to a loss of RM2.9 million in the same period last year. The increased loss was due to higher depreciation charges following the asset review exercise carried out during the financial period which did not have an impact on cash flow.

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

	Quarter ended		%
	30 September 2024	30 June 2024	+ / (-)
Segment revenue:			
Property development	1,030,371	1,147,609	(10.2)
Investment and asset management	37,730	29,045	29.9
Leisure	23,775	26,530	(10.4)
Revenue	<u>1,091,876</u>	<u>1,203,184</u>	(9.3)
Segment results:			
Property development	193,599	303,793	(36.3)
Investment and asset management	(16,768)	(56,320)	70.2
Leisure	(25,969)	1,558	(1,766.8)
	<u>150,862</u>	<u>249,031</u>	(39.4)
Other gains	26,339	4,398	
Profit before interest and tax	<u>177,201</u>	<u>253,429</u>	(30.1)
Finance income	26,004	25,883	
Finance costs	(12,778)	(13,772)	
Profit before tax ("PBT")	<u>190,427</u>	<u>265,540</u>	(28.3)
Tax expense	(57,888)	(99,811)	
Profit for the period	<u>132,539</u>	<u>165,729</u>	(20.0)
Attributable to:			
- owners of the Company	128,255	161,959	(20.8)
- non-controlling interests	4,284	3,770	
Profit for the period	<u>132,539</u>	<u>165,729</u>	(20.0)

The Group recorded a total revenue of over RM1.0 billion for the second consecutive quarter, showing strong performance despite a marginal 9.3% decline from the previous quarter.

The Group's PBT for the current quarter stood at RM190.4 million, continued to be driven by property development segment. The preceding quarter's robust performance was further supported by non-core land sale contribution. For the quarter under review, leisure segment suffered losses of RM26.0 million, primarily due to higher depreciation charges following an asset review exercise carried out during the financial period, partially offset by foreign exchange gains from the strengthening of the Malaysian Ringgit (MYR).

The results of each business segment are analysed below:

a) Property development

The property development segment maintained a strong performance with revenue exceeding RM1.0 billion for the second quarter running, despite a 10.2% decline from RM1,147.6 million to RM1,030.4 million in the current quarter, while segment profit for the current quarter stood at RM193.6 million. The segment results in the preceding quarter were bolstered by contributions from non-core land sales.

In the current quarter, the segment's results remained solid, supported by strong sales of high-rise residential and industrial products, as well as ongoing development activities in key townships such as City of Elmina, Bandar Bukit Raja, Nilai Impian, Serenia City, KLGCC Resort and Elmina Business Park. However, segment results were partly affected by share of losses from joint venture due to additional development costs incurred on completed project.

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 rose to RM37.7 million, reflecting a 29.9% increase from the preceding quarter. The growth in the current quarter was driven by the retail sub-segment, following the opening of Elmina Lakeside Mall in August 2024. In addition, occupancy rates at KL East Mall rose to 98% as of 30 September 2024, up from 96% in the previous quarter.

The segment loss reduced to RM16.8 million, an improvement from the RM56.3 million loss in the preceding quarter. The loss in the current quarter was mainly due to a net fair value loss on investment properties, while the wider loss in the preceding quarter was primarily impacted by higher share of losses from joint ventures, due to the negative accounting impact from MFRS 17 "Insurance Contracts".

c) Leisure

The leisure segment saw a 10.4% decrease in revenue, from RM26.5 million to RM23.8 million and reported a loss of RM26.0 million, down from a profit of RM1.6 million in the preceding quarter.

The decline in segment results was due to a drop in contributions from food and beverage services and banqueting, which had benefitted from higher demand during the previous quarter's festive season. Additionally, the segment loss in the current quarter was impacted by higher depreciation charges arising from the asset review exercise carried out during the financial period, which did not have an impact to cash flow.

B3. Prospects

Malaysia's Gross Domestic Product ("GDP") grew by 5.3% in Q3 2024, as reported by Bank Negara Malaysia ("BNM"). Following the Budget 2025 announcement by the Ministry of Finance ("MOF"), 2024 GDP projections were revised upwards to 4.8% - 5.3% mainly driven by a stable labour market, accommodative monetary policies, and a sustained recovery in tourism. The Overnight Policy Rate ("OPR") remains unchanged at 3.00%.

The Group recorded robust sales of RM3.2 billion in the first nine months of 2024, achieving 91% of its RM3.5 billion annual target. With a remaining launch pipeline of up to RM1.0 billion in GDV for the final quarter, the Group is well-positioned to deliver its FY2024 sales target. Earnings visibility remains strong, supported by total bookings of RM1.9 billion (as of 31 October 2024) and unbilled sales of RM3.7 billion. As of 30 September 2024, the Group's cash reserves increased by 31.0% to RM790.7 million, while net gearing decreased by 2.8%, reaching 19.5% from the previous quarter.

Overall sentiment in the property sector remains positive, bolstered by recent US Federal Reserve rate cuts, rising foreign direct investments, and a strengthening ringgit, contributing to sustained confidence among investors and purchasers. As FY2024 draws to a close, the Group is on track to achieve its targets and sustain this momentum into 2025.

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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 September		Nine (9) months ended 30 September	
	2024	2023	2024	2023
Included in operating profit:				
Depreciation and amortisation	(33,843)	(7,849)	(54,963)	(23,634)
Net changes in fair value on investment properties	(4,888)	–	(4,756)	(949)
(Impairment)/Reversal of impairment of receivables	(13,411)	3,900	(15,111)	3,751
Write-down of inventories	(9,029)	(2,496)	(9,904)	(2,496)
Write-off of:				
- inventories	(3,484)	(2,600)	(3,690)	(3,142)
- property, plant and equipment	(31)	–	(32)	–
Included in other gains/(losses):				
Gain on dilution of interest in a joint venture	–	–	10,233	–
Gain/(Loss) on disposal of:				
- investment properties	–	–	–	(12)
- property, plant equipment	–	2	–	10
- assets held for sale	–	–	(42)	–
Impairment of property, plant and equipment	(191)	–	(1,246)	–
Net foreign exchange gain/(loss)	26,530	(4,388)	21,389	3,003

B6. Tax Expense

	Quarter ended 30 September		Nine (9) months ended 30 September	
	2024	2023	2024	2023
In respect of the current period:				
- current tax	89,089	74,383	221,439	120,076
- deferred tax	(23,295)	12,403	(12,156)	36,361
	65,794	86,786	209,283	156,437
(Over)/under provision in prior years:				
- current tax	(6,150)	(3,260)	(5,709)	(2,360)
- deferred tax	(1,756)	718	7,584	2,356
	57,888	84,244	211,158	156,433

The effective tax rate for the current quarter ended and for the nine (9) months ended 30 September 2024 of 24.4% and 26.6% 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 businesses 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 (“Scheme”). 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”).

On 5 September 2024, the Court approved and sanctioned the Scheme pursuant to Section 366 of the Companies Act, 2016 and granted the Company a Vesting Order (“VO”) for the Proposed Internal Reorganisation.

The Proposed Internal Reorganisation, including the lodgement of VO with the Companies Commission of Malaysia, 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 September 2024 is as follows:

	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Term loans	208,988	–	208,988
Islamic financing	362,608	–	362,608
Syndicated Islamic financing	331,298	–	331,298
Islamic medium-term notes	–	1,399,238	1,399,238
	<u>902,894</u>	<u>1,399,238</u>	<u>2,302,132</u>
<u>Short-term borrowings</u>			
Term loans due within one year	29,856	–	29,856
Islamic financing due within one year	123,811	–	123,811
Syndicated Islamic financing	83,168	–	83,168
Islamic medium-term notes	–	11,521	11,521
Revolving credits	–	212,995	212,995
	<u>236,835</u>	<u>224,516</u>	<u>461,351</u>
Total borrowings	<u>1,139,729</u>	<u>1,623,754</u>	<u>2,763,483</u>

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

	Secured	Unsecured	Total
Borrowings			
- principal	1,136,419	1,611,822	2,748,241
- interest	3,310	11,932	15,242
Total borrowings	<u>1,139,729</u>	<u>1,623,754</u>	<u>2,763,483</u>

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

	Long-term borrowings	Short-term borrowings	Total
Ringgit Malaysia	2,302,132	298,424	2,600,556
Sterling Pound	–	128,159	128,159
Australian Dollar	–	34,768	34,768
Total borrowings	<u>2,302,132</u>	<u>461,351</u>	<u>2,763,483</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 13 November 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 was 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 13 November 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 September 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 22 May 2025 and the Re-Hearing is now fixed for further case management on 26 May 2025 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.

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B10. Earnings Per Share

	Quarter ended		Nine (9) months ended	
	30 September		30 September	
	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>128,255</u>	<u>144,915</u>	<u>413,796</u>	<u>276,655</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>1.9</u>	<u>2.1</u>	<u>6.1</u>	<u>4.1</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
20 November 2024

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